



Annual Report 2008-09

Forging strong Alliances.
Broadening horizons.

Mindteck 



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Broadening horizons.

Mindteck is riding on a high growth trajectory. As we strive to become our clients' business partner of choice, we are actively engaging our resources to forge strong alliances and broaden our horizons.

BOARD OF DIRECTORS

Guhan Subramaniam
Chairman

Pankaj Agarwal
Managing Director & Group Chief Executive Officer

Indresh Narain
Director

Vivek Malhotra
Director

Javed Gaya
Director

COMPANY SECRETARY

P. Vidya Sagar

STATUTORY AUDITORS

B S R & Company

BANKERS

Axis Bank Ltd.

REGISTRARS AND SHARE TRANSFER AGENTS

Mondkar Computers Private Limited,
25 Shakil Niwas, Opp. Sai Baba Temple,
Mahakali Caves Road, Andheri (E),
Mumbai 400 093.

REGISTERED OFFICE

16/3, Cambridge Road, Ulsoor,
Bangalore 560 008.

SOFTWARE DEVELOPMENT CENTRES

Bangalore:

16/3, Cambridge Road,
Ulsoor, Bangalore 560 008.

Kolkata:

9 C, Tower II, 9th & 14th Floors,
Millennium City Information Technology Park,
Sector V, Salt Lake, Kolkata- 700 091.

RESOURCING OFFICE:

75- C 2nd Floor, Sector 18,
Gurgaon, Haryana- 122 001.

CONTENTS

04	Directors' Report
10	Corporate Governance Report
19	Management's Discussion & Analysis
23	Auditors' Report
26	Balance Sheet
27	Profit and Loss Account
28	Schedules
36	Accounting Policies & Notes to Accounts
51	Cash Flow Statement
52	Balance Sheet Abstract & Company's General Business Profile
54	Consolidated Financial Statements
81	Statement pursuant to Sec. 212 of the Companies Act, 1956.
83	AGM Notice
87	Proxy Form & Attendance Slip

Letter to Shareholders

Dear Shareholders,

It is a great pleasure to present Mindteck's first post-merger Group results for the 2008 fiscal year ending March 31, 2009.

On a consolidated basis, we posted a Net Profit of Rs 10.98 crore (USD 2.36 million). Total revenue increased by 125.14 per cent to Rs 282.13 crore (USD 60.71 million), as compared to Rs 125.31 crore (USD 31.11 million) in the previous year. EBITDA margins increased by 113 per cent, and Earnings per Share stood at Rs 4.57 (USD 0.09) as compared to Rs (4.54) {USD (0.11)} in the previous year.

At this time of reporting, the world is experiencing slow economic growth and there is a great deal of anxiety about where our industry is headed in the near- and medium-term. The good news is that several steps have been taken by various governments to stimulate economic recovery and growth worldwide. I am pleased to report that Mindteck is well positioned to overcome the present crisis and take advantage of many new growth opportunities in the months and years to come.



We see the global technology landscape changing every day and recognize that our clients' challenges are too. Today, fundamental issues, such as slow market growth, strong peer competition, and spiraling overhead costs, threaten their businesses. During the year our leadership team was instrumental in building a blueprint for the next generation of Mindteck that addresses some of these fundamental challenges, and more closely aligns our business focus with the concerns and needs of our clients.

A Successful Year

Over the course of the year, Mindteck completed all four mergers and acquisitions. As a result, we doubled our revenue and employee size, and built strong sales and delivery capabilities across North America, Europe, the Middle East and Asia Pacific regions.

Moreover, we took several steps toward sustaining our growth momentum and increasing profitability in the coming quarters. Several new service lines were added to strengthen end-to-end client offerings; back office operations were consolidated into two locations to reduce overhead; global sales and delivery operations were streamlined to foster future growth aligned with the goals of our long-term strategic plan.

We remain committed to develop our India operations as a global delivery hub and continue to invest in new infrastructure, competencies, and high quality talent. To this end, we have made significant progress during the last year. Additional delivery centers were added in Bangalore and Kolkata resulting in significant increase in delivery capacity. Additionally, in order to deliver some of our expanded services, we set up two important offshore teams: IT Services and IT Infrastructure Management. These delivery capabilities make it easier for our current clients to both engage us to fulfill their IT needs and gain a better return on their investment. Today, the teams are successfully serving multiple global clients from India.

On another front, we recognized that security compliance was emerging as one of the key focus areas within the banking domain. As a result, we launched simplyPCITM – a new service, targeted at the Payment Card Industry (PCI), offering security assessments and payment card compliance verification services through a self-help web-based portal.

Finally, during last year we also overhauled our www.mindteck.com website to more effectively portray the breadth and depth of our larger organization.

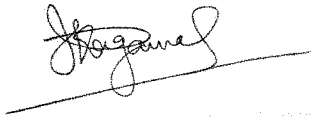
Proud Moments

Mindteck was listed amongst the winners of both the 'Deloitte Technology Fast 500 Asia Pacific 2008' and 'Deloitte Technology Fast 50 India 2008' awards. We were also named one of the Top 100 innovative service providers of the year 2008-09 in a survey conducted by Global Services in conjunction with neIT.

Looking Towards The Future

Mindteck is riding on a high growth trajectory. As we strive to become our clients' business partner of choice, we are actively engaging our resources to forge strong alliances globally and broaden our horizons. We'll focus on innovation and operational excellence, and will continue to leverage our global talent pool and domain expertise by investing in emerging growth areas, like Smart Energy, Cloud Computing and Virtualization, Storage, and Media Appliance solutions. Over the next few months, for instance, we plan to launch a series of innovative technology solutions that will enable clients to improve their go-to-market speed and operational efficiency at a lower TCO (Total Cost of Ownership).

As always, we are committed to creating more value for each of our stakeholders as we continue our single-minded pursuit towards excellence. We immensely value your faith in us and look forward to continued success.

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

Pankaj Agarwal
Managing Director and Group CEO

DIRECTORS' REPORT

To
The Members,
Mindteck (India) Limited.

Your Directors are pleased to present the **EIGHTEENTH ANNUAL REPORT** of your company along with the audited financial statements for the financial year ended March 31, 2009.

FINANCIAL HIGHLIGHTS

Rs. in Million

	Year ended March 31, 2009	Year ended March 31, 2008
Total Income	625.26	356.42
Manpower Costs	402.92	179.36
Operating & Admn Expenses	159.34	121.62
Interest	8.82	6.88
Depreciation	12.99	14.92
Profit before Tax	41.19	33.64
Provision for Tax	5.56	4.70
Profit after Tax	35.63	28.94
Paid-up Equity Share Capital	243.48	209.75
Earnings Per Share (EPS)	1.48	2.52

RESULTS OF OPERATIONS

a) Growth in Revenue and Profit

During the year under review, your company recorded income of Rs. 625.26 million (standalone) and Rs. 2915.88 million (consolidated) as against income of Rs. 356.42 million (standalone) and Rs. 1299.17 million (consolidated) in the previous year. This represents growth of 75.43 % on standalone and 124.44 % on consolidated basis.

The Company's net profit for the year stands at Rs. 35.63 million (standalone) and Rs. 109.80 million (consolidated) as compared to net profit of Rs. 28.94 million (standalone) and net loss of Rs. 52.25 million (consolidated) in the previous year respectively.

Income from software exports have increased from Rs. 279.56 million in the previous year to Rs. 505.63 million in the year under review

b) Dividend and Transfer to Reserves

As a measure of financial prudence in the prevailing economic conditions, the Company's Board of Directors have not recommended dividend for the year 2008-09.

BUSINESS

Despite the global economic slowdown during the later half of 2008, Mindteck made significant progress across all its business lines. The Company delivered an excellent growth in first three quarters, but the business slowed down in the fourth. Clients across all geographies have been nervous about global economic situation, and as a result delayed or cancelled several projects that were in the pipeline.

Mindteck has taken several constructive measures in the last six months to maintain its business volume and sustain profitability. The Company has consolidated its entire U.S. based back office operations into a single location based in its U.S. headquarters Enola, Pennsylvania. Similarly its Bangalore office now serves as a back office hub for the EMEA and APAC regions along with India. The back office functions include HR, Recruitment, Accounts and Procurement. These measures are likely to save significant costs in long term and consolidate the various functions globally.

Integrations, additions and re-branding of key service lines:

The global technology landscape is changing at a fast pace than ever before. Clients are faced with several challenges, like slow market growth, steep competition, and serious overhead costs. Being a client focused organization, Mindteck leadership was quick to respond to these challenges and repositioned its key service offerings to better align with its clients' businesses, using a collaborative partnership model. This initiative will help the Company to cross sell its entire gamut of services across its clientele more effectively.

The 'Business Applications Consulting' practice was re-branded as 'IT Services' with three key service offerings, including IT Strategy and Consulting services, Development and Implementation Services, and IT Infrastructure and Managed Services. A brand new offshore delivery team was set up in Bangalore to deliver business application services to our clients globally. The new offshore delivery capability enabled the Company to offer better quality and competitive prices to its clients. With addition of Bangalore delivery capability, the Company can now deliver business application services from its U.S., India, and Singapore delivery centers.

Mindteck's 'Embedded Systems' practice was further strengthened with addition of Mechanical Engineering services and the complete practice was re-branded as 'Product Engineering and R&D Services'. This will help us address a larger market within this space.

Leading analysts have indicated that the next wave of growth opportunities will come from the Infrastructure and Managed Services space. Mindteck already had a small presence in this space. The Company has decided to amplify its sales focus in this area and plans to invest on dedicated infrastructure and build competencies in this space from the current financial year.

Mindteck has added a new service line under its Information Security practice. The new service line is branded as simplyPCI and focused at the payment card industry (PCI). Mindteck offers security assessments and payment card compliance verification services through a state-of-the-art portal, called www.simplyPCI.com. The portal was launched in November, 2008 and has already roped in several leading ISOs as its clients. The Company is expecting a surge in demand in the PCI space and is well poised to benefit from this opportunity.

Together all these service lines will help position Mindteck as a right sized full scale service provider in the market with strong set of value differentiators.

Instrument Lab:

In 2008, Mindteck had set up two state-of-the-art Instrument Labs in its Bangalore and Kolkata development centers. These Labs are equipped with necessary chemicals, gas connections, desktops, servers, network infrastructure to connect to test environments across our clients' instruments, and has an experienced resource talent pool with expertise on a variety of tools and right skills to work on these instruments. This will help instrument companies to test their software applications and equipments in real life R&D environments.

Alliances and Memberships:

The Company became a SEMI member in 2008. SEMI is the global industry association serving the manufacturing supply chains for the microelectronic, display and photovoltaic industries. This membership not only provides a brand visibility to company's Semiconductor manufacturing practice, but also adds significant credibility to the practice and its offerings.

Last year, the Company became a Microsoft Gold Certified partner. This highest level partnership will help Mindteck further enhance its competency in Microsoft technologies.

Key Marketing Initiatives:

The Company has undertaken several marketing initiatives during the last year that are expected to help in building the Mindteck brand globally. During the year, Mindteck was quoted several times by leading Indian media companies and received over 200 positive press coverage nationwide.

During the last year, the Company had conducted two key brand perception studies - Media and Financial Analyst's perceptions studies. The outcome of these two studies will help the company to position the Mindteck brand more effectively in the coming days. The Company plans to conduct such surveys on a yearly basis.

Mindteck has launched its next-generation website in December 2008. The new website is completely Web 2.0 compliant and has several features like Blog, Wiki and RSS feed. The new website effectively represents its current strengths and capabilities in all the business lines.

Last year Mindteck participated and received two important awards and recognitions. Mindteck was a winner of 'Deloitte Technology Fast 500 Asia Pacific 2008' and 'Deloitte Technology Fast 50 India 2008' awards. It was also named among the Top 100 innovative service providers of the year 2008-09 in a survey conducted by Global Services in conjunction with Neo-IT. The Global Services 100 is like an index of globalization in the services industry. This year's list comprises companies headquartered in 19 countries, with customer locations in over 30 countries, and service delivery locations in 31 countries.

Quality Journey:

Mindteck is committed to build and practice best quality standards in the industry. During 2008, the Quality journey continued to

scale new heights. The Company is already certified with ISO 9001:2000, ISO 27001:2005, ISO 13485, and SEI CMMi Level 5 certifications. Last year, it added one more certification ISO 13485:2003 (related to Medical Electronics domain) to its list. The process was conducted and certified by BSI Management Systems. This certification reaffirms company's commitment and credibility in the medical domain.

The Company successfully cleared ISO 9001: 2000 surveillance (audited by Bureau Veritas) and ISO 27001:2005 (audited by BSI Management Systems) for its Bangalore and Kolkata development centers.

People Development:

Mindteck was instrumental in acquiring some of the best minds for its newly setup offshore delivery teams based in Bangalore. The HR & Recruitment team helped the Business Applications Consulting and Infrastructure & Managed Service teams to ramp quickly, resulting full fledged offshore delivery teams for the practices

Subsidiaries:

As on March 31, 2009, the Company has 7 wholly owned subsidiaries - Mindteck Inc. in USA, Mindteck Middle-East Ltd in Bahrain, Mindteck Software Malaysia Sdn Bhd in Malaysia, Mindteck Singapore Pte Ltd. in Singapore, Mindteck UK Limited in UK, Chendle Holdings Limited in British Virgin Islands and Mindteck BPO Services Private Ltd in India. Mindteck UK Ltd has two subsidiaries - Mindteck Germany GmbH in Germany and Mindteck Netherlands_B.V. in Netherlands.

Effective October 01, 2008, the Company's three US operating subsidiaries - Mindteck USA Inc., Infotech Consulting Inc. and Primetech Holdings Inc. merged together and the surviving entity was renamed as Mindteck Inc. Effective March 31, 2009, ICI Tech Holdings Inc., an intermediate holding company, has merged into its operating subsidiary, Mindteck inc, which is now the Company's sole subsidiary in the US.

In terms of Section 212 of the Companies Act, 1956, the Company is required to attach the subsidiaries' Directors' Report, Balance Sheet and P&L Account to its annual report. The Company has secured exemption of the Government of India from complying with this requirement as the audited consolidated financial statements are presented in the annual report. A statement of financial position of the subsidiaries, pursuant to Section 212 of the Companies Act, 1956 is annexed, which forms a part of the Annual Report. An additional statement is also annexed, which details the position as on March 31, 2009 of the capital, reserves, total assets and liabilities, investments, etc. of each of the subsidiaries referred to above, for which the Company has obtained the said exemption.

UTILIZATION OF FUNDS RAISED THROUGH PREFERENTIAL ALLOTMENT

As on March 31, 2009 the statement showing the utilization of funds raised by the Company from financial investors on private placement is given below:

Particulars	Amount in Rs
Amount raised through preferential issues during the year ended March 31, 2008	283,042,002
Amounts raised through preferential issues during the year ended March 31, 2009	14,985,477
Total	298,027,479
Deployment of Proceeds	
- Cash consideration for acquiring ICI Tech Holdings Inc.	59,247,000
- Repayment of term loan	9,520,593
- Additional investment in wholly owned subsidiary, Mindteck USA Inc.	114,324,884
- Cash consideration for acquiring Mindteck Singapore Pte. Limited	40,057,500
- Working capital requirements of the Company	19,697,186
- Balance in bank, pending utilization	
- in fixed deposit account	54,433,957
- in current account	746,359
Total	298,027,479

MINDTECK EMPLOYEE STOCK OPTION SCHEME 2005

During the year ended March 31, 2009, the Company granted 30,000 options on July 30, 2008 at an exercise price of Rs 31/- per share. As on March 31, 2009, 388,301 options were outstanding out of the 500,000 options created under the Scheme. Disclosures as per SEBI (ESOS and ESPS) Guidelines 1999 are annexed to this Report.

MINDTECK EMPLOYEE STOCK OPTION SCHEME 2008

During the financial year ended March 31, 2009, the Company has introduced the "Mindteck Employees Stock Option Scheme 2008" for the benefit of its employees in accordance with SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines 1999. The Company has not yet made any grants under the said scheme, which has a corpus of 1,200,000 options and has a term of 5 years.

MINDTECK EMPLOYEES WELFARE TRUST

In the year 2000, the Mindteck Employees Welfare Trust was set up to implement the Company's Share Incentive Scheme. As on March 31, 2009 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.

RESPONSIBILITY STATEMENT OF THE BOARD OF DIRECTORS

The Directors' responsibility statement setting out the 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.

FIXED DEPOSITS

During the period under review, the company has not accepted any deposits under Section 58-A of the Companies Act, 1956.

DIRECTORS

The following changes have taken place on the Company's Board during the year:

Mr. Satish Menon resigned as the Chairman of the Company's Board of Directors with effect from December 12, 2008. The Board places on record, its sincere appreciation of the valuable leadership and guidance provided by Mr. Menon during his tenure both as a Director and the Chairman of the Board. Mr. Guhan Subramaniam has taken over as the Chairman of the Company's Board of Directors.

In accordance with provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. Vivek Malhotra retires by rotation as Director of the Company in the coming Annual General Meeting and being eligible offers himself for re-appointment.

Pursuant to Section 260 of the Companies Act, 1956 and Article 114(a) of the Company's Articles of Association, Mr. Indresh Narain and Mr. Javed Gaya were appointed as additional directors of the Company effective March 24, 2009. Both Mr. Narain and Mr. Gaya will hold office till the conclusion of the ensuing Annual General Meeting. It is proposed to re-appoint them as Directors liable to retire by rotation in the Company's forthcoming Annual General Meeting.

AUDITORS

The Company's statutory auditors, M/s. B S R & Company, Chartered Accountants, Bangalore, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

PARTICULARS OF EMPLOYEES

As required under the provisions of section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of employees are set out in the annexure included in this report.

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

ACKNOWLEDGEMENTS

Your Directors thank customers, vendors, investors, bankers, the majority shareholders and the Government of India for their continued support of the Company's growth. Your Directors also place on record, their appreciation of the dedicated efforts of Mindteck Employees at all levels across the Group.

On behalf of the Board of Directors

Guhan Subramaniam
Chairman

Bangalore
July 31, 2009

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:

- in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation related to material departures.
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of March 31, 2009 and its profits for the year ended on that date.
- 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.
- the Directors have prepared the annual accounts on a going concern basis.

II INFORMATION AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975

Employed throughout the financial year

Sr. No.	Name	Designation	Age (Yrs)	Remuneration (Rs. in million)	Qualifications	Exp. (Years)	Date of Appt.	Last Employment/ Designation held
1.	Surjit Lahiri	General Manager-Semi-conductor Practice	39	3.30	B.E	17.4	29.03.2005	Novellus Systems Pvt. Ltd. Project Manager
2.	Shiva Kumar	General Manager - Business Application Consulting Practice	35	2.50	MBA	11.9	10.03.2008	Group Project Manager, Infosys
3.	Bikash Mukherjee	General Manager	48	3.50	B.Com	22.6	01.07.1999	Associate Systems Manager, DPS
4.	Joydeep Ray	General Manager	42	3.10	B Stat, MSC	19.4	01.04.2000	Group Leader, Development Consultants Ltd.
5.	Venkatesan Venkataraman	General Manager-Head Of ZigBee Practice	41	2.50	B.Tech, PGD	18.8	05.07.2004	Principle Software Engineer, AOL
6	Deepak Hegde	Associate Vice President-Project Delivery	45	4.50	M. Sc.	23.5	22.08.2005	Project Manager, Aquila Technologies Group
7	Vinod Kumar K M	General Manager-Electronic Design Services	43	2.40	B.Tech	19.9	02.06.2003	Project Lead, Tektronix Engineering Development Pvt Ltd

Employed during part of the financial year

Sr. No.	Name	Designation	Age (Yrs)	Remuneration (Rs. in million)	Qualifications	Exp. (Years)	Date of Appt.	Last Employment/ Designation held
8.	Shankar Velayudhan	Head of Indian Operations	44	9.40	B. Tech, M.E.	21.7	30.01.2007	Tektronix Engg. Bangalore, Program Manager
9.	Ravi Raman	AVP – Software Services	46	4.40	BE, MS	20.3	26.04.2000	General Manager Technical, Raffles, Software, Bangalore
10	Mahesh Natarajan	Senior Tech Architect	34	2.90	B.E.	12.9	08.04.2009	Project Manager, Satyam Computers

- Remuneration shown above includes salary, HRA & other allowances, LTA, performance linked bonus, ex-gratia, company's contribution to PF and taxable values of perquisites/benefits.
- Above mentioned employees are not related to any of the Company's directors and do not own more than 2% of the outstanding shares of the Company as on March 31, 2009.

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

a) Options granted during the year	30,000
b) Pricing formula	Fair Market Value as on the date of grant
c) Options vested at the end of the year	214,268
d) Options exercised during the year	-
e) Total no. of shares arising out of exercise of options	-
f) Options lapsed/forfeited during the year	101,700
g) Variation of terms of options	N.A.
h) Money realized by exercise of options	-
i) Total no. of options in force	500,000
j) Employee wise details of options granted to:	
(i) Senior Mgt. Personnel	
(ii) Any other employee(s) in receipt of grant in excess of 5% of options granted during the year	Subsidiaries' employees: Jacob Pillay – 10,200; Keshav Nagaraja – 9600;
(iii) Employee(s) in receipt of grant in excess of 1% of issued capital as on the date of the grant	Nil
k) Diluted EPS pursuant to issue of shares calculated in accordance with AS 20	Rs 1.45 per share
l) Difference between fair value and intrinsic value of options in the calculation of employee compensation costs and impact on net profit and EPS	Reported profit for 31/3/09 would have been Rs 34,522,250 (P.Y. Rs 28,315,858) i.e. lower by Rs 1,106,417 (P.Y. Rs 620,619) and the basic and diluted EPS for the year would have been Rs 1.44 and Rs 1.40 (P.Y. Rs 2.46 and Rs 2.45) respectively.
m) Weighted average	
- exercise price of options exercised during the year	
- fair value of options exercised during the year	No options were exercised during the year.
n) Method and significant assumptions used during the year to estimate the fair value of options	The fair value of the options has been calculated using Black-Scholes option pricing model, assuming the expected term of the options to be 4 years, volatility in the share price of 64-85 % and a risk free rate of 9.38 %.

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

1 Conservation of Energy

Mindteck is committed to contribute its sincere efforts for the conservation of energies. We follow stringent energy saving norms during our day to day operations across all geographic locations. One such important area is Electricity savings. The Company promotes such initiatives internally, and rewards individuals/ groups who exhibit strong orientation towards the norms. Additionally, the Company offers several services that help its clients' organizations better manage /conserve energy, thus indirectly helping them protect the environment, as well as save money. During the last year, Mindteck has decided to integrate some of its energy savings initiatives into its service offerings, including innovative technology solutions for Smart energy, Storage Virtualization, Wireless Home Automations space, and contribute towards building a cleaner and better environment in the future

2 Technology Absorption and Research and Development

Mindteck is a big promoter of research and development in the field of information technology and product engineering. The company has several in-house labs and dedicated research personnel in its Bangalore and Kolkata centers. During the last year, the company launched two such R&D labs for chemical testing and software benchmarking in its Bangalore and Kolkata centers. These R&D labs are targeted to help company's Analytical Instruments manufacturing customers to test their equipments and benchmark with its application software. Both these labs are equipped with high-

end R&D facilities and built in accordance to prescribed safety compliance norms. Besides these labs, Mindteck has several other R&D lab facilities, including Storage lab, Wireless Sensor Network lab, and Electronic design lab. The Company employs several experienced domain experts with strong academic backgrounds to work in these labs. Mindteck is engaged in developing new frameworks, processes and methodologies to improve the speed and quality of service delivery and offer the best services to its customers.

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:

During the year ended 31st March, 2009 the Company derived 99.64 % of its total revenues from exports.

b) Total foreign exchange used and earned:

Earnings	Rs. 542.40 million
Expenditure	Rs. 18.70 million

On behalf of the Board of Directors

Guhan Subramaniam
Chairman

Bangalore
July 31, 2009

CORPORATE GOVERNANCE REPORT

Corporate Governance, based on principles of integrity, fairness, equity, transparency, accountability and commitment to values is a set of rules, regulations, processes and customs affecting the way a company is directed, administrated and controlled. Good Governance practices stem from the culture and the mindset of the organization. As shareholders across the globe take a keen interest in the practices and the performances of the companies, Corporate Governance in today's world has emerged on the centre stage.

Over the years, Mindteck has ensured compliance of statutory requirements, effective governance systems and practices, and has worked towards transparency, disclosures, internal controls and promotion of ethics within the company. Mindteck recognizes good corporate governance as a continuous exercise and reiterates its commitment to pursue high standards of Corporate Governance for the benefit of its shareholders.

In accordance with clause 49 of the Listing Agreement with the Bombay Stock Exchange in India (Clause 49) and some of the best practices followed internationally on Corporate Governance, a report containing the details of the governance system and processes at Mindteck (India) Limited is as under:

I COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Mindteck's philosophy on Corporate Governance envisages attainment of highest levels of transparency, accountability and equity in all facets of its operations and in all its transactions with its stakeholders, including its employees, lenders and the

II BOARD OF DIRECTORS

Mindteck aims at maintaining an optimum combination of non-executive and independent directors to maintain the independence of the Board and to separate the functions of the Board from the management of the Company. The Board presently consists of 5 directors - four non-executive, independent directors and a Managing Director.

Composition & Other Directorships

Name of Director	Position	Other Directorships	Other Committee Memberships	Chairperson in Committees
Mr. Guhan Subramaniam#	Independent, non-executive director, Chairman	6	Nil	Nil
Mr. Pankaj Agarwal	Managing Director	7	Nil	Nil
Mr. Vivek Malhotra	Independent, non-executive director	1	Nil	Nil
Mr. Indresh Narain**	Independent, non-executive director	3	1	2
Mr. Javed Gaya**	Independent, non-executive director	9	Nil	1
Mr. Satish Menon *	Independent, non-executive director, Chairman	N.A.	N.A	N.A

appointed as Chairman w.e.f. 31.01.2009

** appointed as additional directors w.e.f. 24.03.2009.

* resigned as Chairman w.e.f. 12.12.2008

All the Independent Directors of the Company furnish to the Company a declaration at the time of their appointment that they qualify the test of Independence as laid down in clause 49 of the Listing Agreement. The Company also has a mandatory annual requirement for every director to inform the Company about the Board/committee membership positions he occupies in other companies and notify the changes, if any. None of the Directors of the Company is on more than 10 committees or is the Chairman of more than 5 committees across all companies in which he is a director.

Government. Mindteck is committed to achieve and maintain the highest international standards of Corporate Governance. The Management aims to achieve its objective of increasing shareholder 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 primary responsibility for ensuring corporate governance within the Company rests with the Board, which has put in place, appropriate policies relating to its membership, deliberations, etc. These policies are in consonance with the requirements of the Listing Agreement and applicable SEBI Regulations. Keeping in view the Company's size, complexity, global operations and corporate traditions, Mindteck's Governance is based on the following main principles.

- (i) Constitution of Board of Directors of the Company of appropriate composition, size and expertise.
- (ii) Ensuring the timely flow of information to the Board and its committees to enable them to discharge their functions effectively.
- (iii) Independent verification and safeguarding integrity of the Company's financial reporting.
- (iv) A sound system of risk management and internal control.
- (v) Timely and balanced disclosure of all material information concerning the Company to its stakeholders.

Directors' Remuneration

The compensation of non-executive directors, if payable, is decided by the Board of Directors, subject to shareholders' and other necessary statutory approvals.

The Board adopts the following criteria while deciding on directors' compensations:

1. The directors should possess a high level of expertise and experience in diverse areas like technology, finance, corporate strategy, M&A, etc. so that they can effectively contribute to the Company's growth objectives.
2. The directors should not be related to other promoter/executive/independent directors. Further, they should not occupy any executive positions in competitor companies.
3. The directors should attend and actively participate in all the Board and committee meetings and carry out their general responsibilities as directors without allowing any kind of situation to arise which carries the potential of a conflict of interest

The Company's shareholders in their annual general meeting held on July 29, 2005 have approved payment of sitting fees to the directors for attending meetings of the Board and Audit Committee up to the maximum limit prescribed by the Companies Act, 1956. Presently, the directors receive sitting fees for attending Board and committee meetings @ Rs 20,000 and Rs 10,000 per meeting respectively.

Provisions as to Board Meetings:

In Mindteck, the decision making process lies with the Board of Directors appointed by the shareholders in accordance with the applicable provisions of the Companies Act, 1956 and the Listing Agreement.

During the financial year ended March 31, 2009, 8 Board meetings were held. The Board meetings were held on April 01, 2008, April 11, 2008, May 27, 2008, June 28, 2008, July 30, 2008, August 14, 2008, October 31, 2008, and January 31, 2009. All the information to be provided to the Board as per Annexure-1 of Clause 49 of the Listing Agreement was made available to the Board. The Company's Board reviews and takes on record the statutory compliance reports submitted by the Company's Management on quarterly basis. In cases of business exigencies, resolutions of the Board are passed by circulation.

Code of Conduct:

The Company's Board has laid down a Code of Conduct for all its members as well as members of the Senior Management of the Company. The said Code has been posted on the Company's intranet and website. All Board and Senior Management members have affirmed compliance with this Code as on March 31, 2009.

Attendance of Directors in Board Meetings held during year ended March 31, 2009

Board Meeting Dates	Name of the Director					
	Mr. Satish Menon*	Mr. Guhan Subramaniam#	Mr. Pankaj Agarwal	Mr. Vivek Malhotra	Mr. Indresh Narain**	Mr. Javed Gaya**
April 01, 2008	Present	Present	LOA	Present	N.A.	N.A
April 11, 2008	Present	Present	LOA	Present	N.A	N.A
May 27, 2008	Present	Present	LOA	Present	N.A	N.A
June 28, 2008	Present	Present	Present	Present	N.A	N.A
July 30, 2008	Present	Present	Present	Present	N.A	N.A
August 14, 2008	Present	Present	LOA	LOA	N.A	N.A
October 31, 2008	Present	Present	Present	Present	N.A	N.A
January 31, 2009	N.A.	Present	LOA	Present	N.A	N.A

appointed as Chairman w.e.f. 31.01.2009

** appointed w.e.f. 24.03.2009

* resigned with effect from 12.12.2008

Attendance of Directors in AGM/EGM held during year ended March 31, 2009

Name of the Director	30-07-2008- AGM	19-01-2009- EGM
Mr. Guhan Subramaniam #	Present	Absent
Mr. Pankaj Agarwal	Present	Absent
Mr. Vivek Malhotra	Present	Present
Mr. Indresh Narain **	N.A	N.A
Mr. Javed Gaya **	N.A	N.A
Mr. Satish Menon *	Present	N.A

appointed as Chairman w.e.f. 31.01.2009

** appointed w.e.f. 24.03.2009

* resigned w.e.f. 31.01.2009

III BOARD COMMITTEES:

The details of the Committees of the Board and other information is given below:

(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: The Board has constituted an Audit Committee, comprising of independent, non-executive directors and the Managing Director. This experienced composition of the Audit Committee meets the requirements of the Listing Agreement and the Companies Act, 1956.

Name of Director	Position
Mr. Guhan Subramaniam #	Independent, non-executive director, Chairman
Mr. Pankaj Agarwal	Managing Director
Mr. Vivek Malhotra	Independent, non-executive director
Mr. Indresh Narain**	Independent, non-executive director
Mr. Javed Gaya**	Independent, non-executive director
Mr. Satish Menon*	Independent, non-executive director, Chairman

appointed as Chairman w.e.f. 31.01.2009

** appointed w.e.f. 24.03.2009

* resigned w.e.f. 12.12.2008

Mr. Satish Menon was the Chairman of the Audit Committee effective January 31, 2008 until his resignation on December 12, 2008. Mr. Menon, a legal practitioner with vast experience in the fields of mergers, acquisitions, corporate governance, ethical practices & general commercial transactions enriched Board deliberations with his wide knowledge and expertise of corporate law and practice.

Mr. Guhan Subramaniam has been appointed as the Chairman of the Audit Committee effective January 31, 2009. Mr. Subramaniam is an experienced

professional having 29 years of multi functional, multi-industry operations experience. The Chairman will be present at the Annual General Meeting to answer shareholders' queries.

Mr. Pankaj Agarwal, Member of the Committee, is a qualified electronics and communications engineer, with more than two decades experience. He is also the MD and the Group CEO of Mindteck.

Mr. Vivek Malhotra, Member of the Committee, is a qualified chartered accountant, and is presently the Managing Director of Population Health Services India.

Mr. Indresh Narain, Member of the Committee, is a retired banker. He has experience of about 35 years, working in various capacities with HSBC Bank.

Mr. Javed Gaya, Member of the Committee, is a lawyer by profession practicing civil law both in India and abroad.

Mr. P. Vidya Sagar, Company Secretary, who acts as the Secretary of the Audit Committee, was present at all the meetings.

- (b) Objective/ Powers: The primary objective of the Audit Committee is to monitor and effectively supervise the Company's financial reporting process so that a true and fair picture of the Company's operations and state of affairs is presented to its shareholders. The Committee's terms of reference also include recommending the appointment and remuneration of external and internal auditors, reviewing the Company's annual financial statements with the Company's Management before their submission to the Board, reviewing the adequacy of the internal control systems, overseeing the internal audit function and reviewing the findings of the internal auditors, discussion with external auditors regarding nature and scope of statutory audit as well as having post audit discussion and monitoring the Company's financial and risk management policies.

Directors' Attendance Record in Audit Committee Meetings held during the year

Name of Director	May 27, 2008	June 28, 2008	July 30, 2008	October 31, 2008	January 31, 2009
Mr. Guhan Subramaniam#	Present	Present	Present	Present	Present
Mr. Pankaj Agarwal	LOA	Present	Present	Present	LOA
Mr. Vivek Malhotra	Present	Present	Present	Present	Present
Mr. Indresh Narain **	N.A.	N.A.	N.A.	N.A.	N.A.
Mr. Javed Gaya **	N.A.	N.A.	N.A.	N.A.	N.A.
Mr. Satish Menon *	Present	Present	Present	Present	N.A.

appointed as Chairman w.e.f. 31.01.2009

** appointed w.e.f. 24.03.2009

* resigned w.e.f. 12.12.2008

Name of Director	Meetings Held	Meetings Attended
Mr. Guhan Subramanian#	5	5
Mr. Pankaj Agarwal	5	3
Mr. Vivek Malhotra	5	5
Mr. Indresh Narain **	N.A.	N.A.
Mr. Javed Gaya **	N.A.	N.A.
Mr. Satish Menon*	5	4

appointed as Chairman w.e.f. 31.01.2009

** appointed w.e.f. 24.03.2009

* resigned w.e.f. 12.12.2008

(ii) HR & COMPENSATION COMMITTEE

- (a) Composition: The HR and Compensation Committee, comprising of the following Independent Non-Executive Directors namely, Mr. Guhan Subramaniam, Mr. Satish Menon, Mr. Vivek Malhotra, Mr. Indresh Narain and Mr. Javed Gaya and 1 Professional Managing Director, Mr. Pankaj Agarwal. This experienced composition of the Audit committee meets the requirements of the Listing Agreement and the Companies Act, 1956.
- (b) Objective/Powers: The powers of the HR & Compensation Committee include the following:
- 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.
 - To determine and make suitable recommendations to the Board in all matters relating to appointment and remuneration of the non-executive directors of the Board, executive directors of the Company and its managerial personnel under the Companies Act, 1956.
 - 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.

The Committee held two meetings during the year ended March 31, 2009, i.e. on May 27, 2008 and July 30, 2008.

Attendance Record in HR & Compensation Committee Meetings held during the year

Name of Director	Meetings held	Meetings attended
Mr. Guhan Subramanian#	2	2
Mr. Pankaj Agarwal	2	1
Mr. Vivek Malhotra	2	2
Mr. Indresh Narain **	2	N.A.
Mr. Javed Gaya **	2	N.A.
Mr. Satish Menon*	2	2

appointed as chairman w.e.f. 31.01.2009

** appointed w.e.f. 24.03.2009

* resigned w.e.f. 12.12.2008

(iii) SHAREHOLDERS/INVESTORS GRIEVANCES COMMITTEE

- (a) **Composition:** The Shareholders / Investors Grievance Committee was formed to undertake the responsibilities of redressing shareholder and investor complaints pertaining to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend, etc.

The Committee consists of the following Independent Non-Executive Directors namely Mr. Guhan Subramaniam, Mr. Vivek Malhotra, Mr. Indresh Narain and Mr. Javed Gaya and the Managing Director, Mr. Pankaj Agarwal.

- (b) **Objective/ Powers:** The Board has delegated powers to its Shareholders/Investors Grievances Committee and M/s. Mondkar Computers Pvt. Ltd., Company's Registrars and Share Transfer Agents to attend to share transfers generally once in fifteen days, which are validated by the Committee.

The Committee inter alia, approves the transfer of shares, issue of duplicate share certificates etc. The Committee also oversees redressal of the shareholders' grievances/ complaints and also the compliance with the SEBI (Prohibition of Insider Trading) Regulations 1992.

Name of independent, non-executive director heading the Committee:

Mr. Satish Menon till December 12, 2008

Mr. Guhan Subramaniam effective January 31, 2009.

Name and designation of compliance officer: P. Vidya Sagar, Company Secretary

Attendance Record in Shareholders/Investors Grievances Committee Meetings held during the year

Name of Director	May 27, 2008	July 30, 2008	October 31, 2008	January 31, 2009
Mr. Guhan Subramaniam#	Present	Present	Present	Present
Mr. Pankaj Agarwal	LOA	Present	Present	LOA
Mr. Vivek Malhotra	Present	Present	Present	Present
Mr. Indresh Narain **	N.A.	N.A.	N.A.	N.A.
Mr. Javed Gaya **	N.A.	N.A.	N.A.	N.A.
Mr. Satish Menon*	Present	Present	Present	N.A.

appointed as chairman w.e.f. 31.01.2009

** appointed w.e.f. 24.03.2009

* resigned w.e.f. 12.12.2008

Report of Investor Complaints received and disposed off during year ended 31.3.09:

	No. of cases outstanding as on April 1, 2008	No. of cases added during the year	No. of cases resolved during the year	No. of cases outstanding as on March 31, 2009
No. of Investor issues	Nil	7	7	Nil
No. of legal cases	Nil	Nil	Nil	Nil

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

The Company's Registrars and Share Transfer Agent, M/s. Mondkar Computers Pvt. Ltd., processes shares sent for transfer/transmission etc. in 2 batches every month. Hence the share transfer, transmission etc. are effected within stipulated time. There are no physical shares pending transfer beyond the transfer cycle of 30 days.

IV SHAREHOLDERS' INFORMATION

Annual General Meetings

Location and time of last three AGMs held

Date of AGM	Time of AGM	Location
August 28, 2006	4.00 p.m.	HAL Convention Centre, Airport Road, Marathahalli, Bangalore 560 037.
September 28, 2007	4.00 p.m.	HAL Convention Centre, Airport Road, Marathahalli, Bangalore 560 037.
July 30, 2008	4.00 p.m.	Redwood, Hotel Royal Orchid Central, Manipal Centre, 47/1 Dickenson Road, Bangalore 560 042.

No special resolutions were passed in the AGM held on August 28, 2006. The following special resolutions were passed by the Company in its AGM/ EGMs listed below:

(i) AGM- September 28, 2007

- Appointment and payment of remuneration to Company's Manager under the Companies Act, 1956.
- Increase in the Company's Authorized Capital u/s 94 of the Companies Act, 1956.
- Issue of equity shares to FI's, Bodies Corporate, FI's and/or high networth individuals on private/preferential placement basis.

(ii) EGM- November 30, 2007

- Acquisition of ICI Tech Holdings Inc. on cash/stock basis.
- Issue of equity shares to shareholders of ICI Tech Holdings Inc and other investors.

(iii) EGM- February 05, 2008

- Acquisition of Mindteck Singapore Pte. Ltd., Mindteck UK Ltd and Chendle Holdings Ltd. on cash/stock basis.

- Issue of equity shares to shareholders of Mindteck Singapore Pte. Ltd., Mindteck UK Ltd and Chendle Holdings Ltd. and other investors.

(iv) AGM – July 30, 2008

- Adoption of Mindteck Employees Stock Option Scheme 2008.
- Extension of Mindteck Employees Stock Option Scheme 2008 to the employee of its subsidiaries across the globe.
- Appointment and payment of remuneration to the Company's Managing Director under the Company's Act, 1956.
- Issue of equity shares to shareholders of Chendle Holdings Ltd. and other investors.

(v) EGM – January 19, 2009

- Issue of equity shares to shareholders of Chendle Holdings Ltd. and other investors.

No special resolutions were passed through the postal ballot procedure during the year ended March 31, 2009.

VI DISCLOSURES

(a) Utilization of Funds raised through preferential issue:

Particulars	Amount in Rs
Amount raised through preferential issues during the year ended March 31, 2008	283,042,002
Amounts raised through preferential issues during the year ended March 31, 2009	14,985,477
Total	298,027,479
Deployment of proceeds	
- Cash consideration for acquiring ICI Tech Holdings Inc.	59,247,000
- Repayment of term loan	9,520,593
- Additional investment in wholly owned subsidiary, Mindteck USA Inc.	114,324,884
- Cash consideration for acquiring Mindteck Singapore Pte. Limited	40,057,500
- Working capital requirements of the Company	19,697,186
- Balance in bank, pending utilization	
- in fixed deposit account	54,433,957
- in current account	746,359
Total	298,027,479

- (b) There were no materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters and/or their subsidiaries, Directors or the Management, their relatives, etc., that had potential conflict with the interest of Company at large.
- (c) 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.
- (d) The Company has not complied with the non- mandatory provisions of Clause 49 of the Listing Agreement.
- (e) Transfer of Unpaid/ Unclaimed amounts to "Investor Education and Protection Fund"

Section 205C of the Companies Act, 1956, read with the Investors Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001 of the Companies Act, 1956 mandates that the Companies transfer dividend that is unclaimed for a period of 7 years from the date it became due to the Investor Education and Protection Fund (IEPF) Account.

In accordance with the above provision, Mindteck has credited a total of Rs. 96,436 to the Investor Education and Protection Fund Account. Details of the aforesaid are as under:

Type of Investment	Amount in Rs.
Dividend	89,861
Refund of Rights Issue Proceeds	6,575
Total	96,436

VII COMMUNICATION WITH THE SHAREHOLDERS

(i) Quarterly Results:

The Company has published its quarterly Financial Results in the Business Standard (English) and Times of India (Kannada) newspapers during the year ended 31st March, 2009. The results have also been submitted to the Bombay Stock Exchange where the Company's equity shares are listed and posted on the company's website (www.mindteck.com).

(ii) News Releases and Presentations:

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

(iii) Web Site:

The Company's web site www.mindteck.com contains a

separate dedicated section "Investor Relations" 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.

The Company also informs the shareholders on appointment or re-appointment of a Director and provides a brief resume of the Director, his/her expertise and names of companies in which he/she holds directorships and committee memberships.

Please also refer section on Shareholders' Information in this annual report.

VIII MANAGEMENT

A Management Discussion and Analysis report has been included in the annual report. During the year under review, there were no instances of any material financial and commercial transactions in which the Management had personal interest that had a potential conflict with the interest of the Company at large.

IX COMPLIANCE CERTIFICATES:

- (i) Auditors: Certificate from B S R & Company, the Company's Statutory Auditors, confirming the Company's compliance with Clause 49 of the Listing Agreement, is annexed hereto, and forms part of the Annual report.
- (ii) CEO and CS Certificate: The Certificate given by the Group CEO/MD and the Company Secretary as per clause 49 in the prescribed format also forms part of the Annual Report.

On behalf of the Board of Directors

Guhan Subramaniam
Chairman

Bangalore
July 31, 2009

SHAREHOLDERS' INFORMATION

AGM: Date, Time and Venue	September 11, 2009 at 4.00 p.m. at Redwood, Hotel Royal Orchid Central, 47/1, Dickenson Road, Manipal Centre, Bangalore 560 042.
Financial Calendar	1st April 2008 to 31st March, 2009
Book Closure dates	September 1, 2009 to September 11, 2009 (both days inclusive)
Dividend Payment Date	Within stipulated period from the date of the AGM, if declared by the members. (No dividend has been recommended by the Company's Board for 2008-09).
Listing on Stock Exchanges & Stock code	Bombay Stock Exchange Ltd, Mumbai – 517344
Registrar and Transfer Agents	M/s. Mondkar Computers Pvt. Ltd., 25, Shakil Niwas, Mahakali Caves Road, Andheri (East), Mumbai – 400 093.
Share transfer System	The Company's Registrars and Share Transfer Agent, M/s. Mondkar Computers Pvt. Ltd., processes shares sent for transfer/transmission etc. in 2 batches every month and ensures that the share transfers/transmissions, etc. are effected within stipulated time. Transfers/transmissions, which are complete in all respects, are processed and the certificates in respect thereof are returned to the lodger/shareholder within 30 days of lodgment.
Dematerialization of shares and liquidity	Effective August 28, 2000 it has become compulsory to trade Company's shares in dematerialized form. Since the shares of the Company are falling under compulsory demat category, the chances of fraudulent interception, etc. have been reduced considerably. The Company continues to receive requests for demat on a regular basis and the same is being facilitated through the Depository Services provided by National Securities Depository Ltd. and Central Depository Services Ltd. The Company, in co-ordination with its Registrars & Share Transfer Agents, M/s. Mondkar Computers Pvt. Ltd. facilitates simultaneous transfer of shares and dematerialization. This reduces correspondence, time and effort of all shareholders by ensuring maximum investor satisfaction and transparency.
Software Development Centers	Bangalore: 16/3, Cambridge Road, Ulsoor, Bangalore 560 008. 2730, 'Trikanika', 80ft Road, Opp. CMH Hospital, Bangalore 560 038 Kolkata: Software Technology Park, SDF Building, Module No.529 & 530, 9th and 14th Floors, Sector V, Block EP GP, Salt Lake Electronics Complex, Kolkata – 700 091. Delhi: 75/C (SF) Sector 18, Gurgaon, Haryana- 122 002.
Compliance Officer and Registered Office Address for correspondence	P. Vidya Sagar, Compliance Officer, Mindteck (India) Limited 16/3, Cambridge Road, Bangalore 560 008.

- 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, 2009

Month	Sensex		Share Price		Trade	
	High	Low	High	Low	High	Low
April 2008	17,480.74	15,297.96	52.10	40.10	50,204	4,43,000
May 2008	17,753.70	16,196.02	49.60	43.05	17,326	789,023
June 2008	16,632.72	13,405.54	41.95	34.00	28,741	1,111,124
July 2008	15,130.09	12,514.02	35.75	28.50	74,453	2,356,022
August 2008	15,579.78	14,002.43	37.85	32.25	26,536	905,164
September 2008	15,107.01	12,153.55	37.30	25.20	22,360	680,526
October 2008	13,203.86	7,697.39	26.40	16.50	21,985	437,587
November 2008	10,945.41	8,316.39	19.90	14.20	21,225	359,248
December 2008	10,188.54	8,467.43	20.00	14.00	29,776	507,882
January 2009	10,469.72	8,631.60	18.85	13.20	27,331	443,356
February 2009	9,724.87	8,619.22	16.95	13.55	23,596	352,957
March 2009	10,127.09	8,047.17	15.09	12.25	1,81,342	2,720,640

- Performance in comparison to broad-based BSE Index & BSE IT Index

Month	Closing share price on month's last trading day (Rs)	BSE Index	BSE IT Index
April 2008	50.75	17,287.31	4,261.93
May 2008	43.80	16,415.57	4,643.79
June 2008	36.30	13,461.60	4,019.82
July 2008	31.45	14,355.75	3,689.57
August 2008	35.85	14,564.53	3,966.75
September 2008	26.40	12,860.43	3,095.08
October 2008	16.60	9,788.06	2,861.94
November 2008	14.20	9,092.72	2,558.94
December 2008	17.37	9,647.31	2,227.96
January 2009	15.20	9,424.24	2,236.51
February 2009	14.40	8,891.61	2,096.17
March 2009	14.35	9,708.50	2,285.68

- Distribution of Shareholding as on March 31, 2009

Range	Shareholders		Shares	
	No. of Shares	Numbers	% to Total	% to Total
1 – 500	7,603	95.23	513,927	2.08
501 – 1000	186	2.33	149,161	0.60
1001 – 2000	76	0.95	110,180	0.44
2001 – 3000	30	0.38	75,205	0.30
3001 – 4000	09	0.11	31,255	0.13
4001 – 5000	07	0.08	32,336	0.13
5001 – 10000	19	0.24	140,032	0.57
10001 & above	54	0.68	23,712,497	95.75
Total	7,984	100.00	24,764,593	100.00

- Shareholding Pattern as on March 31, 2009

Shareholder Category	No. of Shares	%age
1. Promoters & Associates	16,431,604	66.35
2. Directors & Associates	1,200,000	4.85
3. Mindteck Employees Welfare Trust	416,000	1.68
4. Public	6,716,989	27.12
Total	24,764,593	100.00

On behalf of the Board of Directors

Guhan Subramaniam
Chairman

Bangalore
July 31, 2009

CEO AND CS CERTIFICATION

The Board of Directors
Mindteck (India) Limited
Bangalore

We, Pankaj Agarwal, Managing Director and Chief Executive Officer and P. Vidya Sagar, Company Secretary of Mindteck (India) Limited, to the best of our knowledge and belief, certify that:

- (a) We have reviewed the financial statements and the cash flow statements (standalone and consolidated) and the Directors' Report for the year ended March 31, 2009 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) 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.
- (b) 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 violative of the company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls and also state that we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and we have 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 the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee:
 - (i) that there were no deficiencies in the design of internal control that could adversely effect the Company's ability to record, process, summarize and report financial data and that there have been no weaknesses in the internal control system over financial disclosures.
 - (ii) significant changes in internal control during the year;
 - (iii) significant changes in accounting policies during the year, if any, and the same have been disclosed in the notes to the financial statements; and
 - (iv) instances of significant fraud, if any, of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.
- (e) We further declare that all the Board members and senior managerial personnel have affirmed compliance with the code of conduct for the current year.

Pankaj Agarwal
Managing Director and Chief Executive Officer
Bangalore
June 25, 2009

P. Vidya Sagar
Company Secretary

Corporate Governance Certificate

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, 2009, as stipulated in Clause 49 of the Listing Agreement of the Company with the stock exchange.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

for **B S R & Company**
Chartered Accountants

Bangalore
July, 31 2009

Supreet Sachdev
Partner
Membership No. 205385

MANAGEMENT'S DISCUSSION & ANALYSIS

I. IT BUYING COMES OF AGE

Buying IT services has considerably matured over the last few years. Today the buyer seems more participative, and is keen on partnering a service provider with an outcome based, win-win business model. Buyers expect tangible business benefits from long term outsourcing deals. Technology service providers need better understanding of their client's businesses and competitions, thus develop value differentiators that help their clients get an edge over their competitions. With strong focus on cost cutting by majority of the global enterprises, IT vendors should deliver innovative IT solutions to reduce immediate costs.

More and more IT service providers are building larger front end presence in client locations, particularly in the US and Europe through high-value services such as consulting and integrating these services into their delivery models. This is not only helping them to position as global technology leaders, but also narrowing the value gap with their multinational peers. Today, Indian players are able to compete aggressively for large global deals through a range of service offerings at competitive costs with world class quality.

CURRENT ECONOMIC TURBULENCE AND COPING STRATEGIES:

Recessions in the US and many industrial countries will be the main cause of a 2009 slump, with currency fluctuations a secondary factor. Western and Central Europe and Canada and Latin America will have the weakest growth, at 1.3% and 1.2%, respectively, in local currencies. The US tech market will do a bit better, with 1.6% growths.

Asia Pacific and the oil-exporting area of Eastern Europe, the Middle East, and Africa will do the best, but growth there will still be weak, at 3.1% and 5.4%, respectively. Software purchases will do a bit better than other categories, but all vendors will face a tough time until late 2009 or early 2010.

The recession in the US market and the global meltdown termed as Global recession have engulfed complete world economy with a varying degree of recessionary impact. World over the impact has diversified and its impact can be observed from the very fact of falling Stock market, recession in jobs availability and companies following downsizing in the existing available staff and cutting down of the perks and salary corrections.

In the global market scenario, the impact of recession at one place/ industry/ sector percolate down to all the linked industry and this can be truly interpreted from the current market situation which is faced by the world since approx 2 month and still the situation is not in control in spite of various measures taken to fight back the recession in the market. The badly hit sector at present is the financial sector, the major issue being the "Liquidity Crisis" in the market.

The top motivation for pursuing green IT is to reduce costs — and in a down economy, every dollar helps. Becoming more environmental-friendly typically consists of making small changes over a period of time.

STRATEGIES FOR SUCCESS:

To realize this opportunity, India needs to develop a multi-pronged strategy for success. Some of the recommended actions are broader in scope, related to those required to sustain our lead in IT-BPO exports – and are already at various stages of planning and execution. Others are more specific, targeted at addressing the engineering services market.

- Build the "Engineered in India" brand
- Build domain expertise through symbiotic relationships with experts
- Focus on infrastructure creation
- Undertake initiatives to improve workforce
- Leverage local industry 'offsets'
- Align government policy and incentives

ANALYSIS ON PRODUCT ENGINEERING SERVICES SPACE:

NASSCOM the premier trade body and the "voice" of the Indian IT industry, and management consulting firm Booz Allen Hamilton, released a study titled, "Globalization of Engineering Services – the Next Frontier for India". This is the first study to take a systematic and comprehensive view of the role of emerging markets in engineering services and assess the evolution of the engineering market between 2005 and 2020.

KEY FINDINGS OF THE STUDY:

- Engineering services is a growth market: Current spending on engineering services is projected to increase to \$1.1 trillion by 2020. High-Tech/ Telecom are the dominant and fastest growing sectors, with 30% of the market share.
- CEOs are increasingly viewing offshoring as a way to counter market forces that are exerting pressure on engineering services: While cost control remains a concern, companies are also seeking access to a high quality talent pool that can grow engineering capacity and increase productivity. Locating engineering services in emerging markets also provides access to a growing market of customers, and can decrease time to market. While in FY08, only \$10-15 billion of engineering services was offshored, the market is expected to grow to \$150 -225 billion by 2020.
- India's current share of the offshored engineering services market is about 12% – relatively small as compared to its information technology and business process outsourcing sectors: The study also found that India is well-positioned to increase its market share of engineering offshoring from 12% to 30% by 2020. The potential engineering market in India could exceed \$40 billion by 2020.
- India offers a unique set of attributes that will translate into a sustainable position as an off-shoring destination.

II. OPPORTUNITIES AND THREATS:

OPPORTUNITIES

Despite of bleak economy and job losses globally, IT and Technology outsourcing will continue to grow. As companies grow conscious of the benefits of strategic outsourcing into low cost locations, such as India, they are likely to outsource more to further reduce their operational expenditures.

This year Mindteck made a couple of key additions to its service offerings, including a security offering for the payment card industry. The PCI compliance is one of the key challenges for the payment card industry. The Company has developed a strong focus in the PCI space and has created a whole suite of security and compliance services under the brand name: simplyPCI™. There is huge thrust in this area and Mindteck expects to capitalize the benefits from it.

Recently, remote infrastructure management services have emerged as one of the fastest growing areas. Companies are investing billions of dollars to secure and expand their infrastructure. Mindteck is already working with a couple of large MNCs in this space and plans to invest and build this practice into a major business unit.

Mindteck anticipates tremendous growth opportunities with its existing clientele across various industries. The Company has put together a strong account management practice and identified a list of clients it can grow significantly within the next three years. Backed by a strong relationship management team with an excellent client satisfaction rating, Mindteck is bullish about its growth prospects in the coming years.

THREATS

While rising employee costs has slowed down for now, global economic climate poses an immediate threat to the technology vendors. Many companies have decided to shelve their immediate R&D budget and cut down on IT spends. Mindteck anticipates pricing pressure from both existing clients, as well as from the future deals.

While the opportunities continue to exist and grow, the downturn in the economy and fluctuations in forex are a major concern. According to industry analytics, the global purchases of IT goods and services — or from the other perspective IT vendors' revenues — will equal \$1.66 trillion in 2009, declining by 3% after an 8% rise in 2008. A declining US dollar boosted 2008 growth rates, but a stronger dollar will hurt growth measured in dollars in 2009. Growth in a weighted average of local currencies will be 3%. IT purchases are expected to recover in 2010, growing by 9% in US dollars and 6% in local currencies.

III. SEGMENT WISE PERFORMANCE:

During the year under review the Company derived 80 % of its revenue from the US, down from 86 % reported last year. This reduction has been possible due to the Company's continued efforts to reduce client-concentration in the US by growing its engineering and managed services businesses in the UK and other European countries like Germany, Netherlands and Switzerland.

IV. OUTLOOK:

Mindteck's outlook for the year 2009-10 is positive and heading strong with innovation in delivery methodologies. By gathering relevant industry facts on drift in the market requirements, Mindteck has initiated methods to maximize brand identity through right-positioning strategies. Our focus in remote infrastructure management services is one of the major focal segments in the market place.

Gartner's crystal ball shows downward trends across nearly all sectors of the industry, predicting a market worse than 2001 when we were reeling from the twin blows of the dot.com bubble collapse and 9/11.

The worst outlook is in enterprise hardware which is on pace to drop by 15 percent this year as companies retrench in the face of their own falling revenues. Enterprise software and services are expected to barely tread water, boosted by a number of offerings like virtualization that extend the life of existing hardware infrastructures. Software market is predicted to eke out a 0.3 percent gain this year, followed by healthier returns in 2010.

V. RISKS AND CONCERNS:

The Company's Risk Management Program identifies and assesses risks at enterprise and functional levels and provides mitigation measures with adequate monitoring mechanisms. Some of the high-impact risks that the Company faces are listed below:

a) Macro Economic Factors

The global recession has adversely affected all the leading economies in the world with varying levels of impact. The Company has responded by consolidating its operations and effecting efficiencies across geographies and maintained its profitability and competitiveness.

b) Exchange Rate Fluctuations

The Company's revenues are predominantly dollar revenues; hence any appreciation of the rupee against the dollar adversely impacts its profitability and operating results. The Company seeks to reduce the effect of exchange rate fluctuations on operating results by taking forward cover, depending on market conditions.

c) Concentration – Geographic and Technological

The Company's revenues are predominantly derived from the US. To mitigate this geographical concentration risk, the Company is constantly seeking to widen the range of its service offerings as well as grow in EMEA & APAC.

d) Delivery

The Company's delivery involves risks of quality and time/cost overruns, to mitigate which the Company constantly develops and improve its software engineering processes and capabilities. The Company's CMM Level 5 certification is recognition of the high levels of preparedness that the Company maintains to identify and mitigate risks at the project planning stage.

VI. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has adequate internal control systems in place to ensure that its assets are safeguarded, that transactions are executed with prior and appropriate authorizations and they are properly and promptly recorded in the accounts and are adequate for the preparation of annual/quarterly financial statements.

Quarterly internal audits are performed to ascertain and improve the adequacy and effectiveness of internal control systems. The Audit Committee of the Board reviews the internal auditors' report in its quarterly meetings and guides the Company's Management in taking necessary corrective measures.

VII. DISCUSSION ON FINANCIAL PERFORMANCE:

Share Capital

As on 31st March, 2009 the authorized share capital of the company stands at Rs. 330 million divided into 28 million equity shares of par value Rs. 10 each and 500,000 cumulative non-convertible redeemable preference shares of Rs. 100/- each and the issued, subscribed and paid up equity capital stands at Rs 247.65 million consisting of 24.76 million shares of Rs. 10 each.

During the year, the Company granted 31,000 options (Previous Period 246,900) to its employees under the Mindteck Employees Stock Option Scheme, 2005. As on March 31, 2009, 388,301 options (Previous Period 460,001 options) were outstanding and 214,268 options had vested out of the 500,000 options created under the Scheme.

Reserves & Surplus

The Company has retained a balance of Rs. 74.72 million in the Profit and Loss Account. As a measure of financial prudence in the prevailing economic conditions, the Company's Board of Directors have not recommended dividend for the year 2008-2009. The total shareholder funds of the Company increased to Rs. 1335.69 million as of March 31, 2009 from Rs. 1053.34 million as of the previous year end.

Secured Loans

The company has credit facilities with Axis Bank Ltd., Bangalore. Borrowings under these facilities are secured against its book debts and the company's property at Kolkata. The Company's borrowings as on March 31, 2009 stood at Rs. 94.07 million (Previous Period 58.79 million).

Fixed assets

During the year, the Company added Rs. 20.78 million (Previous Period Rs. 4.23 million) to its gross block of assets that included investments in computers and software of Rs. 8.80 million (Previous Period 2.61 million). The company also retired assets with a gross block of Rs.0.07 million (Previous Period Rs 6.06 million).

Investments

As on March 31, 2009 the Company has 7 wholly owned subsidiaries - Mindteck Inc., Mindteck Middle-East Ltd, Mindteck Singapore Pte Ltd., Software Malaysia Sdn Bhd, Mindteck UK Ltd., Chendle holdings Ltd. and Mindteck BPO Services Pvt. Ltd. Mindteck UK Ltd has two subsidiaries - Mindteck Germany GmbH and Mindteck Netherlands_B.V.

Effective October 01, 2008, the Company's three US operating subsidiaries - Mindteck USA Inc., Infotech Consulting Inc. and Primetech Holdings Inc. merged together and the surviving entity was renamed as Mindteck Inc.

Current Assets

Sundry debtors increased from Rs. 141.25 million as on March 31, 2008 to Rs.259.57 million as on March 31, 2009. These debtors are considered good and realizable.

Cash and Bank Balances as on March 31, 2009 stand at 93.57 million as compared to Rs. 114.87 million as on March 31, 2008. These balances include both rupee accounts and foreign currency accounts.

Advances are amounts paid in advance for value and services to be received in future. Advance income tax represents payments made towards current tax liability as well as refunds due for the previous years. Advances to staff are recoverable within a year.

Current liabilities and provisions

Current liabilities and provisions have increased from Rs. 86.61 million as on March 31, 2008 to Rs. 197.45 million as on March 31, 2009. Sundry creditors represent amounts payable to vendors for the supply of goods and services. Provision for taxation represents estimated income tax liabilities.

In compliance with the Accounting Standard 22 issued by the Institute of Chartered Accountants of India, the company has not recognized any deferred tax assets/liabilities. In fact, the timing difference relating mainly to depreciation and unabsorbed losses results in a Net Deferred Asset and has not been recognized as a measure of prudence.

Results of operations

Income

Income from operations for the year was Rs. 544.34 million against Rs. 325.06 million recorded in the previous year which represents a growth rate in income of 67.46 %.

The company's revenues are generated principally from offshore software development services. These services are delivered either on fixed price or time and materials basis.

Expenditure

The manpower cost for the year was Rs.402.92 million as against Rs. 179.36 million in the previous year. As a percentage of revenue, manpower costs have increased to 74.01 % from 55.18 % during the previous year. Manpower costs consist of salaries paid to employees in India and include overseas staff expenses. Consultancy charges represent the cost of sub-contractors used for software development activities.

The operational and administrative expense for the year was Rs. 159.34 million as compared to Rs. 120.17 million incurred in the previous year.

The finance expenses increased from Rs. 6.88 million in the previous year to Rs.8.83 million for the year ended March 31, 2009.

The company provided Rs. 12.99 million for depreciation compared to Rs. 14.92 million that was provided in the previous year.

The company has made a provision for current tax of Rs. 3.98 million and fringe benefit tax of Rs. 1.57 million for the year ended March 31, 2009.

Other Income

Other income earned was Rs.80.92 million against Rs. 31.36 million earned in the previous year. Other income includes interest received on deposits with banks, rental income received, exchange difference and other miscellaneous income.

Net Profit

Net profit after tax for the year amounted to Rs.35.63 million as against Rs. 28.94 million recorded in the previous year.

Liquidity

The liquidity of the company was comfortable throughout the year

VIII.HUMAN RESOURCES:

Mindteck firmly believes that it is the employees of the Company that can make a difference; hence all the employees are encouraged to optimize their full potential by availing of the opportunities existing within the company. The total number of employees increased from 350 as on March 31, 2008 to 429 as on March 31, 2009.

On behalf of the Board of Directors

Guhan Subramaniam
Chairman

Bangalore
July 31, 2009

AUDITORS' REPORT

TO THE MEMBERS OF MINDTECK (INDIA) LIMITED

We have audited the attached balance sheet of Mindteck (India) Limited ('the Company') as at March 31, 2009, the profit and loss account of the Company and the cash flow statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 ('the Order'), as amended, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to above, we report that:
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) the balance sheet, the profit and loss account and the cash flow statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the balance sheet, the profit and loss account and the cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) on the basis of written representations received from the directors, as at March 31, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as at March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act; and
 - (f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Act, in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2009;
 - (ii) in the case of the profit and loss account, of the profit of the Company for the year ended on that date; and
 - (iii) in the case of the cash flow statement, of the cash flows of the Company for the year ended on that date.

for **B S R & Company**
Chartered Accountants

Supreet Sachdev
Partner
Membership No. 205385

Bangalore
June 25, 2009

Annexure to the Auditors' Report

The Annexure referred to in paragraph 1 of our report to the members of Mindteck (India) Limited ('the Company') for the year ended March 31, 2009. We report that:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) Fixed assets disposed of during the year were not substantial, and therefore, do not affect the going concern assumption.
- ii. The Company is a service company, primarily rendering software, IT-enabled and related services. Accordingly it does not hold any physical inventories. Thus, paragraph 4(ii) of the Order is not applicable.
- iii. The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and with regard to the sale of services. The activities of the Company do not involve purchase of inventory and the sale of goods. We have not observed any major weakness in the internal control system during the course of the audit.
- v. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of Rs 5 lakh with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. The Company has not accepted any deposits from the public.
- vii. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii. The Central Government 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, Income-tax, Service tax and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities, except for a delay in the transfer of unclaimed dividends relating to the financial year ending June 30, 2001 to the Investor Education and Protection Fund. As explained to us, there are no dues on account of Employees' State Insurance, Wealth tax, Sales-tax, Customs duty and Excise duty.

There were no dues on account of Cess under Section 441A of the Companies Act, 1956 since the aforesaid section has not yet been made effective by the Central Government of India.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Income tax, Service tax and other material statutory dues were in arrears as at March 31, 2009 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 Income-tax and Service tax which have not been deposited with the appropriate authorities on account of any dispute.
- x. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers. The Company did not have any outstanding dues to any financial institutions or debentureholders during the year.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion and according to the information and explanations given to us, the Company is not a chit fund/nidhi/mutual benefit fund/society.
- xiv. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- xv. In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantee for a loan taken by others from banks are not prejudicial to the interests of the Company. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from financial institutions.

- xvi. The Company did not have any term loans outstanding during the year.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that funds raised on short-term basis have not been used for long-term investment.
- xviii. The Company has not made any preferential allotment of shares to companies/firms/ parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix. The Company did not have any outstanding debentures during the year.
- xx. The Company has not raised any money by public issues.

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

for **B S R & Company**
Chartered Accountants

Supreet Sachdev
Partner
Membership No. 205385

Bangalore
June 25, 2009

BALANCE SHEET AS AT MARCH 31, 2009

	Schedule	As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	243,485,930	209,748,800
Equity shares reserved for issuance	16(3)	19,859,926	-
Share application money pending allotment		-	10,803,489
Reserves and surplus	2	1,092,201,327	843,590,444
		1,355,547,183	1,064,142,733
LOAN FUNDS			
Secured loan	3	94,072,153	58,791,356
		1,449,619,336	1,122,934,089
APPLICATION OF FUNDS			
Fixed assets	4		
Gross Block		113,265,154	92,553,633
Less: Accumulated depreciation		(68,629,317)	(55,677,878)
Net Block		44,635,837	36,875,755
INVESTMENTS	5	1,132,217,867	811,268,106
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry debtors	6	259,574,227	141,247,442
Cash and bank balances	7	93,568,481	114,865,389
Loans and advances	8	117,078,067	105,291,511
		470,220,775	361,404,342
CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	9	187,105,752	67,008,816
Provisions	10	10,349,391	19,605,298
Net current assets		272,765,632	274,790,228
		1,449,619,336	1,122,934,089

Significant accounting policies and notes to the accounts 16

The schedules referred to above form an integral part of the balance sheet.

As per our report attached

For B S R & Company
Chartered Accountants

Supreet Sachdev
Partner
Membership No. 205385

Bangalore
June 25, 2009

For Mindteck (India) Limited

Guhan Subramaniam
Chairman

Javed Gaya
Director

Bangalore
June 25, 2009

Pankaj Agarwal
Managing Director

Indresh Narain
Director

Vivek Malhotra
Director

P. Vidya Sagar
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

	Schedule	Year ended March 31, 2009 Rupees	Year ended March 31, 2008 Rupees
INCOME			
Income from software and IT-enabled services	11	544,336,481	325,062,128
Other income	12	80,925,341	31,362,202
		625,261,822	356,424,330
EXPENDITURE			
Manpower costs	13	402,921,430	179,357,603
Operating and administration expenses	14	159,336,577	120,177,864
Finance charges	15	8,826,585	6,875,524
Depreciation	4	12,988,320	14,923,253
		584,072,912	321,334,244
Profit before taxation and prior period item		41,188,910	35,090,086
Prior period expenses, net	16(22)	-	1,445,373
Profit before taxation		41,188,910	33,644,713
Taxation			
- Current tax		3,986,820	3,401,510
- Fringe benefit tax (net of recoveries)		1,573,423	1,306,726
- Deferred tax	16(7b)	-	-
Profit after taxation		35,628,667	28,936,477
Balance in profit and loss account brought forward		40,475,731	22,696,568
Add: effect of consolidation of the Mindteck Employees Welfare Trust	16(6b)	208,000	1,375,119
Amount available for appropriation		76,312,398	53,008,164
Appropriations :			
Dividend		1,360,322	10,711,939
Corporate dividend tax		231,186	1,820,494
Balance in Profit and Loss Account carried forward		74,720,890	40,475,731
Earnings per share ('EPS')	16(16)		
(Equity shares, par value Rs 10 each)			
-Basic		1.48	2.52
-Diluted		1.45	2.49
Weighted average number of shares used in computing earnings per share			
-Basic		24,013,710	11,500,465
-Diluted		24,601,726	11,631,808

Significant accounting policies and notes to the accounts

16

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

As per our report attached

For B S R & Company

Chartered Accountants

Supreet Sachdev

Partner

Membership No. 205385

For Mindteck (India) Limited

Guhan Subramaniam

Chairman

Javed Gaya

Director

Pankaj Agarwal

Managing Director

Indresh Narain

Director

Vivek Malhotra

Director

P. Vidya Sagar

Company Secretary

Bangalore

June 25, 2009

Bangalore

June 25, 2009

SCHEDULES ANNEXED AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009

	As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
SCHEDULE - 1		
SHARE CAPITAL		
Authorised capital		
28,000,000 (previous year 28,000,000) equity shares of Rs 10 each	280,000,000	280,000,000
500,000 (previous year 500,000) cumulative, non-convertible, redeemable preference shares of Rs 100 each	50,000,000	50,000,000
	330,000,000	330,000,000
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
24,764,593 (previous year 21,390,880) equity shares of Rs 10 each fully paid up	247,645,930	213,908,800
Less: 416,000 (previous year 416,000) equity shares of Rs 10 each fully paid up held by the Mindteck Employees Welfare Trust [Refer Schedule 16 (6b)]	(4,160,000)	(4,160,000)
Of the above,		
1. 251,680 (previous year 251,680) equity shares of Rs 10 each are allotted as fully paid-up for consideration other than cash to the shareholders of erstwhile Nicco Infotech Limited pursuant to an amalgamation.		
2. 2,850,000 (previous year 2,850,000) equity shares of Rs 10 each are allotted as fully paid-up for consideration other than cash to the shareholders of erstwhile Infotech Holdings Inc. pursuant to an acquisition.		
3. 10,969,944 (previous year 7,800,000) equity shares of Rs 10 each are allotted as fully paid-up for consideration other than cash to the shareholders of ICI Tech Holdings Inc., Mindteck Singapore Pte Ltd., Mindteck UK Limited and Chendle Holdings Limited pursuant to the acquisitions. [Refer Schedule 16(3)]		
4 a. 16,169,857 (previous year 13,977,257) equity shares of Rs 10 each fully paid up are held by Embtech Holding Limited, Mauritius, the holding company.		
b. 261,747 (previous year 261,747) equity shares of Rs 10 each fully paid up are held by Infotech Ventures Limited.		
The ultimate holding company is Transcompany Limited, British Virgin Islands.		
	243,485,930	209,748,800
SCHEDULE - 2		
RESERVES AND SURPLUS		
Capital Reserve	35,689,935	35,689,935
Securities Premium		
At the commencement of the year	803,664,778	63,092,246
Less: Premium on equity shares held by the Mindteck Employees Welfare Trust [Refer Schedule 16 (6b)]	(36,240,000)	(36,240,000)
	767,424,778	26,852,246
Additions during the year		
- On issue of equity shares under the Option Scheme 2005 [Refer Schedule 16(6c)]	-	406,700
- On preferential issue of equity shares [Refer Schedule 16(3)]	214,365,724	740,165,832
	981,790,502	767,424,778
Balance in the profit and loss account	74,720,890	40,475,731
	1,092,201,327	843,590,444

SCHEDULES ANNEXED AND FORMING PART OF THE BALANCE SHEET
AS AT MARCH 31, 2009

	As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
SCHEDULE - 3 SECURED LOAN		
From scheduled bank		
- Cash credit facility	94,072,153	58,791,356
[Secured by equitable mortgage of property at Kolkata, charge on the fixed assets of the Company, fixed deposits aggregating to Rs 5,000,000 (previous year Rs 5,000,000) with lien marked in favour of the bank].		
	94,072,153	58,791,356

SCHEDULES ANNEXED AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009

SCHEDULE - 4 FIXED ASSETS

(Amount in Rupees)

ASSETS	GROSS BLOCK			ACCUMULATED DEPRECIATION				NET BLOCK		
	As at April 1, 2008	Additions during the year	Deletions	As at March 31, 2009	As at April 1, 2008	Charge for the year	Deletions during the year	As at March 31, 2009	As at March 31, 2009	As at March 31, 2008
INTANGIBLE ASSETS:										
Goodwill (arising on business acquisition)	7,000,000	-	-	7,000,000	4,200,000	1,400,000	-	5,600,000	1,400,000	2,800,000
Computer software	18,532,490	6,969,612	-	25,502,102	13,304,665	3,138,455	-	16,443,120	9,058,982	5,227,825
TANGIBLE ASSETS:										
Computer equipment	42,181,947	1,836,280	-	44,018,227	27,394,750	3,655,027	-	31,049,777	12,968,450	14,787,197
Office equipment	10,375,259	3,024,564	70,785	13,329,038	5,976,116	1,999,437	36,881	7,938,672	5,390,366	4,399,143
Furniture and fixtures	3,643,473	717,919	-	4,361,392	3,082,069	815,337	-	3,897,406	463,986	561,404
Vehicles	-	157,500	-	157,500	-	14,499	-	14,499	143,001	-
Buildings	10,156,520	-	-	10,156,520	1,500,193	165,550	-	1,665,743	8,490,777	8,656,327
Leasehold improvements	663,944	8,076,431	-	8,740,375	220,085	1,800,015	-	2,020,100	6,720,275	443,859
Total	92,553,633	20,782,306	70,785	113,265,154	55,677,878	12,988,320*	36,881	68,629,317	44,635,837	36,875,755
Previous year	94,378,842	4,232,985	6,058,194	92,553,633	46,562,675	15,152,577	6,037,374	55,677,878	36,875,755	

* Includes prior period depreciation charge of Rs 229,324 [Refer Schedule 16(22)].

SCHEDULES ANNEXED AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009

	As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
SCHEDULE - 5		
INVESTMENTS		
Long term, unquoted (at cost)		
In shares of wholly owned subsidiaries (non-trade)		
(1) Nil (previous year 1,000) common stock of USD 5,000 par value of Mindteck USA Inc, USA (formerly Mindteck Consulting Inc.) [Refer Schedule 16(4)]	-	170,313,709
(2) 500 (previous year 500) common stock of BD 100 par value of Mindteck Middle East SOC, Bahrain	1,830,360	1,830,360
(3) 50,000 (previous year 50,000) equity shares of Rs 10 each of Mindteck BPO India Private Limited [Refer Schedule 16(4c)]	500,000	500,000
(4) 250,000 (previous year 250,000) common stock of MR 1 par value of Mindteck Software Malaysia SDN. BHD	3,016,212	3,016,212
(5) Nil (previous year 10,000) Common stock of \$ 0.01 each of ICI Tech Holdings Inc, USA [Refer Schedule 16(4b)]	-	635,607,825
(6) 1,310,500 (previous year Nil) shares of SGD 1 par value of Mindteck Singapore Pte Ltd. [Refer Schedule 16(3)]	84,664,219	-
(7) 968,408 (previous year Nil) ordinary shares of GBP 1 par value of Mindteck UK Limited. [Refer Schedule 16(3)]	14,804,544	-
(8) 2 (previous year Nil) shares of USD 1 par value of Chendle Holdings Limited. [Refer Schedule 16(3)]	195,419,991	-
(9) [Refer Schedule 16(3)] 12,200 (previous year Nil) common stock of USD 1 par value of Mindteck Inc, USA (formerly Infotech Consulting Inc., USA) [Refer Schedule 16(4a, 4b)]	831,982,541	-
	1,132,217,867	811,268,106

SCHEDULE - 6

SUNDRY DEBTORS

(Unsecured)

Debts outstanding for a period exceeding six months

Considered good #	9,457,248	11,735,487
Considered doubtful	359,552	1,425,027
	9,816,800	13,160,514

Others debts

Considered good #	250,116,979	129,511,955
	259,933,779	142,672,469
Less : Provision for doubtful debts	(359,552)	(1,425,027)
	259,574,227	141,247,442

The above includes the following amounts due from companies under the same management:

- Mindteck UK Limited*	-	18,244,668
- Mindteck Singapore Pte Ltd*	-	3,747,642

* With effect from April 1, 2008, these entities have become wholly owned subsidiaries of the Company. [Refer Schedule 16(3)].

SCHEDULES ANNEXED AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009

	As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
SCHEDULE - 7		
CASH AND BANK BALANCES		
Cash on hand	50,337	62,049
Balances with scheduled banks:		
- In current accounts [Refer Schedule 16(5)]	32,364,699	43,828,232
- In deposit accounts [Refer Schedule 16(5)]	56,153,445	65,975,108
- In margin money account	5,000,000	5,000,000
	93,568,481	114,865,389
SCHEDULE - 8		
LOANS AND ADVANCES		
(Unsecured, considered good, unless otherwise stated)		
Advances recoverable in cash or kind or for value to be received		
- Due from holding company and subsidiary companies	15,608,151	9,836,405
- Advances to employees	2,845,260	3,664,206
- Prepaid expenses	3,925,920	5,757,472
- Other advances ^	9,095,750	8,147,397
Advance income tax and tax deducted at source	13,768,534	9,574,734
[Net of provision for tax Rs 8,556,810 (previous year Rs 4,569,990)]		
Deposits with government bodies	361,334	572,923
Other deposits	61,601,616	52,506,066
Unbilled revenue	9,871,502	13,624,913
Advance for additional investment in Mindteck USA Inc., USA, a subsidiary company	-	1,607,395
	117,078,067	105,291,511
^ The above includes the following amounts due from companies under the same management:		
- Mindteck UK Limited*	-	2,630,710
maximum amount outstanding at any time during the year		2,630,710
- Mindteck Singapore Pte Ltd*	-	2,075,514
maximum amount outstanding at any time during the year		3,903,602
- Primetech Solutions Inc.*	-	219,223
maximum amount outstanding at any time during the year		225,844
* With effect from April 1, 2008, these entities have become wholly owned subsidiaries of the Company. [Refer Schedule 16(3)].		

SCHEDULES ANNEXED AND FORMING PART OF THE BALANCE SHEET
AS AT MARCH 31, 2009

	As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
SCHEDULE - 9		
CURRENT LIABILITIES		
Sundry creditors [Refer Schedule 16(18)]	39,353,807	29,258,903
Due to subsidiaries	111,701,072	1,134,000
Deposits	23,218,128	23,218,128
Unclaimed dividends	506,717	462,939
Unearned Income	5,802,678	5,918,850
Others liabilities	6,523,350	7,015,996
	187,105,752	67,008,816
SCHEDULE - 10		
PROVISIONS		
Provision for leave encashment	5,704,030	4,076,237
Provision for gratuity [Refer Schedule 16(19)]	3,578,550	2,226,568
Provision for income taxes [Net of advance tax Rs 498,991 (previous year Rs 498,991)]	772,291	772,291
Provision for fringe benefit tax [Net of advance tax Rs 4,573,160 (previous year Rs 2,406,160)]	294,520	17,072
Proposed dividend	-	10,695,440
Provision for corporate dividend tax	-	1,817,690
	10,349,391	19,605,298

SCHEDULES ANNEXED AND FORMING PART OF THE
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

	Year ended March 31, 2009 Rupees	Year ended March 31, 2008 Rupees
SCHEDULE - 11		
INCOME FROM SOFTWARE AND IT-ENABLED SERVICES		
Income from software services		
- Domestic [tax deducted at source Rs 223,690 (previous year Rs 537,178)]	1,941,000	4,962,692
- Exports	505,627,551	279,559,062
Income from IT-enabled services	36,767,930	40,540,374
	544,336,481	325,062,128
SCHEDULE - 12		
OTHER INCOME		
Interest		
- From banks [tax deducted at source Rs 873,988 (previous year Rs 389,522)]	4,039,557	1,945,508
- From subsidiary company	-	8,782,335
- On income tax refund	-	126,469
Rental income [tax deducted at source Rs 6,876,899 (previous year Rs 4,496,013)]	32,785,726	19,936,068
Profit on sale of fixed assets, net	14,003	571,675
Dividend income	5,594,316	-
Foreign exchange gain, net	37,909,838	-
Miscellaneous income	581,901	147
	80,925,341	31,362,202
SCHEDULE - 13		
MANPOWER COSTS		
Salaries and allowances	277,202,511	161,045,161
Contribution to provident and other funds	13,341,350	8,313,901
Staff welfare expenses	1,716,072	1,979,844
Consultancy charges	110,661,497	8,018,697
	402,921,430	179,357,603

SCHEDULES ANNEXED AND FORMING PART OF THE
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

	Year ended March 31, 2009 Rupees	Year ended March 31, 2008 Rupees
SCHEDULE - 14		
OPERATING AND ADMINISTRATION EXPENSES		
Rent and hiring charges	79,227,020	57,447,298
Travelling	27,293,333	12,596,047
Foreign exchange loss, net	-	11,048,728
Electricity	10,960,744	7,292,214
Communication	9,074,087	5,824,034
Professional charges	7,968,643	5,410,997
Repairs and maintenance-others	5,331,995	5,058,058
Rates and taxes	2,184,926	4,138,031
Insurance premium	3,901,050	1,532,476
Remuneration to auditors	2,046,368	1,617,244
Membership and subscription	1,398,223	1,088,378
Printing and stationery	1,244,278	922,544
Recruitment expenses	781,786	714,955
Remuneration to non-executive directors	-	544,352
Provision for doubtful debts	359,552	-
Miscellaneous expenses	7,564,572	4,942,508
	159,336,577	120,177,864
SCHEDULE - 15		
Finance charges		
Interest on cash credit	7,492,957	5,027,038
Interest on term loan	-	1,623,612
Bank charges	1,333,628	224,874
	8,826,585	6,875,524

SCHEDULE 16

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

1 BACKGROUND

Mindteck (India) Limited ('Mindteck' or 'the Company') was incorporated to render engineering and IT services to customers across various countries. Mindteck's core offerings are in product engineering in the embedded space, enterprise business and professional consulting services.

In the product engineering space, Mindteck renders electronics design, firmware and software in key vertical areas of analytical instruments, semiconductor fab equipments, medical instruments and in high end storage products segment. The enterprise businesses services line provides services in the areas of implementation, roll outs, application integration and support, upgrades and data archival. These services are focused in the discrete manufacturing, construction, oil & gas and consumer products sector. Mindteck offers a broad range of professional consulting services for custom application development, application management, re-engineering, validation and verification across the spectrum.

Through IT-enabled services, the Company provides employee support to other organizations.

Mindteck is head quartered in Bangalore with an office in Gurgaon and has a 100% Export Oriented Unit ('EOU') at Kolkata set up under the Software Technology Park (STP) Scheme of the Government of India. Mindteck has subsidiaries in United States of America, United Kingdom, Singapore, Malaysia, India and Bahrain.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation of Financial Statements

The financial statements are prepared in accordance with Generally Accepted Accounting Principles ('GAAP') in India under the historical cost convention on the accrual basis of accounting. GAAP comprises mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956, guidelines issued by the Securities and Exchange Board of India ('SEBI') and other pronouncements of the Institute of Chartered Accountants of India ('ICAI'), to the extent applicable. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in accounting policy hitherto in use.

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

Fixed assets are carried at cost of acquisition (including directly attributable costs such as freight, installation, etc.) or construction less accumulated depreciation. Borrowing costs directly attributable to acquisition or construction of those fixed assets, which necessarily take a substantial period of time to get ready for their intended use, are capitalised. Acquired intangible assets are recorded at the cost of acquisition.

Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date and the cost of fixed assets not ready for their intended use on such date, are disclosed under capital work-in-progress.

Depreciation is provided on the straight-line method. The rates specified under Schedule XIV of the Companies Act, 1956 are considered as the minimum rates. If the management's estimate of the useful life of a fixed asset at the time of the acquisition of the asset, or of the remaining useful life on a subsequent review, is shorter than 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 under:

Asset classification	Useful life
Computer equipment	6 years
Office equipment	5 years
Furniture and fixtures	5 years
Vehicles	5 years
Buildings	58 years

Leasehold improvements are amortised over the lease term or the estimated useful life of assets whichever is shorter.

Significant purchased application software that is an integral part of the Company's computer systems, expected to provide lasting benefits, is capitalised and amortised on the straight-line method over its estimated useful life or six years whichever is shorter.

Fixed assets individually costing Rs 5,000 or less are fully depreciated in the year of purchase/ installation.

Pro-rata depreciation is provided on all fixed assets purchased and sold during the year.

2.4 Investments

Long-term investments are carried at cost less provision for any diminution, other than temporary, in the value of such investments determined on a specific identification basis. Current investments are valued at the lower of cost (determined on specific identification basis) and fair market value. The comparison of cost and fair market value is carried out separately in respect of each investment.

The cost of investment includes acquisition charges such as brokerage, fees and duties.

The acquisition cost of investment acquired, or partly acquired,

by the issue of shares or other securities, is the fair value of the securities issued which, in appropriate cases, may be indicated by the issue price as determined by the statutory authorities.

Profit or loss on sale of investments is determined separately for each investment.

2.5 Retirement Benefits

Gratuity, a defined benefit, is accrued based on an actuarial valuation at the balance sheet date, carried out by an independent actuary. The Company has an employees' gratuity fund managed by the Life Insurance Corporation of India ('LIC'). Provision for gratuity liabilities, pending remittance to the fund, is carried in the balance sheet. Actuarial gains and losses are charged to profit and loss account.

Leave encashment, a defined benefit, is accrued based on an actuarial valuation at the balance sheet date, carried out by an independent actuary. The Company accrues for the expected cost of short-term compensated absences in the period in which the employee renders services.

Contributions paid / payable to the recognized provident fund, a defined contribution, are charged to the profit and loss account.

2.6 Revenue Recognition

The Company derives its revenues primarily from Software and IT-enabled services provided primarily to related parties. 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.

Revenue from IT-enabled services is recognized as the related services are performed, in accordance with the specific terms of the contract with the customers.

Unbilled revenue represents earnings in excess of billings while unearned income represents billings in excess of earnings.

Revenues are stated net of discounts, if any, and any applicable duties or taxes.

Dividend income is recognized when the right to receive payment is established.

Interest income is recognized using the time proportion method, based on the transactional interest rates.

2.7 Foreign Exchange Transactions

Foreign exchange transactions are recorded using the exchange rates prevailing on the dates of the respective transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the profit and loss account for the year.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the

closing exchange rates on that date; the resultant exchange differences are recognized in the profit and loss account. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Forward exchange contracts and other similar instruments that are not hedges of forecasted transactions are accounted for using the guidance in Accounting Standard ('AS') 11, 'The effects of changes in foreign exchange rates'. For such forward exchange contracts covered by AS 11, based on the nature and purpose of the contract, the contracts are either recorded based on the forward rate/fair value at the reporting date, or based on the spot exchange rate on the reporting date. For contracts recorded at the spot exchange rates, the premium or discount at the inception is amortized as income or expense over the life of the contract.

2.8 Provision and Contingent Liabilities

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

2.9 Taxation

The current income tax charge is determined in accordance with the relevant tax regulations applicable to the Company. Deferred tax charge or credit is recognized for the future tax consequences attributable to timing difference that result between the profit offered for income taxes and the profit as per the financial statements. Deferred tax in respect of timing differences which originate during the tax holiday period but reverse after the tax holiday period is recognized in the year in which the timing difference originates. For this purpose, the timing differences which originate first are considered to reverse first. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, when there is a brought forward loss or unabsorbed depreciation under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed at

each balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain to be realized.

Minimum alternate tax ('MAT') paid in accordance with the laws, which gives rise to future economic benefits in the form of tax credit against future income tax liability, is recognized as an assets 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 Fringe Benefit Tax

Consequent to the introduction of Fringe Benefit Tax ('FBT') effective April 1, 2005, in accordance with the guidance note on accounting for fringe benefits tax issued by the ICAI, the Company has made provision for FBT under income taxes.

The Finance Act, 2007 has introduced FBT on employee stock options. The Company recovers such FBT from employees, upon the exercise of the stock options. The FBT liability and related recovery is recorded at the time of exercise of options in the profit and loss account.

2.11 Earnings Per Share

In determining the earning 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 earning per share comprises the weighted average number of shares considered for deriving basic earning 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 earning 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 Goodwill

Goodwill has been recorded to the extent the cost of acquisition of the business, comprising purchase consideration and transaction costs, exceeds the value of net assets acquired. Goodwill is amortized over its useful life of five years, assessed at each year end (also refer 2.13 below).

2.13 Impairment of Assets

The Company assesses, at each balance sheet date, whether there is any indication that an asset (including goodwill) may be impaired. If any such indications exist, the Company estimates the recoverable amount of the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit

to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined if no impairment loss had been recognized.

2.14 Employee Stock Options

The Company measures the compensation cost relating to employee stock options using the intrinsic value method. The compensation cost, if any, is amortized over the vesting period of the options.

2.15 Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of non-cash nature, any deferrals, or accruals of past or future operating cash receipts or payments and item of expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

3 ACQUISITIONS

On April 1, 2008, the Company acquired 100% equity in its fellow subsidiaries, Mindteck Singapore Pte Ltd. ('Mindteck Singapore'), Mindteck UK Limited ('Mindteck UK') and Chendle Holdings Limited, BVI ('Chendle Holdings') including its wholly owned subsidiary Primetech Solutions Inc., USA. The purchase consideration for those acquisitions were settled as follows:

Mindteck Singapore: Agreed valuation of USD 2,500,000 (approximately Rs 100,237,500), has been settled partly by cash [USD 1,000,000 (approximately Rs 40,057,500)] and partly by a fresh issue of the equity shares of the Company [600,000 equity shares of the Company at an agreed value of USD 2.50 (Rs 100.30) per equity share] to the shareholders of Mindteck Singapore.

Mindteck UK: Agreed valuation of USD 500,000 (approximately Rs 20,060,000), has been settled by a fresh issue of the equity shares of the Company [200,000 equity shares of the Company at an agreed value of USD 2.50 (Rs 100.30) per equity share] to the shareholders of Mindteck UK.

Chendle Holdings: Agreed valuation of USD 6,600,000 (approximately Rs 264,664,741), has been settled by a fresh issue of the equity shares of the Company [2,640,000 equity shares of the Company at an agreed value of USD 2.50 (Rs 100.30) per equity share] to the shareholders of Chendle Holdings. Of the total purchase consideration payable to the shareholders of Chendle Holdings, 270,056 equity shares are yet to be allotted as at the balance sheet date and have been reserved for allotment to them, subject to their furnishing their Permanent Account Number ('PAN') and being allotted shares to the extent of their entitlement. Subsequent to the balance

sheet date, SEBI vide its Circular dated April 24, 2009 amended the Equity Listing Agreement and prescribed a uniform procedure for dealing with unclaimed shares. As per the Circular, unclaimed shares are to be credited to a dematerialized suspense account with a restriction on the voting rights until the rightful owner claims the shares. The Company has sought clarification from the Bombay Stock Exchange ('BSE') whether the said circular would apply in its case and intends, subject to BSE's confirmation, to transfer these shares into a suspense account with the depositories.

The Board also approved fresh issue of the equity shares of the Company to financial investors for the purpose of funding these acquisitions, repayment of existing loans and other specified purposes.

After obtaining the requisite regulatory approvals, the Board of Directors at their meeting held on April 1, 2008, simultaneously allotted, on a preferential basis, fresh equity shares to the shareholders of Mindteck Singapore, Mindteck UK and Chendle Holdings on a share swap basis and to financial investors for cash consideration. Accordingly, effective April 1, 2008, Mindteck Singapore, Mindteck UK Limited and Chendle Holdings, have become wholly owned subsidiaries of the Company. The issue of equity shares to discharge the purchase consideration has been recorded at a price of Rs 73.54 per equity share, being the fair value of the equity shares issued, in accordance with the requirements of paragraph 10 of AS-13, 'Accounting for Investments'. Additionally, transaction costs, where applicable, have been included in the cost of investment.

4. REORGANISATION OF SUBSIDIARIES

- a) Merger of US-based subsidiaries

5. STATEMENT OF UTILIZATION OF THE PREFERENTIAL ISSUE PROCEEDS AS AT MARCH 31, 2009

Particulars	Amount in Rs
Amount raised through preferential issues during the year ended March 31, 2008	283,042,002
Amounts raised through preferential issues during the year ended March 31, 2009	14,985,477
	298,027,479
Deployment of proceeds	
- Cash consideration for acquiring ICI Tech Holdings Inc.	59,247,000
- Repayment of term loan	9,520,593
- Additional investment in wholly owned subsidiary, Mindteck USA Inc.	114,324,884
- Cash consideration for acquiring Mindteck Singapore Pte Ltd.	40,057,500
- Working capital requirements of the Company	19,697,186
- Balance in bank, pending utilization	
- in fixed deposit account	54,433,957
- in current account	746,359
Total	298,027,479

6. EMPLOYEE STOCK OPTIONS

- a) Employee Share Incentive Share 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

With the objective of consolidating its operations in the United States of America ('USA'), with effect from October 1, 2008, the Company's subsidiaries, Mindteck (USA) Inc. and Primetech Solutions Inc. were merged into Infotech Consulting Inc., the surviving entity, which was renamed as Mindteck Inc. from that date. Consequently, the Company's investment in the operations in the USA is represented by its ownership of the common stock of Mindteck Inc.

As part of the process to merge the operations of Mindteck (USA) Inc. with that of Infotech Consulting Inc. and intermediary holding company which held the outstanding preference shares of Mindteck (USA) Inc. assigned its holding of 992 preference shares to Mindteck on September 30, 2008. On the effective date of the merger, the Company received in exchange for its common and preference stock holding in Mindteck (USA) Inc.

- b) With effect from March 31, 2009, ICI Tech Holdings Inc was merged into its operating subsidiary, Mindteck Inc, with the latter continuing as the surviving entity. As consideration for the merger, 10,000 shares of common stock of Mindteck Inc. were issued to the Company in exchange for its shareholding in ICI Tech Holdings Inc.
- c) On March 31, 2009, Company's wholly owned subsidiary, Mindteck BPO Services Private Limited commenced proceedings to wind up its operations under Section 560 of the Companies Act, 1956. Mindteck BPO is a non-operational subsidiary and is in the process of filing an application with Registrar of Companies for its winding up.

in its favour by the Company's promoters/directors in the Company's earlier Rights Issue. These shares are to be distributed amongst the Company's employees, based on the recommendations made by the Company's Appraisal Committee. No equity shares have been distributed under the ESIS 2000 and therefore, no stock compensation expense has been recorded.

b) Consolidation of the Mindteck Employees Welfare Trust

In March 2008, the Company had sought a legal opinion regarding consolidation of the financial statements of 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 have been included in the Company's opening retained earnings. Balances, after inter-company eliminations, have been appropriately consolidated in the Company's financial statements on a line by line basis.

c) Mindteck Employee Stock Option Scheme 2005

During the year ended March 31, 2006, the Company introduced the 'Mindteck Employees 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, 2009, the Company has granted 30,000 options on July 30, 2008 at an exercise price of Rs 31 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, 2009		Year ended March 31, 2008	
	Number of options	Weighted average exercise price (Rs)	Number of options	Weighted average exercise price (Rs)
Options outstanding at the beginning of the year	460,001	50.92	291,300	50.44
Granted during the year	30,000	31.00	246,900	51.86
Exercised during the year	-	-	16,499	34.65
Forfeited during the year	101,700	51.01	61,700	56.80
Lapsed during the year	-	-	-	-
Options outstanding at the end of the year	388,301	49.35	460,001	50.92
Options exercisable at the end of the year	214,268	52.80	96,934	56.88

The weighted average remaining contractual life of the options outstanding as at March 31, 2009 is 4.92 years (previous year 5.92 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, 2009 would have been Rs 34,522,250 (previous year Rs 28,315,858) i.e. lower by Rs 1,106,417 (previous year Rs 620,619) and the basic and diluted EPS for the year would have been Rs 1.44 and Rs 1.40 (previous year Rs 2.46 and Rs 2.43) 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 have been calculated using Black-Scholes option pricing model, considering the expected term of the options to be 4 years, an expected dividend yield of 5-10 % on the underlying equity shares, volatility in the share price of 55-85 % and a risk free rate of 7-9.5 %. The Company's calculations are based on a single option valuation approach. The expected volatility is based on historical volatility of the share price during the period after eliminating abnormal price fluctuations.

d) Mindteck Employee Stock Option Scheme 2008

During the year ended March 31, 2009, the Company introduced 'Mindteck Employees Stock Option Scheme 2008' ('the Option Scheme 2008') for the benefit of the employees, as approved by the Board of Directors in its meeting held on May 27, 2008 and the shareholders meeting held on July 30, 2008. The Option Scheme 2008 provides for the creation and issue of 1,200,000 options that would eventually convert into equity shares of Rs 10 each in the hands of the Company's employees. The options are to be granted to the eligible employees at the discretion of and at the exercise price determined by

the Compensation Committee of the Board of Directors. The options will vest after the expiry of a period of twelve months from the date on which the options are granted. The vesting term and the period over which the options are exercisable is to be decided by the Compensation Committee.

No options have been granted under the Option Scheme 2008 during the year ended March 31, 2009.

7 PROVISION FOR TAXATION

- a) Provision for income tax for the year relates to income tax on taxable income under the provisions of Section 115JB of the Income Tax Act, 1961 relating to Minimum Alternate Tax ('MAT').
- b) Deferred taxes

Particulars	Amount in Rs	
	As at March 31, 2009	As at March 31, 2008
Deferred tax liability		
Excess of depreciation allowable under income tax law over depreciation provided in accounts	5,467,315	(5,770,092)
Deferred tax asset		
Carry forward losses restricted to the extent of deferred tax liability *	(5,467,315)	5,770,092
Net deferred tax (asset) / liability	-	-

* In view of unabsorbed depreciation and carry forward business losses under tax laws, the Company is unable to demonstrate virtual certainty as required by the Explanation in Accounting Standard 22 'Accounting for taxes on income'. Accordingly, no deferred tax asset is recognized (except for to the extent of deferred tax liability) for the year ended March 31, 2009 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.

8. CONTINGENT LIABILITIES AND COMMITMENTS

- a) Guarantees given by the Company's bankers as at March 31, 2009 is Rs 925,000 (previous year: Rs 925,000). During the year ended March 31, 2009, the Company has executed a corporate guarantee of Rs 203,020,000 (USD 4,000,000) (previous year Nil) in favour of a banking institution in the United States of America with respect to the extension of credit facilities by the banking institution to Mindteck Inc, a wholly owned subsidiary of the Company.
- b) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for as at March 31, 2009 is Nil (previous year: Nil).
- c) Claims against the Company not acknowledged as debt as at March 31, 2009 is Nil (previous year: Nil).

9 CIF VALUE OF IMPORTS

Particulars	Amount in Rs	
	Year ended March 31, 2009	Year ended March 31, 2008
Capital goods*	53,864,388	45,383,978
Total	53,864,388	45,383,978

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

10 EXPENDITURE IN FOREIGN CURRENCY

Particulars	Amount in Rs	
	Year ended March 31, 2009	Year ended March 31, 2008
Foreign travel	17,147,369	12,367,714
Project expenses	1,136,100	-
Membership and subscription	413,628	376,188
Total	18,697,097	12,743,902

11 EARNINGS IN FOREIGN CURRENCY

Particulars	Amount in Rs	
	Year ended March 31, 2009	Year ended March 31, 2008
Export of software services	505,627,551	279,559,062
IT-enabled services	36,767,930	40,540,374
Interest from foreign subsidiary	-	8,782,335
Dividend Income	5,594,316	-
Total	547,989,797	328,881,771

12 MANAGERIAL REMUNERATION

a) To Manager/Managing Director:

Particulars	Amount in Rs	
	Year ended March 31, 2009	Year ended March 31, 2008
Salary and allowances	-	7,004,064
Contribution to provident and other funds	-	176,400
Total	-	7,180,464

Mr Shankar Velayudhan resigned as the Company's Manager effective April 1, 2008. Mr Pankaj Agarwal has been appointed as the Company's Managing Director effective April 1, 2008. No remuneration is payable to the Managing Director by the Company.

b) To non-executive directors:

Particulars	Amount in Rs	
	Year ended March 31, 2009	Year ended March 31, 2008
Remuneration to non-executive directors	-	544,352
Total	-	544,352

13 SEGMENT REPORTING

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

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

Income and direct expenses in relation to segments is categorized based on items that are individually identifiable to that segment, while the remainder of costs are apportioned

on an appropriate basis. Certain expenses are not specifically allocable to individual segments as the underlying services are used interchangeably. The Company therefore believes that it is not practical to provide segment disclosures relating to such expenses and accordingly such expenses are separately disclosed as unallocable and directly charged against total income.

Segment assets, 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		
Profit and Loss account for the year ended March 31, 2009	Software services	IT-enabled services	Total
Segment revenue	507,568,551	36,767,930	544,336,481
Operating expenses, net	329,327,732	22,451,840	351,779,572
Segment results	178,240,819	14,316,090	192,556,909
Unallocable expenses			223,466,755
Interest expense			8,826,585
Other income			80,925,341
Profit before taxation and prior period item			41,188,910
Prior period expenses, net			-
Taxation			5,560,243
Profit after taxation			35,628,667

	Amount in Rs		
Profit and Loss account for the year ended March 31, 2008	Software services	IT-enabled services	Total
Segment revenue	284,521,754	40,540,374	325,062,128
Operating expenses, net	148,130,267	11,135,764	159,266,031
Segment results	136,391,487	29,404,610	165,796,097
Unallocable expenses			155,192,689
Interest expense			6,875,524
Other income			31,362,202
Profit before taxation and prior period item			35,090,086
Prior period expenses, net			1,445,373
Taxation			4,708,236
Profit after taxation			28,936,477

Geographical Segments

	Amount in Rs	
Revenue	Year ended March 31, 2009	Year ended March 31, 2008
- USA	419,203,951	278,451,271
- Europe	120,430,488	37,746,517
- India	1,941,000	4,962,692
- Rest of the world	2,761,042	3,901,648
Total	544,336,481	325,062,128

Lease rental expense for office facilities under non-cancellable operating leases during the year ended March 31, 2009 amounted to Rs 70,963,806 (previous year Rs 53,805,710).

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

	Amount in Rs	
Lease obligations	As at March 31, 2009	As at March 31, 2008
Payable not later than one year	58,187,374	59,169,169
Payable later than one year and not later than five years	25,196,101	61,647,770
Payable later than five years	-	-

14 LEASES

Operating Leases

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

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, 2009 amounted to Rs 8,263,214 (previous year Rs 3,641,588).

Rental income from sub-leasing of office facilities during the year ended March 31, 2009 was Rs 32,785,726 (previous year Rs 19,936,068).

Finance Leases

The Company does not have any assets under finance lease.

15 RELATED PARTY TRANSACTIONS

a) Related parties where control exists

The related parties where control exists are the holding companies (including ultimate and intermediary holding companies), subsidiaries and the Mindteck Employees Welfare Trust.

(i) Holding companies

- Transcompany Ltd., British Virgin Islands (BVI) – Ultimate holding company
- Vanguard Investments Ltd., BVI – Intermediary holding company
- Mindteck Holdings Ltd., BVI - Intermediary holding company
- Business Holdings Ltd., BVI - Intermediary holding company
- Garrington Investments Ltd., BVI - Intermediary holding company
- Embtech Holdings Ltd., Mauritius - Holding company

(ii) Subsidiaries (including step-down subsidiaries)

- Mindteck Inc., USA [formerly Infotech Consulting Inc. Refer Schedule 16(4)]
- Mindteck USA Inc, USA [upto September 30, 2008. Refer Schedule 16(4)]
- ISS Consultants Inc, USA [merged with Mindteck USA Inc w.e.f May 31, 2007]

- Mindteck BPO Services Private Limited, India
- Mindteck Software Malaysia SDN. BHD, Malaysia
- Mindteck Middle East Limited SPC, Kingdom of Bahrain
- ICI Tech Holdings Inc., USA [w.e.f. February 1, 2008]
- Mindteck UK Limited, United Kingdom [w.e.f. April 1, 2008]
- Mindteck Singapore Pte. Limited, Singapore [w.e.f. April 1, 2008]
- Mindteck Netherlands BV, Netherlands [w.e.f. November 2, 2008]
- Mindteck Germany GmbH, Germany [w.e.f. April 1, 2008]
- Chendle Holdings Ltd, BVI [w.e.f. April 1, 2008]
- Primetech Solutions Inc, USA [upto September 30, 2008. Refer Schedule 16(4)]

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

b) Related Parties where significant influence exists

(i) Fellow subsidiaries

- Infotech Ventures Ltd., BVI

c) Key Managerial Personnel

- Satish Menon – Chairman and non-executive director (upto December 12, 2008)
- Pankaj Agarwal – Managing Director (w.e.f. April 1, 2008)
- Guhan Subramaniam – Chairman (w.e.f. December 13, 2008) and non-executive director
- Vivek Malhotra – Non-executive director
- Indresh Narain – Non-executive director (w.e.f. March 24, 2009)
- Javed Gaya – Non-executive director (w.e.f. March 24, 2009)

(d) Transaction with related parties for the year ended March 31, 2009:

Amount in Rs

Sl. No.	Transaction/ nature of relationship	Holding Companies	Subsidiaries (including step-down subsidiaries)	Fellow subsidiaries	MEWT	Key management personnel	Total
(i)	Income from software and IT-enabled services:						
	a) Mindteck USA Inc.	-	148,402,064	-	-	-	148,402,064
	b) Mindteck Inc., USA	-	245,776,449	-	-	-	245,776,449
	c) Mindteck Software Malaysia SDN BHD	-	87,420	-	-	-	87,420
	d) Mindteck UK Limited	-	119,895,135	-	-	-	119,895,135
	e) Mindteck Singapore Pte. Ltd	-	3,738,422	-	-	-	3,738,422
	f) Mindteck Netherlands BV	-	2,975,078	-	-	-	2,975,078
	g) Mindteck Germany GmbH	-	3,128,707	-	-	-	3,128,707
(ii)	Dividend income:						
	a) Mindteck Inc.	-	5,594,316	-	-	-	5,594,316
(iii)	Reimbursement of expenses incurred on behalf of:						
	a) Mindteck USA Inc.	-	17,598,920	-	-	-	17,598,920
	b) Mindteck Middle East Limited SPC	-	734,608	-	-	-	734,608
	c) Mindteck Software Malaysia SDN BHD	-	226,027	-	-	-	226,027
	d) Mindteck UK Limited	-	3,683,650	-	-	-	3,683,650
	e) Mindteck Singapore Pte. Ltd	-	828,165	-	-	-	828,165
	f) Mindteck Netherlands BV	-	1,197,242	-	-	-	1,197,242
	g) Mindteck Germany GmbH	-	587,843	-	-	-	587,843
(iv)	Repayment of expenses:						
	Mindteck Holding Limited	860,378	-	-	-	-	860,378
(v)	Remuneration to key managerial personnel:	-	-	-	-	Nil	Nil
(vi)	Director's sitting fees :	-	-	-	-	750,000	750,000
(vii)	Consultancy charges:						
	a) Mindteck Inc., USA	-	51,260,636	-	-	-	51,260,636
	b) Mindteck UK Limited	-	38,267,171	-	-	-	38,267,171
	c) Mindteck Netherlands BV	-	2,672,720	-	-	-	2,672,720
	d) Mindteck Germany GmbH	-	9,148,653	-	-	-	9,148,653
(viii)	Reimbursement of expenses incurred by Mindteck Inc., USA	-	9,801,921	-	-	-	9,801,921
(ix)	Preferential allotment of equity shares:						
	a) Embtech Holdings Ltd.	161,243,804	-	-	-	-	161,243,804
(x)	Consideration for acquisition of Mindteck Singapore Pte Ltd						
	a) Embtech Holdings Ltd	40,057,500	-	-	-	-	40,057,500
(xi)	Additional investment in wholly owned subsidiary						
	a) Mindteck Inc.,	-	24,453,612	-	-	-	24,453,612
(xii)	Corporate guarantees executed in favour of a financial institution on behalf of Mindteck Inc.,	203,020,000	-	-	-	-	203,020,000

(e) Transaction with related parties for the year ended March 31, 2008:

Amount in Rs

Sl No.	Transaction/ nature of relationship	Holding Companies	Subsidiaries (including step-down subsidiaries)	Fellow subsidiaries	MEWT	Key management personnel	Total
(i)	Income from software and related services:						
	a) Mindteck USA Inc.	-	216,986,556	-	-	-	216,986,556
	b) Mindteck UK Limited	-	-	37,746,517	-	-	37,746,517
	c) ISS Consultants Inc.	-	4,980,469	-	-	-	4,980,469
	d) Mindteck Middle East Limited SPC	-	30,630	-	-	-	30,630
	e) Infotech Consulting Inc	-	10,412,464	28,701,209	-	-	39,113,673
	f) Mindteck Singapore Pte.Ltd	-	-	3,747,164	-	-	3,747,164
	g) Mindteck Software Malaysia SDN BHD	-	59,104	-	-	-	59,104
(ii)	Interest income:						
	a) Mindteck USA Inc.	-	8,782,335	-	-	-	8,782,335
(iii)	Reimbursement of expenses:						
	a) Mindteck USA Inc.	-	20,273,672	-	-	-	20,273,672
	b) Mindteck UK Limited	-	-	3,718,905	-	-	3,718,905
	c) Mindteck Singapore Pte. Ltd	-	-	1,010,309	-	-	1,010,309
	d) Primetech Solutions Inc	-	-	225,844	-	-	225,844
	e) Mindteck Software Malaysia SDN BHD	-	71,857	-	-	-	71,857
	f) ISS Consultants Inc	-	67,885	-	-	-	67,885
	g) Infotech Consulting Inc	-	-	249,901	-	-	249,901
	h) Mindteck Middle East Limited SPC	-	150,118	-	-	-	150,118
	i) Infotech Ventures Ltd	11,358	-	-	-	-	11,358
(iv)	Amount paid towards professional services to a Director	-	-	-	-	3,188	3,188
(v)	Remuneration to key managerial personnel:	-	-	-	-	7,724,816	7,724,816
(vi)	Director's sitting fees :	-	-	-	-	810,000	810,000
(vii)	Preferential allotment of equity shares:						
	a) Embtech Holdings Ltd	485,364,000	-	-	-	-	485,364,000
	b) Pankaj Agarwal	-	-	-	-	88,248,000	88,248,000
(viii)	Consideration for acquisition of ICI Tech Holdings Inc						
	Pankaj Agarwal	-	-	-	-	59,247,000	59,247,000
(ix)	Additional investment in wholly owned subsidiary (including advance)						
	a) Mindteck USA Inc.	-	114,324,884	-	-	-	114,324,884

(f) The balances receivable from and payable to related parties as at March 31, 2009 are as follows:

Amount in Rs

Sl. No.	Transaction/ nature of relationship	Holding Companies	Subsidiaries (including step-down subsidiaries)	Fellow subsidiaries	MEWT	Key management personnel	Total
(i)	Balance (due to)/ due from						
	A) Amounts receivable :						
	a) Mindteck Inc., USA	-	184,971,339	-	-	-	184,971,339
	b) Mindteck UK Ltd	-	64,286,307	-	-	-	64,286,307
	c) Mindteck Singapore Pte. Ltd	-	1,938,819	-	-	-	1,938,819
	d) Mindteck Netherlands BV	-	982,553	-	-	-	982,553
	e) Mindteck Germany GmbH	-	3,613,414	-	-	-	3,613,414
	B) Advances :						
	a) Mindteck Inc., USA	-	8,383,588	-	-	-	8,383,588
	b) Mindteck Software Malaysia SDN BHD	-	348,964	-	-	-	348,964
	c) Mindteck Middle East Limited SPC	-	1,702,084	-	-	-	1,702,084
	d) Mindteck UK Ltd	-	1,813,147	-	-	-	1,813,147
	e) Mindteck Singapore Pte. Ltd	-	809,630	-	-	-	809,630
	f) Mindteck Netherlands BV	-	1,252,153	-	-	-	1,252,153
	g) Mindteck Germany GmbH	-	1,274,117	-	-	-	1,274,117
	h) Mindteck BPO		24,468				24,468
	C) Amounts Payable :						
	a) Mindteck Inc., USA	-	61,487,644	-	-	-	61,487,644
	b) Mindteck UK Ltd	-	38,239,267	-	-	-	38,239,267
	c) Mindteck Germany GmbH	-	9,141,510	-	-	-	9,141,510
	d) Mindteck Netherlands BV	-	2,670,633	-	-	-	2,670,633
	e) Mindteck Singapore Pte. Ltd	-	162,018	-	-	-	162,018

(g) The balances receivable and payable to related parties as at March 31, 2008 are as follows:

Amount in Rs

Sl. No.	Transaction/ nature of relationship	Holding Companies	Subsidiaries (including step-down subsidiaries)	Fellow subsidiaries	MEWT	Key management personnel	Total
(i)	Balance (due to)/ due from						
	A) Amounts receivable :						
	a) Mindteck USA Inc.	-	75,470,980	-	-	-	75,470,980
	b) Mindteck UK Ltd.	-	-	18,244,668	-	-	18,244,668
	c) Infotech Consulting Inc	-	38,487,157	-	-	-	38,487,157
	d) Mindteck Singapore Pte Ltd	-	-	3,747,642	-	-	3,747,642
	e) Mindteck Software Malaysia SDN BHD	-	57,724	-	-	-	57,724
	f) Mindteck Middle East Limited SPC	-	29,334	-	-	-	29,334
	B) Advances :						
	a) Mindteck USA Inc.	-	7,766,526	-	-	-	7,766,526
	b) Mindteck Singapore Pte. Ltd	-	-	2,075,514	-	-	2,075,514
	c) Mindteck UK Ltd	-	-	2,630,710	-	-	2,630,710
	d) Mindteck Holdings Limited	860,378	-	-	-	-	860,378
	e) Infotech Consulting Inc	-	244,473	-	-	-	244,473
	f) Mindteck Middle East Limited SPC	-	721,292	-	-	-	721,292
	g) Mindteck Software Malaysia SDN BHD	-	219,268	-	-	-	219,268
	h) Infotech Ventures Ltd.	-	-	11,358	-	-	11,358
	i) Primetech Solutions Inc.	-	-	219,223	-	-	219,223
	j) Mindteck BPO Services Private Ltd	-	24,468	-	-	-	24,468
	C) Amounts Payable :						
	a) Mindteck USA Inc	-	1,134,000	-	-	-	1,134,000
	b) Mindteck Singapore Pte Ltd.	-	-	96,842	-	-	96,842
	c) Mindteck UK Ltd	-	-	32,418	-	-	32,418
(ii)	Advance for additional investment in wholly owned subsidiary						
	i) Mindteck USA Inc., USA	-	1,607,395	-	-	-	1,607,395

16 EARNINGS PER SHARE ('EPS')

The computation of earnings per share is set out below:

Particulars	Year ended March 31, 2009		Year ended March 31, 2008	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Profit after taxation (Rs)	35,628,667	35,628,667	28,936,477	28,936,477
Shares				
Weighted average number of equity shares outstanding during the year	24,013,710	24,013,710	11,500,465	11,500,465
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	837	-	45,367
Weighted average number of equity shares resulting from share application money	-	33,495	-	85,976
Weighted average number of equity shares resulting from shares yet to be allotted towards purchase consideration payable	-	553,684	-	-
Weighted average number of equity shares for calculation of earnings per share	24,013,710	24,601,726	11,500,465	11,631,808

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.

17 AUDITORS' REMUNERATION (EXCLUDING SERVICE TAX)

Particulars	Amount in Rs	
	Year ended March 31, 2009	Year ended March 31, 2008
Audit fees	1,700,000	2,700,000
Tax audit fees	50,000	100,000
Other services	250,000	754,872
Reimbursement of expenses	46,368	57,215
	2,046,368	*3,612,087

* Audit fees, other services and reimbursement of expenses include Rs 1,400,000, Rs 550,000 and Rs 44,843 towards audit and certification fees in connection with the acquisition of target companies which forms part of the cost of investments.

18 The management has initiated the process of identifying enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006. Further, the Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allotted after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises has been made in the financial statements based on information received and available with the Company. Further in the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the said Act is not expected to be material. The Company has not received any claim for interest from any supplier under the said Act.

Particulars	Amount in Rs	
	March 31, 2009	March 31, 2008
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.	-	-

19 Gratuity plan

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

Particulars	Amount in Rs	
	As at March 31, 2009	As at March 31, 2008
Obligations at beginning of the year	4,645,668	2,856,307
Service cost	3,105,642	1,694,319
Interest cost	310,953	214,203
Benefits paid	(424,958)	-
Actuarial (gain)/loss	(340,118)	(119,161)
Obligations at end of the year	7,297,187	4,645,668
Change in plan assets		
Plans assets at beginning of the year, at fair value	2,419,100	1,694,168
Expected return on plan assets	229,940	123,398
Actuarial gain/(loss)	(112,330)	102,534
Contributions	1,606,885	499,000
Benefits paid	(424,958)	-
Plans assets at end of the year, at fair value	3,718,637	2,419,100
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	7,297,187	4,645,668
Fair value of plan assets at the end of the year	(3,718,637)	(2,419,100)
Liability recognized in the balance sheet	3,578,550	2,226,568

19 GRATUITY PLAN (CONTINUED)

Gratuity cost for the year	Amount in Rs	
	Year ended March 31, 2009	Year ended March 31, 2008
Service cost	3,105,642	1,694,319
Interest cost	310,953	214,203
Expected return on plan assets	(229,940)	(123,398)
Actuarial gain	(227,788)	(221,695)
Net gratuity cost	2,958,867	1,563,429
Assumptions		
Interest rate	7.00% p.a.	7.50% p.a.
Expected rate of return on plan assets	8.00% p.a.	8.00% p.a.
Expected rate of salary increase	6.00% p.a.	10.00% p.a.
Attrition rate	15.00% p.a.	30.00% p.a.
Retirement age	58 years	58 years

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

20 DERIVATIVE INSTRUMENTS

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

Particulars	As at March 31, 2009		As at March 31, 2008	
	Amount (Rs)	Amount (Foreign currency)	Amount (Rs)	Amount (Foreign currency)
Due from:				
Debtors for services rendered	205,341,635	USD 4,045,742	140,437,897	USD 3,537,547
	4,512,472	CHF 102,405		
	12,164,152	EUR 181,291		
	32,858,593	GBP 453,144		
	915,580	SGD 27,503		
Advances Recoverable	6,485,469	USD 127,780	15,065,224	USD 379,477
	335,617	CHF 7,616		
	2,099,343	EUR 31,288		
	117,881	GBP 1,626		
	828,155	SGD 24,877		
Due to: Creditors for services availed	111,537,079	USD 2,178,884	1,325,174	USD 32,475
	162,018	SGD 4,780		

21 QUANTITATIVE DETAILS

The Company is engaged in providing software, IT-enabled and related services. Such services are not capable of being expressed in any generic unit and hence, it is not possible to give the quantitative details required under paragraphs 3 and 4C of Part II of the Schedule VI to the Companies Act, 1956.

22 PRIOR PERIOD EXPENSES, NET

Particulars	Amount in Rs	
	Year ended March 31, 2009	Year ended March 31, 2008
Depreciation on software licenses erroneously not capitalized in the previous year	-	229,324
Straight lining of lease rentals as required by Accounting Standard – 19 on 'Leases'	-	957,990
Other expenses, net	-	258,059
Prior period expenses, net	-	1,445,373

23 TRANSFER PRICING

The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income-tax Act, 1961. Since the law required existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the international transactions entered into with the associated enterprise during the financial year and expects such records to be in existence latest by the end of September 30, 2009, as required by law. The Management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for taxation.

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

For Mindteck (India) Limited

Guhan Subramaniam
Chairman

Pankaj Agarwal
Managing Director

Vivek Malhotra
Director

Javed Gaya
Director

Indresh Narain
Director

P. Vidya Sagar
Company Secretary

Bangalore
June 25, 2009

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

Amount in Rs

	Year ended March 31, 2009 Rupees	Year ended March 31, 2008 Rupees
Cash flow from operating activities		
Profit before taxation	41,188,910	33,644,713
Adjustments for :		
Depreciation	12,988,320	15,152,577
Interest expense	7,492,957	6,650,650
Dividend income	(5,594,316)	-
Interest on fixed deposits	(4,039,557)	(1,945,508)
Interest on income tax refund	-	(126,469)
Profit on sale of fixed assets	(14,003)	(571,675)
Provision for doubtful debts and advances	424,289	-
Operating profit before working capital changes	52,446,600	52,804,288
Decrease/(increase) in sundry debtors	(118,686,337)	(57,919,433)
Decrease/(increase) in loans and advances	(11,118,534)	(29,748,630)
Increase/(decrease) in current liabilities and provisions	117,459,940	46,605,525
Cash generated from operations	40,101,669	11,741,750
Income tax and fringe benefit tax paid	(9,476,595)	(7,976,099)
Net cash generated from operating activities	30,625,074	3,765,651
Cash flow from investing activities		
Purchase of fixed assets	(15,209,313)	(3,322,764)
Proceeds on sale of fixed assets	47,927	592,495
Investment in subsidiaries	(64,510,985)	(176,320,710)
Interest received on fixed deposit	4,039,557	1,945,508
Dividend received from investments	5,594,316	12,800,197
Net cash used in investing activities	(70,038,498)	(164,305,274)
Cash flow from financing activities		
Proceeds from issue of equity shares	4,181,536	283,613,692
Share application money received	-	10,803,489
Interest paid on loans	(7,492,957)	(6,650,650)
Repayment of term loan	-	(15,181,914)
Utilisation of cash credit facilities	35,280,797	6,630,436
Dividends paid (including distribution tax)	(13,852,860)	(10,897,429)
Net cash generated from financing activities	18,116,516	268,317,625
Net increase/(decrease) in cash and cash equivalents	(21,296,908)	107,778,001
Cash and cash equivalents relating to MEWT		683,770
Cash and cash equivalents at the beginning of the year	114,865,389	6,403,618
Cash and cash equivalents at the end of the year	93,568,481	114,865,389

Note: Cash and cash equivalents at the end of the period include deposits with banks aggregating to Rs 5,000,000 (previous year Rs 5,000,000) pledged against secured loans and margin money, which are not freely available for use by the Company.

As per our report attached

For B S R & Company
Chartered Accountants

Supreet Sachdev
Partner
Membership No. 205385

Bangalore
June 25, 2009

For Mindteck (India) Limited

Guhan Subramaniam
Chairman

Javed Gaya
Director

Bangalore
June 25, 2009

Pankaj Agarwal
Managing Director

Indresh Narain
Director

Vivek Malhotra
Director

P. Vidya Sagar
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	31.03.2009

II Capital Raised during the year

(Amount in Thousands)

Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placements	14,985

III Position of Mobilisation and Deployemnt of Funds

(Amount in Thousands)

Total Liabilities	1,449,619
Total Asstes	1,449,619
Sources of Funds	
Paid up Capital	243,486
Equity shares reserve for issuance	19,860
Reserves & Surplus	1,092,201
Secured Loans	94,072
Unsecured Loans	NIL
Application of Funds	
Net Fixed Assets	44,636
Investments	1,132,218
Net Current Assets	272,765
Misc. Expenditure	NIL
Accumulated Losses	NIL

IV Performance of the Company

Turnover	544,336
Total Expenditure	584,073
Profit Before Tax	41,189
Profit after Tax	35,629
Earnings per Share (Rs)	1.45
Dividend Rate	-

V Generic Name of Principle products/ervices of the Company

Item Code (ITC Code)	8524
Product Description	Computer Software

For Mindteck (India) Limited

Guhan Subramaniam
Chairman

Pankaj Agarwal
Managing Director

Vivek Malhotra
Director

Javed Gaya
Director

Indresh Narain
Director

P. Vidya Sagar
Company Secretary

Bangalore
June 25, 2009

Auditors' Report to the Board of Directors on the Consolidated Financial Statements of Mindteck (India) Limited and its Subsidiaries

We have audited the attached consolidated balance sheet of Mindteck (India) Limited ('the Company') and its subsidiaries (collectively referred to as 'the Mindteck Group') as at March 31, 2009, the consolidated profit and loss account and the consolidated cash flow statement of the Mindteck Group for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements prescribed in the Companies (Accounting Standards) Rules, 2006.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the consolidated balance sheet, of the state of affairs of the Mindteck Group as at March 31, 2009;
- b) in the case of the consolidated profit and loss account, of the profit of the Mindteck Group for the year ended on that date; and
- c) in the case of the consolidated cash flow statement, of the cash flows of the Mindteck Group for the year ended on that date.

for B S R & Company
Chartered Accountants

Supreet Sachdev
Partner
Membership No. 205385

Bangalore
June 25, 2009

CONSOLIDATED BALANCE SHEET AS ON MARCH 31, 2009

	Schedule	As at March 31, 2009 (Rupees)	As at March 31, 2008 (Rupees)
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	243,485,930	209,748,800
Preference shares issued by subsidiary	2	-	44,124,160
Equity shares reserved for issuance	17(3)	19,859,926	-
Share application money pending allotment		-	10,803,489
Reserves and surplus	3	<u>903,645,129</u>	<u>536,611,879</u>
		1,166,990,985	801,288,328
Loan funds			
Secured loans	4(a)	94,668,416	58,791,356
Unsecured loans	4(b)	4,778,027	20,283,690
		1,266,437,428	880,363,374
APPLICATION OF FUNDS			
Goodwill	5	867,876,428	638,888,970
Fixed assets	6		
Gross Block		225,426,412	152,224,173
Less: Accumulated depreciation		<u>(133,280,155)</u>	<u>(101,732,875)</u>
Net Block		<u>92,146,257</u>	<u>50,491,298</u>
Deferred tax assets, net	17(7)	18,216,723	3,366,464
Current assets, loans and advances			
Sundry debtors	7	518,848,027	322,528,823
Cash and bank balances	8	126,831,329	144,232,844
Loans and advances	9	<u>172,006,851</u>	<u>208,752,807</u>
		817,686,207	675,514,474
Current liabilities and provisions			
Current liabilities	10	485,602,413	448,515,334
Provisions	11	<u>43,885,774</u>	<u>39,382,498</u>
Net current assets		<u>288,198,020</u>	<u>187,616,642</u>
		1,266,437,428	880,363,374
Significant accounting policies and notes to the accounts	17		-

The schedules referred to above form an integral part of the consolidated balance sheet.

As per our report attached

For B S R & Company
Chartered Accountants

Supreet Sachdev
Partner
Membership No. 205385

Bangalore
June 25, 2009

For Mindteck (India) Limited

Guhan Subramaniam
Chairman

Javed Gaya
Director

Bangalore
June 25, 2009

Pankaj Agarwal
Managing Director

Indresh Narain
Director

Vivek Malhotra
Director

P. Vidya Sagar
Company Secretary

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

	Schedule	Year ended March 31, 2009 Rupees	Year ended March 31, 2008 Rupees
INCOME			
Income from software and IT-enabled services	12	2,821,374,632	1,253,161,437
Other income	13	94,505,524	46,009,457
		2,915,880,156	1,299,170,894
EXPENDITURE			
Manpower cost	14	2,390,579,035	1,000,997,236
Operating and administration expenses	15	345,804,108	213,883,479
Finance charges	16	14,041,919	18,464,227
Depreciation	6	23,629,352	15,045,613
Amortisation of goodwill	5	1,400,000	27,192,586
		2,775,454,414	1,275,583,141
Profit before taxation and prior period items		140,425,742	23,587,753
Prior period items	17(16)		
Amortisation of goodwill		-	58,462,056
Other expenses, net		-	5,326,044
Profit/(loss) before taxation		140,425,742	(40,200,347)
Taxation			
- Current tax		27,023,579	7,557,094
- Fringe benefit tax (net of recoveries)		1,573,423	1,306,726
- Deferred tax	17(7)	2,025,014	3,186,047
Profit/(loss) after taxation		109,803,726	(52,250,214)
Balance in profit and loss account brought forward		(117,770,622)	(54,363,094)
Add: Effect of consolidation of the Mindteck Employees Welfare Trust		208,000	1,375,119
Amount available for appropriation		(7,758,896)	(105,238,189)
Appropriations :			
Dividend		1,360,322	10,711,939
Corporate dividend tax		231,186	1,820,494
Loss in Profit and Loss Account carried forward		(9,350,404)	(117,770,622)
Earnings per share ('EPS')	17(12)		
(Equity shares, par value Rs 10 each)			
-Basic		4.57	(4.54)
-Diluted		4.46	(4.54)
Weighted average number of shares used in computing earnings per share			
-Basic		24,013,710	11,500,465
-Diluted		24,601,726	11,500,465
Significant accounting policies and notes to the accounts	17		

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

As per our report attached

For B S R & Company
Chartered Accountants

Supreet Sachdev
Partner
Membership No. 205385

Bangalore
June 25, 2009

For Mindteck (India) Limited

Guhan Subramaniam
Chairman

Javed Gaya
Director

Bangalore
June 25, 2009

Pankaj Agarwal
Managing Director

Indresh Narain
Director

Vivek Malhotra
Director

P. Vidya Sagar
Company Secretary

SCHEDULES ANNEXED AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009

	As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
SCHEDULE - 1 SHARE CAPITAL		
Authorised capital		
28,000,000 (previous year 28,000,000) equity shares of Rs 10 each	280,000,000	280,000,000
500,000 (previous year 500,000) cumulative, non-convertible, redeemable preference shares of Rs 100 each	50,000,000	50,000,000
	330,000,000	330,000,000
Issued, subscribed and paid-up capital		
24,764,593 (previous year 21,390,880) equity shares of Rs 10 each fully paid up	247,645,930	213,908,800
Less: 416,000 (previous year 416,000) equity shares of Rs 10 each fully paid up held by the Mindteck Employees Welfare Trust [Refer Schedule 17 (6b)]	(4,160,000)	(4,160,000)
Of the above,		
1. 251,680 (previous year 251,680) equity shares of Rs 10 each are allotted as fully paid-up for consideration other than cash to the shareholders of erstwhile Nicco Infotech Limited pursuant to an amalgamation.		
2. 2,850,000 (previous year 2,850,000) equity shares of Rs 10 each are allotted as fully paid-up for consideration other than cash to the shareholders of erstwhile Infotech Holdings Inc. pursuant to an acquisition.		
3. 10,969,944 (previous year 7,800,000) equity shares of Rs 10 each are allotted as fully paid-up for consideration other than cash to the shareholders of ICI Tech Holdings Inc., Mindteck Singapore Pte Ltd, Mindteck UK Limited and Chendle Holdings Limited pursuant to the acquisitions. [Refer Schedule 17(3)]		
4 a. 16,169,857 (previous year 13,977,257) equity shares of Rs 10 each fully paid up are held by Embtech Holding Limited, Mauritius, the holding company.		
b. 261,747 (previous year 261,747) equity shares of Rs 10 each fully paid up are held by Infotech Ventures Ltd.		
The ultimate holding company is Transcompany Limited, British Virgin Islands.		
	243,485,930	209,748,800

SCHEDULES ANNEXED AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009

	As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
SCHEDULE - 2 Preference shares issued by subsidiary		
Authorised		
Nil (previous year 2,000) Non-cumulative, non-convertible preference shares of USD 1,000 each	-	89,360,000
	-	89,360,000
Issued, subscribed and paid-up		
Nil (previous year 992) Non-cumulative, non-convertible preference shares of USD 1,000 each	-	44,124,160
The above preference shares had been allotted as fully paid-up for consideration other than cash pursuant to a scheme of amalgamation in an earlier year. [Also Refer Schedule 17(4a)]		
	-	44,124,160
SCHEDULE - 3 RESERVES AND SURPLUS		
Capital reserve		
At the commencement of the year	42,602,609	42,602,609
Add: Extinguishment of liability towards preference shares [Refer Schedule 17(4a)]	44,124,160	-
	86,726,769	42,602,609
Securities premium		
At the commencement of the year	803,664,778	63,092,246
Less: Premium on equity shares held by the Mindteck Employees Welfare Trust [Refer Schedule 17 (6b)]	(36,240,000)	(36,240,000)
	767,424,778	26,852,246
Additions during the year		
- Issue of equity shares under the Option Scheme 2005 [Refer Schedule 17(6)]	-	406,700
- Preferential issue of equity shares [Refer Schedule 17(3)]	214,365,724	740,165,832
	981,790,502	767,424,778
Foreign currency translation reserve	(4,036,731)	(4,159,879)
Debit balance in profit and loss account	(9,350,404)	(117,770,622)
Adjustment on amalgamation of foreign subsidiaries [Refer Schedule 5]	(151,485,007)	(151,485,007)
	903,645,129	536,611,879

SCHEDULES ANNEXED AND FORMING PART OF THE CONSOLIDATED
BALANCE SHEET AS AT MARCH 31, 2009

	As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
SCHEDULE - 4 (A) SECURED LOANS		
From scheduled bank		
- Cash credit facility	94,072,153	58,791,356
[Secured by equitable mortgage of property at Kolkata, charge on the fixed assets of the Company and fixed deposits aggregating to Rs 5,000,000 (previous year Rs 5,000,000) with lien marked in favour of the bank.]		
From non-scheduled bank	596,263	-
- Line of credit from Citizens Bank, United States of America		
[Secured by a first place lien on all accounts receivable and business assets of the borrower and corporate guarantee issued by Mindteck (India) Limited.]		
	94,668,416	58,791,356
SCHEDULE - 4 (B) UNSECURED LOANS		
Loans from related parties	-	19,238,094
Others [Refer Schedule 17(14)]	4,778,027	1,045,596
	4,778,027	20,283,690

SCHEDULES ANNEXED AND FORMING PART OF THE CONSOLIDATED
BALANCE SHEET AS AT MARCH 31, 2009

	As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
SCHEDULE - 5 GOODWILL		
Goodwill arising on consolidation	848,129,043	682,153,089
Goodwill - purchased or arising on Amalgamation		
Balance brought forward	91,254,642	250,245,603
Adjusted against Revenue Reserves #	-	(151,485,007)
Additions/adjustments during the year^	18,347,385	(7,505,954)
	109,602,027	91,254,642
Amortisation		
Balance brought forward	(88,454,642)	(2,800,000)
During the year*	(1,400,000)	(85,654,642)
	(89,854,642)	(88,454,642)
Goodwill - purchased or arising on amalgamation, net	19,747,385	2,800,000
Capital reserve arising on consolidation **	-	(46,064,119)
	867,876,428	638,888,970

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 has been adjusted with revenue reserves as at March 31, 2008.

^ Rs 18,347,385 (previous year Nil) represents goodwill recorded by Mindteck Singapore Pte Ltd., on the acquisition of business from Netsys Consulting Pte Ltd., Singapore, in an earlier period.

* As at March 31, 2008, amortisation includes amortisation of goodwill in accordance with AS-14, Rs 84,254,642, including prior period amortisation of Rs 58,462,056.

** As a result of the merger of Mindteck (USA) Inc. with Infotech Consulting Inc, capital reserve arising on consolidation has been set-off against goodwill arising on consolidation [Refer Schedule 17(4a)].

SCHEDULES ANNEXED AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009

SCHEDULE - 6 Fixed assets

(Rs)

Assets	Gross block				Accumulated depreciation					Net block		
	As at April 1, 2008	Adjustments #	Additions / Adjustments during the year ^	Deletions / Adjustments during the year	As at March 31, 2009	As at April 1, 2008	Adjustments #	Charge for the year	Deletions / Adjustments during the year ^	As at March 31, 2009	As at March 31, 2009	As at March 31, 2008
Intangible assets:												
Computer software	25,449,050	3,436,227	33,792,078	-	62,677,355	20,180,487	3,355,313	5,489,557	(3,133,959)	32,159,316	30,518,039	5,268,563
Tangible assets:												
Owned assets												
Computer equipment	70,354,982	8,875,465	20,364,704	6,588,519	93,006,632	49,103,034	8,368,236	9,670,038	(1,446,248)	68,587,556	24,419,076	21,251,948
Office equipment	13,272,585	2,787,381	4,381,733	3,938,035	16,503,664	8,523,544	2,331,981	2,347,590	2,322,095	10,881,020	5,622,644	4,749,041
Furniture and fixtures	19,564,608	1,192,244	6,030,989	1,216,728	25,571,113	10,946,530	904,875	2,964,124	(1,822,402)	16,637,931	8,933,182	8,618,078
Vehicles	644,700	-	345,660	-	990,360	42,980	-	126,207	25,765	143,422	846,938	601,720
Buildings	10,156,520	-	-	-	10,156,520	1,500,193	-	165,550	-	1,665,743	8,490,777	8,656,327
Leasehold improvements	1,565,706	2,920,051	15,364,909	3,329,898	16,520,768	220,085	2,909,050	2,866,286	2,790,254	3,205,167	13,315,601	1,345,621
Leased assets												
Capital leases	11,216,022	-	-	11,216,022	-	11,216,022	-	-	11,216,022	-	-	-
	152,224,173	19,211,368	80,280,073	26,289,202	225,426,412	101,732,875	17,869,455	23,629,352	9,951,527	133,280,155	92,146,257	50,491,298
Previous year	109,182,665	37,604,537	11,559,118	6,122,148	152,224,173	63,306,156	31,765,510	15,274,937**	8,613,728	101,732,875	50,491,298	

#- Gross block and accumulated depreciation of fixed assets of subsidiaries acquired during the year [Refer Schedule 17(3)]

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

** - Includes prior period depreciation charge of Rs 229,324 [Refer Schedule 17(16)]

SCHEDULES ANNEXED AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009

	As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
SCHEDULE - 7 SUNDRY DEBTORS		
(Unsecured)		
Debts outstanding for a period exceeding six months		
Considered good	1,187,644	-
Considered doubtful	826,865	10,561,650
	<u>2,014,509</u>	<u>10,561,650</u>
Others debts		
Considered good	517,660,383	322,528,823
Considered doubtful	809,991	5,487,539
	<u>520,484,883</u>	<u>338,578,012</u>
Less : Provision for doubtful debts	1,636,856	16,049,189
	518,848,027	322,528,823

SCHEDULE - 8 CASH AND BANK BALANCES

Cash on hand	289,612	96,745
Balances with banks:		
- In current accounts [Also refer Schedule 17(5)]	65,388,272	73,160,991
- In deposit accounts [Also refer Schedule 17(5)]	56,153,445	65,975,108
- In margin money account	5,000,000	5,000,000
	126,831,329	144,232,844

SCHEDULE - 9 LOANS AND ADVANCES

(UNSECURED, CONSIDERED GOOD, UNLESS OTHERWISE STATED)

Advances recoverable in cash or kind or for value to be received		
- Due from holding company and other related companies	-	6,177,305
- Advances to employees	3,638,122	4,442,131
- Prepaid expenses	8,928,715	11,554,022
- Other advances	6,704,504	3,989,448
Advance income tax and tax deducted at source	13,768,534	22,186,637
[Net of provision for tax Rs 9,106,810 (previous year Rs 5,068,981)]		
Deposits with government bodies	375,962	572,923
Other deposits	68,246,895	53,942,894
Unbilled revenue	70,344,119	105,887,447
	172,006,851	208,752,807

SCHEDULES ANNEXED AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009

	As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
SCHEDULE - 10 CURRENT LIABILITIES		
Sundry creditors	323,749,976	271,283,172
Notes payable	104,340,000	117,206,250
Deposits	23,218,128	23,218,128
Unclaimed dividends	3,611,876	2,837,787
Unearned Income	8,893,210	4,445,706
Other liabilities	21,789,223	19,507,361
Book overdrafts	-	10,016,930
	485,602,413	448,515,334

SCHEDULE - 11 PROVISIONS

Provision for compensated absences	17,446,940	10,955,851
Provision for gratuity [Refer Schedule 17(13)]	3,578,550	2,226,588
Provision for income taxes [Net of advance tax Rs 498,991(previous year Rs 498,991)]	22,565,764	13,669,857
Provision for fringe benefit tax [Net of advance tax Rs 4,573,160 (previous year Rs 2,406,160)]	294,520	17,072
Proposed dividend	-	10,695,440
Provision for corporate dividend tax	-	1,817,690
	43,885,774	39,382,498

SCHEDULES ANNEXED AND FORMING PART OF THE CONSOLIDATED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

	Year ended March 31, 2009 Rupees	Year ended March 31, 2008 Rupees
SCHEDULE - 12 INCOME FROM SOFTWARE AND IT-ENABLED SERVICES		
Income from software services	2,821,374,632	1,231,804,732
Income from IT-enabled services	-	21,356,705
	2,821,374,632	1,253,161,437
SCHEDULE - 13 OTHER INCOME		
Interest		
- From banks [tax deducted at source Rs 873,988 (previous year Rs 389,522)]	4,142,416	1,948,284
- On income tax refund	-	126,469
Provision no longer required written back [Refer Schedule 17(15)]	18,052,151	23,252,403
Rental income [tax deducted at source Rs 6,876,899 (previous year Rs 4,496,013)]	32,785,726	19,936,068
Profit on sale of fixed assets, net	-	567,408
Foreign exchange gain, net	36,845,582	-
Miscellaneous income	2,679,649	178,825
	94,505,524	46,009,457
SCHEDULE - 14 MANPOWER COST		
Salaries and allowances	1,337,299,553	430,801,583
Contribution to provident and other funds	81,193,441	8,364,051
Staff welfare expenses	64,985,813	3,214,749
Consultancy charges	907,100,228	558,616,853
	2,390,579,035	1,000,997,236

SCHEDULES ANNEXED AND FORMING PART OF THE CONSOLIDATED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

	Year ended March 31, 2009 Rupees	Year ended March 31, 2008 Rupees
SCHEDULE - 15 OPERATING AND ADMINISTRATION EXPENSES		
Rent and hiring charges	117,595,601	72,973,474
Travelling	57,104,385	24,709,398
Professional charges	59,156,774	33,274,217
Communication	21,593,200	12,766,717
Recruitment expenses	20,336,682	11,654,892
Rates and taxes	15,457,826	4,364,797
Insurance premium	13,173,938	14,806,205
Electricity	10,960,744	7,292,214
Repairs and maintenance-others	8,032,985	5,608,458
Printing and stationery	6,139,466	1,114,329
Remuneration to auditors	2,046,368	1,617,244
Membership and subscription	1,871,776	1,179,355
Remuneration to non-executive directors	-	544,352
Provision for doubtful debts	809,797	1,488,306
Loss on sale fixed asset, net	289,970	-
Foreign exchange loss, net	-	11,111,060
Miscellaneous expenses	11,234,596	9,378,461
	345,804,108	213,883,479

SCHEDULE - 16 FINANCE CHARGES

Interest on cash credit	7,492,957	5,183,445
Interest on line of credit	1,990,827	-
Interest on term loan	-	12,551,590
Other interest	1,797,944	-
Bank charges	2,760,191	729,192
	14,041,919	18,464,227

CONSOLIDATED FINANCIAL STATEMENTS

Schedule 17 – Significant Accounting Policies and Notes to the Accounts for the Year Ended March 31, 2009

1. DESCRIPTION OF THE GROUP

Mindteck (India) Limited ('Mindteck' or 'the Company') together with its wholly owned subsidiaries, set out below, collectively referred as 'the Group' is a provider of Information Technology services to a wide range of Fortune 500 companies, multinationals and small and medium enterprises worldwide. The Group offers a complete range of technology outsourcing services, including IT Services, Product Engineering and R&D Services, IT Infrastructure & Managed Services and Security Compliance Services.

The Group's clientele constitute varied industry verticals, including Public Sector (Government), Higher Education, High Technology (such as Semiconductor, Storage, Computing, Wireless) and Manufacturing (such as Analytical Instruments, Industrial Systems, Medical Systems).

The Group has four global delivery centers in United State of America, India and Singapore and eight offices across India, United States of America, United Kingdom, Netherlands, Germany, Bahrain, Singapore and Malaysia.

Mindteck has wholly owned subsidiaries (including step-down subsidiaries) in United States of America, Singapore, Malaysia, Bahrain, United Kingdom, Netherlands, Germany and India. 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, 2009

Subsidiaries	Country of incorporation and other particulars	Percentage of ultimate holding (%)
Chendle Holdings Limited ('Chendle') (Refer Note 1 below)	a subsidiary of Mindteck from April 1, 2008, organised under the laws of British Virgin Islands	100
Mindteck UK Limited ('Mindteck UK') (Refer Note 2 below)	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') (Refer Note 3 below)	a subsidiary of Mindteck from April 1, 2008, organised under the laws of Singapore	100
Mindteck Inc. [formerly Infotech Consulting Inc.] (Refer Schedule 17 (4a))	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 Limited SPC, Kingdom of Bahrain (('Mindteck Middle East')	a subsidiary of Mindteck organised under the laws of the Kingdom of Bahrain	100
Mindteck BPO Services India Private Limited (('Mindteck BPO')	a subsidiary of Mindteck, organised under the laws of India	100

Note 1: With effect from April 1, 2008 the Company has acquired control of Chendle and its operating subsidiary Primetech Solutions Inc., USA ('Primetech') by purchasing the outstanding common stock of Chendle. The acquisition resulted in a consolidation goodwill of Rs 150,897,978 which represents the excess of purchase consideration (Rs 195,419,991) over the book value of Chendle's net assets acquired (Rs 44,522,013) on the acquisition date. Primetech was merged in to Mindteck Inc., USA with effect from October 1, 2008 [Refer Schedule 17(4)].

Note 2: With effect from April 1, 2008 the Company acquired 100% control of Mindteck UK Ltd, a software services and IT consulting company. The acquisition resulted in a consolidation goodwill of Rs 25,853,158 which represents the excess of purchase consideration (Rs 14,804,544) over the book value of Mindteck UK's negative net assets acquired (Rs 11,048,614) on the acquisition date.

Note 3: With effect from April 1, 2008 the Company acquired 100% control of Mindteck Singapore Pte Ltd., a software services and IT consulting company. The acquisition resulted in a consolidation goodwill of Rs 35,288,937 which represents the excess of purchase consideration (Rs 84,664,219) over the book value of Mindteck Singapore's net assets acquired (Rs

CONSOLIDATED FINANCIAL STATEMENTS

49,375,282) on the acquisition date.

In accordance with Accounting Standard (AS) – 21, 'Consolidated Financial Statements', the financial statements of Chendle, Mindteck UK and Mindteck Singapore have been consolidated with effect from April 1, 2008 [Refer Schedule 17(3)]

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the Accounting Standards prescribed by Companies (Accounting Standards) Rules, 2006 ('the Rules'), other pronouncements of the Institute of Chartered Accountants of India ('ICAI'), the relevant provisions of the Companies Act, 1956, (the 'Act') to the extent applicable and the guidelines issued by Securities and Exchange Board of India ('SEBI'). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in an accounting policy hitherto in use.

2.2 Principles of consolidation

The consolidated financial statements include the financial statements of Mindteck and its subsidiaries, which are more than 50% owned or controlled. The financial statements of the parent company and its majority owned/controlled subsidiaries have been combined on a line-by-line basis by adding together the book values of all items of assets, liabilities, incomes and expenses after eliminating all inter-company balances/transactions and resulting unrealized gain/loss from the date the parent company acquired these subsidiaries.

The consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events in similar circumstances.

2.3 Use of estimates

The preparation of consolidated financial statements in conformity with the generally accepted accounting principles ('GAAP') in India requires management to make estimates and assumptions that affect the reported amounts of income and expenses for the year, assets and liabilities and disclosures relating to contingent liabilities as on the date of the consolidated financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

2.4 Fixed assets

Fixed assets are carried at cost of acquisition (including directly attributable costs such as freight, installation, etc.) or construction less accumulated depreciation. Borrowing costs directly attributable to acquisition or construction of those fixed assets, which necessarily take a substantial period of time to get ready for their intended use, are capitalised.

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired on or after April 1, 2001 are capitalised at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date and the cost of fixed assets not ready for their intended use on such date, are disclosed under *capital work-in-progress*.

Depreciation is provided on the straight-line method. The rates specified under Schedule XIV of the Companies Act, 1956 are considered as the minimum rates. If the management's estimate of the useful life of a fixed asset at the time of the acquisition of the asset, or of the remaining useful life on a subsequent review, is shorter than 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 under:

Asset classification	Useful life
Computer equipment	3 to 7 years
Office equipment	5 years
Furniture and fixtures	5 to 7 years
Vehicles	6 years
Buildings	58 years

Leasehold improvements are amortised over the lease-term or the estimated useful life of assets whichever is shorter.

CONSOLIDATED FINANCIAL STATEMENTS

Significant purchased application software that is an integral part of the Group's computer systems, expected to provide lasting benefits, is capitalised and amortised on the straight-line method over its estimated useful life or six years whichever is shorter.

Fixed assets individually costing Rs 5,000 or less are fully depreciated in the year of purchase/ installation. Pro-rata depreciation is provided on all fixed assets purchased and sold during the year.

2.5 INTANGIBLE ASSETS

Intangible assets are measured initially at cost. After initial recognition, intangible assets are carried at cost less any 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, to creating, producing and making the asset ready for its intended use.

Expenditure on research (or on the research phase of an internal project) are recognized as an expense when they are incurred.

Goodwill

Any excess of the cost to the parent of its investment in a subsidiary over the parent's portion of equity of the subsidiary, at the date on which investment in the subsidiary is made, is recorded as goodwill arising on consolidation.

In an amalgamation in the nature of a purchase, any excess of the amount of the consideration over the value of the net assets of the transferor company acquired is recorded as goodwill arising on amalgamation.

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

Amortization

Intangible assets are amortised over their estimated useful life on a straight-line basis commencing from the date the asset is available to the Group for its use.

Goodwill arising on consolidation / acquisition of assets is not amortised. It is tested for impairment on a periodic basis and written off, if found impaired. Goodwill, arising on purchase of business, is amortised over its useful life of five years and is assessed at each balance sheet date for the impairment. Goodwill arising on amalgamation is amortized on a systematic basis over its useful life of three years.

2.6 RETIREMENT BENEFITS

Gratuity, a defined benefit for employees of the Indian entity, is accrued based on an actuarial valuation at the balance sheet date, carried out by an independent actuary. The Company has an employees' gratuity fund managed by the Life Insurance Corporation of India ('LIC'). Provision for gratuity liabilities, pending remittance to the fund, is carried in the balance sheet. Actuarial gains and losses are charged to the profit and loss account.

Compensated absences, a long-term defined employee benefit, is accrued based on an actuarial valuation at the balance sheet date, carried out by an independent actuary. The Group accrues for the expected cost of short-term compensated absences in the period in which the employee renders services.

Contributions payable to the recognized provident fund, approved superannuation scheme, employee pension and social security schemes in certain overseas subsidiaries, which are defined contribution schemes, are charged to the profit and loss account.

2.7 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.

CONSOLIDATED FINANCIAL STATEMENTS

Interest income is recognized using the time proportion method, based on the transactional interest rates.

2.8 FOREIGN EXCHANGE TRANSACTIONS

Foreign exchange transactions are recorded using the exchange rates prevailing on the dates of the respective transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the profit and loss account for the year.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date; the resultant exchange differences are recognized in the profit and loss account. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Forward exchange contracts and other similar instruments that are not hedges of forecasted transactions are accounted for using the guidance in Accounting Standards (AS) 11 "The effects of changes in foreign exchange rates". For such forwards exchange contracts covered by AS 11, based on the nature and purpose of the contract, contracts are either recorded based on the forward rate/fair value at the reporting date, or based on the spot exchange rate on the reporting date for contracts recorded at the spot exchange on the reporting date. For contracts recorded at the spot exchange rates, the premium or discount at inception is amortised as income or expense over the life of the contract.

The Group did not have any outstanding derivative contract at March 31, 2009.

All the subsidiaries have been identified as non-integral operations in accordance with the requirements of AS-11. The financial statements of such non-integral foreign operations are translated into Indian rupees as follows:

- All assets and liabilities, both monetary and non monetary are translated using the closing rate.
- Revenue items are translated at the respective monthly average rates.
- The resulting net exchange difference is credited or debited to a foreign currency translation reserve. However, an exchange difference arising out of intra-group monetary item, whether short term or long term is recognized in the profit and loss account.
- *Contingent liabilities are translated at the closing rate.*

The exchange difference arising on a monetary item that is a part of the enterprise's net investment in a foreign operation is accumulated in a foreign currency translation reserve until the disposal of the net investment. On disposal of the net investment, the amount accumulated in the foreign currency translation reserve is recognized as income or as expense.

2.9. PROVISIONS AND CONTINGENT LIABILITIES

The Group creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

2.10 TAXATION

The current income tax charge is determined in accordance with the relevant tax regulations applicable to respective entities within the Group.

Deferred tax charge or credit are recognized for the future tax consequences attributable to timing difference that result between the profit offered for income taxes and the profit as per the financial statements. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, when there is a brought forward loss or unabsorbed depreciation under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written-down or written-up to reflect the amount that is reasonably/virtually certain to be realized.

CONSOLIDATED FINANCIAL STATEMENTS

The Company, in India, enjoys a tax holiday for profits generated from its export activities upto March 31, 2010. Deferred tax in respect of timing differences which originate during the tax holiday period but reverse after the tax holiday period is recognized in the year in which the timing differences originate. For this purpose the timing differences which originate first are considered to reverse first.

Minimum alternate tax ('MAT') paid in accordance with the Indian Income tax laws, which gives rise to future economic benefits in the form of tax credit against future income tax liability, is recognized as an asset in the balance sheet if there is convincing evidence that the Company will pay normal tax after the tax holiday period and 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 FRINGE BENEFIT TAX

Consequent to the introduction of Fringe Benefit Tax ('FBT') effective April 1, 2005, in accordance with the guidance note on accounting for fringe benefits tax issued by the ICAI, the Company has made provision for FBT under income taxes.

The Finance Act, 2007 has introduced FBT on employee stock options. The Group recovers such FBT from the employees, upon the exercise of the stock options. The FBT liability and related recovery is recorded at the time of exercise of options in the profit and loss account.

2.12 EARNINGS PER SHARE

In determining the earning 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 earning per share comprises the weighted average number of shares considered for deriving basic earning 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 earning 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.

2.13 IMPAIRMENT OF ASSETS

The Group assesses, at each balance sheet date, whether there is any indication that an asset (including goodwill) may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined; if no impairment loss had been recognized. In respect of goodwill, impairment loss is reversed only when it is caused by specific external events and their effects have been reversed by subsequent external events.

2.14 EMPLOYEE STOCK OPTIONS

The Group measures the compensation cost relating to employee stock options using the intrinsic value method. The compensation cost, if any, is amortised over the vesting period of the options.

2.15 CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for effects of transactions of non-cash nature, any deferrals, or accruals of past or future operating cash receipts or payments and items of expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

3. ACQUISITIONS BY THE GROUP

On April 1, 2008, the Company acquired 100% equity in its fellow subsidiaries, Mindteck Singapore Pte Ltd. ('Mindteck Singapore'), Mindteck UK Limited ('Mindteck UK') and Chendle Holdings Limited, BVI ('Chendle') including its wholly owned subsidiary Primetech Solutions Inc., USA. The purchase consideration for these acquisitions were settled as follows:

Mindteck Singapore: Agreed valuation of USD 2,500,000 (approximately Rs 100,237,500), has been settled partly by cash [USD 1,000,000 (approximately Rs 40,057,500)] and partly by a fresh issue of the equity shares of the Company [600,000 equity

CONSOLIDATED FINANCIAL STATEMENTS

shares of the Company at an agreed value of USD 2.50 (Rs 100.30) per equity share] to the shareholders of Mindteck Singapore.

Mindteck UK: Agreed valuation of USD 500,000 (approximately Rs 20,060,000), has been settled by a fresh issue of the equity shares of the Company [200,000 equity shares of the Company at an agreed value of USD 2.50 (Rs 100.30) per equity share] to the shareholders of Mindteck UK.

Chendle: Agreed valuation of USD 6,600,000 (approximately Rs 264,664,741), has been settled by a fresh issue of the equity shares of the Company [2,640,000 equity shares of the Company at an agreed value of USD 2.50 (Rs 100.30) per equity share] to the shareholders of Chendle Holdings. Of the total purchase consideration payable to the shareholders of Chendle Holdings, 270,056 equity shares are yet to be allotted as at the balance sheet date and have been reserved for allotment to them, subject to their furnishing their Permanent Account Number ('PAN') and being allotted shares to the extent of their entitlement. Subsequent to the balance sheet date, SEBI vide its Circular dated April 24, 2009 amended the Equity Listing Agreement and prescribed a uniform procedure for dealing with unclaimed shares. As per the Circular, unclaimed shares are to be credited to a dematerialized suspense account with a restriction on the voting rights until the rightful owner claims the shares. The Company has sought clarification from the Bombay Stock Exchange ('BSE') whether the said circular would apply in its case and intends, subject to BSE's confirmation, to transfer these shares into a suspense account with the depositories.

The Board also approved fresh issue of the equity shares of the Company to financial investors for the purpose of funding these acquisitions, repayment of existing loans and other specified purposes.

After obtaining the requisite regulatory approvals, the Board of Directors at their meeting held on April 1, 2008, simultaneously allotted, on a preferential basis, fresh equity shares to the shareholders of Mindteck Singapore, Mindteck UK and Chendle on a share swap basis and to financial investors for cash consideration. Accordingly, effective April 1, 2008, Mindteck Singapore, Mindteck UK Limited and Chendle, have become wholly owned subsidiaries of the Company. The issue of equity shares to discharge the purchase consideration has been recorded at a price of Rs 73.54 per equity share of the Company, being the fair value of the equity shares issued, in accordance with the requirements of paragraph 10 of AS-13, 'Accounting for Investments'. Additionally, transaction costs, where applicable, were included in the cost of investment.

4. REORGANIZATION OF SUBSIDIARIES

a) Merger of US-based subsidiaries

With the objective of consolidating its operations in the United States of America ('USA'), with effect from October 1, 2008, the Company's subsidiaries, Mindteck (USA) Inc. and Primetech Solutions Inc. were merged into Infotech Consulting Inc., the surviving entity, which was renamed as Mindteck Inc. from that date. Consequently, the Company's investment in the operations in the USA is represented by its ownership of the common stock of Mindteck Inc.

As part of the process to merge the operations of Mindteck (USA) Inc. with that of Infotech Consulting Inc., an intermediate holding Company, which held outstanding preference shares of Mindteck (USA) Inc. assigned its holding of 992 preference shares to Mindteck on September 30, 2008. On the effective date of merger, the Company received an equivalent number of common stock of Infotech Consulting Inc. in exchange for its common and preferred stock holding in Mindteck (USA) Inc.

Extinguishment of the Group's liability of Rs 44,124,160 against the preference shares held by the intermediate holding company has been credited to 'Capital Reserve' in these consolidated financial statements as at March 31, 2009.

b) With effect from March 31, 2009, ICI Tech Holdings Inc. was merged into its operating subsidiary, Mindteck Inc, with the latter continuing as the surviving entity. As consideration for the merger, 10,000 common stock of Mindteck Inc. were issued to the Company in exchange for its shareholding in ICI Tech Holdings Inc.

c) On March 31, 2009, the Company's wholly owned subsidiary, Mindteck BPO Services Private Limited, commenced proceedings to wind-up its operations under Section 560 of the Companies Act, 1956. Mindteck BPO is a non-operational subsidiary and is in the process of filing an application with Registrar of Companies for its winding-up.

CONSOLIDATED FINANCIAL STATEMENTS

5. STATEMENT OF UTILIZATION OF THE PREFERENTIAL ISSUE PROCEEDS AS AT MARCH 31, 2009

Particulars	Amount in Rs
Amount raised through preferential issues during the year ended March 31, 2008	283,042,002
Amounts raised through preferential issues during the year ended March 31, 2009	14,985,477
	298,027,479
Deployment of proceeds	
- Cash consideration for acquiring ICI Tech Holdings Inc.	59,247,000
- Repayment of term loan	9,520,593
- Additional investment in wholly owned subsidiary, Mindteck USA Inc.	114,324,884
- Cash consideration for acquiring Mindteck Singapore Pte Ltd.	40,057,500
- Working capital requirements of the Company	19,697,186
- Balance in bank, pending utilization	
- in fixed deposit account	54,433,957
- in current account	746,359
Total	298,027,479

6. EMPLOYEE STOCK OPTIONS

a) Employee Share Incentive Share 2000

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

b) Consolidation of the Mindteck Employees Welfare Trust

In March 2008, the Company had sought a legal opinion regarding consolidation of the financial statements of Trust in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 dated June 30, 2003 ('the Guidelines'). The Company was advised that the financial statements of the Trust should be consolidated with the financial statements of the Company. Accordingly, the Company has consolidated the financial statements of the Trust with its own financial statements to comply with the requirements of the Guidelines.

The investment in the equity shares of the Company held by the Trust has been reduced from the share capital and securities premium account. Further, the opening retained earnings of the Trust have been included in the Group's opening retained earnings. Balances, after inter-company eliminations, have been appropriately consolidated in the Group's financial statements on a line by line basis.

c) Mindteck Employee Stock Option Scheme 2005

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

During the year ended March 31, 2009, the Company has granted 30,000 options on July 30, 2008 at an exercise price of Rs 31 per share.

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

CONSOLIDATED FINANCIAL STATEMENTS

Particulars	Year ended March 31, 2009		Year ended March 31, 2008	
	Number of options	Weighted average exercise price (Rs)	Number of options	Weighted average exercise price (Rs)
Options outstanding at the beginning of the year	460,001	50.92	291,300	50.44
Granted during the year	30,000	31.00	246,900	51.86
Exercised during the year	-	-	16,499	34.65
Forfeited during the year	101,700	51.01	61,700	56.80
Lapsed during the year	-	-	-	-
Options outstanding at the end of the year	388,301	49.35	460,001	50.92
Options exercisable at the end of the year	214,268	52.80	96,934	56.88

The weighted average remaining contractual life of the options outstanding as at March 31, 2009 is 4.92 years (previous year 5.92 years).

The Group 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 Group adopted the fair value approach described in the guidance note. Had the Group accounted for compensation cost under the fair value method, the reported profit after taxation for the year ended March 31, 2009 would have been Rs 108,697,309 (previous year loss of Rs 52,870,833) i.e. lower by Rs 1,106,417 (previous year loss higher by Rs 620,619) and the basic and diluted EPS for the year would have been Rs 4.53 and Rs 4.42 (previous year Rs 4.6 and Rs 4.6) 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 have been calculated using Black-Scholes option pricing model, considering the expected term of the options to be 4 years, an expected dividend yield of 5-10 % on the underlying equity shares, volatility in the share price of 55-85 % and a risk free rate of 7-9.5 %. The Company's calculations are based on a single option valuation approach. The expected volatility is based on historical volatility of the share price during the period after eliminating abnormal price fluctuations.

d) Mindteck Employee Stock Option Scheme 2008

During the year ended March 31, 2009, the Company introduced 'Mindteck Employees Stock Option Scheme 2008' ('the Option Scheme 2008') for the benefit of the employees, as approved by the Board of Directors in its meeting held on May 27, 2008 and the shareholders meeting held on July 30, 2008. The Option Scheme 2008 provides for the creation and issue of 1,200,000 options that would eventually convert into equity shares of Rs 10 each in the hands of the Group's employees. The options are to be granted to the eligible employees at the discretion of and at the exercise price determined by the Compensation Committee of the Board of Directors. The options will vest after the expiry of a period of twelve months from the date on which the options are granted. The vesting term and the period over which the options are exercisable is to be decided by the Compensation Committee. No options have been granted under the Option Scheme 2008 during the year ended March 31, 2009.

7. PROVISION FOR TAXATION

- Provision for income tax for the year relates to income tax on taxable income of the Company under the provisions of Section 115JB of the Income Tax Act, 1961 relating to MAT and on taxable income of the foreign subsidiaries calculated in accordance with the relevant tax regulations in those respective jurisdictions.

CONSOLIDATED FINANCIAL STATEMENTS

b) Deferred taxes

Amount in Rs

Particulars	As at March 31, 2009	As at March 31, 2008
Deferred tax liability		
Excess of depreciation allowable under income tax law over depreciation provided in accounts	(8,579,431)	(8,750,718)
Deferred tax asset		
Excess of depreciation provided in accounts over depreciation allowable under income tax law	4,510,128	-
Carry forward losses restricted to the extent of deferred tax liability*	5,467,315	8,222,825
Provision for doubtful debts	378,121	1,665,318
Provision for expenses	16,440,590	2,229,039
Net deferred tax asset	18,216,723	3,366,464

*In view of unabsorbed depreciation and carry forward business losses under tax laws, some of the subsidiaries of the Group are unable to demonstrate virtual certainty as required by the Explanation in Accounting Standard 22 'Accounting for taxes on income'. Accordingly, 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.

Net deferred tax assets acquired pursuant to the acquisition of Chendle, Mindteck UK and Mindteck Singapore on April 1, 2008 amount to Rs 12,825,245 (Previous year Rs 6,552,538 on acquisition of ICI Tech Holdings Inc.)

8. CONTINGENT LIABILITIES AND COMMITMENTS

- a) Guarantees given by the Company's bankers as at March 31, 2009 are Rs 925,000 (previous year: Rs 925,000). During the year ended March 31, 2009, the Company has executed a corporate guarantee of Rs 203,020,000 (USD 4,000,000) (previous year Nil) 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. The amount outstanding under the line of credit Rs 596,263.

In the previous year, ICI Tech Holdings Inc. had guaranteed Rs 91,770,000 (USD 2,300,000) line of credit with its bank for its subsidiary Infotech Consulting Inc. The amount outstanding under the line of credit as at March 31, 2008 was Rs Nil.

- b) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for as at March 31, 2009 is Rs Nil (previous year: Rs Nil).
- c) Claims against the Company not acknowledged as debt as at March 31, 2009 is Rs Nil (previous year: Rs Nil).

9. SEGMENT REPORTING

The Group's operations predominantly relate to providing software services to external customers and providing IT-enabled services to consolidated subsidiaries within the Group. The Group considers business segment as the primary segment and geographical segment based on the location of customers as the secondary segment.

IT - enabled services are rendered entirely to group companies. Segment disclosures in the previous year relating the IT- enabled services relate to services rendered to fellow-subsiaries prior to their acquisition as wholly owned subsidiaries of the Company. As IT-enabled services in the current year are rendered to subsidiaries which are consolidated, the disclosure of a separate IT-enabled services segment as a separate primary segment is not applicable.

During the year ended March 31, 2009, the Group was engaged in providing software services globally and was considered to constitute a single primary business segment. Accordingly, no primary segment disclosures have been presented for the year ended March 31, 2009. Previous year comparatives have been presented in the table below.

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.

Income and direct expenses in relation to segments is categorized based on items that are individually identifiable to that segment,

CONSOLIDATED FINANCIAL STATEMENTS

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 Group 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, segment liabilities and fixed assets used in the Group'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

For the year ended 31 March 2008, the Company's segment disclosure was as provided below:

	Amount in Rs		
Profit and Loss account for the year ended March 31, 2008	Software services	Others	Total
Segment revenue	1,231,804,732	21,356,705	1,253,161,437
Operating expenses, net	1,107,819,538	5,695,391	1,113,514,929
Segment results	123,985,194	15,661,314	139,646,508
Unallocable expenses			143,603,985
Interest expenses			18,464,227
Other income			46,009,457
Profit before taxation and prior period item			23,587,753
Prior period expenses, net			63,788,100
Taxation			12,049,867
Profit after taxation			(52,250,214)

Geographical segments

	Amount in Rs	
Revenue	Year ended March 31, 2009	Year ended March 31, 2008
- USA	2,435,063,087	1,175,436,919
- India	1,941,000	4,962,692
- Rest of the world	384,370,545	72,761,826
Total	2,821,374,632	1,253,161,437

10. Leases

Operating Leases

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

Lease rental expense for office facilities under non-cancellable operating leases during the year ended March 31, 2009 amounted to Rs 73,833,988 (previous year Rs 62,179,192).

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

	Amount in Rs	
Lease obligations	As at March 31, 2009	As at March 31, 2008
Payable not later than one year	66,524,919	70,826,887
Payable later than one year and not later than five years	61,123,719	100,893,147
Payable later than five years	8,014,536	6,997,604

Additionally, the Group leases office facilities, residential facilities and equipment under cancellable operating leases. The rental expense

CONSOLIDATED FINANCIAL STATEMENTS

under cancellable operating leases during the year ended March 31, 2009 was Rs 43,761,613 (previous year Rs 10,794,282).

Rental income from sub-leasing of office facilities during the year ended March 31, 2009 was Rs 32,785,726 (previous year Rs 19,936,068).

Finance Leases

The Group does not have any assets under finance lease.

11. 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) and the Mindteck Employees Welfare Trust.

(i) Holding companies

- Transcompany Ltd., British Virgin Islands (BVI) – Ultimate holding company
- Vanguard Investments Ltd., BVI – Intermediary holding company
- Mindteck Holdings Ltd., BVI - Intermediary holding company
- Business Holdings Ltd., BVI - Intermediary holding company
- Garrington Investments Ltd., BVI - Intermediary holding company
- Embtech Holdings Ltd., Mauritius - Holding company

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

b) Related parties where significant influence exists

- (i) Fellow subsidiaries
 - Infotech Ventures Ltd. BVI

c) Key managerial personnel

- Guhan Subramaniam – Chairman (w.e.f December 13, 2008) and non-executive director
- Pankaj Agarwal – Managing Director (w.e.f April 1, 2008)
- Vivek Malhotra – Non-executive director
- Indresh Narain – Non-executive director (w.e.f. March 24, 2009)
- Javed Gaya – Non-executive director (w.e.f. March 24, 2009)
- Satish Menon – Chairman and non-executive director (From January 30, 2008 up to December 12, 2008)

d) Transaction with related parties for the year ended March 31, 2009:

						Amount in Rs
Sl. No.	Transaction/ nature of relationship	Holding Companies	Fellow subsidiaries	MEWT	Key management personnel	Total
(i)	Repayment of expenses					
	i) Mindteck Holdings Ltd	860,378	-	-	-	860,378
(ii)	Remuneration to key managerial personnel	-	-	-	23,057,289	23,057,289
(iv)	Director's sitting fees	-	-	-	750,000	750,000
(v)	Preferential allotment of equity shares	161,243,804	-	-	-	161,243,804
	a) Embtech Holdings Ltd.					
(vi)	Consideration for acquisition of Mindteck Singapore Pte Ltd	40,057,500	-	-	-	40,057,500
(viii)	Extinguishment of liability on preference shares issued by subsidiary	4,4124,160	-	-	-	4,4124,160

CONSOLIDATED FINANCIAL STATEMENTS

(e) Transaction with related parties for the year ended March 31, 2008:

Amount in Rs

Sl. No.	Transaction/ nature of relationship	Holding Companies	Fellow subsidiaries	MEWT	Key management personnel	Total
(i)	Income from software services:					
a)	Mindteck UK Limited	-	37,746,517	-	-	37,746,517
b)	Mindteck Singapore Pte. Ltd	-	34,830,831	-	-	34,830,831
c)	Infotech Consulting Inc.	-	14,104,844	-	-	14,104,844
d)	Primetech Solutions Inc.	-	6,042,000	-	-	6,042,000
(ii)	Reimbursement of expenses incurred on behalf of:					
a)	Mindteck UK Limited	-	3,938,438	-	-	3,938,438
b)	Mindteck Singapore Pte. Ltd	-	1,010,309	-	-	1,010,309
c)	Infotech Consulting Inc.	-	249,901	-	-	249,901
d)	Primetech Solutions Inc.	-	225,844	-	-	225,844
e)	Infotech Ventures Ltd	-	11,358	-	-	11,358
(iii)	Proceeds of loan received:					
a)	Mindteck Singapore Pte. Ltd	-	4,024,873	-	-	4,024,873
(iv)	Subcontracting costs:					
a)	Mindteck Singapore Pte. Ltd	-	27,231,275	-	-	27,231,275
b)	Infotech Consulting Inc.	-	27,496,386	-	-	27,496,386
c)	Primetech Solutions Inc.	-	10,861,890	-	-	10,861,890
(v)	Other expenses:					
a)	Interest paid to Mindteck Singapore Pte Ltd.	-	1,294,196	-	-	1,294,196
b)	Lease charges paid to Pankaj Agarwal	-	-	76,532	-	76,532
(vi)	Reimbursement of expenses incurred by:					
a)	Mindteck Singapore Pte. Ltd	-	5,468,829	-	-	5,468,829
(vii)	Repayment/ write back of liabilities no longer required:					
a)	Mindteck Singapore Pte. Ltd	-	2,618,200	-	-	2,618,200
b)	Mindteck Holdings Ltd.	10,486,727	-	-	-	10,486,727
c)	Embtech Holdings Ltd.	51,724	-	-	-	51,724
d)	Business Holdings Ltd.	3,229,816	-	-	-	3,229,816
(viii)	Remuneration to key managerial personnel				11,182,894	11,182,894
(ix)	Director's sitting fees	-	-	-	810,000	810,000
(x)	Preferential allotment of equity shares:					
a)	Embtech Holdings Ltd.	485,364,000	-	-	-	485,364,000
b)	Pankaj Agarwal	-	-	-	88,248,000	88,248,000
(xi)	Consideration for acquisition of ICI Tech Holdings Inc:					
a)	Pankaj Agarwal	-	-	-	59,247,000	59,247,000

CONSOLIDATED FINANCIAL STATEMENTS

- (f) The balances receivable from and payable to related parties as at March 31, 2009 are Nil
- (g) The balances receivable from and payable to related parties as at March 31, 2008 are as follows:

Amount in Rs

Sl. No.	Transaction/ nature of relationship	Holding Companies	Fellow subsidiaries	MEWT	Key management personnel	Total
(i)	Balance (due to)/ due from					
	A) Amounts receivable :					
	a) Mindteck UK Ltd	-	18,523,330	-	-	18,523,330
	b) Mindteck Singapore Pte. Ltd	-	3,765,038	-	-	3,765,038
	B) Advances :					
	a) Mindteck UK Ltd	-	2,630,710	-	-	2,630,710
	b) Mindteck Singapore Pte. Ltd	-	2,455,636	-	-	2,455,636
	c) Primetech Solution Inc.	-	219,223	-	-	219,223
	d) Mindteck Holdings Limited	860,378	-	-	-	860,378
	e) Infotech Ventures	-	11,358	-	-	11,358
	C) Amounts Payable :					
	a) Mindteck UK Ltd	-	114,253	-	-	114,253
	b) Mindteck Singapore Pte. Ltd	-	19,111,735	-	-	19,111,735
	c) Primetech Solutions Inc.	-	621,363	-	-	621,363
(ii)	Loan repayable to related parties :					
	a) Mindteck Singapore Pte Ltd.	-	19,238,094	-	-	19,238,094
(iii)	Due from key managerial personnel	-	-	-	143,734	143,734

12. EARNINGS PER SHARE ('EPS')

The computation of earnings per share is set out below:

Particulars	Year ended March 31, 2009		Year ended March 31, 2008	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Profit/(loss) after taxation (Rs)	109,803,726	109,803,726	(52,250,214)	(52,250,214)
Shares				
Weighted average number of equity shares outstanding during the year	24,013,710	24,013,710	11,500,465	11,500,465
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	837	-	-
Weighted average number of equity shares resulting from share application money	-	33,495	-	-
Weighted average number of equity shares resulting from shares yet to be allotted towards purchase consideration payable	-	553,684	-	-
Weighted average number of equity shares for calculation of earnings per share	24,013,710	24,601,726	11,500,465	11,500,465

As per the Guidance Note on 'Accounting for Employee Share-Based Payments' issued by the ICAI, 416,000 weighted average number of equity shares held by the Mindteck Employees Welfare Trust have been reduced from the equity shares outstanding in computing basic and diluted earnings per share.

Note: Adjustment to basic EPS is not carried out as the effect of such adjustment would be anti-dilutive.

CONSOLIDATED FINANCIAL STATEMENTS

13. GRATUITY PLAN

Effective April 1, 2006 the Group adopted the revised accounting standard on employee benefits.

The following table sets out the status of the gratuity plan as required under AS - 15 (Revised) as at March 31, 2009 and March 31, 2008.

Particulars	Amount in Rs	
	As at March 31, 2009	As at March 31, 2008
Obligations at beginning of the year	4,645,668	2,856,307
Service cost	3,105,642	1,694,319
Interest cost	310,953	214,203
Benefits paid	(424,958)	-
Actuarial (gain)/loss	(340,118)	(119,161)
Obligations at end of the year	7,297,187	4,645,668
Change in plan assets		
Plans assets at beginning of the year, at fair value	2,419,100	1,694,168
Expected return on plan assets	229,940	123,398
Actuarial gain/(loss)	(112,330)	102,534
Contributions	1,606,885	499,000
Benefits paid	(424,958)	-
Plans assets at end of the year, at fair value	3,718,637	2,419,100
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	7,297,187	4,645,668
Fair value of plan assets at the end of the year	(3,718,637)	(2,419,100)
Liability recognized in the balance sheet	3,578,550	2,226,568
Service cost	3,105,642	1,694,319
Interest cost	310,953	214,203
Expected return on plan assets	(229,940)	(123,398)
Actuarial gain	(227,788)	(221,695)
Net gratuity cost	2,958,867	1,563,429
Assumptions		
Interest rate	7.00% p.a.	7.50% p.a.
Expected rate of return on plan assets	8.00% p.a.	8.00% p.a.
Expected rate of salary increase	6.00% p.a.	10.00% p.a.
Attrition rate	15.00% p.a.	30.00% p.a.
Retirement age	58 years	58 years

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

14. SHORT TERM FINANCING

As at March 31, 2009, certain trade accounts receivables amounting to Rs 4,778,027 (previous year Nil) were factored with a financial institution to secure credit facilities for Mindteck Singapore Pte. Ltd. The interest rate on the factoring facility was 0.65 % per annum above the prime lending rate in Singapore. The factoring facility with the financial institution is with recourse and accordingly the factoring liability and the underlying receivables have been disclosed on a gross basis in these consolidated financial statements.

15. Provision no longer required written back includes write-back of loans payable Rs 1,207,811 (previous year Rs 13,768,267) and reversal of excess provision for leave encashment Rs Nil (previous year Rs 5,572,884), provision for debts no longer required Rs

CONSOLIDATED FINANCIAL STATEMENTS

13,447,195 (previous year Rs Nil) and provision for other expenses no longer required Rs 3,397,145 (previous year Rs 3,911,252).

16. PRIOR PERIOD EXPENSES, NET

Prior period items for the year ended March 31, 2008 relate to the following:

Particulars	Amount in Rs	
	Year ended 31 March 2009	Year ended 31 March 2008
Amortization of goodwill on amalgamation	-	58,462,056
Salary and allowances relating to the previous year	-	4,037,667
Straight lining of lease rentals as required by Accounting Standard – 19 on 'Leases'	-	957,990
Depreciation on software licenses erroneously not capitalised in the previous year	-	229,324
Other expenses, net	-	101,063
Prior period expenses, net	-	63,788,100

17. Previous year's figures have been regrouped/ reclassified wherever necessary to conform to the current year's presentation. Previous year's figures may not be comparable on account of the acquisition of three subsidiaries during the year.

For Mindteck (India) Limited

Guhan Subramaniam
Chairman

Pankaj Agarwal
Managing Director

Vivek Malhotra
Director

Javed Gaya
Director

Indresh Narain
Director

P. Vidya Sagar
Company Secretary

Bangalore
June 25, 2009

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

Amount in Rs

	Year ended March 31, 2009	Year ended March 31, 2008
Cash flow from operating activities		
Profit before taxation	140,425,742	(40,200,347)
Adjustments for :		
Depreciation	23,629,352	15,274,937
Interest expense	11,281,728	17,735,035
Interest on fixed deposits	(4,142,416)	(1,948,284)
(Profit)/loss on sale of fixed assets	289,970	(567,408)
Provision no longer required written back	(18,052,151)	(23,252,403)
Provision for doubtful debts	809,797	-
Amoritisation of goodwill	1,400,000	85,654,642
Operating profit before working capital changes	155,642,022	52,696,172
Decrease/(increase) in sundry debtors	(5,436,352)	61,379,195
Decrease/(increase) in loans and advances	57,272,518	(8,101,732)
Increase/(decrease) in current liabilities and provisions	(101,554,268)	(12,784,089)
Cash generated from operations	105,923,920	93,189,546
Income tax and fringe benefit tax paid	(17,187,590)	(9,980,077)
Net cash generated from operating activities	88,736,330	83,209,469
Cash flow from investing activities		
Purchase of fixed assets	(53,444,892)	(5,714,917)
Proceeds from sale of fixed assets	98,955	648,471
Payment of purchase consideration, net of cash acquired	(26,724,267)	(61,979,334)
Interest received on fixed deposit	4,142,416	1,948,284
Net cash generated used in investing activities	(75,927,788)	(65,097,496)
Cash flow from financing activities		
Proceeds from issue of equity shares	4,181,536	283,613,692
Share application money received	-	10,803,489
Interest paid on loans	(11,281,728)	(17,735,035)
Proceeds from / (repayment of) secured loans	35,877,060	(50,813,623)
Repayment of unsecured loans	(5,521,743)	(106,301,827)
Dividend paid (including distribution tax)	(13,122,549)	(11,127,176)
Net cash generated from financing activities	10,132,576	108,439,520
Net increase/(decrease) in cash and cash equivalents	22,941,118	126,551,493
Effect of exchange rate changes	(40,342,633)	4,825,487
Cash and cash equivalents relating to MEWT	-	683,770
Cash and cash equivalents at the beginning of the year	144,232,844	12,172,094
Cash and cash equivalents at the end of the year	126,831,329	144,232,844

Note: Cash and cash equivalents at the end of the year include deposits with banks aggregating to Rs 5,000,000 (previous year Rs 5,000,000) pledged against secured loans and margin money, which are not freely available for use by the Company.

As per our report attached

For B S R & Company
Chartered Accountants

Supreet Sachdev
Partner
Membership No. 205385

Bangalore
June 25, 2009

For Mindteck (India) Limited

Guhan Subramaniam
Chairman

Javed Gaya
Director

Bangalore
June 25, 2009

Pankaj Agarwal
Managing Director

Indresh Narain
Director

Vivek Malhotra
Director

P. Vidya Sagar
Company Secretary

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

Rs in lakhs

1 Name of the Subsidiary	Mindteck Inc.* (Formerly Infotech Consulting Inc.)	Mindteck Middle East Ltd.	Mindteck Software Malaysia SDN BHD	Mindteck BPO Services Pvt Ltd	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 2009	31st March 2009	31st March 2009	31st March 2009	31st March 2009	31st March 2009	31st March 2009	31st March 2009	31st March 2009
3 Date from which it became a subsidiary	01st February 2008	12th July 2005	22nd December 2005	21st February, 2006	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	18,200 Shares of USD 1 each	500 Shares of BD 100 each	250,000 Shares of RM 1 each	50,000 Shares of Rs 10 each	1,310,500 Shares of SD 1 each	968,408 Shares of GBP 1 each	2 Shares of USD 1 each	25,000 Shares of Euros 1 each	180 Shares of Euro 100 each
b) Extent of Holding	100%	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 2009	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) not dealt with in the accounts of the Company for the year ended 31st March 2009	Profit : 679.08	Profit : 7.22	Profit : 3.70	Profit : 0.28	Profit : 17.83	Profit : 73.61	Profit : Nil	Profit : 2.20	Profit : 10.66
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 2009	NIL	NIL	NIL	NIL					
b) not dealt with in the accounts of the Company for the year ended 31st March 2009	Profit : 75.03	Loss : (147.69)	Loss : (34.86)	Loss : (0.28)	Nil	Loss : Nil	- : Nil	Profit : Nil	Profit : Nil

Note:

* With effect from March 31, 2009, ICI Tech Holdings Inc. has been merged with its operating subsidiary Mindteck Inc. and as such no separate disclosure is made in respect ICI Tech holdings Inc.

For Mindteck (India) Limited

Guhan Subramaniam
Chairman

Pankaj Agarwal
Managing Director

Vivek Malhotra
Director

Javed Gaya
Director

Indresh Narain
Director

P. Vidya Sagar
Company Secretary

Bangalore
June 25, 2009

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	Total Assets	Total Liabilities	Investments	Turnover	Profit/(Loss) Before Taxation	Provision for Taxation	Profit/(Loss) After Taxation	Proposed Dividend
Mindteck Inc. *	7.80	2,052.41	7,296.19	7,296.19	NIL	24,815.51	896.88	217.80	679.08	55.94
Mindteck Middle East Ltd.	57.505	(110.34)	113.07	113.07	NIL	244.04	7.22	NIL	7.22	NIL
Mindteck Software Malaysia SND BHD	30.16	(35.81)	79.91	79.91	NIL	142.18	3.70	NIL	3.70	NIL
Mindteck BPO Services Pvt. Ltd.	5.00	NIL	5.00	5.00	NIL	NIL	0.28	NIL	0.28	NIL
Mindteck Singapore Pte. Ltd.	380.47	131.69	993.16	993.16	NIL	1,772.84	20.43	2.60	17.83	NIL
Mindteck UK Ltd.	772.07	(808.95)	904.12	904.12	26.63	2,223.18	73.61	NIL	73.61	NIL
Chendle Holdings Ltd.	0.001	NIL	200.30	200.30	200.30	NIL	NIL	NIL	NIL	NIL
Mindteck Germany GmbH	16.22	2.20	166.07	166.07	NIL	127.38	2.20	NIL	2.20	NIL
Mindteck Netherlands B.V.	10.41	10.66	112.95	112.95	NIL	134.26	10.66	NIL	10.66	NIL

Note: * Effective March 31, 2009, ICI Tech Holdings Inc. has been merged with its operating subsidiary Mindteck Inc. and as such no separate disclosure is made in respect ICI Tech holdings Inc.

For Mindteck (India) Limited

Guhan Subramaniam
Chairman

Pankaj Agarwal
Managing Director

Vivek Malhotra
Director

Javed Gaya
Director

Indresh Narain
Director

P. Vidya Sagar
Company Secretary

Bangalore
June 25, 2009

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the EIGHTEENTH ANNUAL GENERAL MEETING of the Members of Mindteck (India) Limited will be held on Friday, September 11, 2009 at 4 pm at Redwood, Hotel Royal Orchid Central, 47/1, Dickenson Road, Manipal Centre, Bangalore 560 042 to transact the following business:

AS ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as on March 31, 2009 and the Profit & Loss Account for the year ended on that date, together with the Reports of the Directors and Auditors thereon.
2. To appoint a director in place of Mr. Vivek Malhotra, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

AS SPECIAL BUSINESS:

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

“RESOLVED THAT Mr. Indresh Narain, who was appointed by the Board of Directors on March 24, 2009 as an Additional Director pursuant to Article 114(a) of the Articles of Association of the Company and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice under section 257 of the Companies Act, 1956 from a member proposing his candidature to the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

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

“RESOLVED THAT Mr. Javed Gaya, who was appointed by the Board of Directors on March 24, 2009 as an Additional Director pursuant to Article 114(a) of the Articles of Association of the Company and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice under section 257 of the Companies Act, 1956 from a member proposing his candidature to the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

BY ORDER OF THE BOARD
For Mindteck (India) Limited

P. Vidya Sagar
Company Secretary

Registered Office:
16/3, Cambridge Road,
Ulsoor, Bangalore 560008.

July 31, 2009

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing proxy should however be deposited at the registered office of the company not less than forty-eight hours before the commencement of the meeting.
3. Members/ proxies should bring duly filled Attendance Slips sent herewith to attend the meeting.
4. The Register of Directors' shareholding maintained by the Company under Section 307 of the Companies Act, 1956, will be available for inspection by the members at the said AGM.
5. The Register of Contracts maintained by the Company under Section 301 of the Companies Act, 1956, will be available for inspection by the members at the registered office of the Company.
6. The Register of Members and Share transfer Books shall remain closed from Tuesday, September 1, 2009 to Friday, September 11, 2009 (both days inclusive) for the purpose of Annual General Meeting.
7. Members (those holding shares in the physical form only) are requested to intimate change of address, if any, to the Company's Registrars, M/s Mondkar Computers Pvt. Ltd. at 21, Shakil Niwas, Mahakali Caves Road, Andheri (East), Mumbai – 400 093.
8. Members desiring any information relating to the Company's Accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready.
9. A blank Attendance Slip is annexed to the Proxy Form. Members 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.

ADDITIONAL INFORMATION PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT REGARDING DIRECTOR SEEKING RE-APPOINTMENT.

Item No. 2 – Re-Appointment of Mr. Vivek Malhotra as a Director of the Company

Brief particulars of Mr. Vivek Malhotra are given below:

Mr. Vivek Malhotra, aged 45, is a qualified Chartered Accountant. Mr. Malhotra has significant international experience of working in various positions in Kenya, Zambia, Tanzania, Sudan, Sri Lanka, Nepal and Uganda in the course of his career. He has worked in various capacities with organizations such as USAID, PSI, KfW and John Hopkins University Centre for communications program.

Apart from being on the Board of Mindteck (India) Limited, Mr. Malhotra is also on the Board of Population Health Services (India).

He is also the Chairman of the Company's Audit Committee and a member on the HR & Compensation Committee and Shareholders/ Investors Grievance Committee of the Company.

Mr. Malhotra is an independent, non-executive director on the Company's Board.

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

Item No. 4 – Appointment of Mr. Indresh Narain as Director of the Company

The Company's Board has, pursuant to Section 260 of the Companies Act, 1956 and Article 114(a) of the Company's Articles of Association, appointed Mr. Indresh Narain as an additional Director of the Company with effect from March 24, 2009. In terms of the Articles of Association and Section 260 of the Companies Act, 1956, Mr. Narain will hold office until the date of this Annual General Meeting.

The Company has received notice together with the required deposit under Section 257 of the Companies Act, 1956 from a member indicating his intention to propose Mr. Narain as Director of the Company. Mr. Narain has filed his consent to act as Director, if appointed. Brief particulars of Mr. Narain are given below:

Mr. Indresh Narain, aged 64, is a retired Banker. He has spent over 35 years working with HSBC in various capacities, including Personal and Corporate Banking, Wealth Management, Asset Recovery, Corporate Finance and Human Resources at Regional and Head Office levels. He was a Head of Compliance and Legal, HSBC Group India between 1999 and 2005. He was also a member of the Assets & Liabilities Committee (ALCO) - the apex Management Committee for the Group, and a Member of the Corporate Governance and Audit Committees.

Mr. Narain's other directorships are as under:

- Cholamandalam DBS Finance Ltd. - Director and Audit Committee Chairman.
- Intex Technologies (India) Ltd. – Director, Audit Committee Chairman and member of the Productivity Committee.
- Dhanuka Agritech Ltd. – Director.
- Invitee on the Board of Governors of Welham Girls School, Dehra Dun and member of the Finance Committee

The Company's Board is of the opinion that Mr. Narain's presence on the Board will be of immense benefit to the Company. Having regard to his wide experience, the Company's Board recommends the appointment of Mr. Narain as an ordinary director of the Company, liable to retire by rotation. Ordinary Resolution as set out above in Item No. 4 is recommended for shareholders' approval. None of the Directors of the Company, except Mr. Indresh Narain, is in any way concerned or interested in the resolution.

Item No. 5 - Appointment of Mr. Javed Gaya as Director of the Company

The Company's Board has, pursuant to Section 260 of the Companies Act, 1956 and Article 114(a) of the Company's Articles of Association, appointed Mr. Javed Gaya as an additional Director

of the Company with effect from March 24, 2009. In terms of the Articles of Association and Section 260 of the Companies Act, 1956, Mr. Gaya will hold office until the date of this Annual General Meeting.

The Company has received notice together with the required deposit under Section 257 of the Companies Act, 1956 from a member indicating his intention to propose Mr. Gaya as a Director of the Company. Mr. Gaya has filed his consent to act as Director, if appointed. Brief particulars of Mr. Javed Gaya are given below:

Mr. Javed Gaya, aged 53, is a lawyer by profession, practicing Civil Law in India and in overseas for many years. Mr. Gaya received his Law degree from the Oxford University in England. He has been a member of the Honorable Society of Lincoln's Inn, London.

Mr. Gaya has extensive work experience with English Law firm, Nabarro Nathanson in Dubai contributing much in 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. In 2000, Mr. Gaya setup his own law firm in Mumbai. His clientele includes successful MNCs, Construction, Oil and Gas, and the Pharmaceutical companies. He also shares his time working with other Indian subsidiaries of foreign clients.

Mr. Gaya is presently on the Boards of many renowned companies some of which are Taib Securities Ltd. and Mecklai Financial, contributing to the administrative resolutions and policies of these companies.

The Company's Board is of the opinion that Mr. Gaya's presence on the Board will be of immense benefit to the Company. Considering his expertise and knowledge the Company's Board recommends the appointment of Mr. Gaya as an ordinary director of the Company, liable to retire by rotation. Ordinary Resolution as set out above in Item No. 5 is recommended for shareholders' approval. None of the Directors of the Company, except Mr. Javed Gaya, is in any way concerned or interested in the resolution.

By Order of the Board
for Mindteck (India) Limited

P. Vidya Sagar
Company Secretary

Registered Office:
16/3, Cambridge Road,
Ulsoor, Bangalore 560008.

July 31, 2009

NOTES
(For use by Shareholders)

MINDTECK (INDIA) LIMITED

Registered Office: 16/3, Cambridge Road, Ulsoor, Bangalore 560008.

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP IN ALL RESPECTS AND
HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

REGD. FOLIO NO./CLIENT ID:

DP ID NO:

NAME:

ADDRESS:

I hereby record my presence at the Eighteenth Annual General Meeting of the Company.

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

Date: September 11, 2009 at 4 p.m.

NAME OF THE SHAREHOLDER (IN BLOCK CAPITALS)

SIGNATURE OF THE SHAREHOLDER OR PROXY

Note :

A Proxy attending on behalf of the Member(s) shall write the name of the Member(s) from whom he holds Proxy.

MINDTECK (INDIA) LIMITED

Registered Office: 16/3, Cambridge Road, Ulsoor, Bangalore 560008.

PROXY FORM

I/We of
in the district of being a Member/Members of the above named Company, hereby appoint
Mr./Mrs..... of in the 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 Eighteenth Annual General Meeting of the Company to be held on Friday, September
11, 2009 at 4 p.m. at Redwood, Hotel Royal Orchid Central, 47/1, Dickenson Road, Manipal Centre, Bangalore 560 042 and at any
adjournment thereof.

Signed this day of 2009.

Reg. Folio / Client ID No. :

DP ID No. :

No. of shares :

Signature: Stamp

Affix
Re. One
Revenue
Stamp

Note : The proxy form duly signed across the revenue stamp of One Rupee must reach the Company's Registered Office not less than 48 hours before the time of the meeting.

India

16/3, Cambridge Road
Bangalore 560 008
INDIA
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Fax: 91 80 41125813

United States

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Suite 201
Enola, PA 17025
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United Kingdom

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29-31 East Barnet Road
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Malaysia

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Incubator-Accelerator
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Bahrain

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Kingdom of Bahrain
Tel: 973 17 534469
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