RED HERRING PROSPECTUS
Dated January 29, 2007
Please read section 60B of the Companies Act, 1956
(The Red Herring Prospectus will be updated upon filing with the RoC)
100% Book Building Issue

MindTree Consulting Limited

(We were incorporated as MindTree Consulting Private Limited on August 5, 1999. Our status was subsequently changed to a public limited company by a special resolution of the members passed at the annual general meeting held on September 27, 2006. The fresh certificate of incorporation consequent on change of name was granted to our Company on November 6, 2006 by the Registrar of Companies, Karnataka.)

Registered Office: MindTree House, No. 3, Block A, No. 42, 27th Cross, Banashankari 2nd Stage, Bangalore 560 070, India

For changes in our registered office see "History and Certain Corporate Matters" on page 85.

Company Secretary and Compliance Officer: Rostow Ravanan

Tel: (91 80) 2671 1777/ 2671 2777, Fax: (91 80) 2671 4000, Email: investors@mindtree.com, Website: www.mindtree.com

PUBLIC ISSUE OF 5,593,300 EQUITY SHARES OF RS. 10 EACH FOR CASH AT A PRICE OF RS [•] PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF RS. [•] PER EQUITY SHARE (THE "ISSUE") BY MINDTREE CONSULTING LIMITED (THE "COMPANY OR "THE ISSUER"), AGGREGATING RS. [•] MILLION. THE ISSUE COMPRISES A NET ISSUE OF 4,940,740 EQUITY SHARES OF RS. 10 EACH (THE "NET ISSUE"), A RESERVATION OF UP TO 372,900 EQUITY SHARES OF RS. 10 EACH FOR OUR ELIGIBLE EMPLOYEES (THE "EMPLOYEE RESERVATION PORTION") AND A RESERVATION OF UP TO 279,660 EQUITY SHARES OF RS. 10 EACH FOR OUR BUSINESS ASSOCIATES (THE "BUSINESS ASSOCIATE RESERVATION PORTION"). THE ISSUE LESS THE EMPLOYEE RESERVATION PORTION AND THE BUSINESS ASSOCIATE RESERVATION PORTION IS REFERRED TO AS THE "NET ISSUE". THE ISSUE WOULD CONSTITUTE 15% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF THE COMPANY. THE NET ISSUE WILL CONSTITUTE 13.25% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF THE COMPANY.

PRICE BAND: RS. 365 /- TO RS. 425/- PER EQUITY SHARE OF FACE VALUE OF RS. 10.

THE FACE VALUE OF THE EQUITY SHARES IS RS. 10 AND THE FLOOR PRICE IS 36.5 TIMES OF THE FACE VALUE AND THE CAP PRICE IS 42.5 TIMES OF THE FACE VALUE

In case of revision in the Price Band, the Bidding Period will be extended for three additional days after revision of the Price Band subject to the Bidding Period/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to the National Stock Exchange of India Limited ("NSE") and the Bombay Stock Exchange Limited ("BSE"), by issuing a press release, and also by indicating the change on the websites of the Book Running Lead Managers and the Co Book Running Lead Manager and at the terminals of the Syndicate.

In terms of Rule 19(2)(b) of the Securities Contract Regulation Rules, 1957 ("SCRR"), this being an Issue for less than 25% of the post–Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue will be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"), out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to all QIBs including Mutual Funds, subject to valid bids being received from them at or above the Issue Price. If at least 60% of the Net Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, up to 10% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 30% of the Net Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. Further, up to 372,900 Equity Shares shall be available for allocation on a proportionate basis to the Eligible Employees and up to 279,660 Equity Shares shall be available for allocation on a proportionate basis to the Business Associates, subject to valid Bids being received at or above the Issue Price.

RISK IN RELATION TO THE FIRST ISSUE

This being the first public issue of Equity Shares of the Company, there has been no formal market for the Equity Shares of the Company. The face value of the Equity Shares is Rs.10 per Equity Share and the Issue Price is [•] times of the face value. The Issue Price (as determined by the Company, in consultation with the Book Running Lead Managers, on the basis of assessment of market demand for the Equity Shares offered by way of book building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing. **We have not opted for a grading of this Issue from a credit rating agency.**

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Red Herring Prospectus. Specific attention of the investors is invited to "Risk Factors" on page (x).

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all information with regard to the Company and the Issue, which is material in the context of the Issue, that the information contained in this Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING ARRANGEMENT

The Equity Shares offered through this Red Herring Prospectus are proposed to be listed on the NSE and the BSE. We have received in-principle approval from NSE and BSE for the listing of our Equity Shares pursuant to letters dated December 27, 2006 and December 26, 2006, respectively. For purposes of this Issue, the Designated Stock Exchange is NSE.

BOOK RUNNING LEAD MANAGERS		REGISTRAR TO THE ISSUE
Kotak Mahindra Capital Company Limited 3rd Floor, Bakhtawar, 229 Nariman Point, Mumbai 400 021, India Tel: (91 22) 6634 1100 Fax: (91 22) 2284 0492 Email: mindtree.ipo@kotak.com Website: www.kotak.com Contact Person: Mr. Chandrakant Bhole	**JM Morgan Stanley Private Limited** 141 Maker Chambers III Nariman Point, Mumbai 400 021, India Tel: (91 22) 6630 3030 Fax: (91 22) 2204 7185 Email: mindtree.ipo@jmmorganstanley.com Website: www.jmmorganstanley.com Contact Person: Mr. Vibhor Kumar	**Mondkar Computers Private Limited** 21, Shakil Niwas, Opp. Satyasaibaba Temple Mahakali Caves Road, Andheri (East) Mumbai – 400093. Tel: (91 22) 28257641, 28366620 Fax: (91 22) 28262920, 28369704 Email: mindtree_ipo@mondkarcomputers.com Website: www.mondkarcomputers.com Contact Person: Mr. Ashok Gupta / Mr. Ravindra Utekar

BID/ISSUE PROGRAMME

BID/ISSUE OPENS ON: FEBRUARY 9, 2007	BID/ISSUE CLOSES ON: FEBRUARY 14, 2007

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SECTION I- GENERAL

Definitions and Abbreviations

Company Related Terms

Term	Description
"MindTree", "we", "us", "our", "Issuer", "the Company" and "our Company".	Unless the context otherwise indicates or implies, refers to MindTree Consulting Limited, a public limited company incorporated under the Act
Articles	Articles of Association of our Company
ASAP	ASAP Solutions Private Limited
ARSPL	Arachno Solutions Private Limited
Auditors	The statutory auditors of our Company, BSR & Associates
Board/ Board of Directors	Board of Directors of our Company
Directors	Directors of MindTree Consulting Limited, unless otherwise specified
Memorandum	Memorandum of Association of our Company
Registered Office	MindTree House, No. 3, Block A, No. 42, 27th Cross, Banashankari 2nd Stage, Bangalore 560 070
DSOP 2006	Directors Stock Option Plan 2006 (for independent directors)
ESOP Plans	Collectively ESOP 1999, ESOP 2001, ESOP 2006 (a) and ESOP 2006 (b)
ESOP 1999	Employee Stock Option Program 1 adopted for the benefit of employees who joined our Company on or before September 30, 2001 or to whom offers were made prior to August 7, 2001. The plan was valid from August 5, 1999 to September 30, 2001
ESOP 2001	Employee Stock Option Program 2 adopted for the benefit of employees who joined our Company on or after October 1, 2001 or to whom offers were made after August 7, 2001. The plan was valid from October 1, 2001 to April 30, 2006
ESOP 2006 (a)	Employee Stock Option Program 3 adopted for the benefit of employees who joined our Company on or after April 1, 2005. The Plan was valid till October 24, 2006
ESOP 2006 (b)	Employee Stock Option Program 4 for the employees of the Company as approved by the shareholders by way of a resolution dated November 16, 2006 and subsequent amendments
Promoters	Ashok Soota, Subroto Bagchi, N. Krishna Kumar, S. Janakiraman, N.S. Parthasarathy, Rostow Ravanan, Kalyan Kumar Banerjee, Scott Staples, Kamran Ozair, Anjan Lahiri and LSO Investment (P) Limited
Shareholders Agreement	Amended and Restated Shareholders Agreement entered into between us, our Promoters, Walden Software Investments Limited, Global Technology Ventures Limited and Capital International Global Emerging Markets Private Equity Fund, L.P. on November 15, 2006 and amendment thereto on December 5, 2006.

Issue Related Terms

Term	Description
Allotment/Allot	Unless the context otherwise requires, the allotment and transfer of Equity Shares, pursuant to the Issue
Allottee	The successful Bidder to whom the Equity Shares are/ have been issued or transferred
Banker(s) to the Issue	Hongkong and Shanghai Banking Corporation Limited, ICICI Bank Limited. Standard Chartered Bank and Kotak Mahindra Bank Limited.
Bid	An indication to make an offer during the Bidding Period by a prospective investor to subscribe to the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto
Bid / Issue Closing Date	The date after which the Syndicate will not accept any Bids for the Issue, which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper and a Kannada newspaper with wide circulation
Bid / Issue Opening Date	The date on which the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in a widely circulated English national newspaper, a Hindi national newspaper and a Kannada newspaper with wide circulation
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue
Bid cum Application Form	The form in terms of which the Bidder shall make an offer to purchase Equity

Term	Description
	Shares of our Company in terms of the Red Herring Prospectus and the Bid cum Application Form
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form
Bidding / Issue Period	The period between the Bid/ Issue Opening Date and the Bid/ Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids
Book Building Process/ Method	Book building route as provided in Chapter XI of the SEBI Guidelines, in terms of which this Issue is being made
Book Running Lead Managers/BRLMs	Book Running Lead Managers to the Issue, in this case being Kotak Mahindra Capital Company Limited and JM Morgan Stanley Private Limited
Business Associates	Customers of the Company who are, directly or indirectly, the subscribers to our services as of December 11, 2006, and incorporated in India. For the avoidance of doubt it is clarified that no offer or sale is being made to any Business Associate of the Company that are incorporated outside India.
Business Associate Reservation Portion	The portion of the Issue being up to 279,660 Equity Shares available for allocation to Business Associates
CAN/ Confirmation of Allocation Note	Means the note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted
Co-Book Running Lead Manager/CBRLM	Co-Book Running Lead Manager to the Issue, in this case being J.P. Morgan India Private Limited
Cut-off Price	The Issue Price finalised by our Company in consultation with the BRLMs
Depository/Depositories	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time, in this case being NSDL and CDSL
Depositories Act	The Depositories Act, 1996 as amended from time to time
Depository Participant/DP	A depository participant as defined under the Depositories Act
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account after the Prospectus is filed with the RoC, following which the Board of Directors shall allot Equity Shares to successful Bidders
Designated Stock Exchange	The National Stock Exchange of India Limited
Draft Red Herring Prospectus	The Draft Red Herring Prospectus filed with SEBI on December 11, 2006, issued in accordance with Section 60B of the Companies Act, and the SEBI Guidelines which do not contain, *inter alia,* complete particulars on the price at which the Equity Shares are offered and the size (in terms of value) of the Issue
ECS	Electronic Clearing Service
Eligible Employee	Permanent employees of our Company who are Indian nationals based in India or UAE as of Issue Opening Date and are present in India on the date of submission of the Bid cum Application Form. A director of the Company, whether a whole time director, except any Promoters or members of the Promoter group, part time director or otherwise as of Issue Opening Date and based and present in India as on the date of submission of the Bid cum Application Form
Employee Reservation Portion	The portion of the Issue being up to 372,900 Equity Shares available for allocation to Eligible Employees
Eligible NRI	NRI from such jurisdiction outside India where it is not unlawful to make an offer or invitation under the Issue
Equity Shares	Equity shares of our Company of Rs. 10 each unless otherwise specified in the context thereof
Escrow Account	Account opened with the Escrow Collection Bank(s) for the Issue and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement to be entered into by our Company, the Registrar, BRLMs the Syndicate Members and the Escrow Collection Bank(s) for collection of the Bid Amounts and where applicable, refunds of the amounts collected to the Bidders on the terms and conditions thereof
Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Banker to the Issue with whom the Escrow Account will be opened and in this case being Hongkong and Shanghai Banking Corporation Limited, ICICI Bank Limited. Standard Chartered Bank and Kotak Mahindra Bank Limited.
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form
Floor Price	The lower end of the Price Band, above which the Issue Price will be finalized

Term	Description
	and below which no Bids will be accepted
FVCI	Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000
Issue	Public issue of 5,593,300 Equity Shares of Rs. 10 each for cash at a price of Rs [•] per Equity Share including a share premium of Rs. [●] per Equity Share, aggregating Rs. [•] million. The Issue comprises a Net Issue of 4,940,740 Equity Shares of Rs. 10 each, a reservation of up to 372,900 Equity Shares of Rs. 10 each for our Eligible Employees and a reservation of up to 279,660 Equity Shares of Rs. 10 each for our Business Associates
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of the Red Herring Prospectus or the Prospectus. The Issue Price will be decided by the Company in consultation with the BRLMs on the Pricing Date
JMMS	JM Morgan Stanley Private Limited having its registered office at 141, Maker Chambers III, Nariman Point, Mumbai 400 021, India
JPM	J.P. Morgan India Private Limited having its registered office 9th Floor, Mafatlal Centre, Nariman Point, Mumbai 400 021
KMCC	Kotak Mahindra Capital Company Limited having its registered office at 3rd Floor, Bakhtawar, 229 Nariman Point, Mumbai 400 021, India
Lead Manager/LM	Lead Manager to the Issue, in this case being Macquarie
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, being 10% to 100% of the Bid Amount
Macquarie	Macquarie India Advisory Services Private Limited having its registered office at Level 3, Mafatlal Center, Nariman Point, Mumbai 400 021, India
Mutual Funds	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Mutual Fund Portion	5% of the QIB Portion or 148,222 Equity Shares (assuming the QIB Portion is for 60% of the Issue Size) available for allocation to Mutual Funds only, out of the QIB Portion
Non Institutional Bidders	All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 100,000 (but not including NRIs other than Eligible NRIs)
Non Institutional Portion	The portion of the Issue being up to 494,075 Equity Shares of Rs. 10 each available for allocation to Non Institutional Bidders
Net Issue	The Issue less the Employee Reservation Portion and the Business Associate Reservation Portion, being 4,940,740 Equity Shares of Rs. 10 each
Pay-in Date	Bid Closing Date or the last date specified in the CAN sent to Bidders, as applicable
Pay-in-Period	(a) With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date; and extending until the Bid/ Issue Closing Date; and (b) With respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date and extending until the closure of the Pay-in Date
Price Band	Price band of a minimum price (floor of the price band) of Rs. 365/- and the maximum price (cap of the price band) of Rs. 425/- and includes revisions thereof
Pricing Date	The date on which our Company in consultation with the BRLMs finalizes the Issue Price
Prospectus	The Prospectus to be filed with the RoC in terms of Section 60 of the Companies Act, containing, inter alia, the Issue Price that is determined at the end of the Book Building process, the size of the Issue and certain other information
Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account on the Designated Date
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, FIIs, scheduled commercial banks, mutual funds registered with SEBI, venture capital funds registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million
QIB Margin Amount	An amount representing at least 10% of the Bid Amount
QIB Portion	The portion of the Issue being 2,964,445 Equity Shares of Rs. 10 each to be allotted to QIBs
Refund Banker(s)	Hongkong and Shanghai Banking Corporation Limited
RTGS	Real Time Gross Settlement
Refunds through electronic transfer of funds	Refunds through electronic transfer of funds means refunds through ECS, Direct Credit or RTGS as applicable

Term	Description
Registrar to the Issue	Registrar to the Issue, in this case being Mondkar Computers Private Limited having its registered office as indicated on the cover page
Retail Individual Bidder(s)	Individual Bidders (including HUFs) who have not Bid for Equity Shares for an amount more than or equal to Rs. 1,00,000 in any of the bidding options in the Issue (including HUF applying through their Karta and Eligible NRIs)
Retail Portion	The portion of the Issue being up to 1,482,220 Equity Shares of Rs. 10 each available for allocation to Retail Bidder(s)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s)
RHP or Red Herring Prospectus	This Red Herring Prospectus filed with RoC in terms of Section 60B of the Companies Act, at least 3 days before the Bid/ Issue Opening Date
Stock Exchanges	BSE and NSE
Syndicate or members of the Syndicate	The BRLMs, CBRLM, LM and the Syndicate Members
Syndicate Agreement	Agreement to be entered into between the Syndicate and our Company in relation to the collection of Bids in this Issue
Syndicate Members	Kotak Securities Limited and JM Morgan Stanley Financial Services Private Limited
TRS/ Transaction Registration Slip	The slip or document issued by the Syndicate to the Bidder as proof of registration of the Bid
Underwriters	The BRLMs and the Syndicate Members
Underwriting Agreement	The Agreement between the members of the Syndicate and our Company to be entered into on or after the Pricing Date
Venture Capital Funds/VCF	Venture capital funds as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996, as amended from time to time

Conventional and General Terms/ Abbreviations

Term	Description
A/c	Account
Act or Companies Act	Companies Act, 1956 and amendments thereto
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
AY	Assessment Year
BPO	Business Process Outsourcing
BSE	Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
DP ID	Depository Participant's Identity
DTA	Domestic Tariff Area
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EGM	Extraordinary General Meeting
EPS	Earnings Per Share i.e., profit after tax for a fiscal/period divided by the weighted average number of equity shares/potential equity shares during that fiscal/period
EU	European Union
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations thereunder and amendments thereto
FEMA Regulations	FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 and amendments thereto
FII(s)	Foreign Institutional Investors as defined under SEBI (Foreign Institutional Investor) Regulations, 1995 registered with SEBI under applicable laws in India
Financial Year/ Fiscal/ FY	Period of twelve months ended March 31 of that particular year
GDP	Gross Domestic Product
GoI/Government	Government of India
HUF	Hindu Undivided Family
IFRS	International Financial Reporting Standards
IT	Information Technology
I.T. Act	The Income Tax Act, 1961, as amended from time to time

Term	Description
ITES	Information Technology Enabled Services
Indian GAAP	Generally Accepted Accounting Principles in India
IPO	Initial Public Offering
MOU	Memorandum of Understanding
NA	Not Applicable
NAV	Net Asset Value being paid up equity share capital plus free reserves (excluding reserves created out of revaluation, preference share capital and share application money) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of Profit and Loss account, divided by number of issued equity shares outstanding at the end of fiscal
NR	Non-resident
NRE Account	Non Resident External Account
NRI	Non Resident Indian, is a person resident outside India, as defined under FEMA and the FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Transfer or Issue of Foreign Security by a Person resident outside India) Regulations, 2000
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
PLR	Prime Lending Rate
QIB	Qualified Institutional Buyer
RBI	The Reserve Bank of India
RoC	The Registrar of Companies
RONW	Return on Net Worth
Rs.	Indian Rupees
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act 1992, as amended from time to time
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 as amended from time to time
Sec.	Section
SEZ	Special Economic Zone under Special Economic Zone Act, 2005
Stock Exchange(s)	BSE and/ or NSE as the context may refer to
STPI	Software Technology Park of India
US / USA	United States of America
US GAAP	Generally Accepted Accounting Principles in the United States of America

Industry Related Terms

Term	Description
AIG	American International Group
APAC	Asia Pacific Countries
ASIC	Application Specific Integrated Circuit
Asia AMET	Asia Africa Middle East and Turkey
Berne Convention	Convention of International Union for the Protection of Literary and Artistic Works
BFSI	Banking Financial Services and Insurance
BIOS	Basic Input Output System
Bluetooth SIG	Bluetooth Special Interest Group
CDP	Continuous Data Protection

Term	Description
CII	Communication Infrastructure Industry
CIO	Chief Information Officer
CMMI	Capability Maturity Model Integrated
CPG	Consumer Packaged Goods
CPU	Central Processing Unit
CRM	Customer Relationship Management
CTI	Communication Terminals Industry
Copyright Act	The Copyright Act, 1957
DSP	Digital Signal Processing
DVD	Digital Video Disk
ECNR	Echo Cancellation and Noise Reduction
EEPROM	Electrically Erasable Programmable Read Only Memory
ERP	Enterprise Resource Planning
e-Business	Electronic Business
GALIS	Get, Apply, Learn, Innovate and Share
IAAA	Industrial Automation, Automotive and Avionics
ICAB	Intellectual Capital Rating Sweden AB
IP	Intellectual Property
IS	Information Systems
IM & TS	Infrastructure Management and Technical Support
IT Services	Information Technology Services
MAKE	Most Admired Knowledge Enterprise
MINT	MindTree Incubated New Technologies
MPPS	MindTree People Perception Survey
MSA	Master Service Agreement
MUTE	MindTree Universal Test Environment
NASSCOM	National Association of Software and Service Companies
NetBSD	Net Berkeley Software Distribution, a portable operating system
ODC	Offshore Development Center
OneShore	A software development model developed by our Company under which the global resource team is leveraged to build a project team which can concurrently work on a client's project in multiple locations
P-CMM	People Capability Maturity Model
PCB	Printed Circuit Board
PCT	Patent Co-Operation Treaty
Paris Convention	Paris Convention for the Protection of Industrial Property, 1883
Patents Act	The Patents Act, 1970
PMP	Project Management Institute Conference
PowerPC	Power Performance Computing, a microprocessor architecture created by Apple-IBM-Motorola
RAID	Redundant Array of Independent Disks
RAM	Random Access Memory
RFID	Radio Frequency Identification
R&D	Research and Development
R&D Services	Research and Development Services
ROM	Read-Only Memory
RoHS	Restriction of Hazardous Substances Directive
SAP	Systems Applications and Products in data processing
SEI-CMM	Software Engineering Institute-Capability Maturity Model
SLA	Service Level Agreement
SOC	System On a Chip
Trademark Act	Trade Marks Act, 1999
TI OMAP	Texas Instruments OMAP
TRIPS Agreement	Agreement on Trade-Related Aspects of Intellectual Property Rights
UCC	Universal Copyright Convention, 1952
UTC	United Technologies Corporation
UWB	Ultra Wide Band
WiMAX	Worldwide Interoperability For Microwave Access Forum
WIPO	World Intellectual Property Organization

CERTAIN CONVENTIONS, PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

All references to "Rupees" or "Rs." are to Indian Rupees, the official currency of the Republic of India. All references to "US$" or "U.S. Dollars" are to United States Dollars, the official currency of the United States of America.

Unless stated otherwise, the financial data in this Red Herring Prospectus is derived from our restated financial statements prepared in accordance with Indian GAAP and the SEBI Guidelines, which are included in this Red Herring Prospectus. Our fiscal commences on April 1 and ends on March 31 of the next year. So all references to a particular fiscal are to the twelve-month period ended on March 31 of that year and all references to December 31 are to the nine month period ending on December 31of that year.

There are significant differences between Indian GAAP, IFRS and US GAAP. Although we have presented a summary of significant differences between Indian GAAP, IFRS, and the US GAAP, no attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions and events are presented in the financial statements and the notes thereto. We have not attempted to explain those differences or quantify their impact on the financial data included herein and we urge you to consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the Indian GAAP financial statements included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Red Herring Prospectus should accordingly be limited.

In this Red Herring Prospectus, any discrepancies in any table between the totals and the sum of the amounts listed are due to rounding off.

Market and industry data used in this Red Herring Prospectus has generally been obtained or derived from industry publications and sources. These publications typically state that the information contained therein has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decisions should be made based on such information. Although we believe that industry data used in this Red Herring Prospectus is reliable, it has not been verified. Similarly, we believe that the internal company reports are reliable; however, they have not been verified by any independent sources.

The extent to which the market and industry data used in this Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard valuation methodologies or accounting policies in the emerging information technology industry in India and methodologies and assumptions may vary widely among different industry sources.

The following table sets forth, for each period indicated, information concerning the number of Rupees for which one U.S. Dollar could be exchanged at the noon buying rate in the City of New York on the last business day of the applicable period for cable transfers in Rupees as certified for customs purposes by the Federal Reserve Bank of New York. The row titled "Average" in the table below is the average of the daily noon buying rate for each day in the period. Similarly, the rows titled "low" and "high" give the lowest and highest noon buying rates during the period.

	Fiscal 2004	Fiscal 2005	Fiscal 2006
Period End	43.40	43.62	44.48
Average	45.96	44.87	44.16
Low	43.40	43.27	43.05
High	47.46	46.45	46.26

On January 15, 2007, the noon buying rate was Rs. 44.43 per U.S. Dollar.

FORWARD-LOOKING STATEMENTS

This Red Herring Prospectus contains certain forward-looking statements. These forward looking statements can generally be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “shall”, “will”, “will continue”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe our objectives, plans or goals are also forward-looking statements.

All forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

- Loss of any major client or a decrease in the volume of work they outsource to us;
- A decline in demand for our IT Services and R&D Services;
- Economic slowdown in the U.S. or Europe resulting in reduction in or postponement of our clients’ IT spends;
- Changes in foreign exchange rates, equity prices or other rates or prices;
- Increased competition;
- Opposition to outsourcing in the U.S. and other countries;
- Changes in immigration laws in the U.S. and Europe which could limit our expansion plans;
- Our inability to manage our growth;
- Our failure to keep pace with rapid changes in technology;
- The monetary and interest policies of India, inflation, deflation, unanticipated turbulence in interest rates;
- Changes in the foreign exchange control regulations in India;
- The performance of the financial markets in India and abroad;
- General economic and business conditions in India and abroad;
- The ability to successfully implement our strategy;
- Changes in laws and regulations;
- Changes in political conditions in India and abroad;
- Our ability to finance our business and growth, and obtain financing on favourable terms; and
- Our ability to anticipate global outsourcing trends and suitably expand our current service offerings.

For a further discussion of factors that could cause our actual results to differ, refer to “Risk Factors” on page (x). By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither we, our Directors, any member of the Syndicate nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the BRLMs and our Company will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

SECTION II- RISK FACTORS

This offering involves a high degree of risk. You should carefully consider the risks described below before making an investment decision. If any of the risks described below actually occur, our business, prospects, financial condition and results of operations could be seriously harmed, the trading price of our Equity Shares could decline, and you may lose all or part of your investment.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any of the risks described in this section.

Any potential investor in, and purchaser of, our Equity Shares should pay particular attention to the fact that we are governed in India by a legal and regulatory environment which in some material respects may be different from that which prevails in the United States and other countries. Prior to making an investment decision, prospective investors and purchasers should carefully consider all of the information contained in this Red Herring Prospectus (including the financial statements on page 114). The numbering of the risk factors has been done to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk over another.

Internal Risk Factors

1. We have not entered into any definitive agreements to utilise the proceeds of the Issue.

We intend to use the net proceeds of the Issue to fund a new development centre in Chennai, for strategic initiatives, increased sales, marketing and promotional activities and other general corporate purposes. For more information, see "Objects of the Issue" on page 35. The objects of the Issue have not been appraised by any bank or other financial institution. Except as disclosed below, we have not entered into any definitive agreements to utilise such net proceeds. Pending any use of the net proceeds of the Issue, we intend to invest the funds in high quality, liquid instruments including deposits with banks.

One of the "Objects of the Issue" is to utilize the Net Proceeds of the Issue to fund a new development centre in Chennai, for which purpose we have executed a memorandum of understanding ("MoU"). According to the terms of the MoU, the registration of the lease in our favour is subject to obtaining the necessary letter of permission/letter of approval from the development commissioner. In this regard, we have made an application dated December 27, 2006 to the Development Commissioner, MEPZ Special Economic Zone Chennai to obtain an approval for setting up our unit in the Ascendas SEZ at Chennai

Further, under the terms of the MoU, the building to be constructed shall only be used for IT/ITES activities. In the event that we are not able to obtain the registration of the lease due to failure to obtain the requisite approval from the development commissioner, or otherwise, we may utilize the Net Proceeds towards other general corporate purposes, acquisitions of companies in India or abroad, expansion of existing or new development facilities, strategic initiatives, setting-up new practices, expanding into new geographies, brand building exercises or strengthening of our marketing capabilities.

2. Our revenues and profits are difficult to predict and can vary significantly from quarter to quarter which could cause the price of our Equity Shares to fluctuate.

Our operating results have varied in the past and may continue to vary significantly from quarter to quarter due to various reasons, including:

- the pressures on our client's technology budgets and the proportion of their technology services requirements that they outsource;
- unanticipated cancellations, non-renewal of our contracts by our clients, contract terminations or deferrals of projects;
- the size, timing and profitability of our projects, particularly with our major clients;
- decline in our acquisition of or loss of clients;
- delays in payment by clients or level of bad debts;
- changes in our pricing policies or those of our clients or those of our competitors;
- variations in the duration, size and scope of our projects;
- the proportion of services that we perform in our development centres in India as opposed to outside India;

- the proportion of services we perform on a fixed-price or time-and-material basis;
- the effect of seasonal hiring patterns, attrition, competition for skilled professionals and its effect on compensation costs, and the time required to train and productively utilise our new hires, particularly software professionals; and
- the size and timing of expansion of facilities.

Therefore, we believe that period-to-period comparisons of the results of our operations are not necessarily meaningful and should not be relied upon as an indication of our future performance. It is possible that in the future some of our quarterly results of operations may be below the expectations of market analysts and our investors, which could lead to a significant decline in the price of our Equity Shares.

Further, a significant portion of our expenses, particularly those related to personnel and facilities, are fixed in advance of any particular quarter. As a result, unanticipated variations in the number and timing of our projects or employee utilisation rates or available billing hours may cause significant variations in our operating results in any particular quarter. There are also a number of factors other than our performance that are not within our control, which could cause fluctuations in our operating results from quarter to quarter. These include:

- the duration of tax holidays or exemptions and the availability of other Government incentives;
- currency exchange rate fluctuations, particularly when the Rupee appreciates in value against the U.S. Dollar since the majority of our revenues are in U.S. Dollars and a significant part of our costs are in Rupees; and
- other general economic and political factors.

3. Our revenues are highly dependent on a limited number of clients. The loss of any one of our major clients, a decrease in the volume of work they outsource to us or a decrease in the price at which we offer our services to them may adversely impact our revenues and profitability.

We derive a significant portion of our revenues from a limited number of clients. In Fiscal 2004, 2005, 2006 and the nine months ended December 31, 2006, our top five customers accounted for 50.6%, 40.1%, 38.4% and 32.2% of our revenues, respectively. In Fiscal 2006, our largest customer, a global travel conglomerate, accounted for 14.3% of our revenues. As a result of our reliance on a limited number of clients, we may face pricing pressures. The volume of work performed for specific clients is likely to vary from period to period, especially since we are not the exclusive external service provider for our clients. In addition, there are a number of factors, other than our performance, that could cause the loss of a client and that may not be predictable. Our clients may also decide to reduce spending on technology services due to a challenging economic environment and other factors, both internal and external, relating to their business. Further, if any of our major clients become bankrupt or insolvent, we may lose some or all of our business from that client and our receivables from that client may have to be written off. Our business could also be adversely affected by the merger, acquisition or restructuring of our clients if the new entity chooses not to engage us to provide it with technology services and solutions. For example, one of our largest clients is in the process of restructuring into multiple business units, each to be treated as a separate customer. The demand for our services may be affected by such restructuring if some of the independent business units do not continue using our services to the same extent or at all. Any of the foregoing events or any delay or default in payment by our clients for services rendered, may adversely impact our business, financial condition and results of operations and could cause the price of our Equity Shares to decline.

4. We derive a substantial amount of our revenues and profits from rendering IT Services.

We are organised into two divisions – Information Technology Services ("IT Services") and Research and Development Services ("R&D Services").

In Fiscal 2004, 2005, 2006 and the nine months ended December 31, 2006, our revenues from IT Services accounted for 72.5%, 75.3%, 76.5% and 75.8% of our total revenues, respectively. Within IT Services, a majority of our revenues were derived from custom application development services. There could be a sharp decline in demand for our IT Services due to various factors, including:

- increased competition;
- technological advancement making our know-how in this field redundant;
- loss of our key people with technical and domain expertise;

- increase in usage of packaged software by our clients that reduces the scope of custom application development; and
- reduction in outsourcing due to companies servicing their technology needs in-house through captive centers or otherwise.

Although we are committed to increasing our revenues from our R&D Services, we cannot assure you that our dependence on revenues from IT Services will reduce or that our revenues from IT Services will be sustained in the future. A decline in demand for our IT Services in general, and our custom application development services in particular, may have a material adverse effect on our business, financial condition and results of operations and could cause the price of our Equity Shares to decline.

5. ***Our revenues are highly dependent on clients located in the United States and Europe. Economic slowdowns and other factors that affect the economic health of the United States or Europe may affect our business.***

A significant proportion of our revenues are derived from clients located in the United States and Europe. In Fiscal 2004, 2005, 2006 and the nine months ended December 31, 2006, 61.1%, 63.1%, 63.0% and 62.7% of our revenues, respectively, were derived from clients located in the United States and 17.0%, 22.6%, 22.6% and 23.0% of our revenues, respectively, were derived from clients located in Europe. This calculation of revenues by client geography is based on the location of the specific client entity for which services are performed, irrespective of the location where a billing may be rendered. Our services for clients located in the U.S. and Europe generally provide higher margins than for our clients in the Asia Pacific region. Consequently, in the event of any economic slowdown in the United States and/or Europe, our clients may reduce or postpone their IT spending significantly, which may in turn lower the demand for our services and negatively affect our business, financial condition and results of operations and could cause the price of our Equity Shares to decline.

6. ***We operate in a highly competitive environment and this competitive pressure on our business is likely to continue.***

The market for technology services is highly competitive and rapidly evolving. We face competition from other Indian and international technology services companies, divisions of large multinational technology firms and captive offshore centres of large corporations.

Some of our competitors have significantly greater financial, technical and marketing resources and generate greater revenues than us. Furthermore, some of them have pan-India presence resulting in better brand recall across India and have long standing relationships with their clients within and outside India and are therefore the preferred service providers for their clients. We cannot assure you that we will be able to retain our clients or attract new clients while competing successfully against such competitors. We believe that our ability to compete also depends in part on a number of factors beyond our control, including the ability of our competitors to attract, train, motivate and retain highly skilled technical people, the price at which our competitors offer comparable services and the extent of our competitors' responsiveness to client needs.

A significant part of our competitive advantage has historically been our cost advantage relative to service providers in the United States and Europe. Since wage costs in our industry in India are presently increasing at a faster rate than those in the United States and Europe, if this trend continues, our ability to compete effectively will become increasingly dependent on our reputation, the quality of our services and our expertise in specific markets.

The technology services industry is also witnessing the emergence of competition from countries such as China and the Philippines, which have labour costs similar to India. Clients that presently outsource a significant proportion of their technology service requirements to vendors in India may seek to reduce their dependence on one country and outsource work to other offshore destinations. As a result, we expect that future competition will increasingly include firms with operations in other countries.

We cannot assure you that we will be able to successfully compete against Indian or other technology services providers. Our failure to remain competitive would have a material adverse effect on our business, financial condition and results of operations, and could cause the price of our Equity Shares to decline.

7. ***Because a significant percentage of our revenues are denominated in U.S. Dollars and other foreign currencies and a significant percentage of our costs are denominated in Indian Rupees, we face currency exchange risks.***

The exchange rate between the Rupee and the U.S. Dollar has changed substantially in recent years and may continue to fluctuate significantly in the future. During Fiscal 2005 and 2006, the value of the Rupee against the U.S. Dollar rose by approximately 2.4% and 1.6%, respectively. In Fiscal 2005, 2006 and for the nine month period ending December 31, 2006, we derived 84.8%, 88.5% and 94.0%, respectively, of our revenues from our overseas business. Substantially all of these revenues are denominated in U.S. Dollars and to a lesser extent in the Euro, the Pound Sterling and other foreign currencies. At the same time, 61.5% of our costs are denominated in Indian Rupees**.** We expect that a majority of our revenues will continue to be generated in foreign currencies and that a significant portion of our expenses will continue to be denominated in Indian Rupees. Accordingly, our operating results have been and will continue to be impacted by fluctuations in the exchange rate between the Indian Rupee and the U.S. Dollar and other foreign currencies. Any strengthening of the Indian Rupee against the U.S. Dollar, the Euro or other foreign currencies could adversely affect our financial condition and results of operations.

8. ***We are dependent on the expertise of our senior management and key personnel and the results of our operations may be adversely affected by the departure of our senior management and key personnel.***

We are dependent on our senior management team for setting our strategic direction and managing our business, both of which are crucial to our success. We do not maintain key man life insurance for any of the senior members of our management team or other key personnel. Given the substantial experience of our senior management team, in the event any or all of them leave or are unable to continue to work with us, it may be difficult to find suitable replacements in a timely manner or at all. Our ability to retain experienced personnel as well as senior management will also in part depend on us maintaining appropriate staff remuneration and incentive schemes. We cannot be sure that the remuneration and incentive schemes we have in place will be sufficient to retain the services of our senior management and skilled people. The loss of any of the members of our senior management or other key personnel may adversely affect our business, financial condition and results of operations and could cause the price of our Equity Shares to decline.

9. ***Our success depends in large part upon our highly skilled software professionals and our ability to attract and retain these personnel.***

Our ability to execute projects and to obtain new clients depends largely on our ability to attract, train, motivate and retain skilled software professionals, particularly project managers and other mid-level professionals. The average experience of our people as of December 31, 2006 is 4.7 years. Although we are constantly recruiting entry level graduates and laterals and providing them with regular training, we depend largely on our experienced people for successful delivery of projects, and it may be hard for us to find replacements if they leave.

Further, due to the limited pool of available skilled personnel in both IT Services and R&D Services, we face strong competition to recruit and retain skilled and professionally qualified staff. We are also dependent on hiring professionals with a few years of experience in the IT industry from other companies for our staffing requirements on various projects, which is a relatively costlier model. Our attrition rates were 13.6% and 12.0% in Fiscal 2005 and 2006, respectively. We define attrition as the ratio of the number of people who have left us during a defined period to the total number of people who are on our payroll at the end of such period. If we cannot hire and retain additional qualified personnel, our ability to bid on and obtain new projects will be impaired and our revenues may decline. In addition, we may not be able to expand our business effectively. We believe that there is significant worldwide competition for software professionals with the skills necessary to perform the services we offer. Additionally, we may not be able to redeploy and retrain our software professionals to keep pace with continuing changes in technology, evolving standards and changing client preferences. Our inability to attract and retain software professionals may have a material adverse effect on our business, financial condition and results of operations and could cause the price of our Equity Shares to decline.

10. We derive a significant proportion of our IT Services revenues from the manufacturing industry and a significant proportion of our R&D Services revenues from the storage industry and the industrial systems, avionics and automotive electronics industry. Factors that affect the economic health or IT or R&D needs of our clients in these industries may adversely affect our business.

We derive a significant proportion of our revenues from clients in certain industries. For IT Services rendered in Fiscal 2006 and the nine months ended December 31, 2006, we derived 31.3% and 30.1% of our revenues, respectively, from the manufacturing industry. For R&D Services rendered in Fiscal 2006 and the nine months ended December 31, 2006, we derived 28.6% and 31.5% of our revenues, respectively, from the storage industry, and 21.3% and 16.0% of our revenues, respectively, from the Industrial systems, avionics and automotive electronics industry. Any significant decrease in IT Services or R&D Services spending by clients in these industries may reduce the demand for our services and negatively affect our revenues and profitability.

11. Any inability to manage our growth could disrupt our business and reduce our profitability.

We have experienced significant growth in revenue in recent years. Our revenues have grown at a compounded annual growth rate of 85.5% from Rs. 1,304.4 million in Fiscal 2004 to Rs. 4,488.0 million in Fiscal 2006. The total number of our people has grown at a compound annual growth rate of 74.3% from 1,030 as of March 31, 2004 to 3,128 as of March 31, 2006. While these growth rates are not indicative of our future growth, we expect this growth to place significant demands on both our management and our resources. This will require us to continuously evolve and improve our operational, financial and internal controls across the organisation.

In particular, continued expansion increases the challenges involved in:

- recruiting, training and retaining sufficient skilled technical, sales and management personnel;
- adhering to our high quality and process execution standards;
- maintaining high levels of client satisfaction;
- preserving our culture, values and entrepreneurial environment; and
- developing and improving our internal administrative infrastructure, particularly our financial, operational, communications and other internal systems.

Any inability to manage growth may have an adverse effect on our business, financial condition and results of operations and could result in decline of the price of our Equity Shares.

12. Our fixed-price contracts expose us to risks beyond our control, which could reduce our profitability.

We provide services both on a fixed price basis, where we provide our services for a fixed price and agree to complete the project within a fixed time, and on a time and materials basis, where we charge based on the number of people dedicated and the effort invested in the project. For the nine months ended December 31, 2006, our revenue on fixed price contracts constituted approximately 26.8% of our total revenues. Although we use our software engineering processes, knowledge management systems and past project experience to reduce the risks associated with estimating, planning and performing fixed-price projects, we bear the risk of cost overruns and completion delays in connection with these projects. Many of these risks may be beyond our control. Any failure to accurately estimate the effort including the number of people and time required for a project or any failure to complete our contractual obligations within the time frame committed could adversely affect our revenues and profitability.

13. Delays or defaults in client payments could result in a reduction of our profits.

We regularly commit resources to projects prior to receiving advances or other payments from clients in amounts sufficient to cover expenditures on projects as they are incurred. We may be subject to working capital shortages due to delays or defaults in client payments. If clients default in their payments on a project to which we have devoted significant resources or if a project in which we have invested significant resources is delayed, cancelled or does not proceed to completion, it could have a material adverse effect on our business, financial condition and results of operations and could cause the price of our Equity Shares to decline.

14. ***We are concentrated in one location in India with small development centres in Chennai and New Jersey.***

Most of our management team and technical personnel as of December 31, 2006 were based in three development centres located in Bangalore. Because of the concentration of our people and other resources at these facilities, our results of operations could be materially and adversely affected if one or more of those facilities are damaged as a result of a natural disaster, including an earthquake, flood, fire or other event that disrupts our business or causes material damage to our property. Although we have back-up facilities for some of our operations, it could be difficult for us to maintain or resume our operations quickly in the aftermath of such a disaster. We do not have business interruption insurance, and we cannot assure you that our property insurance would cover any loss or damage to our assets.

15. ***We do not have strong brand recall outside Bangalore.***

The “MindTree” brand is not very well recognised outside Bangalore. As a result, we face difficulty in attracting skilled software professionals from outside Bangalore, who prefer to work with companies which are recognised pan-India, have offices across India and abroad and have an instant brand recall, at least with people associated with the IT industry in India. Although we are increasing our promotional efforts to increase awareness of our brand amongst software professionals, we cannot assure you of the success of such plan or that we will be successful in our efforts to recruit software professionals particularly from outside Bangalore.

16. ***We do not qualify to bid for some large outsourcing projects because of our size.***

We are not able to compete for many large outsourcing projects, particularly with larger technology companies, where we are unable to qualify primarily due to the size of our organisation. We often bid for and compete with these large companies and other mid-sized companies on smaller accounts. Some of our competitors have greater financial and other resources than us and are better known by and more experienced working with large customers. We cannot assure you that we will be able to successfully compete with our competitors on new client accounts. Our inability to compete with larger organisations may have a material adverse effect on our business, financial condition and results of operations or could cause the price of our Equity Shares to decline.

17. ***We maintain a workforce based upon current and anticipated workloads and if we do not receive anticipated contracts, or if these contracts are delayed, we would incur significant compensation costs without the benefits of the anticipated revenues.***

We maintain a workforce based upon current and anticipated workloads. This entails significant staffing commitments and fixed costs for anticipated assignments. If we do not receive anticipated workload or if our clients cancel or delay our assignments we could incur significant costs including fixed costs such as salaries and other costs related to maintaining under utilised staff and facilities which could adversely affect our results of operations and employee morale.

18. ***We have certain “cool off period” restrictions in relation to some of our client contracts restricting our ability to maximize productivity.***

Certain of our client contracts impose “cool off period” restrictions on us whereby our people who worked on a particular project for such client are restricted from working on similar projects for their competitors for a prescribed period. The cool off periods typically range from one to three months. Although, we budget for such restrictions and rotate our people on to other unrelated assignments to negate the impact of the cool off period restrictions, we cannot assure you that such restrictions will not have an adverse effect on our business, financial condition and results of operations in the future.

19. ***We could become liable to customers, suffer adverse publicity and incur substantial costs as a result of defects or failure in our products or services, which in turn could adversely affect our business, financial condition and results of operations.***

Many of our contracts involve providing services that are critical to the operations of our customer’s business. Any failure on our part to render services as per client requirements or any defects in our IP which we license to our clients could result in a claim against us for substantial damages, regardless of our responsibility for such a failure or defect. Although we attempt to limit our contractual liability for all damages, including consequential damages, in rendering our services, we cannot assure you that in case any claims for damages are made by our customers, the limitations on liability we provide for in our service contracts will be enforceable, or that they will otherwise be sufficient to protect us from liability for damages. The successful assertion of any claim could have a material adverse affect on our business, financial condition and results of operations and could damage our reputation.

20. We may undertake or may be forced to undertake certain onerous contractual obligations with some of our customers.

We have in the past, provided certain customers with price reductions, indemnities, cooling off periods and non-compete provisions. Further, some of our contracts have exclusivity clauses, which prohibit us from offering service to companies, engaged in a business similar to that of our customers and restricts us from offering similar services to other companies or in selected jurisdictions. We cannot assure you that our existing or future customers will not demand for similar provisions in their contracts with us. While to date we believe such obligations have not materially affected us, there can be no assurance that they will not adversely affect us in the future. Furthermore, if we refuse to enter into contracts that contain such obligations, we may lose prospective customers and our business, financial condition and results of operations could be adversely affected.

21. Our client contracts can typically be terminated without cause and with little or no notice or penalty, which could negatively impact our revenues and profitability.

Most of our client project contracts are on a non-exclusive basis and can be terminated with or without cause, after requisite notice period, typically ranging from 10 to 30 days and without termination-related penalties. Additionally, our master services agreements ("MSAs") with clients are typically without any commitment to a specific volume of business or future work. Our business is dependent on the decisions and actions of our clients, and there are a number of factors relating to our clients that are outside our control that might result in the termination or non-renewal of an agreement or the loss of a client. Our clients may demand price reductions, change their outsourcing strategy by moving more work in-house or to our competitors or replace their existing software with packaged software supported by licensors. Any of these factors could have a material adverse effect on our business, financial condition and results of operations and could cause the price of our Equity Shares to decline.

22. We may face difficulties in providing new and existing service offerings, which could lead to clients discontinuing or delaying their work with us or adversely affect our reputation.

We have been expanding the nature and scope of our engagements by extending the breadth of services we offer. We have recently added new service offerings in IT Services including infrastructure management and technical support and CIO Toolkit, and new capabilities in R&D Services including Ultra Wide Band ("**UWB**") technology. The success of these new service offerings in IT Services is dependent, in part, upon continued demand for such services by our existing and new clients and our ability to meet this demand in a cost-competitive and effective manner. For R&D Services, we develop services in areas that may be at an early stage, in anticipation of growth in those areas. To the extent such growth does not occur, we lose much of our investment in time and other resources in such area. We cannot be certain that we will be able to attract existing and new clients for such new services or effectively meet our clients' needs.

The increased breadth of our service offerings means we will need to become involved in larger and more complex projects for our clients. Our ability to establish such relationships will depend on a number of factors including the proficiency of our management personnel and our software professionals as well as our ability to fully understand our clients operations. Larger projects may involve multiple engagements or stages, and there is a risk that a client may choose not to retain us for additional stages or may cancel or delay additional planned engagements. These terminations, cancellations or delays may result from the business or financial condition of our clients or the general economy, as opposed to factors related to the quality of our services. Such cancellations or delays make it difficult to plan for project resource requirements, and inaccuracies in such resource planning may have a negative impact on our profitability.

23. We may undertake strategic acquisitions, investments, partnerships, and other similar ventures which may prove to be difficult to integrate and manage or may not be successful.

We intend to pursue strategic acquisition opportunities in India and abroad to enhance our capabilities and address gaps in industry expertise, technical expertise and geographic coverage. It is possible that we may not identify suitable acquisition or investment candidates or we may not complete transactions on terms commercially acceptable to us or at all. The inability to identify suitable acquisition targets or investments or the inability to complete such transactions may adversely affect our competitiveness or our growth prospects.

If we acquire another company, we could have difficulty in assimilating that company's personnel, operations, technology and software. In addition, the key personnel of the acquired company may decide not to work with us and we may not be able to retain the client base of the acquired company. We could also have difficulty in integrating the acquired services or technologies into our operations. Further, we may be subject to additional regulatory constraints if we decide to acquire companies organised outside India. These difficulties could disrupt our ongoing business, distract our management and people and increase our expenses.

24. Our business will suffer if we fail to keep pace with the rapid changes in technology and the industries on which we focus.

Our business depends on the continued growth in the use of information technology in business by our clients and prospective clients and their customers and suppliers. The IT Services and R&D Services market is characterised by rapid technological changes, evolving industry standards, changing client preferences and new service introductions. Our future success will depend on our ability to anticipate these advances and develop new service offerings to meet client needs. We may not be successful in anticipating or responding to these advances on a timely basis or, if we do respond, the services or technologies we develop may not be successful in the marketplace. In addition, as a result, the know how which we have developed in relation to existing technology in some cases at considerable expense, may be rendered obsolete. Furthermore, services or technologies that are developed by our competitors may render our services non-competitive or obsolete. We also face the risk of unforeseen complications in the deployment of new services and technologies, and there is no assurance that the estimate of the necessary capital expenditure to offer such services will not be exceeded. New services and technologies may not be developed and/or deployed according to expected schedules or may not achieve commercial acceptance or be cost effective. Failure to achieve commercial acceptance of services offered by us could result in additional capital expenditures or a reduction in profitability. Any such change could materially and adversely affect our business, financial condition and results of operations.

Additionally, new technology or services offered by us could make our existing technology and services redundant and we may be unable to recover the costs of developing the older technology before we have to replace it with the newer versions. In particular, our service offerings in the R&D sector depend on our ability to provide newer and innovative services to a niche group of industries where redundancy is high due to new technologies being introduced by our competitors. Therefore, any failure to keep pace with the constantly changing technology coupled with the risks associated with servicing clients engaged in a limited number of industries could have a material adverse effect on our business, financial condition and results of operations and could cause the price of our Equity Shares to decline.

Our success also depends on our ability to proactively manage our portfolio of technology alliances and forum memberships with ARM, Bluetooth SIG, Intel Communications Alliance, TI OMAP, WiMAX Forum and WiMedia Alliance; and leading hardware and software vendors including BEA Systems Inc., Informatica Corp., LANSA, and SAP. Our failure to successfully manage our alliances with such vendors could have a material adverse effect on our business, financial condition, and results of operation.

25. Our insurance cover may be inadequate to fully protect us from all losses.

We maintain such insurance coverage as we believe is customary in the IT industry in India. Our insurance policies, however, may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. We maintain general liability insurance coverage, including coverage for errors or omissions. However, we cannot assure you that the terms of our insurance policies will be adequate to cover any damage or loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim.

In particular, we do not maintain business interruption insurance and therefore if any or all of our development centers are damaged resulting in our operations being interrupted or we otherwise suffer an interruption to our business, we would suffer loss of revenues and our results of operations would be adversely affected. A successful assertion of one or more large claims against us that exceeds our available insurance coverage or changes in our insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect our business, financial condition and results of operations and could cause the price of our Equity Shares to decline.

26. Our client's proprietary rights may be misappropriated by our people or our subcontractors or their people in violation of applicable confidentiality and non-disclosure agreements and as a result, cause us to breach our contractual obligations in relation to such proprietary rights.

We require our people and subcontractors to enter into non-disclosure and assignment of rights arrangements to limit access to and distribution of our client's proprietary and confidential information. We can give no assurance that the steps taken by us will be adequate to enforce our clients intellectual property rights or to adequately prevent the disclosure of confidential information by an employee or subcontractor or a subcontractor's employee. If our client's proprietary rights are misappropriated by our people or our subcontractors or their people in violation of any applicable confidentiality agreements or otherwise, our clients may consider us liable for that act and seek damages and compensation from us. In addition to these confidentiality agreements, our client contracts may require us to comply with certain security obligations including maintenance of network security, back-up of data, ensuring our network is virus free and ensuring the credentials of our people that work with our clients. We cannot assure you that we will be able to comply with all such obligations and that we will not incur liability nor have a claim for substantial damages against us. Further, we have taken technology based and related professional services liability insurance policy covering certain claims arising out of any negligent act, error or omission occurring during the course of employment, which includes claims arising out of intellectual property infringements (excluding patent infringements). However, our insurance coverage is limited up to a certain amount and may not be adequate to cover large claims against us arising out of such intellectual property infringements.

27. We may be subject to third party claims of intellectual property infringement.

While we take care to ensure that we comply with the intellectual property rights of others and we believe that our products, methodologies and intellectual property rights do not infringe on the intellectual property rights of any other party, we cannot determine with certainty whether we are infringing upon any existing third party intellectual property rights which may force us to alter our technologies, obtain licenses or significantly cease some portions of our operations. We may also be susceptible to claims from third parties asserting infringement and other related claims.

There are currently no material pending or threatened intellectual property claims against us. However, if we become liable to third parties for infringing their intellectual property rights, we could be required to pay substantial damages including damages based on profits that we have obtained from the allegedly infringing technology as well as exemplary damages that a court may award and we may be forced to develop non-infringing technology, obtain a license for the infringing technology or cease selling the applications and using the products or methodologies that contain the infringing technology. We may be unable to develop non-infringing technology or to obtain a license on commercially reasonable terms. Any third party claims of intellectual property infringement may have a material adverse effect on our business, financial condition and results of operation.

28. Unauthorised parties may infringe upon or misappropriate our intellectual property.

We rely on a combination of patent, copyright, trademark and design laws, trade secrets, confidentiality procedures and contractual provisions to protect our intellectual property, including our brand identity. We have registered the "MINDTREE" name as a trademark in India, the United States, Singapore, Australia, Japan and the European Union for various classes and categories of goods and services. We have also made five patent applications for our technologies with the United States Patent and Trademark Office. For more information on our intellectual property, see "Our Business – Intellectual Property" on page 74. However, the applicable laws may not protect our proprietary rights and our efforts to protect our intellectual property may not be adequate. Further, we may not be able to obtain adequate or timely injunctive or equitable relief to protect our intellectual property. As a result, we may not be able to prevent unauthorised parties from infringing upon or misappropriating our services or proprietary information. If we are unable to successfully enforce or protect our material intellectual property rights, it could have a material adverse effect on our business, financial condition and results of operations and could cause the price of our Equity Shares to decline.

29. ***Our funding requirements and the utilisation of the Net Proceeds of the Issue have not been appraised by any third party.***

Our funding requirements and the utilisation of the Net Proceeds of the Issue are based on management estimates and have not been appraised by any bank or financial institution. These are based on current conditions and are subject to changes in external circumstances or costs, or in other financial condition, business or strategy. We may have to revise our management estimates from time to time and consequently our funding requirements may also change. Our management estimates may exceed fair market value or the value that would have been determined by third party appraisals, which may require us to reschedule or reallocate our expenditure and may have an adverse impact on our business, financial condition and results of operations.

30. ***We are unable to restate our financial statements in accordance with the requirements of the SEBI Guidelines. Restatement, if possible, would have resulted in decline in our net profits for such prior years.***

The summary statement of profits and losses, as restated for the years ended March 31, 2002, 2003, 2004 and 2005 and opening balance of the profit and loss account as at April 1, 2001 have not been adjusted for options granted to employees prior to April 1, 2005, as the Company does not have detailed data or documentation to adjust the figures for such earlier years.

The Institute of Chartered Accountants of India ('ICAI') issued the Guidance Note on '*Employee share based payments'* which is applicable to options granted on or after April 1, 2005. In accordance with this Guidance Note, for the year ended March 31, 2006 and nine months ended December 31, 2006, the Company recognized expense arising from stock options granted to employees after April 1, 2005.

Consequently, the summary statement of profit and losses as given in Annexure 1 for the year ended March 31, 2006 and period ended December 31, 2006, are not comparable with the statements of years ended 31 March 2002, 2003, 2004 & 2005. For further details, please refer Note on Non-Adjustments under Annexure 3 of the Auditors' Report on page 120.

31. ***Our indebtedness, including the conditions and restrictions imposed on us by our financing agreements and any acceleration of amounts due under such arrangements, could adversely affect our ability to conduct our business, financial condition and results of operations.***

As of December 31, 2006, we had total secured loans of Rs. 412.5 million. As of December 31, 2006, 30.4% of our total secured loans were at variable interest rate. We may incur additional indebtedness in the future. Our indebtedness has several important consequences, including but not limited to the following:

- a portion of our cash flow will be used towards servicing and repayment of our existing debt, which will reduce the availability of cash to fund working capital needs, capital expenditures, acquisitions and other general corporate requirements;
- our ability to obtain additional financing in the future at reasonable terms is restricted;
- increases in market interest rates will adversely affect the cost of our borrowings, as some of our loans are at variable interest rates;
- we may be more vulnerable to economic downturns; and
- we may be limited in our ability to withstand competitive pressures and may have reduced flexibility in responding to changing business, regulatory and economic conditions.

Our financing arrangements limit our ability to create liens or other encumbrances on our property, acquire other businesses, sell or otherwise dispose of assets, make certain payments and investments, and merge or consolidate with other entities in certain circumstances. Further, our lenders have certain rights to determine how we operate our business, to terminate the credit facilities, to seek early repayments of our loans and to charge penalties for prepayments or cancellations of our loan. Consent from these lenders is required for certain corporate and business actions, changes in shareholding and management decisions. Any failure to service our indebtedness, maintain the required security interests, comply with a requirement to obtain a consent or otherwise perform our obligations under our financing agreements could lead to a termination of one or more of our credit facilities, penalties and acceleration of amounts due under such facilities, which may adversely affect our business, financial condition and results of operations.

32. As of December 31, 2006, we had contingent liabilities and commitments as disclosed in our statement of assets and liabilities under Indian GAAP.

As of December 31, 2006, our contingent liabilities and commitments as disclosed in our statement of assets and liabilities, as restated under Indian GAAP, were as follows:

(*Rs. In million)*

	As of December 31, 2006
Bank Guarantees outstanding	1.4
Contracts on Capital Account outstanding	718.9

We cannot assure you that any or all of these contingent liabilities and commitments will not become direct liabilities. In the event any or all of these contingent liabilities and commitments become direct liabilities, it may have an adverse effect on our business, financial conditions and results of operations.

33. If we are unable to obtain required approvals and licenses in a timely manner, our business and operations may be adversely affected.

We require certain approvals, licenses, registrations and permissions for operating our business. We have made applications for approval under the Karnataka Shops and Commercial Establishments, 1961 and the Special Economic Zones Act, 2005 for obtaining the necessary approvals for operating our business. For more information, see "Government Approvals" on page 187. If we fail to obtain any of these approvals or renewals, in a timely manner, or at all, our business, financial condition and results of operations could be adversely affected.

34. We face a possible risk on account of not meeting our net foreign exchange earning obligations.

We are registered as a software technology park ("STP") unit under the Software Technology Park Scheme. The STP Scheme imposes certain export obligations on the STP unit including requirements regarding maintaining positive net foreign exchange earnings. Failing to meet such requirement may result in the STP unit losing the benefits available to it under the STP Scheme and becoming liable for penal action under Foreign Trade (Development and Regulations) Act, 1992. In the event our units under the STPI Scheme incur losses during the initial ramp up period or have a long gestation period, we cannot assure you that we will continue to maintain a positive net foreign exchange earning for such units. Any loss in the benefits available to us as a STP unit will have a material adverse effect on our business, financial condition and results of operations and could cause the price of our Equity Shares to decline.

35. Our Registered Office and other premises from which we operate are not owned by us.

We do not own the premises on which our registered office and other offices, including our development and research and development facilities in Bangalore, India and New Jersey, USA are located. We operate from rented and leased premises. Further, the lease agreements for our corporate office located in Bangalore expired on June 30, 2006 and September 30, 2006. The said lease agreements for our corporate office are renewable at our option upon payment of rent at such rates as stated in these agreements. If any of the owners of these premises do not renew the agreements under which we occupy the premises or renew such agreements on terms and conditions that are unfavourable to us, we may suffer a disruption in our operations which could have a material adverse effect on our business, financial condition and results of operations. For more information, see "Our Business - Properties" on page 75.

36. We and our Directors are involved in legal proceedings

We and our Directors are involved in certain legal proceedings. A show cause notice has been issued to us by the tax authority raising a claim of Rs. 4,857,902 against us. Although, we have made the payment of the said amount of disputed tax claim and have also obtained stay proceedings against the matter by filing a writ petition, we can give no assurance that the legal proceedings will ultimately be decided in our favour. Further, there are two class action lawsuits pending in U.S. courts against our Director, Lip-Bu Tan and one criminal case pending against our Director, Dr. Albert Hieronimus in the High Court of Madhya Pradesh, and one criminal case pending against our Director, R. Srinivasan, both of which are elaborately mentioned under risk factor "*A criminal litigation is pending against our Director*" below.

Further, a notice of arbitration has been received by us on January 5, 2007 on behalf of ASAP, referring the outstanding disputes stated in the deed of compromise entered into between us, ASAP and ARSPL to arbitration of up to Rs. 8.7 million. For further details see “History and Certain Corporate Matters” and “Outstanding Litigation and Material Developments” on pages 85 and 184 respectively.

There can be no assurance that the provisions we have made for litigation will be sufficient or that further substantial litigation will not be brought against us in the future. Our failure to successfully defend these or other claims or if our current provisions prove to be inadequate, our business, prospects, financial condition and results of operations could be adversely affected. For more information regarding litigation, refer to “Outstanding Litigation and Material Developments” on page 184.

37. Criminal litigations pending against our Directors

A criminal complaint has been filed against our Director, Dr. Albert Hieronimus, being a director of Motor Industries Company Limited, before the Magistrate’s Court in Gwalior alleging wrongful confinement of cheque books and withdrawal of cash from the accounts of the complainant without his consent. Although High Court of Madhya Pradesh has granted an interim stay of the said legal proceedings before the Magistrate, there can be no assurance that the case will be ultimately decided in favour of our Director.

Additionally, the Official Liquidator of the High Court of Calcutta being the liquidator of the Indian Mini Drills Limited (in liquidation) has filed a company application in the High Court of Calcutta in relation to proceedings for misfeasance against one of our independent Directors, R. Srinivasan and other directors of Indian Mini Drills Limited. The official liquidator has filed a judges summons for a declaration that the respondents have misapplied, misappropriated and/or retained and /or liable and/or accountable for a sum of approximately Rs. 4.29 million and/or guilty of misfeasance and breach of trust. We cannot assure you whether our Director will be held liable or whether the case will be decided in favour of our Director.

38. We are subject to certain restrictions imposed on us pursuant to a shareholders agreement

Pursuant to the Amended and Restated Shareholders Agreement dated November 15, 2006, as amended on December 5, 2006, entered into between us, our Promoters, Walden Software Investments Limited, Global Technology Ventures Limited and Capital International Global Emerging Markets Private Equity Fund, L.P., certain special rights and restrictive covenants have been provided to the investors, including director nomination rights, certain actions which require their prior consent, and restrictions on transfer of shares such as pre-emptive rights and tag along rights. For details, refer to see “History and Certain Corporate Matters – Shareholders’ Agreements” on page 88.

39. Valuations in the software / information technology industry may not be sustained in future and current valuations may not be reflective of future valuations for the industry.

There is no standard valuation methodology in software technology and related industries. The valuations in the IT industry are presently high and may not be sustained in future. Additionally, current valuations may also not be reflective of future valuations within the industry.

40. Our global operations expose us to complex management, foreign currency, legal, tax and economic risks.

We have offices in countries outside India and a significant number of our professionals are based overseas. As a result of our existing and expanding international operations, we are subject to risks inherent to establishing and conducting operations in international markets, including:

- cost structures and cultural and language factors, associated with managing and coordinating our global operations;
- compliance with a wide range of regulatory requirements, foreign laws, including immigration, labour and tax laws where we usually rely on the opinions of experts on such matters, including in relation to transfer pricing norms and applicability of the relevant provisions of double taxation avoidance agreements, but which often involve areas of uncertainty;
- difficulty in staffing and managing foreign operations;
- potential difficulties with respect to protection of our intellectual property rights in some countries; and
- exchange rate volatility.

The risks stated above and the constantly changing dynamics of international markets could have a material adverse effect on our business, financial condition and results of operations and could cause the price of our Equity Shares to decline.

Risks relating to our Shareholders and the Equity Shares

41. We may continue to be controlled by our Promoters and other principal shareholders following this Issue and our other shareholders may not be able to affect the outcome of shareholder voting.

Our Company, the Promoters and certain private equity investors had entered into a shareholders agreement in November 1999 to govern the rights and obligations of the parties thereto. The said agreement has been subsequently amended to reflect the induction of new shareholders and the terms and conditions of their shareholding. For further details on the shareholders agreements see "History and Certain Corporate Matters – Shareholders Agreement" on page 88.

After the completion of the Issue, our Promoters will collectively hold approximately 35.78% of the fully diluted post-Issue equity capital. Consequently, our Promoters, and other principal shareholders, acting jointly, may exercise substantial control over us and may have the power to elect and remove a majority of our Directors and/or determine the outcome of proposals for corporate action requiring approval of our Board of Directors or shareholders, such as lending and investment policies, revenue budgets, capital expenditure, dividend policy and strategic acquisitions. Our Promoters will be able to influence our major policy decisions, including our overall strategic and investment decisions, by controlling the election of our Directors and, in turn, indirectly controlling the selection of our senior management, determining the timing and amount of any dividend payments, approving our annual budgets, deciding on increases or decreases in our share capital, determining our issuance of new securities, approving mergers, acquisitions and disposals of our assets or businesses, and amending our articles of association. This control could also delay, defer or prevent a change in control of our Company, impede a merger, consolidation, takeover or other business combination involving our Company, or discourage a potential acquirer from obtaining control of our Company even if it is in the best interests of our Company. The interests of our controlling shareholders could conflict with the interests of our other shareholders, including the holders of the Equity Shares, and the controlling shareholders could make decisions that materially adversely affect your investment in the Equity Shares.

For further information see "Capital Structure", "Our Management", and "Our Promoters" on pages 20, 91 and 105, respectively.

42. You will not be able to trade any of the Equity Shares you purchase in the Issue immediately on allotment, on an Indian Stock Exchange.

The Equity Shares will be listed on the NSE and the BSE. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Investors' book entry, or "demat" accounts with depository participants in India are expected to be credited within two working days of the date on which the basis of allotment is approved by the Designated Stock Exchange. In the event allotment of Equity Shares is not made within 15 days from the Bid/Issue Closing Date, we are liable to pay interest at 15% per annum. We have requested SEBI that the time limit for demat credit, dispatch of refund orders and submission of listing documents to Stock Exchanges be two days from the date of allotment as against the requirement of two days from the date of finalisation of basis of allotment under Clause 7.7.1 of the SEBI Guidelines. However, the allotment, dispatch of refund order and credit shall be completed within 15 days of the closure of the Issue. Thereafter, upon receipt of final approval of the stock exchanges, trading in the Equity Shares is expected to commence within seven working days of the date on which the basis of allotment is approved by the Designated Stock Exchange. There can be no assurance that the Equity Shares allocated earlier to investors will be credited to their demat accounts, or that trading will commence, within the time periods specified above.

43. ***There is no existing market for the Equity Shares, and we do not know if one will develop. Our stock price may be highly volatile after the Issue and, as a result, you could lose a significant portion or all of your investment.***

Prior to the Issue, there has not been a public market for the Equity Shares. We cannot predict the extent to which investor interest will lead to the development of an active trading market on the Stock Exchanges or how liquid that market will become. If an active market does not develop, you may experience difficulty selling the Equity Shares that you purchased. The IPO price is not indicative of prices that will prevail in the open market following the Issue. Consequently, you may not be able to sell your Equity Shares at prices equal to or greater than the price you paid in the Issue. The market price of the Equity Shares on the Indian Stock Exchanges may fluctuate after listing as a result of several factors, including the following:

- volatility in the Indian and other global securities markets;
- the performance of the Indian and global economy;
- significant developments in India's Fiscal regime;
- risks relating to our business and industry, including those discussed in this prospectus;
- strategic actions by us or our competitors;
- investor perception of the investment opportunity associated with the Equity Shares and our future performance;
- adverse media reports about us, our shareholders or Promoters;
- future sales of the Equity Shares;
- variations in our quarterly results of operations;
- differences between our actual financial and operating results and those expected by investors and analysts;
- changes in analysts' recommendations or perceptions of us, the Indian IT sector or India; and
- our future expansion plans.

There has been significant volatility in the Indian stock markets in the recent past, with the BSE Sensex declining by approximately a quarter in the month since it reached 12,612 on May 10, 2006. On July 18, 2006, the BSE Sensex closed at 10,227. Since then the markets have recovered and on January 15, 2007, the BSE Sensex closed at 14,130. Our share price could fluctuate significantly as a result of market volatility.

A decrease in the market price of the Equity Shares could cause you to lose some or all of your investment.

44. ***Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures.***

The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements and capital expenditures. There can be no assurance that we will be able to pay dividends.

45. ***Any future equity offerings by us could lead to dilution of your shareholding or adversely affect the market price of the Equity Shares.***

If we do not have sufficient internal resources to fund our investment requirements or working capital needs in the future, we may need to raise funds through equity financing. Further, we have, in the past, entered into agreements with certain key customers for the issue of shares and warrants to them. We may enter into such arrangements with our customers in the future. As a purchaser of the Equity Shares in the Issue, you could experience dilution to your shareholding in the event that we conduct future equity offerings, whether to our customers or otherwise. Such dilution can adversely affect the market price of the Equity Shares and could impact our ability to raise capital through an offering of our equity securities. In addition, any perception by investors that such issuance or sales will occur could also affect the trading price of the Equity Shares.

46. Our corporate promoter, LSO Investment (P) Limited has incurred losses in the past.

The losses in the past by our corporate promoter are provided below:

(in USD million)

Name of the Company	Profit/Loss after Tax		
	March 31, 2004	March 31, 2005	March 31, 2006
LSO Investment (P) Limited	(0.01)	0.02	(0.01)

External Risk Factors

47. Immigration restrictions could limit our ability to expand our operations in the United States and Europe. We derive a high proportion of our revenues from clients located in the United States and Europe, which may be materially affected by such legislation. Offshore outsourcing has come under increased scrutiny by various state governments in the United States and European countries.

Most of our people are Indian nationals whose ability to provide services in the United States, Europe and in other countries depends on our ability to obtain the necessary visas and work permits. Our software professionals typically work in the United States on H-1B or L-1 visas. There is a limit to the aggregate number of new H-1B visas that may be approved in any fiscal by the United States government. Effective October 1, 2003, the annual limit on the number of new H-1B visas was reduced from 195,000 to 65,000. Further, the United States government has increased the level of scrutiny in granting visas and has increased visa fees. We believe that the demand for H-1B visas will continue to be high, and therefore we may not be able to obtain as many H-1B visas as in the past. It is also possible that proposed legislation in the United States will impose stricter requirements on the granting and renewal of H-1B and L-1 visas. For example, recent regulations stipulate that certain work visas cannot be renewed in the United States and have to be renewed in the applicant's home country. These regulations could impose additional costs on us. Immigration laws in the United States, Europe and other countries are subject to legislative change, as well as to variations in standards of application and enforcement due to political forces and economic conditions. Our reliance on work visas for a significant number of software professionals makes us particularly vulnerable to such changes and variations as it affects our ability to staff projects with software professionals who are not citizens of the country where the work is to be performed. As a result of existing limitations or changes in immigration laws, we may not be able to obtain a sufficient number of visas for our software professionals or may encounter delays or additional costs in obtaining or maintaining the condition of such visas. The occurrence of any of these events would have a material adverse effect on our business, financial condition and results of operations and could cause the price of our Equity Shares to decline.

48. Political opposition to offshore outsourcing in the United States and other countries where we operate could adversely affect our business.

Offshore outsourcing has been the subject of intense political debate, and has come under increased government scrutiny within the United States due to its perceived association with loss of jobs in the United States. Several U.S. state governments have implemented or are actively considering implementing restrictions on outsourcing by U.S. state government entities to offshore IT Services providers. Any changes in the United States, Europe or other countries to their existing laws or the enactment of new legislation restricting offshore outsourcing, particularly by private companies, may adversely impact our business, financial condition and results of operations and could the price of our Equity Shares to decline.

49. Wage pressures in India may prevent us from sustaining our competitive advantage and may reduce our profit margins.

Wage costs in India have historically been significantly lower than wage costs in the United States, Europe, Japan and other developed economies for comparably skilled professionals, which has been one of India's competitive strengths. However, wage increases in India may prevent us from sustaining this competitive advantage and may negatively affect our profit margins. Wages in India are increasing at a faster rate than in the United States and other western countries, which could result in increased costs for software professionals, particularly project managers and other mid-level professionals. We may need to continue to increase the levels of our employee compensation to remain competitive and manage attrition.

Compensation increases may result in a material adverse effect on our business, financial condition and results of operations and could cause the price of our Equity Shares to decline.

50. Reduction or termination of our tax incentives will increase our tax liability and reduce our profitability.

Currently, we benefit from certain tax incentives under Section 10B of the Income Tax Act for the technology services that we provide from specially designated "Software Technology Parks," or STPs. As a result of these incentives, our operations in India have been subject to relatively low tax liabilities. We incurred minimal income tax expense in Fiscal 2006 as a result of the tax holiday, compared to the tax expense that we would have incurred if the tax holiday had not been available for that period. Under current laws, the tax incentives available to these units terminate on the earlier of the ten-year anniversary of the commencement of operations of the unit or the Fiscal ending March 31, 2009. We cannot assure you that the Indian government will not enact laws in the future that would adversely impact our tax incentives and consequently, our tax liabilities and profits. When our tax incentives expire or terminate, our tax expense will materially increase which could have a material adverse effect on our financial condition and results of operations and could cause the price of our Equity Shares to decline.

51. Any economic downturn in the United States or Europe may impair our operating results.

We derive a significant proportion of our revenues from the U.S. and Europe. In Fiscal 2006, we derived 63.0% of our revenues from our clients in the U.S. and 22.6% of our revenues from our clients in Europe. Discretionary spending on IT products and services in most parts of the world could significantly decrease due to a challenging global economic environment. This may result in cancelled, reduced or deferred expenditures for technology services. In case of an economic downturn in the US or Europe, our utilisation and billing rates for our software professionals could be adversely affected which may result in lower gross and operating profits.

52. Terrorist attacks and other acts of violence or war involving India, the United States, and other countries could adversely affect the financial markets, result in loss of client confidence, and adversely affect our business, financial condition and results of operations.

Terrorist attacks, such as the bomb blasts that occurred in Mumbai on July 11, 2006 and August 25, 2003, the World Trade Center attack in the United States on September 11, 2001 and the bomb blast in London on July 7, 2005, as well as other acts of violence or war, including those involving India, the United States or other countries, may adversely affect Indian and worldwide financial markets. These acts may also result in a loss of business confidence. More generally terrorist attacks involving India could adversely affect client confidence in India as an outsourcing base and increased volatility in the financial markets can have an adverse impact on the economies of India and other countries, including economic recession.

53. If communal disturbances or riots erupt in India, or if regional hostilities increase, this would adversely affect the Indian economy, the health of which our business depends on.

The Asian region, including India, has from time to time experienced instances of civil unrest and hostilities among neighbouring countries, including those between India and Pakistan. Since May 1999, military confrontations between India and Pakistan have occurred in Kashmir. Hostilities and tensions may occur in the future and on a wider scale. Also, since 2003, there have been military hostilities and continuing civil unrest and instability in Iraq and Afghanistan. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy, create a greater perception that investments in Indian companies involve a higher degree of risk and could have a material adverse effect on the market for securities of Indian companies, including the Equity Shares.

54. Outbreak of contagious diseases in India may have a negative impact on the Indian IT industry.

Recently, there have been threats of epidemics in the Asia Pacific region, including India and in other parts of the world. If any of our people are suspected of having contracted any of these infectious diseases, we may be required to quarantine such people or the affected areas of our facilities and temporarily suspend part or all of our operations. Further, the fear of contracting such contagious diseases could prevent our clients from traveling to India or to other parts of Asia Pacific and could restrict our people from traveling outside India and thereby cause our clients to reduce or postpone outsourcing to India, which would have a material adverse effect on our business, financial condition and results of operations and could cause the price of our Equity Shares to decline.

55. Our performance is linked to the stability of policies and the political situation in India.

We are incorporated in India and substantially all of our assets and people are located in India. Consequently, our performance and the market price and liquidity of the Equity Shares may be affected by changes in exchange rates and controls, interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India. The Central Government has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Our business, and the market price and liquidity of the Equity Shares may be affected by interest rates, changes in Central Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India. Since 1991, successive Central Governments have pursued policies of economic liberalisation and financial sector reforms. The present Central Government has announced its general intention to continue India's current economic and financial sector liberalisation and deregulation policies. However, there can be no assurance that such policies will be continued, and a significant change in the Central Government's policies, in particular, those relating to IT development in India, could affect business and economic conditions in India, and could also adversely affect us and our business, financial condition and results of operations and could cause the price of our Equity Shares to decline.

56. Any disruption in the supply of power, IT infrastructure and telecom lines could disrupt our business process or subject us to additional costs.

India's infrastructure, in particular its roads, airports and power sectors, needs to be upgraded to support the growth in the country. Infrastructure in the cities need to be improved substantially to handle the expansion of the IT industry. Any disruption in basic infrastructure or the failure of the Government to improve the existing infrastructure facilities could negatively impact our business since we may not be able to provide timely or adequate services to our clients. We do not maintain business interruption insurance and may not be covered for any claims or damages if the supply of power, IT infrastructure or telecom lines is disrupted. This may result in the loss of a client, impose additional costs on us and have an adverse effect on our business, financial condition and results of operations and could the price of our Equity Shares to decline.

Note to Risk Factors

- Public issue of 5,593,300 Equity Shares of Rs. 10 each for cash at a price of Rs. [●] per Equity Share including a share premium of Rs. [●] per Equity Share aggregating Rs. [●] million. 372,900 Equity Shares of Rs. 10 each will be reserved in the issue for subscription by Eligible Employees and 279,660 Equity Shares of Rs. 10 each will be reserved in the issue for subscription by Business Associates. The Issue would constitute 15% of the post Issue paid-up capital of our Company and the Net Issue will constitute 13.25% of our post-Issue capital.

- In terms of Rule 19 (2)(b) of the SCRR, this being an Issue for less than 25% of the post–Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Issue will be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"), out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. If at least 60% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, up to 10% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 30% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. Further upto 372,900 Equity Shares shall be available for allocation on a proportionate basis to Eligible Employees, subject to valid Bids being received at or above the Issue Price and further upto 279,660 Equity Shares shall be available for allocation on a proportionate basis to Business Associates, subject to valid Bids being received at or above the Issue Price.

- The average cost of acquisition of equity shares by our Promoters Ashok Soota, Subroto Bagchi, N. Krishna Kumar, S. Janakiraman, N.S. Parthasarathy, Rostow Ravanan, Kalyan Kumar Banerjee, LSO Investment (P) Limited is Rs. 36.55, Rs. 8.14, Rs. 7.55, Rs. 15.65, Rs. 8.64, Rs. 2.55, Rs. 2.01 and Rs. 2.22, respectively. For details see "Capital Structure" on page 20. The average cost of acquisition of

Equity Shares by our Promoters has been calculated by taking the average of the amounts paid by them to acquire the Equity Shares acquired by them.

- The net worth of our Company (excluding share application money) is Rs. 1,287.3 million and Rs. 1,939.3 million as at March 31, 2006 and as at December 31, 2006, respectively, as per our restated financial statements under Indian GAAP included in this Red Herring Prospectus.

- The net asset value/book value per Equity Share of Rs. 10 each was Rs. 43.84 and Rs. 61.18 as at March 31, 2006 and as at December 31, 2006, respectively, as per our restated financial statements included in this Red Herring Prospectus.

- Our Promoters, Directors and Key Managerial Personnel are interested in our Company by virtue of their shareholding, if any, in our Company. See "Capital Structure" and "Our Management" on page 20 and page 91, respectively.

- Other ventures promoted by our Promoters are interested to the extent of their shareholding in our Company. See "Capital Structure" on page 20.

- Trading in Equity Shares of our Company for all investors shall be in dematerialised form only.

- Any clarification or information relating to the Issue shall be made available by the BRLMs and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever. Investors may contact the BRLMs and the Syndicate Members for any complaints pertaining to the Issue.

- For related party transactions, see "Related Party Transactions" on page 112.

- Investors may note that in case of over-subscription in the Issue, allotment to Non Institutional Bidders and Retail Bidders shall be on a proportionate basis. For more information, see "Basis of Allotment" on page 231.

- Investors are free to contact the BRLMs for any clarification or information relating to the Issue who will be obliged to provide the same to the investor.

SECTION III – INTRODUCTION

SUMMARY OF OUR BUSINESS, STRENGTHS AND STRATEGY

Business Overview

Company Overview

We are an international IT company that delivers business and technology solutions through global software development. We are organised into two divisions – Information Technology Services ("IT Services") and Research and Development Services ("R&D Services"). For Fiscal 2006, IT Services contributed 76.5% of our total revenues and R&D Services contributed approximately 23.5% of our total revenues. IT Services comprise IT strategic consulting, application development, data warehousing and business intelligence, application maintenance, package implementation and application product engineering services to our customers. Our IT Services business unit offers such services with a strong focus on certain industries including manufacturing, travel and transportation, banking, financial services and insurance. R&D Services are organised into two divisions – Engineering, which provides product realisation services to technology and product firms including product architecture and product design, product re-engineering and product assurance; and Research, which conceives and develops intellectual property primarily in the short-range wireless communication segment and licences and customises such intellectual property for our clients. R&D Services – Engineering is organised into three business units that serve our clients in six industries, including IAAA, consumer appliances, storage, computing systems, communications infrastructure and communications terminals. Both IT Services and R&D Services share the following two practices: (i) Testing Practice, which provides testing and validation services and (ii) Infrastructure Management and Technical Support ("IM &TS") Practice, which provides IT infrastructure management to enterprises and technical support to product companies. We have steadily enhanced the portfolio of services we offer to address the diverse requirements of our clients. This expansion is a result of a mix of organic growth and small acquisitions in niche areas.

For Fiscal 2006, our key customers included American International Group which forms a part of Fortune 10 companies and United Technologies Corporation, which forms a part of the Fortune 100 companies. In addition, our customers include companies such as Avis Budget Group, LSI Logic, Symantec, Unilever and Volvo.

We have achieved substantial growth in revenues in recent years. Our revenues grew at a compound annual growth rate of 46.9% from Rs. 656.0 million in Fiscal 2001 to Rs. 4,488.0 million (approximately US$101.6 million) in Fiscal 2006. Our net profit grew at a compound annual growth rate of 360.2% from Rs. 25.6 million in Fiscal 2004 to Rs. 542.1 million (approximately US$ 12.3 million) in Fiscal 2006. Our people strength increased from 442 as of March 31, 2001 to 3,128 as of March 31, 2006. For Fiscal 2006, our top five customers accounted for approximately 38.4% of our total revenues and our top ten customers accounted for approximately 51.8% of our total revenues. We depend largely on our customer base in the U.S. and Europe, which accounted for approximately 63.0% and 22.6% of our total revenues, respectively, for Fiscal 2006.

Our goal is to be a global IT organisation and to this end, we have been increasing our geographical footprint in an aggressive manner. We have established our presence in most of the large IT Services and technology markets of the world with offices in the U.S. in multiple locations, as well as in the U.K., Sweden, Germany, the U.A.E., Switzerland, India, Singapore, Australia and Japan. We have customers in all such locations as well as in France, Netherlands and Denmark. We have also been growing our development centres in India as well as abroad. We currently have three development centres in Bangalore, one in Chennai, one in New Jersey and are planning to develop a new facility in Bhubaneswar, India which is expected to be completed in Fiscal 2008. We have entered into a lease agreement to obtain land on lease for the said facility in Bhubaneswar.

We provide end-to-end project execution onshore, offshore, or in a hybrid delivery model we call "OneShore". OneShore represents our method for global development that seeks to achieve high quality service in a cost-effective manner. We have achieved CMMI Level 5 and P-CMM Level 5 quality standards certification within five years of our inception. The SEI-CMM standards were developed by the Carnegie Mellon University to assess an organisation's quality management system, systems engineering processes and methodologies.

With our strong domain skills and customer-centric approach, we have developed several strategic client relationships. We have invested in building a strong sales team and as of December 31, 2006, we had 46 sales personnel across 18 offices across the globe. In addition, several of our executives are based in client geographies and are focused on developing client relationships. Our sales team receives support from Inside Sales, based in Bangalore, for generating new business opportunities and sales support from our teams located in Bangalore, India. Our sales team is complemented by a team of domain experts and solution architects who provide industry specific and service offering inputs. We also have alliance partnerships with leading hardware and software vendors including BEA Systems, Informatica, LANSA, and SAP. In addition, we are members of technology alliances and industry associations such as ARM, Bluetooth SIG, Intel Communications Alliance, TI OMAP, WiMAX Forum and WiMedia Alliance.

We believe that our ability to maintain growth depends to a large extent on our strength in attracting, training, motivating and retaining our people. We were ranked second in the survey conducted by Business Today, Mercer and TNS on the "Best Companies to work for in India" in 2006. We were ranked tenth in the same survey for 2005. Also, in 2005, we received special recognition from the Great Place to Work Institute for our social sensitivity by supporting primary education for differently-abled children.

Our Competitive Strengths

We believe that the following aspects of our business help differentiate us from some of our competitors:

Comprehensive range of IT Services. We have developed a comprehensive range of service offerings in order to address the varied and expanding requirements of our clients. With development centres in India and the U.S., we offer IT strategic consulting, application development, data warehousing and business intelligence, application maintenance, package implementation, product engineering, testing, and infrastructure management services to our customers. We believe that our comprehensive range of offerings help our clients achieve their business objectives and enable us to obtain additional business from existing clients as well as address a larger base of potential new clients.

*Strong R&D capabilities***.** Our R&D capabilities help us to position ourselves as a comprehensive solution provider for our clients' technology needs. The R&D engineering services team provides product realisation services to technology and product firms including product architecture and product design, product re-engineering, testing, validation and technical support. The R&D research team creates and develops intellectual property primarily in the short-range wireless communication segment and licences and customises such IP for our clients. We believe that our R&D IP capabilities create opportunities for us to cross-sell our R&D engineering services to our clients and also supplement our IT Services capabilities.

*Long term client relationships***.** We have successfully demonstrated the ability to manage large client relationships. This is reflected in the long duration of our relationships and the depth of our service offerings for some of our largest clients. For further information, see "Our Business - Case Study" and "Our Business-Client Relationships" on page 67 and 69. We conduct a half-yearly customer experience survey with our clients to help us understand our clients' needs and expectations and improve client services. We believe that our ability to be accessible to our customers, the personal attention we give them, our flexible approach and agility to meet customer requirements and our positive attitude in servicing customers has helped increase customer satisfaction levels and is a competitive strength. In our client engagements, we leverage our industry experience with our high quality processes, project management capabilities and breadth of technical expertise. Our ability to rapidly service client requirements, both onsite in client geographies and offshore in India enables us to effectively respond to the demands of our large clients. Our senior executives and dedicated account managers continuously maintain and develop these relationships through multiple contacts at different levels in the clients' organisation. In addition, for strategic clients, an identified senior executive is responsible for the overall client relationship and conducts periodic reviews with the client.

Global delivery model. Our hybrid delivery model OneShore represents our method for global development that achieves a balance of quality, cost savings and localisation. OneShore reflects our company culture. We recognise that IT Services firms cannot deliver quality and cost-and-time savings unless they are committed to integrating disparate people, cultures, business processes and skill sets into a single corporate vision. OneShore represents a fusion of global resources that is designed to enable us to pursue the same strategy and vision for our customers at a consistently high service level wherever they are located. The customer centric approach inherent in the OneShore model enables us to achieve high standards of quality in our delivery organisation. This is demonstrated by our achieving CMMI Level 5 and P-CMM Level 5 quality standards within five years of our inception.

*Preferred Place to Work***.** We have consistently appeared in various surveys conducted to ascertain the best employers in India and have received various accolades in this regard. We recruit talent from some of the best universities, colleges and institutes in India and abroad, as well as some of the leading IT companies in India and overseas. We believe that it is our transparent evaluation criteria, inclusive approach to our people, focus on training, competitive compensation packages, being a value-based organisation, open communications policies and our ability to prepare our people for leadership roles has resulted in an attrition rate of 12%, as of March 31, 2006. We were ranked first in Human Capital Development by Global Services (a CMP publication) in 2005 and ranked second in the survey conducted by Business Today, Mercer and TNS on the "Best Companies to work for in India" in 2006.

Experienced management team. The experience of the MindTree management team in building large professional service organisations extends back over 20 years. We were incorporated in 1999 by ten industry professionals who have an average of 20 years of industry experience. Our management team came from diverse backgrounds and geographies and with different areas of specialisation within the IT industry. Our co-founders have previously worked with leading IT consulting companies including Cambridge Technology Partners, Lucent Technologies and Wipro Limited and bring a significant amount of experience in building and developing IT businesses. The founding team was led by Ashok Soota, who was, immediately prior to co-founding MindTree, Vice Chairman of Wipro Limited, one of India's largest software companies. For more information regarding our co-founders and their backgrounds, see "Our Management" on page 91.

Our Strategy

*Leverage existing client relationships to enhance our business***.** We intend to continue to grow our business by enhancing our existing relationships and increasing the scope of engagements with our clients by expanding the breadth of services we offer, pursuing excellence in delivery through innovative practices and leveraging our industry experience. We believe our capability to provide both IT and R&D Services enables us to deepen our relationships with existing clients through cross-selling opportunities.

Target large clients. We intend to diversify our existing client base with the addition of new clients, typically Fortune 1000 companies, which offer us the potential to scale our relationship with them. We aim to effectively leverage our sales and marketing teams and expand the scope of our engagements with these clients over time. We have offices in multiple locations in the U.S. as well as in the U.K., Germany, the U.A.E., Switzerland, India, Singapore, Australia and Japan. We opened offices in Germany in Fiscal 2006 and offices in Sweden and Australia in the current year. We plan to further expand our geographical coverage by opening new offices in existing as well as new countries. This would enable us to service existing clients in these geographies as well as acquire new clients.

*Continue our focus on innovation and introduce new technologies***.** We intend to continue expanding our range of service offerings in order to increase business from our existing clients and to acquire new clients. Historically, we have expanded our service offerings to address new market opportunities in areas such as data warehousing and business intelligence, ERP, mainframe maintenance and re-engineering, hardware design, testing services, and infrastructure management and technical support. We will continue to evaluate our service portfolio in line with future business opportunities.

Strengthen the "MindTree" brand. We intend to enhance our brand recognition and continue investing in developing the "MindTree" brand in our client markets within selected industries in India and abroad. We seek to achieve this through various marketing initiatives including targeted analyst outreach programmes, trade shows, white papers, events, workshops, road shows, speaking engagements and global public relations management. We believe that a strong brand will contribute to attracting and retaining talented people and enhancing our lead generation process and client acquisition.

Continue to be a preferred employer in the IT industry. We intend to further develop our position as a preferred employer in the Indian IT industry and place special emphasis on attracting and retaining highly skilled people. We will continue to invest in career development and training for our people, with the objective of further enhancing their technical and leadership skills.

*Strengthen capabilities through inorganic expansion***.** In Fiscal 2005 and 2006, we acquired the software divisions of ASAP and its wholly owned subsidiary, and entire equity share capital of Linc Software Services, respectively. These acquisitions enabled us to augment our SAP and iSeries capabilities respectively. We have integrated the acquired businesses and retained key customers and staff members. We have also leveraged these acquisitions to gain new clients and enhance offerings to existing clients. We continue to look for strategic acquisition opportunities that have complementary capabilities and help us expand into new geographies.

Further, on January 10, 2007 we signed a non-binding term sheet to acquire an IC design company for an all cash consideration. The target company has a sales presence in the U.S. and a delivery center in India. The deal is subject to satisfactory completion of due diligence, negotiation and execution of the definitive agreements and receipt of applicable corporate and regulatory approvals. In the event that the acquisition is concluded, a part of the consideration would be paid upfront and the balance would be payable based on an earnout structure depending on the target company meeting the specified milestones. If concluded, we expect the target company to further strengthen our IC design capability and give us access to new customers.

Industry Overview

For further details refer to the section titled "Industry" on page 50.

SUMMARY FINANCIAL INFORMATION

The following tables present a summary of financial information for MindTree and should be read in conjunction with the Auditors' Reports and the financial statements and notes thereto contained in this Red Herring Prospectus and "Financial Statements", "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Our Business" on pages 114, 159 and 53, respectively. The summary financial information presented below as of and for the years ended March 31, 2002, 2003, 2004, 2005, 2006 and for the nine months ended December 31, 2006 were derived from the restated and audited financial statements of MindTree, audited by BSR & Associates, Chartered Accountants, in accordance with Indian GAAP. The summary financial information presented below does not purport to project our results of operations or financial condition.

Summary Of Profit And Loss Account

Rs. in million

For the year/period ended	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	December 31, 2006
Income						
Income from software development						
- Overseas	646.0	724.2	1,055.0	2,089.5	3,969.7	4,079.2
- Domestic	75.8	99.5	249.4	375.6	518.3	258.7
Other income	62.6	66.8	55.3	50.7	65.7	53.0
	784.4	**890.5**	**1,359.7**	**2,515.8**	**4,553.7**	**4,390.9**
Expenditure						
Software development expenses	482.1	502.2	812.7	1,600.4	2,734.6	2,578.0
Administrative and other expenses	411.8	360.3	441.4	611.5	977.1	963.6
Amortization / impairment of goodwill	-	-	-	5.5	22.4	-
	893.9	862.5	1,254.1	2,217.4	3,734.1	3,541.6
Profit/(loss) before interest, depreciation and tax	(109.5)	28.0	105.6	298.4	819.6	849.3
Interest	12.1	9.5	15.6	20.9	52.7	23.4
Depreciation	80.1	88.3	68.1	104.8	209.4	177.5
Profit/(loss) before tax	(201.7)	(69.8)	21.9	172.7	557.5	648.4
Provision for taxation including fringe benefit tax	-	3.5	-	4.5	19.6	26.9
Deferred tax (benefit)/expense	-	0.7	(0.2)	(0.6)	0.3	(33.5)

For the year/period ended	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	December 31, 2006
Provision for tax no longer required, written back	-	-	(3.5)	-	(4.5)	-
Profit/(loss) as per the audited financial statements	**(201.7)**	**(74.0)**	**25.6**	**168.8**	**542.1**	**655.0**
Adjustments on account of restatements (refer Annexure 3)						
Straight-lining of rent expense	(2.6)	(2.8)	6.5	-	-	-
Disputed rental payments	5.3	8.6	(8.6)	-	-	-
Gratuity	0.1	(0.3)	(5.1)	5.3	-	-
Income taxes	-	3.5	(3.5)	4.5	(4.5)	-
Total of adjustments	2.8	9.0	(10.7)	9.8	(4.5)	-
Profit/(loss) as restated	(198.9)	(65.0)	14.9	178.6	537.6	655.0
Balance in profit and loss account brought forward	(75.2)	(274.1)	(339.1)	(324.2)	(145.6)	392.0
Amount available for appropriation, as restated	(274.1)	(339.1)	(324.2)	(145.6)	392.0	1,047.0
Dividend						
Interim	-	-	-	-	-	30.5
Dividend tax	-	-	-	-	-	4.3
Balance carried forward as restated	**(274.1)**	**(339.1)**	**(324.2)**	**(145.6)**	**392.0**	**1,012.2**

Summary statement of assets and liabilities

Rs. in million

	As at	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	December 31, 2006
A	Fixed assets						
	Gross block	260.3	328.7	419.6	616.4	936.8	1,298.7
	Less: Accumulated depreciation	117.5	205.0	272.1	375.4	576.2	740.6
	Net block	142.8	123.7	147.5	241.0	360.6	558.1
	Capital work-in-progress including capital advances	20.9	0.1	-	94.7	27.9	131.3
	Total	**163.7**	**123.8**	**147.5**	**335.7**	**388.5**	**689.4**
B	Goodwill	-	-	-	27.3	-	-
C	Investments	291.0	130.7	255.4	339.4	537.6	395.2
D	Deferred tax assets	-	-	-	-	-	33.5
E	Current assets, loans and advances						
	Sundry debtors	147.6	214.1	364.7	597.8	1,097.7	1,155.5
	Cash and bank balances	212.3	405.8	245.4	269.0	262.1	277.6
	Loans and advances	164.7	152.2	212.1	402.0	558.3	833.1
	Total	**524.6**	**772.1**	**822.2**	**1,268.8**	**1,918.1**	**2,266.2**
F	Liabilities						
	Secured loans	63.7	166.7	241.8	500.2	742.0	412.5
	Current liabilities	109.1	116.3	210.8	501.6	741.3	882.1
	Provisions	3.8	5.0	18.7	34.6	73.1	149.8
	Total	**176.6**	**288.0**	**471.3**	**1,036.4**	**1,556.4**	**1,444.4**
G	Deferred tax liabilities	-	0.7	0.5	-	-	-
H	**Shareholders' funds (A+B+C+D+E-F-G)**	**802.7**	**737.9**	**753.3**	**934.8**	**1,287.8**	**1,939.9**

	As at	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	December 31, 2006
I	Represented by						
	(i) Share capital						
	Equity share capital	42.7	42.9	43.3	43.7	58.7	317.0
	Preference share capital	665.5	665.5	665.5	665.5	-	-
		708.2	708.4	708.8	709.2	58.7	317.0
	(ii) Share application money	-	-	0.1	2.4	0.5	0.6
	(iii)Reserves and surplus						
	Securities premium	368.6	368.6	368.6	368.8	835.7	603.7
	Profit and loss account	(274.1)	(339.1)	(324.2)	(145.6)	392.0	1,012.4
	Stock options outstanding account	-	-	-	-	0.9	6.2
		94.5	29.5	44.4	223.2	1,228.6	1,622.3
	Less: Revaluation reserve	-	-	-	-	-	-
	Reserves (net of revaluation reserves)	94.5	29.5	44.4	223.2	1,228.6	1,622.3
	Shareholders' funds	**802.7**	**737.9**	**753.3**	**934.8**	**1,287.8**	**1,939.9**

THE ISSUE

Equity Shares offered by:	
the Company	5,593,300 Equity Shares of face value Rs. 10 each
A) Employee Reservation Portion	Up to 372,900 Equity Shares of face value of Rs. 10 each
B) Business Associates Reservation Portion	Up to 279,660 Equity Shares of face value of Rs. 10 each
Therefore,	
Net Issue	4,940,740 Equity Shares of face value of Rs. 10 each
Of which	
A) Qualified Institutional Buyers (QIB) portion	At least 2,964,445 Equity Shares of face value of Rs. 10 each ***(Allocation on a proportionate basis)***
Of which	
Available for allocation to Mutual Funds only	Up to 148,222 Equity Shares of face value of Rs. 10 each ***(Allocation on a proportionate basis)***
Balance for all QIBs including Mutual Funds	Up to 2,816,223 Equity Shares of face value of Rs. 10 each ***(Allocation on a proportionate basis)***
B) Non-Institutional Portion	Up to 494,075 Equity Shares of face value of Rs. 10 each ***(Allocation on a proportionate basis)***
C) Retail Portion	Up to 1,482,220 Equity Shares of face value of Rs. 10 each ***(Allocation on a proportionate basis)***
Equity Shares outstanding prior to the Issue	31,695,237 Equity Shares of face value of Rs. 10 each
Equity Shares outstanding after the Issue	37,288,537 Equity Shares of face value of Rs. 10 each
Use of Issue Proceeds	See "Objects of the Issue" on page 35.

GENERAL INFORMATION

Our Company was originally incorporated as MindTree Consulting Private Limited on August 5, 1999. The status of our Company was changed to a public limited company by a special resolution of the members passed at the annual general meeting held on September 27, 2006. The fresh certificate of incorporation consequent to the change of name was granted to our Company on November 6, 2006, by the Registrar of Companies, Karnataka.

Registered Office

MindTree Consulting Limited
MindTree House, No. 3
Block A, No. 42, 27th Cross
Banashankari 2nd Stage
Bangalore 560 070
Registration Number: 08/25564 of 1999
Company identification number: U72200KA1999PLC025564
Tel: (91 80) 2671 1777/ 2671 2777
Fax: (91 80) 2671 4000
Email: investors@mindtree.com
Website: www.mindtree.com

Following are the details of shift of our Registered Office:

From	To	Date of Board Resolution
No. 7/3, Palmgrove Road, Victoria Layout, Bangalore 560 047	No. 318, Raheja Chambers, No. 12, Museum Road, Bangalore 560 001	August 19, 1999
No. 318, Raheja Chambers, No. 12, Museum Road, Bangalore 560 001	No. 88, Gandhi Bazaar Main Road, Basavanagudi, Bangalore 560 004	November 11, 1999
No. 88, Gandhi Bazaar Main Road, Basavanagudi, Bangalore 560 004	MindTree House, No. 3, Block A, No. 42, 27th Cross, Banashankari 2nd Stage, Bangalore 560 070	June 21, 2001

Address of Registrar of Companies

The Registrar of Companies, Karnataka at Bangalore
'E' wing, 2nd floor
Kendriya Sadana
Koramangala,
Bangalore 560034
India

Board of Directors of the Issuer

Name, Designation, Occupation	Age	Address
Ashok Soota Chairman and Managing Director *IT Professional*	64	747, Sixth D Block 18th Main Road, Koramangala Bangalore 560 095 India
Subroto Bagchi Chief Operating Officer *IT Professional*	49	248, Sector 4, 15th Cross, 19th Main HSR Layout Extension Bangalore 560 034 India

Name, Designation, Occupation	Age	Address
Lip-Bu Tan Non-executive Director *Venture Capitalist*	47	13373, Campus Drive Oakland California 94619 United States of America
V. G. Siddhartha Non-executive Director *Entrepreneur*	47	143, 5th Cross 9th Main Rajmahal Vilas Extension Bangalore 560 080 India
Vivek Kalra Non- executive Director *Investment Manager*	42	327, River Valley Road Apartment, 21 – 01 Yong – An Park Singapore 238 359
Dr. Albert Hieronimus Independent Director *Service*	59	289, 38th Cross, 8th Block Jayanagar Bangalore 560 082
George M. Scalise Independent Director *Service*	72	26055 Newbridge Drive Los Altos Hills CA 94022
Mark A. Runacres Independent Director *Consultant*	47	100, Friends Colony East New Delhi 110065
N. Vittal Independent Director *Service*	68	"Sreela", Flat No. 12 No. 22, Gilchrist Avenue Off Harington Road, Chetpet Chennai 600 031
R. Srinivasan Independent Director *Service*	65	"Dhanya" 126, Nandidurg Road Bangalore 560 046

For further details of our Directors, see "Our Management" on page 91.

Company Secretary and Compliance Officer

Rostow Ravanan
MindTree House, No. 3
Block A, No. 42, 27th Cross
Banashankari 2nd Stage
Bangalore 560 070
Tel: (91 80) 2671 1777/ 2671 2777
Fax: (91 80) 2671 4000
Email: investors@mindtree.com

Investors can contact the Compliance Officer or the Registrar in case of any pre-issue or post-issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account and refund orders.

Book Running Lead Managers

Kotak Mahindra Capital Company Limited
3rd Floor, Bakhtawar
229, Nariman Point
Mumbai 400 021
India
Tel: (91 22) 6634 1100
Fax: (91 22) 2284 0492
Email: mindtree.ipo@kotak.com
Website: www.kotak.com
Contact Person: Mr. Chandrakant Bhole

JM Morgan Stanley Private Limited
141, Maker Chambers III,
Nariman Point
Mumbai 400 021
India
Tel: (91 22) 6630 3030
Fax: (91 22) 2204 7185
Email: mindtree.ipo@jmmorganstanley.com
Website: www.jmmorganstanley.com
Contact Person: Mr. Vibhor Kumar

Co-Book Running Lead Manager

J.P. Morgan India Private Limited
9th Floor, Mafatlal Centre
Nariman Point
Mumbai 400 021
India
Tel: (91 22) 2285 5666
Fax: (91 22) 6639 3091
Email: MindTree_IPO@jpmorgan.com
Website: www.jpmipl.com
Contact Person: Mr. Nitin Maheshwari

Lead Manager

Macquarie India Advisory Services Private Limited
Level 3, Mafatlal Center
Nariman Point
Mumbai 400 021
India
Tel: (91 22) 6653 3104
Fax: (91 22) 6653 3198
Email: mudit.gera@macquarie.com
Website: www.macquarie.com/in
Contact Person: Mr. Mudit Gera

Syndicate Members

Kotak Securities Limited
Bakhtawar, 1st Floor
229, Nariman Point
Mumbai 400 021
India
Tel: (91 22) 6634 1100
Fax: (91 22) 6630 3927
Email: umesh.gupta @kotak.com
Website: www.kotak.com
Contact Person: Mr. Umesh Gupta

JM Morgan Stanley Financial Services Private Limited
141, Maker Chambers III,
Nariman Point
Mumbai 400 021
India
Tel: (91 22) 6504 0404
Fax: (91 22) 6630 1694
E-mail: mindtree.ipo@jmmorganstanley.com
Website: www.jmmorganstanley.com
Contact person: Mr. Deepak Vaidya

Domestic Legal Advisor to the Company

Amarchand & Mangaldas & Suresh A. Shroff & Co.
5th Floor, Peninsula Chambers
Peninsula Corporate Park
Ganpatrao Kadam Marg, Lower Parel
Mumbai 400 013
India
Tel: (91 22) 2496 4455
Fax: (91 22) 2496 3666

201, Midford House
Midford Garden (Off M. G. Road)
Bangalore 560 001
India
Tel: (91 80) 2558 4870
Fax: (91 80) 2558 4266

Legal Advisors to the BRLMs

Legal Advisors as to US Law
Skadden, Arps, Slate, Meagher and Flom LLP
42/F, Edinburgh Towers
The Landmark
15 Queens Road
Central,
Hong Kong
Tel: (852) 3740 4700
Fax: (852) 3740 4727

Legal Advisors as to Indian Law
Luthra and Luthra Law Offices
103, Ashoka Estate
Barakhamba Road
New Delhi 110 001
Tel: (91 11) 4121 5100
Fax: (91 11) 2372 3909

Registrar to the Issue

Mondkar Computer Private Limited
Shakeel Niwas, Opp. Satyasaibaba Temple
Mahakali Caves Road,
Andheri (East), Mumbai 400 093.
Tel: (91 22) 28257641, 28366620
Fax: (91 22) 28262920,28369704
Email: mindtree_ipo@mondkarcomputers.com
Website: www.mondkarcomputers.com
Contact Person: Mr. Ashok Gupta / Mr. Ravindra Utekar

Bankers to the Issue and Escrow Collection Banks

Hongkong and Shanghai Banking Corporation Limited
52/60, Mahatma Gandhi Road
Mumbai 400 001
Tel: (91 22) 2268 5568
Fax: (91 80) 2262 3890
Email: zersisirani@hsbc.co.in
Contact Person: Mr. Zersis Irani

ICICI Bank Limited
Capital Markets Division
30, Mumbai Samachar Marg
Mumbai 400 001
Tel: (91 22) 2262 7600
Fax: (91 22) 2261 1138
Email: sidhartha.routray@icicibank.com
Contact Person: Mr. Sidhartha Sankar Routray

Kotak Mahindra Bank Limited
Cash Management Services, 4th Floor
Dani Corporate Park, 158
C.S.T. Road
Kalina, Santacruz (E)
Mumbai 400 098
Tel: (91 22) 5759 4850
Fax: (91 80) 5648 2710
Email: ibrahim.sharief@kotak.com
Contact Person: Mr. Ibrahim Sharief

Standard Chartered Bank
270, D. N. Road
Fort, Mumbai 400 001
Tel: (91 22) 2268 3965
Fax: (91 80) 2209 6069
Email: Banhid.Bhattacharya@in.standardchartered.com/
Rajesh.Malwade@in.standardchartered.com
Contact Person: Mr. Banhid Bhattacharya/Mr. Rajesh Malwade

Refund Banker

Hongkong and Shanghai Banking Corporation Limited
52/60, Mahatma Gandhi Road
Mumbai 400 001
Tel: (91 22) 2268 5568
Fax: (91 80) 2262 3890
Email: zersisirani@hsbc.co.in
Contact Person: Mr. Zersis Irani

Bankers to the Company

ICICI Bank Limited
Corporate Banking Group
ICICI Bank Towers
No. 1, Commissariat Road
Bangalore 560 025, India
Tel: (91 80) 4129 6713
Fax: (91 80) 4112 4621
Email: prakash.ve@icicibank.com
Website: www.icicibank.com
Contact Person: Mr. Prakash V.

Hongkong and Shanghai Banking Corporation Limited
No. 7, M.G. Road
Bangalore 560 001, India
Tel: (91 80) 2500 2010
Fax: (91 80) 2559 1383
Email: adityagahlaut@hsbc.co.in
Website: www.hsbc.co.in
Contact Person: Mr. Aditya Gahlaut

Standard Chartered Bank
270 D.N.Road
Fort, Mumbai 400 001
Tel: (91 22) 2268 3965/ 2209 2213/ 2268 3958
Fax: (91 22) 2209 6069
Email:Banhid.Bhattacharya@
in.standardchartered.com/Rajesh.Malwade@
in.standardchartered.com
Website: www.standardchartered.co.in
Contact Person: Banhid Bhattacharya/ Rajesh Malwade

Oriental Bank of Commerce
21/15, "Landmark"
M.G. Road
Bangalore 560 001, India
Tel: (91 80) 2509 5679
Fax: (91 80) 2532 1125
Email: nk.madan@obcmail.co.in
Website: www.obcindia.com
Contact Person: Mr. N. K. Madan

Auditors

BSR & Associates
Chartered Accountants
Maruthi Info-Tech Centre
11/1 and 12/1 East Wing II Floor
Koramangla Inner Ring Road
Bangalore 560 071
India
Tel: (91 80) 3980 6000
Fax: (91 80) 3980 6999
Email: zshekary@kpmg.com
Contact Person: Mr. Zubin Shekary

Monitoring Agency

There is no requirement for a monitoring agency for the Issue in terms of Clause 8.17 of the SEBI Guidelines.

Inter se List of Responsibilities between the Book Running Lead Managers, Co Book Running Lead Manager and the Lead Manager

The responsibilities and co-ordination for various activities in this Issue are as under:

Activity	Responsibility	Co-ordinator
Capital Structuring with relative components and formalities such as type of instruments, etc.	KMCC & JMMS	KMCC
Due-diligence of the Company including its operations/management/business plans/legal, etc. Drafting and design of the Draft RHP and of statutory advertisement including memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, the Registrar of Companies and SEBI, including finalisation of Prospectus and the Registrar of Companies filing	KMCC & JMMS	KMCC

Activity	Responsibility	Co-ordinator
Drafting and approval of all publicity material other than statutory advertisements as mentioned above, including corporate advertisement, brochures, etc.	KMCC & JMMS	JMMS
Appointment of intermediaries viz. Registrar(s), Banker(s), Printer(s), and advertising agency to the Issue.	KMCC & JMMS	KMCC
Non-Institutional and Retail Marketing of the Issue, which will cover, *inter alia*, • Formulating marketing strategies, preparation of publicity budget • Finalize Media & PR strategy • Finalizing centers for holding conferences for brokers, etc. • Follow-up on distribution of publicity and Issuer material including form, prospectus and deciding on the quantum of the Issue material • Finalize collection centers	KMCC, JMMS, JPM & Macquarie	JMMS
Domestic Institutional marketing of the Issue, which will cover, among other things, • Finalizing the list and division of investors for one to one meetings; and • Finalizing road show schedule and investor meeting schedules.	KMCC, JMMS, JPM & Macquarie	KMCC
International Institutional marketing of the Issue, which will cover, inter alia, • Institutional marketing strategy including road-show marketing presentation • Finalizing the list and division of investors for one to one meetings, and • Finalizing road show schedule and investor meeting schedules	KMCC, JMMS, JPM & Macquarie	JMMS
Co-ordination with Stock Exchanges for Book Building software, bidding terminals and mock trading	KMCC & JMMS	JMMS
Managing the Book and finalisation of pricing in consultation with the Company	KMCC & JMMS	KMCC
Post bidding activities including management of escrow accounts, co-ordination of allocation, intimation of allocation and dispatch of refunds to bidders, etc. The post issue activities for the Issue will involve essential follow-up steps including finalisation of trading and dealing of instruments and dispatch of certificates and demat and delivery of shares with the various agencies connected with the work such as the registrar(s) to the Issue and the bank handling refund business. The merchant banker shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with our company	KMCC & JMMS	JMMS

Even if many of these activities will be handled by other intermediaries, the designated BRLM shall be responsible for ensuring that these agencies fulfill their functions and enable them to discharge this responsibility through suitable agreements with our Company.

Credit Rating

As the Issue is of equity shares, credit rating is not required.

IPO Grading

We have not opted for the grading of this Issue from a credit rating agency.

Trustees

As the Issue is of equity shares, the appointment of trustees is not required.

Project Appraisal

There is no project being appraised.

Book Building Process

Book building, with reference to the Issue, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band. The Issue Price is finalized after the Bid/ Issue Closing Date. The principal parties involved in the Book Building Process are:

1. The Company;

2. The BRLMs;

3. Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as Underwriters. The Syndicate Members are appointed by the BRLMs; and

4. Registrar to the Issue.

In terms of Rule 19 (2)(b) of the SCRR this being an Issue for less than 25% of the post–Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue will be allocated on a proportionate basis to QIBs, out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. If at least 60% of the Net Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, up to 10% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 30% of the Net Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Further, up to 372,900 Equity Shares shall be available for allocation on a proportionate basis to the Eligible Employees and upto 279,660 Equity Shares shall be available for allocation on a proportionate basis to the Business Associates subject to valid Bids being received at or above the Issue Price.

QIBs are not allowed to withdraw their Bids after the Bid/Issue Closing Date. In addition, QIBs are required to pay 10% Margin Amount upon submission of their Bid and allocation to QIBs will be on a proportionate basis. For further detail on the terms of the Issue see "Terms of the Issue" on page 205.

We will comply with the SEBI Guidelines and any other ancillary directions issued by SEBI for this Issue. In this regard, we have appointed the BRLMs to manage the Issue and procure subscriptions to the Issue.

While the process of Book Building under the SEBI Guidelines is not new, investors are advised to make their own judgment about investment through this process prior to making a Bid or Application in the Issue.

Illustration of Book Building and Price Discovery Process *(Investors should note that this example is solely for illustrative purposes and is not specific to the Issue)*

Bidders can bid at any price within the price band. For instance, assume a price band of Rs. 20 to Rs. 24 per share, issue size of 3,000 equity shares and receipt of five Bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book as shown below shows the demand for the shares of the issuer company at various prices and is collated from bids received from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, i.e., Rs. 22 in the above example. The issuer, in consultation with the book running lead managers, will finalise the issue price at or below such cut-off price, i.e., at or below Rs. 22. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

Steps to be taken by the Bidders for bidding:

1. Check eligibility for making a Bid (see "Issue Procedure - Who Can Bid" on page 211);
2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form;
3. If your Bid is for Rs. 50,000 or more, ensure that you have mentioned your PAN and attached copies of your PAN card to the Bid cum Application Form (see "Issue Procedure -'Permanent Account Number' or 'PAN' or 'GIR' Number" on page 227); and
4. Ensure that the Bid cum Application Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid cum Application Form.

Withdrawal of the Issue

Our Company in consultation with the BRLMs reserves the right not to proceed with the Issue at anytime including after the Bid/Issue Opening Date, without assigning any reason thereof. In terms of the SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

Bid/Issue Programme

Bidding Period/Issue Period

BID/ISSUE OPENS ON	**FEBRUARY 9, 2007**
BID/ISSUE CLOSES ON	**FEBRUARY 14, 2007**

Bids and any revision in Bids shall be accepted **only between 10 a.m. and 3 p.m**. (Indian Standard Time) during the Bidding/ Issue Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid/Issue Closing Date, the Bids shall be accepted **only between 10 a.m. and 3 p.m.** (Indian Standard Time) and uploaded until such time as permitted by the BSE and the NSE on the Bid/ Issue Closing Date.

We reserve the right to revise the Price Band during the Bidding Period in accordance with the SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band advertised at least one day prior to the Bid /Issue Opening Date.

In case of revision in the Price Band, the Bidding/ Issue Period will be extended for three additional days after revision of Price Band subject to the Bidding/ Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding/ Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the web site of the BRLMs and at the terminals of the Syndicate.

Underwriting Agreement

After the determination of the Issue Price and allocation of our Equity Shares but prior to the filing of the Prospectus with the RoC, we will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are subject to certain conditions to closing, as specified therein. The Underwriting Agreement is dated **[•]**.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC)

Details of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. In Million)
Kotak Mahindra Capital Company Limited 3rd Floor, Bakhtawar 229, Nariman Point Mumbai 400 021, India Tel: (91 22) 6634 1100 Fax: (91 22) 2284 0492	[•]	[•]
JM Morgan Stanley Private Limited 141, Maker Chambers III, Nariman Point, Mumbai 400 021, India Tel: (91 22) 6630 3030 Fax: (91 22) 2204 7185	[•]	[•]
Kotak Securities Limited Bakhtawar, 1st Floor 229, Nariman Point Mumbai 400 021, India Tel: (91 22) 6634 1100 Fax: (91 22) 6630 3927	[•]	[•]
JM Morgan Stanley Financial Services Private Limited 141, Maker Chambers III, Nariman Point, Mumbai 400 021, India Tel: (91 22) 6504 0404 Fax: (91 22) 6630 1694	[•]	[•]
J.P. Morgan India Private Limited 9th Floor, Mafatlal Centre Nariman Point Mumbai 400 021 India Tel: (91 22) 2285 5666 Fax: (91 22) 6639 3091	[•]	[•]
Macquarie India Advisory Services Private Limited Level 3, Mafatlal Center Nariman Point Mumbai 400 021 India Tel: (91 22) 6653 3104 Fax: (91 22) 6653 3198	[•]	[•]

The above mentioned is indicative underwriting and this would be finalized after the pricing and actual allocation.

In the opinion of our Board of Directors (based on a certificate given by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). Our Board of Directors, at its meeting held on **[●]**, has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure/subscribe to Equity Shares to the extent of the defaulted amount.

CAPITAL STRUCTURE

The share capital of our Company as of the date of this Red Herring Prospectus is set forth below:

In Rs (except share data).

		Aggregate Value at nominal value	Aggregate Value at Issue Price
A)	**AUTHORISED SHARE CAPITAL[(a)]**		
	79,620,000 Equity Shares of Rs. 10 each	796,200,000	
B)	**ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL**		
	31,695,237 fully paid up Equity Shares of Rs. 10 each	316,952,370	
C)	**PRESENT ISSUE IN TERMS OF THIS RED HERRING PROSPECTUS[(b)]**		
	5,593,300 Equity Shares of Rs. 10 each	55,933,000	[•]
D)	**EMPLOYEE RESERVATION PORTION**		
	372,900 Equity Shares of Rs. 10 each	3,729,000	[•]
E)	**BUSINESS ASSOCIATE RESERVATION PORTION**		
	279,660 Equity Shares of Rs. 10 each	2,796,600	[•]
F)	**NET ISSUE TO THE PUBLIC**		
	4,940,740 Equity Shares of Rs. 10 each	49,407,400	[•]
G)	**EQUITY CAPITAL AFTER THE ISSUE**		
	37,288,537 Equity Shares of Rs. 10 each	372,885,370	[•]
H)	**SHARE PREMIUM ACCOUNT**		
	Before the Issue	603,716,200	
	After the Issue	[•]	

a) The initial authorized capital of Rs. 100,000,000 comprising 50,000,000 Equity Shares of Rs. 2 each was increased to Rs. 796,200,000 and classified into 50,000,000 Equity Shares of Rs. 2 each amounting to Rs. 100,000,000 and 2,950,000 Fully paid up convertible preference shares of Rs. 236 each amounting to Rs. 696,200,000 pursuant to a resolution of the shareholders at an AGM held on July 23, 2001. The same was re-classified into 79,620,000 Equity Shares of Rs.10 each amounting to Rs.796,200,000 pursuant to a resolution of the shareholders at an EGM held on November 16, 2006.

b) The Issue has been authorized by a resolution of our Board dated October 24, 2006 and by special resolution passed pursuant to Section 81(1A) of the Companies Act, at the EGM of the shareholders of our Company held on November 16, 2006.

Notes to the Capital Structure

1. Share Capital History

(a) Equity Share Capital History of our Company

Date of allotment of the Equity Shares	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Payment	Reasons for allotment	Cumulative number of Equity Shares	Cumulative Issued Capital (Rs.)	Cumulative Share Premium (Rs.)
August 9, 1999	200	2	2	Cash	Subscribers to Memorandum	200	400	Nil
August 20, 1999	8,045,000	2	2	Cash	Allotments to certain Promoters[(1)]	8,045,200	16,090,400	Nil

Date of allotment of the Equity Shares	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Payment	Reasons for allotment	Cumulative number of Equity Shares	Cumulative Issued Capital (Rs.)	Cumulative Share Premium (Rs.)
January 5, 2000	2,683,537	2	20.47	Cash	Allotment to certain Promoters and friends[(2)]	10,728,737	21,457,474	49,569,611
January 16, 2000	10,103,963	2	33.45	Cash	Allotment to LSO Investment (P) Limited, Walden Software Investments Limited, Amalgamated Holdings and Vaitarna Holdings Private Limited[(3)]	20,832,700	41,665,400	367,364,146
May 23, 2001	400,000	2	2	Cash	Allotment to MindTree Benefit Trust	21,232,700	42,465,400	367,364,146
May 23, 2001	38,385	2	2	Cash	Exercise of vested stock options	21,271,085	42,542,170	367,364,146
September 10, 2001	64,892	2	2.01	Cash	Exercise of vested stock options	21,335,977	42,671,954	367,364,651
October 29, 2001	Nil	Nil	Nil	Nil	Premium on issue of preference shares to Franklin Templeton[(7)]	21,335,977	42,671,954	368,600,651
January 16, 2002	27,210	2	2	Cash	Exercise of vested stock options	21,363,187	42,726,374	368,600,651
March 26, 2002	10,810	2	2	Cash	Exercise of vested stock options	21,373,997	42,747,994	368,600,651
July 31, 2002	50,624	2	2	Cash	Exercise of vested stock options	21,424,621	42,849,242	368,600,651
September 11, 2002	6,250	2	2	Cash	Exercise of vested stock options	21,430,871	42,861,742	368,600,651
December 17, 2002	18,272	2	2	Cash	Exercise of vested stock options	21,449,143	42,898,286	368,600,651
December 17, 2002	221	2	50	Cash	Exercise of vested stock options	21,449,364	42,898,728	368,611,259
February 21, 2003	13,134	2	2	Cash	Exercise of vested stock options	21,462,498	42,924,996	368,611,259
June 12, 2003	64,829	2	2	Cash	Exercise of vested stock options	21,527,327	43,054,654	368,611,259
June 12, 2003	70	2	50	Cash	Exercise of vested stock options	21,527,397	43,054,794	368,614,619

Date of allotment of the Equity Shares	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Payment	Reasons for allotment	Cumulative number of Equity Shares	Cumulative Issued Capital (Rs.)	Cumulative Share Premium (Rs.)
July 25, 2003	20,590	2	2	Cash	Exercise of vested stock options	21,547,987	43,095,974	368,614,619
July 25, 2003	53	2	50	Cash	Exercise of vested stock options	21,548,040	43,096,080	368,617,163
October 22, 2003	24,057	2	2	Cash	Exercise of vested stock options	21,572,097	43,144,194	368,617,163
October 22, 2003	86	2	50	Cash	Exercise of vested stock options	21,572,183	43,144,366	368,621,991
January 28, 2004	87,257	2	2	Cash	Exercise of vested stock options	21,659,440	43,318,880	368,621,991
January 28, 2004	61	2	50	Cash	Exercise of vested stock options	21,659,501	43,319,002	368,624,219
April 15, 2004	64,385	2	2	Cash	Exercise of vested stock options	21,723,886	43,447,772	368,624,219
April 15, 2004	1,705	2	50	Cash	Exercise of vested stock options	21,725,591	43,451,182	368,706,059
June 14, 2004	150	2	138.77	Cash	Allotment to AIG Offshore Systems Service Inc. pursuant to Convertible Security Agreement dated December 10, 2003 [(4)]	21,725,741	43,451,482	368,726,574
July 22, 2004	32,689	2	2	Cash	Exercise of vested stock options	21,758,430	43,516,860	368,726,574
October 28, 2004	65,650	2	2	Cash	Exercise of vested stock options	21,824,080	43,648,160	368,726,574
October 28, 2004	249	2	50	Cash	Exercise of vested stock options	21,824,329	43,648,658	368,738,526
January 22, 2005	5,669	2	2	Cash	Exercise of vested stock options	21,829,998	43,659,996	368,738,526
January 22, 2005	824	2	50	Cash	Exercise of vested stock options	21,830,822	43,661,644	368,778,078
April 27, 2005	133,523	2	2	Cash	Exercise of vested stock options	21,964,345	43,928,690	368,778,078
April 27, 2005	926	2	50	Cash	Exercise of vested stock options	21,965,271	43,930,542	368,822,526

Date of allotment of the Equity Shares	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Payment	Reasons for allotment	Cumulative number of Equity Shares	Cumulative Issued Capital (Rs.)	Cumulative Share Premium (Rs.)
April 27, 2005	19,500	2	119	Cash	Allotment to employees joining us pursuant to business purchase of ASAP [5]	21,984,771	43,969,542	371,104,026
May 6, 2005	384,354	2	163	Cash	Allotment pursuant to acquisition of Linc Software Services Private Limited [6]	22,369,125	44,738,250	432,985,020
July 28, 2005	28,690	2	2	Cash	Exercise of vested stock options	22,397,815	44,795,630	432,985,020
July 28, 2005	2,523	2	50	Cash	Exercise of vested stock options	22,400,338	44,800,676	433,106,124
July 28, 2005	6,722,424	2	99	Cash	Conversion of Preference Shares into fully paid-up Equity Shares[7]	29,122,762	58,245,524	1,085,181,276
October 18, 2005	2,194	2	50	Cash	Exercise of vested stock options	29,124,956	58,249,912	1,085,286,588
October 27, 2005	140,698	2	2	Cash	Exercise of vested stock options	29,265,654	58,531,308	1,085,286,588
October 27, 2005	9,326	2	50	Cash	Exercise of vested stock options	29,274,980	58,549,960	1,085,734,236
January 27, 2006	87,555	2	2	Cash	Exercise of vested stock options	29,362,535	58,725,070	1,085,734,236
March 31, 2006	NA	NA	NA	NA	Premium on transfer of Equity Shares from Trust to employees as per Guidance Note[8]	29,362,535	58,725,070	1,087,473,036
	NA	NA	NA	NA	Set off of goodwill[9]	29,362,535	58,725,070	835,744,762
April 28, 2006	119,127	2	2	Cash	Exercise of vested stock options	29,481,662	58,963,324	835,744,762
April 28, 2006	16,225	2	50	Cash	Exercise of vested stock options	29,497,887	58,995,774	836,523,562
July 29, 2006	209,673	2	2	Cash	Exercise of vested stock options	29,707,560	59,415,120	836,523,562
July 29, 2006	78,885	2	50	Cash	Exercise of vested stock options	29,786,445	59,572,890	840,310,042

Date of allotment of the Equity Shares	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Payment	Reasons for allotment	Cumulative number of Equity Shares	Cumulative Issued Capital (Rs.)	Cumulative Share Premium (Rs.)
September 27, 2006	99,257	2	2	Cash	Exercise of vested stock options	29,885,702	59,771,404	840,310,042
September 27, 2006	65,288	2	50	Cash	Exercise of vested stock options	29,950,990	59,901,980	843,443,866
October 24, 2006	82,587	2	2	Cash	Exercise of vested stock options	30,033,577	60,067,154	843,443,866
October 24, 2006	23,145	2	50	Cash	Exercise of vested stock options	30,056,722	60,113,444	844,554,826
November 6, 2006	248,700	2	2	Cash	Exercise of vested stock options	30,305,422	60,610,844	844,554,826
November 6, 2006	143,298	2	50	Cash	Exercise of vested stock options	30,448,720	60,897,440	851,433,130
November 6, 2006	6,500	2	2	Cash	Allotment to Spastics Society of Karnataka and others(10)	30,455,220	60,910,440	851,433,130
November 16, 2006	1,240,017	2	6.71	Cash	Allotment to AIG Offshore Systems Service Inc. pursuant to Convertible Security Agreement dated December 10, 2003 (4)	31,695,237	63,390,474	857,278,096
November 17, 2006	25,356,190	10	NA	Bonus	Bonus issue in the ratio of 4 : 1(11)	31,695,237	316,952,370	603,716,200

(1) Allotment of Equity Shares to Ashok Soota, Subroto Bagchi, N. Krishna Kumar, NS Parthasarathy, Kalyan Banerjee and Rostow Ravanan at Re.1 per share (partly paid up). The Equity Shares were made fully paid up on June 30, 2000.

(2) Allotment of Equity Shares to Ashok Soota, Subroto Bagchi, Ajit Lamba, A.K. Maitra, Amrit Basu, Anup Mohapatra, D.P. Bagchi, Harihar Panda, Kavita Iyengar, P. Mukobadhyay, Rajinder Malhotra, Sanjay Panda, N. Krishna Kumar, N.S. Parthasarathy, Kalyan Banerjee, Rostow Ravanan, S. Janakiraman, Sridhar Mitta, PGN Trust, V.Lakshmanan, at Re.1 per share (partly paid up). The Equity Shares were made fully paid up on June 30, 2000.

(3) Shares allotted at Re.1 per share (partly paid up). The Equity Shares were made fully paid up on June 30, 2000. Further, shares held by Amalgamated Holdings and Vaitarna Holdings Private Limited were transferred to Global Technology Ventures Limited by Board meeting held on April 25, 2000.

(4) Allotment of Equity Shares to AIG Offshore Systems Service Inc. pursuant to Convertible Security Agreement dated December 10, 2003.

(5) Equity Shares allotted to employees of ASAP joining our Company pursuant to the Business Purchase Agreement dated September 24, 2004 with ASAP and its subsidiary, Arachno Solutions Private Limited. For further details, see "History and Certain Corporate Matters" on page 85.

(6) Allotments of Equity Shares to Mr. G.P. Chandrakumar and Mr. N.V.Rajan, promoters of Linc Software Services Private Limited pursuant to Share Swap and Purchase Agreement dated May 5, 2005 with Linc Software Services Private Limited and its promoters and shareholders for purchase of all of the equity shareholding of our Company by payment of cash and Equity Shares as consideration. For further details see "History and Certain Corporate Matters" on page 85.

(7) Conversion of 2,640,000 preference shares held by Capital International Global Emerging Markets Equity Fund L.P, Walden Software Investments Limited, Global Technology Ventures Limited, Franklin Templeton Holdings Limited, Mauritius into 6,293,333 Equity Shares and 180,000 preference shares held by Ashok Soota, N. Krishna Kumar and Rostow Ravanan into 429,091 Equity Shares, at a price of Rs. 99 per Equity Share. Preference shares were allotted to Capital International Global Emerging Markets Equity Fund L.P, Walden Software Investments Limited, Global Technology Ventures Limited by Board meeting held on August 7, 2001 pursuant to subscription agreement dated July 18, 2001 amended accordingly, to Ashok Soota, N. Krishna Kumar and Rostow Ravanan on August 31, 2001 pursuant to subscription agreement dated July 18, 2001, and to Franklin Templeton Holdings Limited, Mauritius by Board by passing a circular resolution on October 29, 2001 pursuant to the amended subscription agreement dated October 30, 2001. For further details, see "History and Certain Corporate Matters" on page 85.

(8) MindTree Benefit Trust has transferred shares to the employees of our Company. In accordance with the guidance note on '*Employee share based payments*' issued by the Institute of Chartered Accountants of India, transfer of shares by the trust has been recorded as stock compensation cost by a corresponding credit to securities premium.

(9) Set off of goodwill pursuant to clause 9 of the Scheme of Amalgamation between our Company and MindTree Software Services Private Limited (earlier known as "Linc Software Services Private Limited") as approved by the order of the High Court of Karnataka dated July 28, 2006.

(10) Grant of options to non-employees was authorised by the Board at its meeting held on October 24, 2000 by appropriating required number of shares from our existing ESOP pool and options were granted to Spastics Society of Karnataka, Chetan K.S and Raghavendra Babu V.G. under ESOP 1999.

(11) Consolidation of 31,695,237 Equity Shares of face value of Rs. 2 each into 6,339,047 Equity Shares of Rs. 10 each by Board resolution dated November 16, 2006.

Other than as mentioned in the table above, we have not made any issue of shares during the preceding one year.

2. *Promoters' Contribution and Lock-in*

All Equity Shares, which are being locked in are eligible for computation of promoters' contribution as per Clause 4.6 of the SEBI Guidelines and are being locked-in under Clause 4.11 of the SEBI Guidelines.

a) Details of Promoters Contribution locked in for three years:

Pursuant to the SEBI Guidelines, an aggregate of 20% of the post Issue capital of our Company (including all options granted and outstanding) held by the Promoters shall be locked-in for a period of three years from the date of Allotment in the Issue. The details of such lock-in are given below:

Sl. No.	Name	Date of Allotment/ Acquisition	Date when made fully paid-up	Nature of Allotment	Nature of Consideration (Cash, bonus, kind, etc.)	No. of shares locked in*	Face Value (Rs.)	Issue Price/ Purchase Price (Rs.)	Percentage of Post-Issue paid-up capital**
1.	Ashok Soota	November 17, 2006	N.A.	Bonus	Bonus	2,641,564	10	Nil	6.57
2.	Subroto Bagchi	November 17, 2006	N.A.	Bonus	Bonus	1,302,845	10	Nil	3.24
3.	N. Krishna Kumar	November 17, 2006	N.A.	Bonus	Bonus	1,328,738	10	Nil	3.31
4.	S. Janakiraman	November 17, 2006	N.A.	Bonus	Bonus	651,158	10	Nil	1.62
5.	N.S. Parthasarathy	November 17, 2006	N.A.	Bonus	Bonus	394,641	10	Nil	0.98
6.	Rostow Ravanan	November 17, 2006	N.A.	Bonus	Bonus	347,720	10	Nil	0.87
7.	Kalyan Banerjee	November 17, 2006	N.A.	Bonus	Bonus	207,183	10	Nil	0.52
8.	LSO Investment (P) Limited	November 17, 2006	N.A.	Bonus	Bonus	1,164,656	10	Nil	2.90
	TOTAL					**8,038,505**			**20.00**

* Commencing from the date of the Allotment of the Equity shares in the Issue.
** Including all options granted and outstanding, and likely outstanding as on March 31, 2007

b) Details of share capital locked in for one year:

In terms of clause 4.14.1 of the SEBI Guidelines, in addition to 20% of post-Issue shareholding of our Company, including options granted and outstanding, held by the Promoters and locked-in for three years, as specified above, other than Equity Shares allotted under our ESOP Plans and held by employees, our entire pre-Issue equity share capital constituting 21,800,199 Equity Shares will be locked-in for a period of one year from the date of Allotment in this Issue.

In terms of Clause 4.16.1(a) of the SEBI Guidelines, the Equity Shares held by persons other than the Promoters prior to the Issue may be transferred to any other person holding the Equity Shares which are locked-in as per Clause 4.14 of the SEBI Guidelines, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

Further, in terms of clause 4.16.1(b) of the SEBI Guidelines, Equity Shares held by the Promoters may be transferred to and among the Promoter group or to a new promoter or persons in control of our Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as applicable.

Locked in Equity Shares held by the Promoters, as specified above, can be pledged with banks or financial institutions as collateral security for loans granted by such banks or financial institutions provided that the pledge of the Equity Shares is one of the terms of the sanction of the loan.

In addition, the Equity Shares subject to lock-in will be transferable subject to compliance with the SEBI Guidelines, as amended from time to time.

3. Our shareholding pattern

The table below presents our shareholding pattern before the proposed Issue and as adjusted for the Issue:

	Pre-Issue		Post-Issue#	
	No. of shares	%	No. of shares	%
Promoters				
Ashok Soota	4,383,487	13.83	4,383,487	11.76
Subroto Bagchi	2,161,977	6.82	2,161,977	5.80
N. Krishna Kumar	2,204,945	6.96	2,204,945	5.91
S. Janakiraman	1,080,549	3.41	1,080,549	2.90
N.S. Parthasarathy	654,878	2.07	654,878	1.76
Rostow Ravanan	577,015	1.82	577,015	1.55
Kalyan Kumar Banerjee	343,805	1.08	343,805	0.92
LSO Investment (P) Limited	1,932,663	6.10	1,932,663	5.18
Sub Total (A)	*13,339,319*	*42.09*	*13,339,319*	*35.78*
Promoter Group				
Akila Krishna Kumar	35,000	0.11	35,000	0.09
Harihar Panda	5,000	0.01	5,000	0.01
Sanjay Panda	8,000	0.02	8,000	0.02
Sub Total (B)	*48,000*	*0.14*	*48,000*	*0.12*
Investors				
Walden Software Investments Limited	6,728,535	21.23	6,728,535	18.04
Capital International Global Emerging Markets Equity Fund L.P	4,290,909	13.54	4,290,909	11.51
Global Technology Ventures Limited	2,648,561	8.36	2,648,561	7.10
Franklin Templeton Holdings Limited, Mauritius	762,828	2.41	762,828	2.05
AIG Offshore Systems Service Inc.	1,240,167	3.91	1,240,167	3.33
Sub Total (C)	*15,671,000*	*49.45*	*15,671,000*	*42.03*

	Pre-Issue		Post-Issue#	
	No. of shares	%	No. of shares	%
Employees**				
ESOP holders	1,856,533	5.86	1,856,533	4.98
Non ESOP holders	191,924	0.61	564,824[β]	1.51
Sub Total (D)	*2,048,457*	*6.47*	*2,421,357*	*6.49*
Others	588,461	1.85	588,461	1.58
Sub Total (E)	*588,461*	*1.85*	*588,461*	*1.58*
Net Issue to Public (F)	-	-	*5,220,400[∞]*	*14.00*
Total (A+B+C+D+E+F)	***31,695,237***	***100.00***	***37,288,537***	***100.00***

∞ Includes Business Associate Reservation Portion and excludes Employee Reservation Portion
β Assuming Employee Reservation Portion is fully subscribed by Eligible Employees
 # Assuming that the shareholders do not subscribe for Equity Shares in the Issue
***Employees represent employees on payroll as on November 16, 2006*

The following directors of our Company hold Equity Shares:

S. No.	Name	Number of Equity Shares Held	Pre Issue %	Post Issue %
1.	Ashok Soota	4,383,487	13.83	11.76
2.	Subroto Bagchi	2,161,977	6.82	5.80
	TOTAL	**6,545,464**	**20.65**	**17.56**

4. Top ten shareholders

The list of our top ten shareholders and the number of Equity Shares held by them is provided below:

(a) Our top ten shareholders and the number of Equity Shares held by them as on the date of filing this Red Herring Prospectus are as follows:

S. No.	Shareholder	No. of Equity Shares Held	Pre Issue %
1	Walden Software Investment Limited	6,728,535	21.23
2	Ashok Soota	4,383,487	13.83
3	Capital International Global Emerging Markets Equity Fund L.P	4,290,909	13.54
4	Global Technology Ventures Limited	2,648,561	8.36
5	N. Krishna Kumar	2,204,945	6.96
6	Subroto Bagchi	2,161,977	6.82
7	LSO Investment (P) Limited	1,932,663	6.07
8	AIG Offshore Systems Service Inc.	1,240,167	3.91
9	S. Janakiraman	1,080,549	3.41
10	Franklin Templeton Holdings Limited, Mauritius	762,828	2.41

(b) Our top ten shareholders and the number of Equity Shares held by them ten days prior to filing of this Red Herring Prospectus are as follows:

S. No.	Shareholder	No. of Equity Shares Held	Pre Issue %
1	Walden Software Investment Limited	6,728,535	21.23
2	Ashok Soota	4,383,487	13.83
3	Capital International Global Emerging Markets Equity Fund L.P	4,290,909	13.54
4	Global Technology Ventures Limited	2,648,561	8.36
5	N. Krishna Kumar	2,204,945	6.96
6	Subroto Bagchi	2,161,977	6.82
7	LSO Investment (P) Limited	1,956,463	6.17
8	AIG Offshore Systems Service Inc.	1,240,167	3.91
9	S. Janakiraman	1,080,549	3.41
10	Franklin Templeton Holdings Limited, Mauritius	762,828	2.41

(c) Our top ten shareholders and the number of Equity Shares held by them as of two years prior to filing this Red Herring Prospectus were as follows:

S. No.	Shareholder	No. of Equity Shares Held	Percentage
1	Walden Software Investment Limited	5,775,000	26.45
2	Ashok Soota	3,692,828	16.92
3	Global Technology Ventures Limited	2,362,500	10.82
4	N. Krishna Kumar	2,177,561	9.97
5	Subroto Bagchi	2,125,977	9.74
6	LSO Investment (P) Limited	1,956,463	8.96
7	S. Janakiraman	1,035,549	4.74
8	N.S.Parthasarathy	644,878	2.95
9	Rostow Ravanan	573,773	2.63
10	MindTree Benefit Trust	455,966	2.09

5. Employee stock option plans

We have four employee stock option plans, and one stock option plan for our independent directors: *

I) ESOP Plans

ESOP scheme	Outstanding Options	Remarks
ESOP 1999	196,381	Adopted for the benefit of employees who joined our Company on or before September 30, 2001 or to whom offers were made prior to August 7, 2001. The plan has been approved by our shareholders by agreement dated August 7, 2001.
ESOP 2001	843,396	Adopted for the benefit of employees who joined our Company on or after October 1, 2001or to whom offers were made after August 7, 2001. The plan has been approved by our shareholders by agreement dated August 7, 2001.
ESOP 2006 (a)	343,200	The special resolution passed by our Company at its EGM dated November 16, 2006, approved the grant of options under the ESOP 2006(a).
ESOP 2006 (b)	1,201,000	The special resolution passed by our Company at its EGM dated November 16, 2006, approved the grant of options under the ESOP 2006 (b).

* There would be no further grant of options under ESOP 1999, ESOP 2001 and ESOP 2006 (a). All options granted after October 25, 2006 will be granted under ESOP 2006 (b) and DSOP 2006. Further, it has been agreed by our shareholders by agreement dated August 7, 2001 that the total number of shares that may be issued under each plan for the time being in force shall be 20% of our fully paid-up share capital excluding shares allotted under the ESOP Plan. For further details on the shareholders agreement dated August 7, 2001 and the subsequent amendments thereto, see "History and Certain Corporate Matters" on page 85.

<u>(a) ESOP 1999</u>

Particulars	Details		
Options granted	2,892,000		
Exercise price of options	**Fiscal**	**No. of options granted**	**Exercise Price**
	2000	690,300	10
	2001	1,572,965	10
	2002	621,985	10
	2003	6,750	10
Total options vested (including options exercised)	1,940,894		
Options exercised	1,744,513		
Total number of Equity Shares arising as a result of full exercise of options already granted	1,940,894		
Options forfeited/ lapsed/ cancelled	951,106		
Variations in terms of options	NIL		
Money realised by exercise of options	Rs. 3,489,026		
Options outstanding (in force)	196,381		
Person wise details of options granted to			
i) Directors and key managerial employees	303,000**		

Particulars	Details
ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	Name of employee / Fiscal / No. of options granted: Amit Agrawal / 2000 / 75,000 Erik Mann / 2000 / 75,000 Joseph King / 2000 / 65,000 Raj Datta / 2000 / 35,000
iii) Identified employees who are granted options, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NIL
Fully diluted EPS on a pre-issue basis for nine months ended December 31,2006	20.59
Vesting schedule	15% on expiry of 12 months 20% on expiry of 24 months 30% on expiry of 36 months 35% on expiry of 48 months
Lock-in	NIL
Impact on profits and EPS of the last three years	NIL

**Details regarding options granted under ESOP 1999 to our Directors and our key managerial employees are set forth below:

Name of director/ Key Managerial Personnel	No. of options granted	No. of options exercised	No. of options outstanding
Vishweshwar Hegde	30,000	30,000	-
Puneet Jetli	28,000	28,000	-
Vinod Deshmukh	175,000	175,000	-
Raja V Shanmugam	35,000	35,000	-
Anup Mehta	35,000	-	35,000

(b) ESOP 2001

Particulars	Details
Options granted	1,942,875
Exercise price of options	Fiscal / No. of options granted / Exercise Price: 2002 / 300,655 / 50 2003 / 480,735 / 50 2004 / 563,305 / 50 2005 / 563,930 / 50 2006 / 34,250 / 50
Total options vested (includes options exercised)	834,433
Options exercised	345,079
Total number of Equity Shares arising as a result of full exercise of options already granted	1,188,475
Options forfeited/ lapsed/ cancelled	754,400
Variations in terms of options	NIL
Money realised by exercise of options	Rs. 17,253,950
Options outstanding (in force)	843,396
Person wise details of options granted to	
i) Directors and key managerial employees	51,050**
ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	Name of employee / Fiscal / No. of options granted: Deepak Annamraju / 2006 / 2,500 Dorai Raj S.K. / 2006 / 2,500 Sateesh Sindogi / 2006 / 2,500 Sudhir K. Reddy / 2006 / 10,000 Jaikishen K. / 2006 / 4,000 Srinath C.V. / 2006 / 2,000 Arun K. Malhotra / 2006 / 4,000

Particulars	Details
iii) Identified employees who are granted options, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NIL
Fully diluted EPS on a pre-issue basis for nine months ended December 31,2006	20.59
Vesting schedule	15% on expiry of 12 months 20% on expiry of 24 months 30% on expiry of 36 months 35% on expiry of 48 months
Lock-in	NIL
Impact on profits and EPS of the last three years	NIL

**Details regarding options granted to our Directors and our key managerial employees under ESOP 2001 are set forth below:

Name of director/ Key Managerial Personnel	No. of options granted	No. of options exercised	No. of options outstanding
Vishweshwar Hegde	8,500	6,225	2,275
Puneet Jetli	7,000	4,000	3,000
Vinod Deshmukh	25,000	-	25,000
Raja V Shanmugam	5,650	4,775	875
Anup Mehta	4,900	-	4,900

(c) ESOP 2006 (a)

<table>
<tr><th>Particulars</th><th>Details</th></tr>
<tr><td>Options granted</td><td>365,750</td></tr>
<tr><td>Exercise price of options</td><td><table><tr><th>Fiscal</th><th>No. of options granted</th><th>Exercise Price</th></tr><tr><td>2006</td><td>365,750</td><td>250</td></tr></table></td></tr>
<tr><td>Total options vested (includes options exercised)</td><td>NIL</td></tr>
<tr><td>Options exercised</td><td>NIL</td></tr>
<tr><td>Total number of Equity Shares arising as a result of full exercise of options already granted</td><td>343,200</td></tr>
<tr><td>Options forfeited/ lapsed/ cancelled</td><td>22,550</td></tr>
<tr><td>Variations in terms of options</td><td>NIL</td></tr>
<tr><td>Money realised by exercise of options</td><td>NIL</td></tr>
<tr><td>Options outstanding (in force)</td><td>343,200</td></tr>
<tr><td>Person wise details of options granted to</td><td></td></tr>
<tr><td>i) Directors and key managerial employees</td><td>NIL</td></tr>
<tr><td>ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year</td><td><table><tr><th>Name of employee</th><th>Fiscal</th><th>No. of options granted</th></tr><tr><td>Ram Mohan C.</td><td>2006</td><td>30,000</td></tr><tr><td>Ashwani K. Kathuria</td><td>2006</td><td>20,000</td></tr><tr><td>Vikram Amarnath</td><td>2006</td><td>20,000</td></tr></table></td></tr>
<tr><td>iii) Identified employees who are granted options, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant</td><td>NIL</td></tr>
<tr><td>Fully diluted EPS on a pre-issue basis for nine months ended December 31,2006</td><td>20.59</td></tr>
<tr><td>Vesting schedule</td><td>15% on expiry of 12 months
20% on expiry of 24 months
30% on expiry of 36 months
35% on expiry of 48 months</td></tr>
<tr><td>Lock-in</td><td>NIL</td></tr>
<tr><td>Impact on profits and EPS of the last three years</td><td>NIL</td></tr>
</table>

(d) ESOP 2006 (b)

Particulars	Details
Options granted	1,233,650
Exercise price of options	Fiscal / No. of options granted / Exercise Price: 2006 / 1,064,850 / 300 2006 / 142,400 / 315 2006 / 26,400 / 350
Total options vested (includes options exercised)	NIL
Options exercised	NIL
Total number of Equity Shares arising as a result of full exercise of options already granted	1,201,000
Options forfeited/ lapsed/ cancelled	32,650
Variations in terms of options	NIL
Money realised by exercise of options	NIL
Options outstanding (in force)	1,201,000
Person wise details of options granted to	
i) Directors and key managerial employees**	35,500
ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	NIL
iii) Identified employees who are granted options, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NIL
Fully diluted EPS on a pre-issue basis for nine months ended December 31, 2006	20.59
Vesting schedule	15% on expiry of 12 months 20% on expiry of 24 months 30% on expiry of 36 months 35% on expiry of 48 months
Lock-in	NIL
Impact on profits and EPS of the last three years	NIL

**Details regarding options granted to our Directors and our key managerial employees under ESOP 2006 (b) are set forth below:

Name of director/ Key Managerial Personnel	No. of options granted	No. of options exercised	No. of options outstanding
Vishweshwar Hegde	10,000	-	10,000
Puneet Jetli	10,000	-	10,000
Raja V Shanmugam	7,500	-	7,500
Anup Mehta	8,000	-	8,000

(II) DSOP 2006

DSOP 2006	70,000	The special resolution passed by our Company at its EGM dated November 16, 2006, approved the grant of options for the benefit of our independent directors under the DSOP 2006

Particulars	Details
Options granted	70,000
Exercise price of options	Fiscal / No. of options granted / Exercise Price: 2006 / 70,000 / 300
Total options vested (includes options exercised)	NIL
Options exercised	NIL
Total number of Equity Shares arising as a result of full exercise of options already granted	70,000
Options forfeited/ lapsed/ cancelled	NIL

Particulars	Details
Variations in terms of options	NIL
Money realised by exercise of options	NIL
Options outstanding (in force)	70,000
Person wise details of options granted to	
i) Directors**	70,000
ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	NA
iii) Identified employees who are granted options, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant	NA
Fully diluted EPS on a pre-issue basis for nine months ended December 31, 2006	20.59
Vesting schedule	33.33% on expiry of 12 months 33.33% on expiry of 24 months 33.33% on expiry of 36 months
Lock-in	NIL
Impact on profits and EPS of the last three years	NIL

**Details regarding options granted to our Directors under DSOP are set forth below:

Name of director	No. of options granted	No. of options exercised	No. of options outstanding
George M. Scalise	30,000	-	30,000
Dr. Albert Hieronimus	10,000	-	10,000
Mark A. Runacres	10,000	-	10,000
N.Vittal	10,000	-	10,000
R. Srinivasan	10,000	-	10,000

6. Our directors and the key management personnel who have been granted options and Equity Shares on the exercise of the options pursuant to ESOP Plans have confirmed to us that they do not intend to sell any shares arising from such options for three months after the date of listing of the Equity Shares in this Issue. Other employees holding Equity Shares at the time of listing of Equity Shares and Equity Shares on exercise of vested options may sell Equity Shares within the three month period after the listing of the Equity Shares. This disclosure is made in accordance with para 15.3 (b) and 15.3 (c) of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 2000.

7. Our Company, the Promoters, the Directors and the BRLMs have not entered into any buy-back and/or standby arrangements for the purchase of Equity Shares from any person.

8. At least 60% of the Net Issue, that is, 2,964,445 Equity Shares shall be available for allocation on a proportionate basis to QIBs, out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Up to 10% of the Net Issue, i.e. 494,075 Equity Shares shall be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 30% of the Net Issue, that is 1,482,220 Equity Shares shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Further upto 372,900 Equity Shares shall be available for allocation on a proportionate basis to Eligible Employees and upto 279,660 Equity Shares shall be available for allocation on a proportionate basis to Business Associates, subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in the Business Associate Reservation Portion or the Employee Reservation Portion will be first added to Employee Reservation Portion or the Business Associate Reservation Portion, as the case may be, and after such inter-se adjustment shall be added back to the Net Issue, and the ratio amongst the investor categories will be at the discretion of our Company and the BRLMs. In case of under-subscription in the Net Issue, spill over to the extent of under-subscription shall be permitted from the Employee Reservation Portion and the Business Associate Reservation Portion.

9. Under-subscription, if any, in the Retail or Non Institutional Portion would be met with spill over from other categories or combination of categories at the discretion of our Company in consultation with the BRLMs.

10. Except allotment of Equity Shares pursuant to the bonus issue and allotment of Equity Shares pursuant to exercise of stock option under the ESOP Plans, and other than purchases and sales disclosed in the table below, the Directors, the Promoters, or the Promoter Group have not purchased or sold any securities of our Company, during a period of six months preceding the date of filing this Red Herring Prospectus with SEBI.

Date of Transaction	Name of Director/Promoter/Member of Promoter Group	Nature of Transaction	Number of Shares	Person from whom purchased/to sold	Price at which shares purchased (Rs. per share)
October 24, 2006	Ashok Soota	Purchase	180,000	MindTree Benefit Trust	300
October 24, 2006	Subroto Bagchi	Purchase	30,000	MindTree Benefit Trust	300
October 24, 2006	N. Krishna Kumar	Purchase	25,000	MindTree Benefit Trust	300
October 24, 2006	S. Janakiraman	Purchase	45,000	MindTree Benefit Trust	300
October 24, 2006	N.S. Parthasarathy	Purchase	10,000	MindTree Benefit Trust	300
October 24, 2006	Akila Krishna Kumar	Purchase	35,000	MindTree Benefit Trust	300
October 24, 2006	D.P.Bagchi	Sale	1,000	Shravani Bagchi Choudhuri	300
November 6, 2006	Ashok Soota	Purchase	30,000	MindTree Benefit Trust	300
November 6, 2006	Subroto Bagchi	Purchase	6,000	MindTree Benefit Trust	300
December 5, 2006	LSO Investment (P) Limited	Sale	18,000	Poornima Jairaj and K. Jairaj	420
December 5, 2006	LSO Investment (P) Limited	Sale	2,900	Tanya Jairaj and Poornima Jairaj	420
December 5, 2006	LSO Investment (P) Limited	Sale	2,900	Aditya Jairaj and Poornima Jairaj	420

11. An investor cannot make a Bid for more than the number of Equity Shares offered through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.

12. Except as disclosed in this Red Herring Prospectus, there will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Red Herring Prospectus with SEBI until the Equity Shares to be issued pursuant to the Issue have been listed.

13. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

14. As on the date of this Red Herring Prospectus, the total number of holders of Equity Shares are 39, excluding holders of options outstanding and employees of our Company to whom Equity Shares have been allotted from time to time upon exercise of their options.

15. We have not raised any bridge loans against the proceeds of the Issue.

16. We have not issued any Equity Shares out of revaluation reserves. Further, except as disclosed in this Red Herring Prospectus, we have not issued any Equity Shares for consideration other than cash except for the bonus Equity Shares issued out of free reserves.

17. Other than options granted under the ESOP Plans as detailed in note 5 above, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into the Equity Shares.

18. The Equity Shares held by the Promoters are not subject to any pledge.

19. A total of 6.67% of the Issue size, i.e. up to 372,900 Equity Shares, has been reserved for allocation to the Eligible Employees on a proportionate basis, subject to valid Bids being received at or above the Issue Price. Only Eligible Employees would be eligible to apply in this issue under the Employee Reservation Portion. If the aggregate demand in the Employee Reservation Portion is greater than 372,900 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis. Eligible Employees may bid in the Net Issue portion as well and such Bids shall not be treated as multiple Bids.

20. A total of 5% of the Issue size, i.e. up to 279,660 Equity Shares, has been reserved for allocation to the Business Associates on a proportionate basis, subject to valid Bids being received at or above the Issue Price. Business Associates, other than as defined, are not eligible to participate in the Business Associates Reservation Portion. If the aggregate demand in the Business Associate Reservation Portion is greater than 279,660 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis. Business Associates may bid in the Net Issue portion as well and such Bids shall not be treated as multiple Bids.

21. Under-subscription, if any, in the Business Associate Reservation Portion or the Employee Reservation Portion will be first added to Employee Reservation Portion or the Business Associate Reservation Portion, as the case may be, and after such inter-se adjustment shall be added back to the Net Issue, and the ratio amongst the investor categories will be at the discretion of our Company and the BRLMs.

22. An oversubscription to the extent of 10% of the Issue can be retained for the purpose of rounding off while finalising the basis of Allotment.

23. Our Promoters and members of our Promoter Group will not participate in this Issue.

24. We presently do not intend or propose to alter our capital structure for a period of six months from the Bid/ Issue Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise, except that we may grant stock options to the employees and Directors as per the prevailing stock option plan and allot further Equity Shares to our employees pursuant to exercise of options granted earlier under our ESOP Plans. Additionally, if we enter into acquisitions or joint ventures, we may, subject to necessary approvals, consider using our Equity Shares as currency for acquisitions or participation in such joint ventures we may enter into and/or we may raise additional capital to fund accelerated growth, subject to the compliance with the relevant guidelines/regulations etc.

OBJECTS OF THE ISSUE

The objects of the Issue are to:

- Fund a new development centre in Chennai, which includes the cost of:
    - (a) obtaining land on a long term lease and construction of a new development centre on that land, and
    - (b) furnishing the interiors of the new development centre.
- Prepay certain loans;
- General corporate purposes; and
- Achieve the benefits of listing on the Stock Exchanges.

The main object clause of our Memorandum of Association and objects incidental to the main objects enable us to undertake our existing activities and the activities for which funds are being raised by us through this Issue.

We intend to utilize the proceeds of the Issue, after deducting the Issue related expenses, which is estimated at Rs. [●] ("Net Proceeds") for financing the above mentioned objects.

The details of the utilization of Net Proceeds will be as per the table set forth below:

(In Rs. Million)

S. No.	Expenditure Items	Amount Deployed as on January 22, 2007	Total cost to be financed from the Net Proceeds	Estimated Net Proceeds utilization as on March 31,		
				2007	2008	2009
1.	Fund a new development centre in Chennai	75.03*	1,207.4	Nil	875.4	332.0
2.	Prepay certain loans	0.00	187.7	187.7	-	-
3.	General corporate purposes	0.00	[●]	[●]	[●]	[●]
	Total		[●]	[●]	[●]	[●]

*As per certificate from Aditya & Vishwas, Chartered Accountants dated January 22, 2007

As on January 22, 2007, we have not incurred any expenditure in relation to the above stated objects except as stated herein below.

The fund requirement and deployment are based on internal management estimates, vendor quotations and have not been appraised by any bank or financial institution. These are based on current conditions and are subject to change in light of changes in external circumstances, or costs or changes in our financial condition, business or strategy. In case of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Issue. If surplus funds are unavailable, the required financing will be through our internal accruals and debt.

We operate in a highly competitive, dynamic market environment, and may have to revise our estimates from time to time on account of new initiatives that we may pursue including any potential acquisition opportunities. Consequently, our fund requirements may also change accordingly. Any such change in our plans may require rescheduling of our expenditure programs, at the discretion of our management. In case of any shortfall or cost overruns, we intend to meet our estimated expenditure from our internal accruals and debt.

Details of the Objects

Fund a new development centre in Chennai

We are setting up a new development centre in Mahindra World City, Chennai. The total cost for setting up the new development centre from the Net Proceeds is as set forth below:

(Rs. In million)

S. No.	Expenditure Items	Total cost to be financed from the Net Proceeds	Estimated Net Proceeds utilization as on March 31,		
			2007	2008	2009
1.	Obtaining land on a long term lease and constructing our development centre on that land[1]	675.4	Nil	675.4	-
2.	Furnishing the interiors of our development centre[2]	532.0	-	200.0	332.0
	Total	**1,207.4**		**875.4**	**332.0**

[1] Based on memorandum of understanding dated December 21, 2006 with Ascendas Mahindra IT Park Ltd.
[2] Based on quotations received from C2C Projects Private Limited dated November 21, 2006.

Obtaining land on a long term lease and construct our development centre

We have executed a memorandum of understanding ("**MoU**") dated December 21, 2006 with Ascendas Mahindra IT Park Ltd. ("**Ascendas**") whereby Ascendas, which has taken on lease land from Mahindra World City Developers Limited, has offered us long term lease of the said land located at Mahindra World City, Chennai and the building aggregating approximately 280,000 square feet of super built up area, to be constructed on the land on an ownership basis. The registration of the said lease under the MoU in favour of our Company is subject to our Company obtaining the necessary letter of permission/letter of approval from the development commissioner. As per the terms of the MoU, it is agreed that upon registration of the lease deed, Ascendas will complete the construction of the building within 10 months from the date of signing of the MoU and will complete the sale of the building. Further, under the terms of the MoU the building to be constructed shall only be used for IT/ITES activities. The tenure of the lease of land under the terms of the MoU is 95 years.The said term is subject to our Company complying with the export obligations stipulated in the SEZ rules and obtaining the necessary sanctions/permissions from the development commissioner. In this regard, we have made an application dated December 27, 2006 to the Development Commissioner, MEPZ Special Economic Zone Chennai to obtain an approval for setting up our unit in the Ascendas SEZ at Chennai. We are not required to obtain any approvals for the construction. We are required to pay a non-refundable premium of Rs.12.94 million for the land. Out of the said amount, we have paid a sum of Rs. 1.29 million at the time of signing of the MoU. The balance sum (i.e 90% of the premium) of Rs. 11.65 million shall be payable in the following manner:

S.No.	Amount of the Instalment (%)	Period of Payment
1.	30	Upon the ground floor slab level completion
2.	30	Upon the ground floor slab plus three floors structure
3.	20	Prior to audit which would be completed within three weeks of a notification fromascendas which shall not be later than ten months from the date of this MoU
4.	10	At the time of registering the lease deed

Further, we are required to pay Rs. 737.45 million as consideration for the building (which is yet to be constructed). Out of the said amount, we have paid a sum of Rs. 73.74 million at the time of signing of the MoU. The balance sum of Rs. 663.71 million shall be payable in the following manner:

S.No.	Amount of the Instalment (%)	Period of Payment
1.	30	Upon the ground floor slab level completion
2.	30	Upon the ground floor slab plus three floors structure
3.	20	Prior to audit which would be completed within three weeks of a notification fromascendas which shall not be later than ten months from the date of this MoU
4.	10	Upon completion of the building audit and receipt of completion certificate by the project architect and at the time of the sale deed pertaining to the building

Thus, as on January 22, 2007, we have incurred Rs.75.03 million, as certified by Aditya & Vishwas, Chartered Accountants dated January 22, 2007. All the balance payments detailed above for the lease of the land and for the ownership of the building are estimated to be Rs. 675.4 million, which is proposed to be paid from the Net Proceeds. In the event of a delay in the payment of any amount by us, we are required to pay the same with an interest of 1.25% per month calculated from the date of payment till the date of the receipt of the payment.

In the event that we are not able to obtain the registration of the lease due to failure to obtain the requisite approval from the development commissioner, or otherwise, we may deploy the utilization of the Net Proceeds towards other general corporate purposes, acquisitions of companies in India or abroad, expansion of existing or new development facilities, strategic initiatives, setting-up new practices, expanding into new geographies, brand building exercises and the strengthening of our marketing capabilities.

Furnishing the interiors of our development centre

We estimate that a total expenditure of approximately Rs. 532 million would be required by us towards the furnishing the interiors of our development centre. The estimates for the aforesaid costs are based on quotations received from C2C Projects Private Limited dated November 21, 2006.

The details of cost of furnishing our interiors includes costs for workstations, furniture, partitions, false ceilings, carpets, false flooring, chairs, anti static vinyl flooring, blinds, signage and graphics, audio visual solutions, electrical works, UPS, panels, light fixtures and lamps, public address system, security system, generators, air conditioners, design fees, and construction management fees etc.

Prepayment of Loans

We intend to prepay up to Rs. 187.7 million of our outstanding debt from the Net Proceeds, including any loans we may borrow until the issue and allotment of Equity Shares under the Issue. We propose to deploy the entire amount of Rs. 187.7 million during Fiscal 2007.

The loans that we propose to prepay are as set forth below:

S. No.	Name of the Lender	Purpose of the loan	Date of the Loan agreement / Sanction Letter	Proposed Prepayment during Fiscal 2007 (Rs. Million)
1.	Hong Kong and Shanghai Banking Corporation	Long term business expenditure	September 16, 2004/ March 21, 2005	187.7

For details see "Financial Indebtedness" on page 179.

The details of the disbursement of the abovementioned loan amount are set forth below:

Loan sanction date	Sanctioned Amount (Rs. In Million)	Date of disbursement	Amount disbursed (Rs. In Million)
September 16, 2004*	100.0	December 1, 2004	20.0
		December 7, 2004	14.0
		December 8, 2004	3.0
		December 13, 2004	13.5
		December 15, 2004	11.5
		February 24, 2005	38.0
March 31, 2005	200.0	May 17, 2005	180.0
		June 30, 2005	20.0

* Outstanding against this loan of Rs.94.0 million on June 2, 2005, was consolidated into a single disbursement on that date for the ease of operation.

General Corporate Purposes

We, in accordance with the policies set up by our Board, will have flexibility in applying the remaining Net Proceeds of this Issue, for general corporate purposes towards acquisitions of companies in India or abroad, expansion of existing or new development facilities, strategic initiatives, setting-up new practices, expanding into new geographies, brand building exercises and the strengthening of our marketing capabilities.

Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirement and deployment of funds may also change. This may also include rescheduling the proposed utilization of Net Proceeds and increasing or decreasing expenditure for a particular object vis-à-vis the utilization of Net Proceeds. In case of a shortfall in the Net Proceeds of the Issue, our management may explore a range of options including utilizing our internal accruals or seeking debt from future lenders. Our management expects that such alternate arrangements would be available to fund any such shortfall. Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes.

Issue Related Expenses

The expenses of this Issue include, among others, underwriting and management fees, printing and distribution expenses, legal fees, advertisement expenses and listing fees. The estimated Issue expenses are as follows:

Activity	Expenses * (Rs. in million)	% of Issue size	% of Issue expenses
Lead management fee and underwriting commissions	[●]	[●]	[●]
Advertising and Marketing expenses	[●]	[●]	[●]
Printing and stationery	[●]	[●]	[●]
Others (Monitoring agency fees, Registrar's fee, legal fee, etc.)	[●]	[●]	[●]
TOTAL	**[●]**	**[●]**	**[●]**

* *Will be incorporated after finalisation of the Issue Price*

Working Capital Requirement

The Net Proceeds of this Issue will not be used to meet our working capital requirements as we expect sufficient internal accruals to meet our existing working capital requirements.

Interim use of funds

Pending utilization for the purposes described above, we intend to invest the funds in high quality liquid instruments including money market mutual funds, deposits with banks, for the necessary duration or for reducing overdrafts. Our management, in accordance with the policies established by our Board of Directors from time to time, will have flexibility in deploying the Net Proceeds of the Issue.

Monitoring Utilization of Funds

Our Board will monitor the utilization of the Net Issue proceeds. We will disclose the details of the utilization of the Issue proceeds, including interim use, under a separate head in our financial statements for fiscal 2007, fiscal 2008, and fiscal 2009, specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements of our listing agreements with the Stock Exchanges and in particular Clause 49 of the Listing Agreement.

No part of the proceeds from the Issue will be paid by us as consideration to our Promoters, our Directors, Promoter group individuals and key managerial employees, except in the normal course of our business.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by us in consultation with the BRLMs on the basis of demand from Investors for the Equity Shares through the Book Building Process. The face value of the Equity Shares is Rs. 10 and the Issue Price is 36.5 times the face value at the lower end of the Price Band and 42.5 times the face value at the higher end of the Price Band.

Qualitative Factors

For some of the qualitative factors, which form the basis for computing the price refer to "Our Business" on page 53 and "Risk Factors" on page (x).

Quantitative Factors

Information presented in this section is derived from our Company's restated financial statements prepared in accordance with Indian GAAP. Some of the quantitative factors, which form the basis for computing the price, are as follows:

1. Basic and Diluted Earnings per Share (EPS)

Period ended	Basic EPS (Rs.)	Diluted EPS (Rs.)	Weight
March 31, 2004	0.69	0.54	1
March 31, 2005	8.34	5.92	2
March 31, 2006	19.96	17.20	3
Weighted Average	12.88	10.67	

Note:

- The basic earnings per share has been computed by dividing net profit attributable to equity shareholders, as restated, by the weighted average number of equity shares outstanding during the year, in accordance with Accounting standard -20 on 'Earnings per share' issued by Institute of Chartered Accountants of India.

- The diluted earnings per share has been computed by dividing net profit attributable to equity shareholders, as restated, by the sum of weighted average number of equity shares outstanding during the year considered for deriving basic earnings per share and the weighted average number of equity shares, which could have been issued on the conversion of dilutive potential equity shares such as dilutive options and dilutive convertible preference share, in accordance with Accounting standard -20 on 'Earnings per share' issued by Institute of Chartered Accountants of India.

- Net profit, as restated and appearing in the summary statement of profits and losses of our Company has been considered for the purpose of computing the above ratio

2. Price Earning Ratio (P/E) in relation to the Issue Price of Rs. [●] per share of Rs. 10 each

a. P/E based on EPS for the year ended 31st March 2006 : [●] times
b. P/E based on Weighted average EPS : [●] times
c. Industry P/E*
   i. Highest : 77.7
   ii. Lowest : 20.2
   iii. Industry Composite^ : 39.3

Source: Capital Market, Volume XXI/23, Jan 15-28, 2007 (Industry: Computers-Software-Large and Computer-Software-Medium/Small)

Note:

* P/E computed assuming trailing twelve month earnings and closing price as on January 8, 2007

^ Computed as median of the P/E of benchmark companies enlisted under "Comparison with Other Listed Companies" below.

3. *Average Return on Networth (RoNW)*

Period ended	RoNW (%)	Weight
March 31, 2004	1.98	1
March 31, 2005	19.16	2
March 31, 2006	41.76	3
Weighted Average	27.60	

Note:

- The return on net worth has been computed by dividing net profit after tax, as restated, by the net worth excluding share application money at the end of the year.

- Net profit, as restated and appearing in the summary statement of profits and losses of our Company has been considered for the purpose of computing the above ratio

4. *Minimum Return on Total Net Worth after Issue needed to maintain Pre-Issue EPS for the year ended March 31, 2006 is* [●]

5. *Net Asset Value*

NAV as at December 31, 2006	: Rs. 61.18 per Equity Share
NAV after the issue	: Rs. [●] per Equity Share
Issue Price	: Rs. [●] per Equity Share

The net asset value per equity share has been computed by dividing net worth excluding share application money and preference share capital at the end of the period by number of equity shares outstanding at the end of the period.

The Issue Price of Rs. [●] per Equity Share has been determined by us in consultation with the BRLMs on the basis of demand from investors through the book building process and is justified on the basis of the above accounting ratios.

6. *Comparison with other listed companies*

	EPS (Rs)	P/E (times)	RoNW (%)	NAV (Rs.)	Sales (Rs in million)
MindTree Consulting Limited	20.0*	[●]	41.8	43.8	4,488
HCL Technologies	15.1	28.7	20.7	79.3	30,329
I-Flex Solutions	29.0	49.9	19.4	238.9	11,538
Infosys Technologies	40.3	41.0	39.9	123.7	90,280
Patni Computer	12.6	45.6	11.5	147.6	8,756
Polaris Software	1.2	57.5	2.5	54.0	6,839
Satyam Computer	14.9	25.8	26.9	66.0	46,343
TCS	26.8	37.6	60.9	57.3	112,305
Tech Mahindra	17.7	45.8	40.7	69.4	11,971
Wipro	13.2	34.4	35.7	44.6	102,271
Hexaware	5.6	23.8	26.4	36.1	3,558
iGate Global Solutions	4.7	77.7	5.1	82.7	5,635
Mastek	16.5	20.2	26.8	71.7	3,867
MphasiS	4.3	71.0	14.0	32.4	3,807

* *Basic EPS for the Fiscal 2006*

Source: Our EPS, NAV and RONW have been calculated from our audited financial statements for the year ended March 31, 2006. All figures for industry peers are from Capital Market, Volume XXI/23, Jan 15-28, 2007 (Industry: Computers-Software-Large and Computer-Software-Medium/Small)

Note:

- P/E computed assuming trailing twelve month earnings and closing price as on January 8, 2007

- All financial details for the industry peers i.e. EPS, RoNW, NAV and Sales are as of the most recent fiscal reported. Fiscal end is as of June for HCL Technologies, as of December for Patni Computer, and as of March for all other peers enlisted

The issue price of Rs. [●] per Equity Share has been determined by us, in consultation with the BRLMs, on the basis of assessment of market demand for the offered securities by way of Book building process and is justified based on the above accounting ratios. For further details see "Risk Factors" on page (x) and the financials of our Company including profitability and return ratios, as set out in the auditors report on page 141, for a more informed view.

STATEMENT OF TAX BENEFITS

We hereby report that we have received the enclosed Annexure 'A' stating the possible tax benefits available to MindTree Consulting Limited *(formerly MindTree Consulting Private Limited)* ('the Company') and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives that the Company faces in future, the Company may or may not choose to fulfill.

The benefits discussed below are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

We do not express any opinion or provide any assurance as to whether:

- the Company or its shareholders will continue to obtain these benefits in future; or
- the conditions prescribed for availing the benefits have been / would be met with.

The contents of this annexure are based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

For **BSR & Associates**
Chartered Accountants

Zubin Shekary
Partner
Membership No. : 48814

Bangalore
January 22, 2007

Annexure A

Statement Of Possible Benefits Available To Mindtree Consulting Limited And Its Shareholders

1. BENEFITS AVAILABLE TO THE COMPANY

1.1 Under the Income-tax Act, 1961 ('Act')

1.1.1 Tax holiday under Section 10B of the Act

As per the provisions of Section 10B of the Act, the Company is eligible to claim a benefit with respect to profits derived by its undertaking from the export of articles or things or computer software for a period of ten consecutive assessment years, beginning with the assessment year relevant to the previous year in which the undertaking begins to manufacture or produce such articles or things or computer software. The eligible amount would be the proportion that the profits of the undertaking bear to the export turnover of the undertaking vis-à-vis the total turnover of the undertaking. The benefit is available subject to fulfillment of conditions prescribed by the Section and no benefit under this Section shall be allowed with respect to any such undertaking for the assessment year beginning on the 1st day of April, 2010 and subsequent years.

1.1.2 Tax holiday under Section 10AA of the Act

As per section 10AA of the Act, the Company will be entitled to deduction of 100% of the profits and gains derived from export of articles or things manufactured or produced or any services provided from its unit set up in a Special Economic Zone for a period of 5 consecutive assessment years beginning with the assessment year relevant to the previous year in which such unit begins to manufacture or produce such articles or things or provide services, as the case may be, and 50% of such profits and gains for a further 5 consecutive assessment years. For the next 5 consecutive assessment years, the Company will be entitled to a deduction of such amount not exceeding 50% of the profit as is debited to Profit & Loss Account of the previous year in respect of which the deduction is to be allowed and credited to a special reserve viz. "Special Economic Zone Reinvestment Reserve Account" to be created and utilized for the purpose of the business of the Company in the manner laid down in section 10AA(2). The benefit will available subject to fulfillment of conditions prescribed by the section.

1.1.3 Dividend income

Dividend income, if any, received by the Company from its investment in shares of another Domestic Company will be tax-exempt under Section 10(34) read with Section 115O of the Act. Dividend income received on units of a Mutual Funds specified under Section 10(23D) of the Act will be tax-exempt under Section 10(35) of the Act.

1.1.4 Capital gains

Capital assets are to be categorized into short term capital assets and long term capital assets based on the period of holding. All capital assets (except shares held in a Company or any other listed securities or units of UTI or Mutual Fund units or Zero coupon bonds) are considered to be long-term capital assets if they are held for a period in excess of 36 months. Shares held in a Company or any other listed securities or units of UTI and Mutual Fund units or Zero coupon bonds are considered as long term capital assets if these are held for a period exceeding 12 months. Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, for resident shareholders it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index, as prescribed from time to time. Under the provisions of Section 112 of the Act, long-term gains are subject to tax at a rate of 22.44 percent (basic rate of 20% to be increased by a surcharge of 10 per cent and the total to be increased by an additional surcharge by way of education cess at the rate of 2 per cent). From 1 October 2004, long-term capital gains arising on sale of equity shares and units of equity oriented mutual fund (as defined) under Section 10(23D) are exempt from tax under Section 10(38) of the Act on being subject to Securities Transaction Tax levied under Chapter VII of the Finance (No. 2) Act of 2004. From 1 October 2004, under the provisions of section 111A of the Act, short-term capital gains arising on sale of equity shares and units of equity oriented mutual fund (as defined) under Section 10(23D) on recognized stock exchange are subject to tax at the rate of 11.22 per cent (basic rate of 10% to be increased by a surcharge of 10 per cent and the total to be increased by an additional surcharge by way of education cess at the rate of 2 per cent), provided the transfer is chargeable to Securities Transaction Tax being levied under Chapter VII of the Finance (No. 2) Act of 2004.

1.1.5 Exemption of capital gains from income tax

As per Section 54EC of the Act and subject to conditions specified therein, taxable long-term capital gains are not chargeable to tax to the extent they are invested in certain "long term specified assets" within six months from the date of transfer. If the Company transfers or converts the "long term specified assets" into money (as stipulated therein) within a period of three years from the date of their acquisition, the amount of gain exempted earlier would become chargeable in such year. The "long term specified assets" specified for this Section are bonds, redeemable after three years and issued on or after April 1, 2006, issued by the National Highway Authority of India (NHAI), and the Rural Electrification Corporation Ltd. (REC).

As per Section 54ED of the Act and conditions specified therein, long term capital gains arising on listed securities or units are not be chargeable to tax to the extent such gains are invested in acquiring equity shares forming part of an "eligible issue of capital". The investment needs to be within six months from the relevant date of transfer. 'Eligible issue of capital' means an issue of equity shares that satisfied the following conditions:

- the issue is made by a public company formed and registered in India; and
- the shares forming part of the issue are offered for subscription to the public.

1.2 Benefits available under Indirect Tax Laws

The Company has 1 Unit registered under the Software Technology Parks ('STP') Scheme. The key benefits that could be available under indirect tax laws to a STP unit, subject to satisfaction of the specified conditions, are as under:

1.2.1 Customs duty

Specified goods, which are in the nature of capital goods, office equipment, components, etc. procured by a STP unit, are exempt from customs duty. Notification issued by customs authority lists out the goods eligible for customs duty exemption.

1.2.2 Excise duty

The Company can avail of an exemption from payment of Central excise duty on certain goods as per its entitlement for creating a central facility for use by software development units. Notification issued by excise authority lists out the goods eligible for central excise exemption.

1.2.3 Sales tax

Concessions under certain state sales tax legislations (depending upon the relevant state where the unit is set-up) are available. Further, the Company can claim a reimbursement of the Central Sales Tax paid on its local purchases. Further, export sales made by the Company would not be subject to sales tax. Purchases by a unit in a SEZ will also be exempt from Central Sales Tax. Further, in order to avail the above benefits, the unit will be required to meet prescribed export obligations.

1.2.4 Service tax

The Company is eligible for exemption available to "Consulting Engineer" from levy of service tax on services rendered in relation to computer software (section 65 (19)(vii) of Chapter V of Finance Act 1994).

1.2.5 Special Entry Tax

In the state of Karnataka, exemption is available to STP units on procurement of electronic goods, parts and accessories, computers of all kinds, computer peripheral and computer software from outside the state i.e. on interstate purchase of goods or import of goods.

2. BENEFITS AVAILABLE TO RESIDENT SHAREHOLDERS

2.1.1 Dividend income

As outlined in item 1.1.3 of paragraph 1.1 above.

2.1.2 Capital gains

As outlined in item 1.1.4 of paragraph 1.1 above.

2.1.3 Exemption of capital gains from income tax

As outlined in item 1.1.5 of paragraph 1.1 above. Further, as per the provisions of Section 54F of the Act and subject to conditions specified therein, any taxable long term capital gains (other than on residential house but including those on shares) arising to an individual or Hindu Undivided Family are exempt from capital gains tax if the net sales consideration is utilized, within a period of one year before, or two years after the date of transfer, in purchase of a new residential house, or for construction of residential house within three year from the date of transfer, provided that the individual should not own more than one residential house, other than the new asset, on the date of the transfer of original asset. If the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred. Similarly, if the shareholder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house, then the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired.

3. BENEFITS AVAILABLE TO NON-RESIDENT SHAREHOLDERS

3.1.1 Dividend income

As outlined in item 1.1.3 of paragraph 1.1 above.

3.1.2 Capital gains

As outlined in item 1.1.4 of paragraph 1.1 above except that under first proviso to Section 48 of the Act, the taxable capital gains arising on transfer of capital assets being shares or debentures of an Indian Company need to be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer into the same foreign currency in which the shares were originally purchased. The resultant gains thereafter need to be reconverted into Indian currency. The conversion needs to be at the prescribed rates prevailing on dates stipulated. In view of this mechanism, in computing such gains, the benefit of indexation is not available to non-resident shareholders. In case of a non-resident individual, the applicable surcharge is 10 per cent if the total income exceeds Rs. 1,000,000 and needs to be factored in before levy of additional surcharge by way of education cess of 2 per cent. In other cases the applicable surcharge is nil and additional surcharge by way of education cess of 2 per cent.

3.1.3 Exemption of capital gains from income tax

Benefits outlined in item 1.1.5 of paragraph 1.1 and benefits available to resident shareholders in item 2.1.3 of paragraph 2 above are also available to non-resident shareholders.

3.1.4 Tax Treaty Benefits

As per Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the non-resident. Thus, a non-resident can opt to be governed by the beneficial provisions of an applicable tax treaty.

4. BENEFITS AVAILABLE TO NON-RESIDENT INDIAN SHAREHOLDERS

4.1.1 Dividend income

As outlined in item 1.1.3 of paragraph 1.1 above.

4.1.2 Capital gains

Under Section 115I of the Act, a Non-resident Indian (NRI) as defined therein has the option to be governed by the normal provisions of the Act as outlined in paragraph 1.1.4 of "Benefits available to the Company and paragraph 2.1.3 of "Benefits available to the resident shareholders" or the provisions of Chapter XII-A of the Act through appropriate declaration in the return of income. The said Chapter *inter alia* entitles NRI to the benefits stated hereunder in respect of income from shares of an Indian company acquired, purchased or subscribed in convertible foreign exchange.

As per the provisions of Section 115D read with Section 115E of the Act and subject to the conditions specified therein, taxable long term capital gains arising on transfer of an Indian company's shares, will be subject to tax at the rate of 10.20 percent (basic rate of 10 per cent to be increased by additional surcharge by way of education cess of 2 per cent) (if the total income exceeds Rs. 1,000,000 then a surcharge of 10% needs to be factored before levy of additional surcharge).

As per the provisions of Section 115F of the Act and subject to the conditions specified therein, gains arising on transfer of a long-term capital asset being shares in an Indian Company would not be chargeable to tax. To avail this benefit the entire net consideration received on such transfer needs to be invested within the prescribed period of six months in any specified asset or savings certificates referred to in Section 10(4B) of the Act. If part of such net consideration is invested within the prescribed period of six months in any specified asset or savings certificates referred to in Section 10(4B) of the Act then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer. The specified asset or savings certificates in which the investment has been made are restricted from being transferred within a period of three years from the date of investment. In the event of such a transfer the amount of capital gains tax exempted earlier would become chargeable to tax as long-term capital gains in the year in which such specified asset or savings certificates are transferred.

As per the provisions of Section 115G of the Act, Non-Resident Indians are not obliged to file a return of income under Section 139(1) of the Act, if:

- their only source of income is income from investments or long term capital gains earned on transfer of such investments or both; and
- the tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

As per Section 115H of the Act, when a NRI becomes a resident in India, the provisions of Chapter XII-A can continue to apply in relation to investment made when he was a NRI. Towards this, the NRI needs to furnish a declaration in writing to the Assessing Officer along with his return of income.

4.1.3 Tax Treaty Benefits

As per Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the non-resident. Thus, a non-resident (including NRIs) can opt to be governed by the beneficial provisions of an applicable tax treaty.

5. SPECIAL BENEFITS AVAILABLE TO FOREIGN INSTITUTIONAL INVESTORS ('FIIs')

5.1.1 Dividend income

As outlined in item 1.1.3 of paragraph 1.1 above.

5.1.2 Capital gains

As per the provisions of Section 115AD of the Act, FIIs are taxed on the capital gains income at the following rates:

Nature of income	**Rate of tax (%)**
Long term capital gains	10
Short term capital gains	30
Short term capital gains (section 111A of the Act)	10

The above tax rates would need to be increased by the applicable surcharge of 2.5 per cent and the total to be increased by an additional surcharge of 2 per cent towards education cess. In case of Non-corporate FIIs (e.g. trusts) the surcharge is 10% if their total income exceeds Rs. 1,000,000, otherwise it is Nil. This has to be increased by additional surcharge of 2%. The benefits of indexation and foreign currency fluctuation protection as provided by Section 48 of the Act are not available to a FII. From 1 October 2004, long-term capital gains arising on sale of equity shares and units of equity oriented mutual fund (as defined) under Section 10(23D) on the recognized stock exchange are exempt from tax under Section 10(38) of the Act on being subject to Securities Transaction Tax as levied under Chapter VII of the Finance (No. 2) Act of 2004. From 1 October 2004, Short-term capital gains arising on sale of equity shares and units of equity oriented mutual fund (as defined under Section 10(23D)) on the recognized stock exchange to Corporate FIIs are subject to tax at the rate of 10.45 per cent (basic rate of 10% to be increased by a surcharge of 2.50 per cent and the total to be increased by an additional surcharge of 2 per cent by way of education cess) on being subject to Securities Transaction Tax levied under Chapter VII of the Finance (No. 2) Act of 2004. In case of Non-corporate FIIs, the applicable surcharge is 10% if their total income exceeds Rs. 1,000,000.

5.1.3 Tax Treaty Benefits

As outlined in paragraph 4.1.3 above.

6. BENEFITS AVAILABLE TO MUTUAL FUNDS

6.1.1 Dividend income

As outlined in item 1.1.3 of paragraph 1.1 above. As per the provisions of Section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorized by the Reserve Bank of India, would be exempt from income tax, subject to the prescribed conditions.

7. BENEFITS AVAILABLE TO VENTURE CAPITAL COMPANIES / FUNDS

7.1.1 Dividend income

As outlined in item 1.1.3 of paragraph 1.1 above. As per the provisions of Section 10(23FB) of the Act, any income of Venture Capital Companies / Funds registered with the Securities and Exchange Board of India would be exempt from income tax, subject to the conditions specified.

8. BENEFITS TO SHAREHOLDERS AVAILABLE UNDER THE WEALTH-TAX ACT, 1957

Asset as defined under Section 2(ea) of the Wealth Tax Act, 1957 does not include shares in companies and hence, shares are not liable to wealth tax.

9. BENEFITS TO SHAREHOLDERS AVAILABLE UNDER THE GIFT-TAX ACT, 1958

Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Therefore, any gift of shares will not attract gift tax.

SECTION IV: ABOUT THE COMPANY

INDUSTRY

The information in this section is derived from various government publications and other industry sources. Neither we, nor any other person connected with the issue has verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based on such information.

Worldwide IT Industry

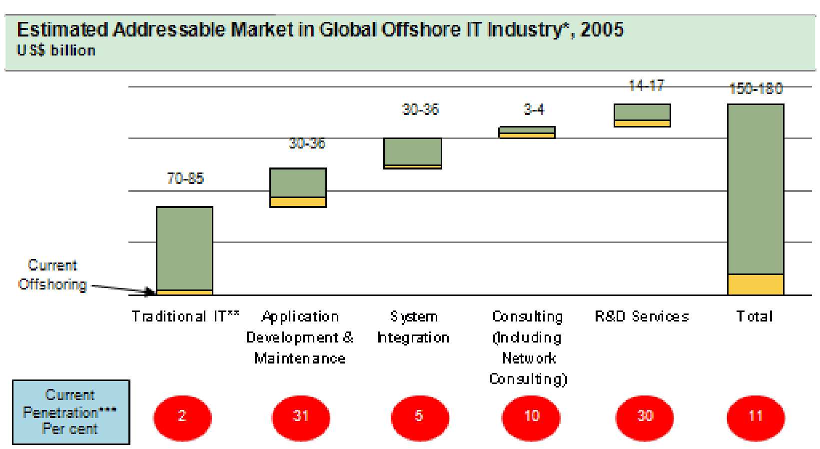
The worldwide IT Services market includes multiple segments such as application development and integration, hardware maintenance and support, software support and consulting. According to Gartner, worldwide spending on IT Services grew approximately 5.2% from US$582.0 billion in 2004 to an estimated US$613.0 billion in 2005. Among industry segments, financial services industry was the biggest spender on IT in 2005, followed by manufacturing, government and communications segments. While North America, Europe and Japan were the biggest spenders on IT in 2004, IT spending growth has been higher in emerging economies such as the Asia-Pacific and Latin American regions. The global IT industry has thousands of vendors and service providers and the top 10 global vendors had a market share of approximately 28.0% in 2004.

In the global market for technology services, offshore outsourcing has been a key driver of growth. Availability of reliable telecom and data networks across the world has made remote delivery of software services possible. Increasingly, technology services are delivered from locations that are best suited in terms of cost and quality.

According to the NASSCOM-McKinsey Report 2005, the addressable market for global offshoring exceeds US$300 billion. Of this, the addressable global market for offshore IT Services is estimated to be approximately US$150 billion to US$180 billion whereas the addressable market for global BPO industry is estimated to be approximately US$120 billion to US$150 billion. The global offshore IT industry, including IT Services and BPO, grew from US$8.5 billion in 2001 to US$18.4 billion in 2005, increasing at about 20% per annum. By 2010, it is estimated that approximately US$55.0 billion will be offshored globally in both IT Services and BPO industries respectively.

Engineering and R&D and software products are some of the areas that are expected to grow substantially in the near future. As per NASSCOM Strategic Review 2006, the total value of product engineering services outsourced globally is currently estimated at over US$27 billion and is projected to nearly double over the next four to five years.

<u>Exhibit 1: Estimated Addressable Market in Global Offshore IT Industry</u>



*Includes the U.S., Western Europe, 15 other EU countries and Japan, and takes into account internal and external spending
**Includes hardware/software maintenance, network administration and help desk
***Proportion of addressable market offshored today
Source: NASSCOM-McKinsey Report 2005

Indian IT industry

IT industry size: According to NASSCOM, the Indian IT software services industry (including IT Services, Engineering and R&D Services, and BPO) grew from approximately US$16.7 billion in fiscal 2004 to an estimated US$29.5 billion in fiscal 2006, registering a CAGR of 33.0%. Of this, exports during 2006 contributed US$23.4 billion (or approximately 80%) while domestic accounted for US$6.0 billion (or approximately 20%). The main industry segments include BFSI, manufacturing and communications. NASSCOM-McKinsey Report 2005 estimated that India had a 65.0% share of the global offshore IT Services industry and a 46.0% share of the global offshore BPO industry in fiscal 2005, indicating India's strong position as a destination of choice for offshoring IT Services. Further, the NASSCOM-McKinsey Report 2005 suggests that with the right initiatives, the export revenues are likely to reach US$60.0 billion in 2010, implying a CAGR of approximately 27.0% over the next four years.

Exports market: According to NASSCOM, the export revenues for the Indian IT Services grew from approximately US$7.3 billion in fiscal 2004 to an estimated US$13.2 billion in fiscal 2006, registering a CAGR of approximately 35.0%. During the same period, the total value of Engineering and R&D Services exported from India is estimated to have grown from US$2.5 billion in fiscal 2004 to an estimated US$3.9 billion in fiscal 2006, registering a CAGR of approximately 25.0%.

Domestic market: According to NASSCOM, the domestic revenues for the Indian IT Services grew from approximately US$3.5 billion in fiscal 2004 to an estimated US$5.2 billion in fiscal 2006, registering a CAGR of approximately 22.0%. According to DATAQUEST, the industry segments that lead in domestic IT spending include BFSI, IT/Telecommunications, manufacturing and government.

Geographical distribution of exports: According to DATAQUEST, the United States continues to be the largest market for the Indian IT industry, accounting for approximately 65.0% of the revenues in fiscal 2006. Europe accounted for approximately 24.0%, while Japan accounted for approximately 3.0% of Indian IT revenues in fiscal 2006. Singapore, Australia and the Middle East are the other significant markets for the Indian IT industry.

Indian IT industry: Key drivers for growth

Availability and development of IT workforce: India has a large pool of trained technical people with English language skills. According to NASSCOM, India produces approximately 2.7 million college graduates annually, which includes approximately 440,000 engineering graduates. This is projected to increase to approximately 536,000 by fiscal 2008. NASSCOM and the Indian IT industry have taken steps, in conjunction with the government, to strengthen education and training for the IT industry, such as signing of MOUs with University Grants Commission and All India Council for Technical Education.

High quality consciousness: Currently, according to NASSCOM Strategic Review 2006, India houses the highest number of CMM Level 5 companies in the world. The SEI-CMM standards were developed by the Carnegie Mellon University to assess an organisation's quality management system, systems engineering processes and methodologies. As of December 2005, over 400 Indian companies had acquired quality certifications with 82 companies certified at SEI-CMM Level 5. Level 5 is the highest level attainable under the SEI-CMM standards.

Significant cost advantage: The NASSCOM Hewitt "Total Rewards Study" determined that salaries for professionals working in the IT sector in India, across levels, increased at a rate of approximately 16.0% in 2005. In absolute terms, the cost of employing IT professionals in India is still lower than in developed countries such as the United States. The use of high-quality, low-cost resources provides a significant opportunity for companies to realise cost savings by offshoring IT and R&D Services to India.

***Favourable regulatory environment**:* Over the past 15 years, the Central Government has undertaken several initiatives to encourage foreign investment inflow in the IT sector including establishing Software Technology Parks and Special Economic Zones across India where companies benefit from simplified approval processes for setting up IT units. Setting up business units in Special Economic Zones give the companies tax benefits for 15 years from the date of commencing the operations of the unit. In case of Software Technology Parks a 100% tax holiday is available till March 31, 2009. Further, companies will also enjoy various exemptions, such as sales tax and customs duty exemptions.

Indian IT industry: Emerging trends

***Expansion of service offerings**:* The broadening of the range of services offered by the Indian technology services providers have contributed to the growth in offshoring of technology services. While application development and maintenance ("ADM") services have remained the key contributor to Indian IT exports, Indian technology services providers have broadened the portfolio of service offerings to include R&D services, independent testing, remote infrastructure management, IT consulting and package implementation.

***Growth in R&D Services**:* For fiscal 2006, Engineering and R&D Services earned export revenues of approximately US$ 3.9 billion, which comprised approximately 22.0% of the overall IT services and software exports, and earned domestic revenues of US$ 0.9 billion. According to the NASSCOM Strategic Review 2006, the total value of outsourced product engineering services globally is currently estimated at over US$27.0 billion and is projected to increase by 100.0% over the next four to five years. Customers for R&D Services come from various high-tech industries such as computing systems, telecommunications, networking, semiconductors, consumer electronics, industrial automation, automotive and avionics. The important markets for engineering and R&D services include the U.S., Japan, Korea, Taiwan, Singapore, China and Europe.

***Space for the mid-sized**:* While the top four or five Indian companies lead technology services industry growth, there are a significant number of small- to mid-sized IT companies in India. Large companies have the capacity and resources (in terms of number of people and capital) to service large projects. Small- to mid-sized providers seek to compete through emphasising on more personalised service, specialisation and flexibility. Given the growth in the global market and the increased range of specialised services being sought from Indian technology services providers across a range of industries, we believe there is significant scope for mid-sized service providers to participate in industry growth.

***Increased global footprint**:* In recent years, several Indian technology services providers have established sales and delivery presence in emerging low-cost locations such as China and are also adding near-shore capabilities in locations such as Central/Eastern Europe.

***Intellectual Property**:* According to DATAQUEST, the number of patent applications filed (including IT and non-IT) increased to 23,000 in 2006 from 17,466 in 2005, which reflects a change in mindset to creating more intellectual property and also increased maturity to compete on a global basis.

OUR BUSINESS

Company Overview

We are an international IT company that delivers business and technology solutions through global software development. We are organised into two divisions – Information Technology Services ("IT Services") and Research and Development Services ("R&D Services"). For Fiscal 2006, IT Services contributed 76.5% of our total revenues and R&D Services contributed 23.5% of our total revenues. IT Services comprise IT strategic consulting, application development, data warehousing and business intelligence, application maintenance, package implementation and application product engineering services to our customers. Our IT Services business unit offers such services with a strong focus on certain industries including manufacturing, travel and transportation, banking, financial services and insurance. R&D Services are organised into two divisions – Engineering, which provides product realisation services to technology and product firms including product architecture and product design, product re-engineering and product assurance; and Research, which conceives and develops intellectual property primarily in the short range wireless communication segment and licences and customises such intellectual property for our clients. R&D Services – Engineering is organised into three business units that serve our clients in six industries, including IAAA, consumer appliances, storage, computing systems, communications infrastructure and communications terminals. Both IT Services and R&D Services share the following two practices: (i) Testing Practice, which provides testing and validation services and (ii) Infrastructure Management and Technical Support ("IM & TS") Practice, which provides IT infrastructure management to enterprises and technical support to product companies. We have steadily enhanced the portfolio of services we offer to address the diverse requirements of our clients. This expansion is a result of a mix of organic growth and small acquisitions in niche areas.

For Fiscal 2006, our key customers included American International Group which forms a part of Fortune 10 companies and United Technologies Corporation, which forms a part of the Fortune 100 companies. In addition, our customers include companies such as Avis Budget Group, LSI Logic, Symantec, Unilever and Volvo.

We have achieved substantial growth in revenues in recent years. Our revenues grew at a compound annual growth rate of 46.9% from Rs. 656.0 million in Fiscal 2001 to Rs. 4,488.0 million (approximately US$101.6 million) in Fiscal 2006. Our net profit grew at a compound annual growth rate of 360.2% from Rs. 25.6 million in Fiscal 2004 to Rs. 542.1 million (approximately US$ 12.3 million) in Fiscal 2006. Our people strength increased from 442 as of March 31, 2001 to 3,128 as of March 31, 2006. For Fiscal 2006, our top five customers accounted for approximately 38.4% of our total revenues and our top ten customers accounted for approximately 51.8% of our total revenues. We depend largely on our customer base in the U.S. and Europe, which accounted for approximately 63.0% and 22.6% of our total revenues, respectively, for Fiscal 2006.

Our goal is to be a global IT organisation and to this end, we have been increasing our geographical footprint in an aggressive manner. We have established our presence in most of the large technology services and technology markets of the world with offices in multiple locations in the U.S., as well as in the U.K., Sweden, Germany, the U.A.E., Switzerland, India, Singapore, Australia and Japan. We have customers in all such locations as well as in France, Netherlands and Denmark. We have also been growing our development centres in India as well as abroad. We currently have three development centres in Bangalore, one in Chennai, one in New Jersey and are planning to develop a new facility in Bhubaneswar, India which is expected to be completed in Fiscal 2008. We have entered into a lease agreement to obtain land on lease for the said facility in Bhubaneswar.

We provide end-to-end project execution onshore, offshore, or in a hybrid delivery model we call "OneShore". OneShore represents our method for global development that seeks to achieve high quality service in a cost-effective manner. We have achieved CMMI Level 5 and P-CMM Level 5 quality standards certification within five years of our inception. The SEI-CMM standards were developed by the Carnegie Mellon University to assess an organisation's quality management system, systems engineering processes and methodologies.

With our strong domain skills and customer-centric approach, we have developed several strategic client relationships. We have invested in building a strong sales team and as of December 31, 2006, we had 46 sales personnel across 18 offices across the globe. In addition, several of our executives are based in client geographies and are focused on developing client relationships. Our sales team receives support from Inside Sales, based in Bangalore, for generating new business opportunities and sales support from our teams located in Bangalore, India. Our sales team is complemented by a team of domain experts and solution architects who provide industry specific and service offering inputs. We also have alliance partnerships with leading hardware and software vendors including BEA Systems, Informatica, LANSA and SAP. In addition, we are members of technology alliances and industry associations such as ARM, Bluetooth SIG, Intel Communications Alliance, TI OMAP, WiMAX Forum and WiMedia Alliance.

We believe that our ability to maintain growth depends to a large extent on our strength in attracting, training, motivating and retaining our people. We were ranked second in the survey conducted by Business Today, Mercer and TNS on the "Best Companies to work for in India" in 2006. We were ranked tenth in the same survey for 2005. Also, in 2005, we received special recognition from the Great Place to Work Institute for our social sensitivity in supporting primary education for differently-abled children.

Our Competitive Strengths

We believe that the following aspects of our business help differentiate us from some of our competitors:

Comprehensive range of IT Services. We have developed a comprehensive range of service offerings in order to address the varied and expanding requirements of our clients. With development centres in India and the U.S., we offer IT strategic consulting, application development, date warehousing and business intelligence, application maintenance, package implementation, product engineering, testing, and infrastructure management services to our customers. We believe that our comprehensive range of offerings help our clients achieve their business objectives and enable us to obtain additional business from existing clients as well as address a larger base of potential new clients.

Strong R&D capabilities. Our R&D capabilities help us to position ourselves as a comprehensive solution provider for our clients' technology needs. The R&D engineering services team provides product realisation services to technology and product firms including product architecture and product design, product re-engineering, testing, validation and technical support. The R&D research team creates and develops intellectual property primarily in the short-range wireless communication segment and licences and customises such IP for our clients. We believe that our R&D IP capabilities create opportunities for us to cross-sell our R&D engineering services to our clients and supplement our IT Services capabilities.

Long term client relationships. We have successfully demonstrated the ability to manage large client relationships. This is reflected in the long duration of our relationships and the depth of our service offerings for some of our largest clients. For further information, see "Our Business - Case Study" and "Our Business-Client Relationships" on page 67 and 69. We conduct a half-yearly customer experience survey with our clients to help us understand our clients' needs and expectations and improve client performance. We believe that our ability to be accessible to our customers, the personal attention we give them, our flexible approach and agility to meet customer requirements and our positive attitude in servicing customers has helped increase customer satisfaction levels and is a competitive strength. In our client engagements, we leverage our industry experience with our high quality processes, project management capabilities and breadth of technical expertise. Our ability to rapidly service client requirements, both onsite in client geographies and offshore in India enables us to effectively respond to the demands of our large clients. Our senior executives and dedicated account managers continuously maintain and develop these relationships through multiple contacts at different levels in the clients' organisation. In addition, for strategic clients, an identified senior executive is responsible for the overall client relationship and conducts periodic reviews with the client.

Global delivery model. Our hybrid delivery model OneShore represents our method for global development that achieves a balance of quality, cost savings and localisation. OneShore reflects our company culture. We recognise that technology services firms cannot deliver quality and cost-and-time savings unless they are committed to integrating disparate people, cultures, business processes and skill sets into a single corporate vision. OneShore represents a fusion of global resources that is designed to enable us to pursue the same strategy and vision for our customers at a consistently high service level wherever they are located. The customer centric approach inherent in the OneShore model enables us to achieve high standards of quality in our delivery organisation. This is demonstrated by our achieving CMMI Level 5 and P-CMM Level 5 quality standards within five years of our inception.

Preferred Place to Work. We have consistently appeared in various surveys conducted to ascertain the best employers in India and have received various accolades in this regard. We recruit talent from some of the best universities, colleges and institutes in India and abroad, as well as some of the leading IT companies in India and overseas. We believe that it is our transparent evaluation criteria, inclusive approach to our people, focus on training, competitive compensation packages, being a value-based organisation, open communications policies and our ability to prepare our people for leadership roles that has resulted in an attrition rate of 12%, as of March 31, 2006. We were ranked first in Human Capital Development by Global Services (a CMP publication) in 2005 and ranked second in the survey conducted by Business Today, Mercer and TNS on the "Best Companies to work for in India" in 2006.

Experienced management team. The experience of the MindTree management team in building large professional service organisations extends back over 20 years. We were incorporated in 1999 by ten industry professionals who have an average of 20 years of industry experience. Our management team came from diverse backgrounds and geographies and with different areas of specialisation within the IT industry. Our co-founders have previously worked with leading IT consulting companies including Cambridge Technology Partners, Lucent Technologies and Wipro Limited and bring a significant amount of experience in building and developing IT businesses. The founding team was led by Ashok Soota, who was, immediately prior to co-founding MindTree, Vice Chairman of Wipro Limited, one of India's largest software companies. For more information regarding our co-founders and their backgrounds, see "Our Management" on page 91.

Our Strategy

Leverage existing client relationships to enhance our business. We intend to continue to grow our business by enhancing our existing relationships and increasing the scope of engagements with our clients by expanding the breadth of services we offer, pursuing excellence in delivery through innovative practices and leveraging our industry experience. We believe our capability to provide both IT and R&D Services enables us to deepen our relationships with existing clients through cross-selling opportunities.

Target large clients. We intend to diversify our existing client base with the addition of new clients, typically Fortune 1000 companies, which offer us the potential to scale our relationship with them. We aim to effectively leverage our sales and marketing teams and expand the scope of our engagements with these clients over time. We have offices in multiple locations in the U.S. as well as in the U.K., Germany, the U.A.E., Switzerland, India, Singapore, Australia and Japan. We opened offices in Germany in Fiscal 2006 and offices in Sweden and Australia in the current year. We plan to further expand our geographical coverage by opening new offices in existing as well as new countries. This would enable us to service existing clients in these geographies as well as acquire new clients.

Continue our focus on innovation and introduce new technologies. We intend to continue expanding our range of service offerings in order to increase business from our existing clients and to acquire new clients. Historically, we have expanded our service offerings to address new market opportunities in areas such as data warehousing and business intelligence, ERP, mainframe maintenance and re-engineering, hardware design, testing services, and infrastructure management and technical support. We will continue to evaluate our service portfolio in line with future business opportunities.

Strengthen the "MindTree" brand. We intend to enhance our brand recognition and continue investing in developing the "MindTree" brand in our client markets within selected industries in India and abroad. We seek to achieve this through various marketing initiatives including targeted analyst outreach programmes, trade shows, white papers, events, workshops, road shows, speaking engagements and global public relations management. We believe that a strong brand will contribute to attracting and retaining talented people and enhancing our lead generation process and client acquisition.

Continue to be a preferred employer in the IT industry. We intend to further develop our position as a preferred employer in the Indian IT industry and place special emphasis on attracting and retaining highly skilled people. We will continue to invest in career development and training for our people, with the objective of further enhancing their technical and leadership skills.

Strengthen capabilities through inorganic expansion. In Fiscal 2005 and 2006, we acquired the software divisions of ASAP and its wholly owned subsidiary, and Linc Software Services, respectively. These acquisitions enabled us to augment our SAP and iSeries capabilities respectively. We have integrated the acquired businesses and retained key customers and staff members. We have also leveraged these acquisitions to gain new clients and enhance offerings to existing clients. We continue to look for strategic acquisition opportunities that have complementary capabilities and help us expand into new geographies.

Further, on January 10, 2007 we signed a non-binding term sheet to acquire an IC design company for an all cash consideration. The target company has a sales presence in the U.S. and a delivery center in India. The deal is subject to satisfactory completion of due diligence, negotiation and execution of the definitive agreements and receipt of applicable corporate and regulatory approvals. In the event that the acquisition is concluded, a part of the consideration would be paid upfront and the balance would be payable based on an earnout structure depending on the target company meeting the specified milestones. If concluded, we expect the target company to further strengthen our IC design capability and give us access to new customers.

Our Services

	Information Technology Services	Research & Development Services
Service Offerings	• Custom application development using Internet technologies • Business Intelligence and Data Warehousing • Migration, Re-engineering and Maintenance of Legacy Applications including Mainframe • Packaged software implementation • Testing • CIO Toolkit • Product Development • Infrastructure Management and Technical Support	• Engineering • Product architecture and design • Product Re-engineering • Porting / optimisation / enhancements • Validation / testing / diagnostics • Continuous engineering and product support • Technical Expertise • ASIC / SOC design and verification • Digital / Analog board design • Embedded software • Systems software and applications • User interface • Licensable IP • Bluetooth • UWB • Systems solutions to support IPs • Tools and building blocks, (MindTree Universal Test Environment)
Industries	• Manufacturing: Consumer Packaged Goods, Automotive • Banking, Financial Services & Insurance • Travel & Transportation	• Communications Systems • Consumer & Industrial Systems • Storage & Systems

IT Services

We design, develop and maintain enterprise systems and solutions. With development centres in India and the U.S., we have the ability to provide end-to-end project execution onshore, offshore, or in the hybrid delivery model we call OneShore. We have also set up offshore development centres to serve as extensions of our customers' development and engineering organisations. Our services range from defining business needs to devising appropriate technology solutions, implementing solutions through third-party tools and technologies, systems integration and maintaining applications. Our IT Services include the following:

Custom application development using Internet technologies: We design and develop customised applications for our customers using Microsoft or Java-based technologies. Our business analysts and technical architects enable us to provide business-specific solutions to our customers. We have also developed architectural and design capabilities which enable us to deliver complex solutions to our customers. In addition, we believe our user interface design and development capabilities enable us to differentiate our end product and provide a user-friendly application to our customers. Our investments in frameworks and reusable components help build more robust and cost effective solutions for our customers.

Business Intelligence and Data Warehousing: A substantial increase in data collection by organisations has made the process of generating information from the voluminous data collected a tough and time-consuming one. To help organisations manage their large databases, we offer a wide range of services including consulting, assessment, development and implementation and sustenance of data warehousing solutions. As part of our consulting services, we help organisations define performance metrics, create a business intelligence roadmap and understand the business users' needs in order to develop the implementation roadmap. Equipped with reusable frameworks, domain understanding and the global OneShore delivery model, we offer end-to-end life cycle implementations and multi-country centralised data warehousing that cater to the growing need of global organisations in analysing their business parameters and help our customers in consolidating their fragmented and de-centralised pockets of data. Our main service offering is master data management, i.e. formulating the strategy and providing a framework to have one unified view of the most critical asset – the master data of our clients.

As an example, we worked with Hindustan Lever (the Indian subsidiary of Unilever) in various areas including inventory planning and optimisation, data warehousing and other areas. We have also worked with various Unilever companies in Asia AMET (Africa, Middle East and Turkey) region, and Australia to design and roll out federated warehousing applications and sales force automation among other systems. We now have a team working in Unilever's corporate centre in London collaborating in the design and implementation of several key global information systems.

Migration, Re-engineering and Maintenance of Legacy Applications including Mainframe: We provide re-engineering and migration services for legacy applications such as Mainframe and iSeries. Many of our customers have diverse technologies co-existing across their operations. We use our domain and technology expertise to transform existing applications into a more suitable platform and integrate the applications into the new environment. We also offer re-engineering services where we enhance the functionality of existing applications by upgrading them. We acquired expertise in iSeries maintenance services through our acquisition of Linc Software Services Private Limited in 2005.

Packaged software implementation: We provide a range of services based on software packages licensed by our clients from third-party vendors. Our packaged software implementation portfolio includes a comprehensive range of services such as package consulting, implementation, maintenance and support, and integration. We have developed expertise in SAP-based ERP applications, including new generation technologies such as SAP Netweaver and APO. Our customers for this service include companies looking to improve their return on investment in ERP-related maintenance and support, customers that have realised the benefits of the transaction systems and want to extend them to areas such as customer relationship management, supply chain management and collaboration, and small- and mid-sized businesses aiming at a first time implementation of an end-to-end ERP solution in a cost-effective manner.

Testing: Our testing services have, in recent years, evolved into a separate practice aimed at helping our customers reduce the time-to-market for an application while enhancing its overall quality and value. We offer process consulting, testing and test automation services for the enterprise IT applications and products in different domains. Our capabilities include performing a wide range of testing services including functionality, performance, security and usability. In addition to partnering with the leading testing tool companies, we also have our own test frameworks and test facilities to provide better value for our customers.

CIO Toolkit: CIO Toolkit is a new service offering that we introduced in Fiscal 2006. The CIO Toolkit is an innovative service suite for Chief Information Officers ("CIO") of leading organisations. We provide training and development modules, rigorous methodologies and advanced technology solutions to CIOs in order to assist them in better handling leadership challenges and align the IT strategy with the business strategy of their organisation. The CIO toolkit is a modular offering that consists of 2- to 3-day modules extending to longer engagements based on needs. For example, we have conducted 3-day visioning workshops for various clients, including an international food chain and an international travel regulatory authority in which the CIO and his team were taken through a structured set of learning experiences after which they crafted the IT strategy vision for their organisation. We have also assisted the CIOs of an international EMS company and one of the leading airlines globally, to draw their own process roadmap based on our own experience in achieving SEI CMM level 5 quality standards.

Product Development: We assist small to mid-size software product companies in new product development and product life-cycle management through services in the areas of product design, engineering, management and release management. In providing product development services, we operate as an extended engineering arm of our clients. We have helped several enterprise software companies develop their products from our offshore development centres. Further, we have helped some of these customers deploy their solutions to end-clients using our professional services expertise.

Infrastructure Management and Technical Support: We provide IT infrastructure management and technical support to enterprises in order to help reduce their cost of operations and provide continuous monitoring and management services. Our infrastructure management services consist of:

- application monitoring;
- server and storage management;
- network management;
- database administration and management;
- IT security management; and
- IT help desk.

Our technical support services consist of hardware and software product support and product usage data analytics for companies engaged in creating enterprise class hardware products and software applications. We offer multi-channel (email, web, chat and voice) and multi-level support (Level 1, Level 2 and Level 3).

We apply our understanding of the businesses to the IT operations and support both in the planning and in execution of projects. We believe that infrastructure management services is a potential growth area for our company as current usage of offshore services in this area is lower than in other practice areas. We believe our pool of skilled hardware and software engineers, our extensive infrastructure for remote management and our industry knowledge will help leverage the future growth of this business line.

Industry Practices

We combine our comprehensive range of service offerings with industry-specific expertise to provide IT Services to clients in targeted industries.

The following table sets forth our industry practices and their respective contributions to our revenues of the IT Services division for each period indicated:

	Percentage of revenues			
Industry Practice	**Fiscal 2004**	**Fiscal 2005**	**Fiscal 2006**	**Nine months ended December 31, 2006**
Manufacturing	28.9%	29.1%	31.3%	30.1%
Travel and Transportation	24.1%	27.6%	24.9%	22.6%
Banking, Financial Services & Insurance	27.3%	15.2%	13.9%	17.0%
Hi-Tech/Technology	16.0%	22.6%	20.0%	18.5%
Others	3.7%	5.5%	9.9%	11.8%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Our IT Services business is divided into three verticals provided below:

Manufacturing

We provide a broad range of services to our clients in the manufacturing industry in order to enable them to optimise their production, distribution and quality control processes. The manufacturing industry contributed 31.3% of our IT Services revenues in Fiscal 2006. We have developed domain knowledge and long-standing customer relationships in the following manufacturing businesses:

Consumer Packaged Goods

We have many years of experience working with industry leaders such as Unilever and one of the largest food and beverage companies to address their business challenges through effective IT solutions. The Consumer Packaged Goods ("CPG") industry is in a transformative phase as manufacturers understand the need to modify their business models from a total cost-cutting focus to a demand-oriented, customer-facing outlook. We have helped our customers across the value chain; from improving forecast accuracy to synchronizing supply chain operations to reducing procurement costs. Our approach is consultative and business-led where we first understand opportunities and challenges our clients would like to address and use them as a basis for defining success criteria. For example, we became a development partner for Hindustan Lever in 2000 and worked with them to roll out a state of the art supply chain system. In March 2004, we were engaged as a key design partner for a global supply chain information system. We now have a team working in Unilever's corporate centre in London collaborating in the design and implementation of several key global information systems.

Automotive

Our automotive practice has developed significant understanding of the business domain by working with industry leaders, such as Volvo and one of the leading manufacturers of heavy-duty trucks, to provide IT-enabled business solutions. Our automotive practice includes consultants who have considerable experience to understand business challenges faced by clients in the industry, including supply chain management and after sales support, to recommend solutions and to oversee their development in a cost-efficient manner. For example, we have helped develop a dealer management system for Volvo that has been deployed across 18 countries.

Travel and Transportation

We provide consulting and IT Services that strengthen the planning process and improve the operations and management of travel and transportation systems. This industry practice contributed 24.9% of our IT Services revenues in Fiscal 2006. Our transportation clients include the Avis Budget Group, a vacation rental group, a large international airline, a leading port authority in the Asian region and an air transport regulatory agency.

We provide the following services to the travel and transportation industry:

- e-Business;
- Web services;
- Enterprise Application Integration;
- Mobility Solutions;
- Data Warehousing/Business Intelligence; and
- Application and Mainframe Management.

Banking, Financial Services & Insurance

We offer a wide range of IT solutions and services to our clients in banking, financial services and insurance industries including web-channel development, workflow-management applications, maintenance of legacy applications, migration to browser-based platforms, business intelligence initiatives and packaged implementation services. This industry practice contributed 13.9% of our IT Services revenues in Fiscal 2006.

A few examples of our engagements are as follows:

- We developed an enterprise-wide system, implemented across geographies, for a leading US-based asset management company that automates the generation of fund fact sheets.
- We implemented a regional data warehouse for a leading UK-based asset management company to provide fund profitability analytics across Asia.
- We developed the online banking system for a leading Dutch bank's Indian subsidiary covering personal and corporate banking services.

Further, many financial institutions around the world use the Murex platform (MX G2000) for fulfilling their trading, risk management and processing needs across a range of assets (e.g. cash, derivatives) and classes (e.g. foreign exchange, interest rates). Our Murex offerings include services such as migration, regression and non-regression tests on different versions and expertise in front-office, back-office and integration.

Case Studies

AIG

MindTree has been on the list of preferred offshore vendors for subsidiaries of American International Group, Inc. ("AIG") since January 2004. AIG, a Delaware corporation, is a holding company which, through its subsidiaries, is engaged in a broad range of insurance and insurance-related activities in the U.S. and abroad.

We develop and support various mission critical applications across insurance and retirement services product lines for AIG member companies with the work load distributed between the U.S. and Bangalore, India. We have a dedicated offshore development centre in Bangalore for AIG subsidiaries. We provide application support covering the full lifecycle of property and casualty business, from rating and quoting through servicing and billing for the domestic brokerage group. We also manage other critical applications such as corporate reporting, reinsurance, and claims interfaces. All maintenance services are provided under service level agreements covering both responsiveness and quality. We also provide new development projects for AIG that vary in size as well as technology platform (such as J2EE and Microsoft .Net).

Volvo Group

Volvo Group is one of the world's leading manufacturers of trucks, buses, automobiles and construction equipment, drive systems for marine and industrial applications, aerospace components and services. Volvo group's products are marketed in more than 130 countries. We have worked closely with Volvo since 2001 to implement technology solutions for various business units of Volvo group such as Volvo trucks, buses, construction equipments and penta.

Over the years, we have also deepened our relationship with Volvo and expanded our work to Volvo's operations in several countries.

We assisted Volvo in building a flexible and scaleable dealer management system for several of its business units. The system is currently used by Volvo's dealers in more than 18 countries across the world and Volvo has informed us that our dealer management system provides benefits such as consistent customer experience and enhanced competitive positioning. Other solutions we have provided include the 'Used Truck System', 'Warranty Management', 'Sales Tools' and 'Contract Maintenance' which have yielded significant business benefits for Volvo.

Research and Development Services

Overview

Our R&D Services is organised into two divisions – Engineering and Research.

Our Engineering division provides product realisation services to our clients based on individual client requirements, whereas the Research division proactively creates various intellectual property which we either licence to clients on stand-alone basis or incorporate as part of our service offerings. Although Engineering contributes approximately 96.3% of revenues generated by the R&D division in Fiscal 2006, we believe our Research division is equally important as it proactively creates intellectual property and service offerings which differentiates us from our competitors and provides us with cross-selling opportunities for our engineering services.

Engineering

We offer product realisation services to product companies in the technology field. Our R&D capabilities combined with domain knowledge of specific industries, have enabled us to deliver end-to-end product development capabilities to our customers. We offer services across the whole product development lifecycle, including requirements analysis, design, implementation, integration and testing for our projects. In addition, we also engage in maintenance and sustenance activities where our customers outsource their technical support and maintenance requirements for their products to us, and we render such support for our customer's products. Our service offerings include:

Product architecture and design: We provide product architecture and design services to clients in specific industries including communications, storage systems, consumer appliance and automotive electronics. Our expertise in integrated circuit design and hardware system development, along with our embedded software engineering capabilities, allows us to offer a complete solution to our customers to meet their critical product development needs. Our core competencies are in (i) silicon engineering, where we design, implement and verify the silicon that can be leveraged in specific industry segments; (ii) hardware and software sub systems design, where we assist our customers in realising their concepts into systems by translating them into production-ready designs containing the PCB with multiple silicon components and the software around them; (iii) embedded software development, where we develop complex pieces of software that sit on the silicon chips and perform various functions such as communication, control, security, data integrity, data processing, etc.; and (iv) application solutions, where we develop various user applications and graphical user interfaces for diverse devices such as cell phones, set-top boxes, printers, networking equipment, storage networking products and others.

Product re-engineering: We provide product re-engineering services focusing on re-engineering existing products to deal with technology obsolescence, ensure compliance with changes in various regulatory requirements or standards specifications, to take advantage of new technologies or to reduce production costs. For example, we have been helping some of our customers to re-engineer their products to remove all hazardous components as per the Restriction of Hazardous Substances Directive (RoHS) 2002/95/EC of the European Union that took effect on July 1, 2006. This directive restricts the use of six hazardous materials in the manufacturing of various types of electronic and electrical equipment.

Porting/optimisation/enhancements: Porting is the process of adapting software so that an executable program can be created for a different computing environment (e.g., different CPU, operating system, or third party library) to the ones it currently runs on. The term is also used generically to refer to the changing of software/hardware to make them usable in a different environment. With the increasing demand for smaller footprint and better power management, we optimise the current products by redesigns involving latest technologies and standards. Based on client requirements, we introduce design enhancements in the customers' products that enable them to integrate their products with different operating systems, integrated circuits and other components used in the product. For example, one of our customers developed its enterprise security solution on a NetBSD operating system running on a PowerPC platform. We ported the solution to an Intel platform with Linux. We optimised the solution so that it could take advantage of the facilities provided by the new environment that were not available in the previous environment. Another example involved the satellite phone handset we designed for a European customer. Our objective was to reduce the size of the handset while ensuring better power management and user interface.

Validation/testing/diagnostics: We offer our testing and diagnostics services for products developed by our customers. Our testing practice possesses strong testing capabilities in multiple domains including communications, computing systems, storage systems, consumer appliances, automotives and industrial systems. We also offer independent verification and validation services to our customers. In particular, we offer verification and validation services in the avionics sector in compliance with DO 178B standards which is an aviation industry safety standard. We also engage in white box and black box testing as well as interoperability testing to ensure our customers launche winning products in the market and field support/field recall is minimised.

Continuous engineering and product support: We provide product maintenance services to customers for whom we were involved with in the product design stage as well as to customers for whom we did not play a role in the product manufacturing/development. Our services include bug/error fixing, feature enhancements as well as supporting the customers' products in the market through Tech Support. Our services include multi-channel (voice, e-mail, chat and web-based) continuous support on a 24-hour basis at all the three levels – Level 1, Level 2 and Level 3. We also provide different analytics related to the calls handled, end-user feedback and product feedback to our customers.

Our Technical Expertise

We have technical expertise and domain knowledge in the following areas:

- *ASIC/SOC design and verification:* Application Specific Integrated Circuit ("ASIC") is an integrated circuit ("IC"[1]) customised for a particular use, rather than intended for general-purpose use. Modern

[1] A monolithic integrated circuit (also known as IC, microchip, silicon chip, computer chip or chip) is a miniaturised electronic circuit (consisting mainly of semiconductor devices, as well as passive components) which has been manufactured on the surface of a thin substrate of semiconduct

ASICs often include entire 32-bit processors, memory blocks including ROM, RAM, EEPROM, Flash and other large building blocks. Such an ASIC is often termed System-on-a-chip ("SOC"). We offer our strong technical and domain knowledge in ASIC and SOC designs, verification and integration of silicon components to SOCs to our clients.

- *Digital/Analog board design*: Printed circuit boards ("PCB") are used to mechanically support and electrically connect electronic components using conductive pathways, or traces, etched from copper sheets laminated onto a non-conductive substrate. Depending on the specific requirements of the client, and the complexity of the product, we assist our clients by creating the design and architectural layout and the interconnectivity of the various components. We have strong capabilities in PCB design and have developed boards of various sizes and complexities ranging from small headsets to large network cards. The process of designing the board includes component selection, memory and power budgeting, layout, routing, reference design, EMI/ EMC compliance and prototype manufacturing.

- *Embedded software*: We have comprehensive skills in providing embedded software and systems software solutions to our clients. Embedded software performs specific functions which are not under the control of the primary user and are completely encapsulated by the device it controls. An embedded system has specific requirements and performs pre-defined tasks, unlike a general-purpose personal computer. Many small products do not have operating systems and operate on a piece of embedded software called BIOS. We provide embedded software development services for different microprocessors and operating systems across different industries. We have developed embedded software for diverse products such as cell phones, set-top boxes, network routers, automotive collision detection systems, industrial robotic arms and electronic surveillance systems.

- *Systems software and applications:* We provide comprehensive product-realisation services to companies which are building enterprise class products based on larger foot print operating systems like Windows NT, Solaris and various versions of Unix. Such products are offered with accompanying middleware/applications such as system management and network management software to enhance manageability, availability and configurability. We also have significant expertise in designing and developing application solutions, where we develop various user applications that run on diverse devices such as cell phones, set-top boxes, printers, digital still cameras, networking equipment and storage networking products.

- *User interface:* User interface refers to how the user interacts with the system. We have a specialised set of people focusing on User Experience. The actual coding of the User interface is done by our software engineers.

Research

Our Research division creates intellectual property in the core area of short-range wireless technology. We refer to such intellectual properties as MindTree Incubated New Technologies ("MINTs"). MINTs complement our R&D Engineering service offerings. These standards-based technology building blocks reduce product design cycles significantly and may be licensed as individual reusable components or as a part of a turnkey product design solution. In addition, MINTs provide our customers and partners the benefit of product-proven and reusable components, designed and tested continuously for flexibility and interoperability which can be configured for multiple applications with minimal customisation efforts.

Licensable IP

Bluetooth: We have developed substantial experience in the short-range wireless Bluetooth technology and are recognised as a leading Bluetooth technology IP and solutions provider with over 26 customers globally. We develop and licence all silicon and software components (except radio) that are required to build a complete Bluetooth wireless technology product. Our Bluetooth wireless technology IP portfolio includes the BlueWiz Baseband Controller, the EtherMind Bluetooth wireless technology stack and a range of application profiles. We licence each of them as stand-alone components. We also offer integrated single-chip solutions based on these components for applications such as a Bluetooth wireless technology-enabled mouse, headsets, hands-free and access-point equipment. We earn our revenues from the licensing of the Bluetooth IP and as well as the integration of our silicon and software IP in our customer products.

We recently licensed our "EtherMind" Bluetooth stacks and profiles software to an original equipment manufacturer for their Bluetooth headset offering. We licensed reusable Bluetooth software components (stacks and profiles) and provided customisation services to integrate the stacks and profiles onto customer chosen silicon platform to meet their specific design requirements for low memory, processor resource and power consumption.

UWB: We are currently developing the Ultra Wide Band ("UWB") technology. The UWB technology is similar to Bluetooth but has a higher speed than Bluetooth to meet the Hi-Fi audio and video applications. We are committed to developing UWB IPs based on WiMedia standards.

Other Intellectual properties: We have also created IPs in various other domains such as storage networking, data networking, multimedia and testing. We have also developed multiple reference designs that can be used to reduce the product development time for our customers.

Systems solutions to support IPs

In addition to licensing our MINTs, we offer various services to support the IPs that we licence, including value-added services (customisation, porting and integration), and targeted design services (reference designs at the board, platform software and product levels, product qualification and technical support).

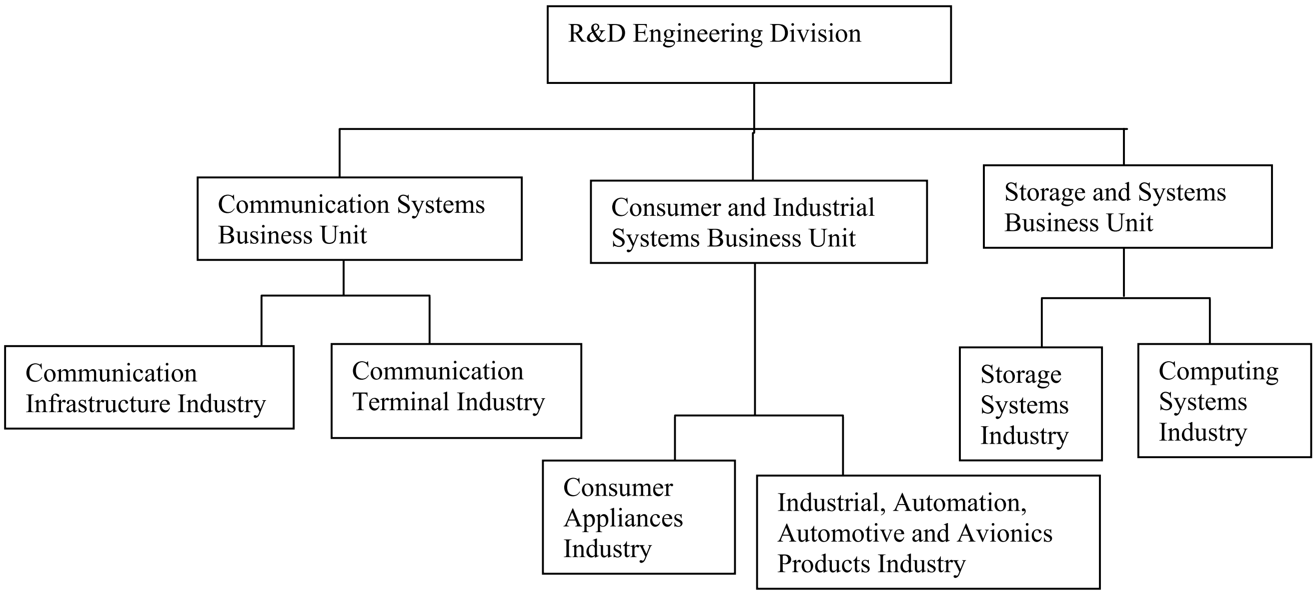
Tools and building blocks

To help our customers with their product development, we create various tools and building blocks which reduce the time it takes to build products to meet market needs in time. For example, we have created testing tools which we call MindTree Universal Test Environment ("MUTE") which test Bluetooth based products to ensure compliance with the Bluetooth specifications laid out by the Bluetooth Special Interest Group, the global advisory body on Bluetooth technology.

An example of such building blocks created by us in the Bluetooth domain is Echo Cancellation and Noise Reduction ("ECNR") algorithm, which helps to cancel out background noise and echoes. We licence the tools and building blocks that we have created to various clients who incorporate them into their products.

Industry Practices

Our R&D Engineering division is divided into three business units that serve our clients in six different industries. Our industry practices are complemented by our service offerings, which we develop in response to client requirements and technology life cycles. The following chart summarises the structure of our R&D Engineering division:



The following table sets forth the contributions of our industry practices to our revenues from the R&D Services division for each period indicated:

	Percentage of revenues			
Industry Practice	**Fiscal 2004**	**Fiscal 2005**	**Fiscal 2006**	**Nine months ended December 31, 2006**
Storage Systems	20.4%	25.2%	28.6%	31.5%
Industrial Automation, Automotive and Avionic Products	21.8%	20.2%	21.3%	16.0%
Consumer Appliances	17.8%	10.4%	16.0%	14.9%
Communication Infrastructure	17.0%	17.8%	14.3%	12.1%
Communication Terminal	9.5%	11.1%	6.6%	10.1%
Computing Systems	6.1%	5.8%	9.5%	10.2%
Research	7.4%	9.5%	3.7%	5.2%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Communication System Business Unit: Our Communication System Business Unit services the Communication Infrastructure Industry (“CII”) and Communication Terminals Industry (“CTI”).

- For our clients in the CII (which includes data network and telecommunication companies), we offer design, technical consulting and technology development services relating to network infrastructure equipment such as routers and switches. We design chips and boards, develop assembly language codes to ensure fast packet processing, and develop system software and network management systems.

- For our clients in the CTI (which include clients servicing the mobile telephony and related areas such as PDA phones and satellite handsets), we offer services at all levels, which include ASIC chip design, reference platform design, various types of cell phone application development such as push to talk, PC Sync, integration of games, enabling wireless LAN and Bluetooth technology on cell phones.

Consumer Appliance and Industrial Systems Business Unit: Our consumer appliance and industrial systems business unit is divided into the consumer appliances industry group and the industrial automation, automotive and avionics products (“IAAA”) industry group.

- *Consumer Appliances:* We offer product realisation services to companies in the consumer electronics industry, especially those involved in manufacturing computer peripherals, handhelds, and audio, video and image appliances. We leverage our expertise in Digital Signal Processing ("DSP") in building some of the critical audio/video codecs, which is a device or program capable of performing encoding and decoding on a digital data stream or signal, to meet the next level of upcoming standards. Our services include design, development, IP licensing, porting, continuous engineering and testing for:

    - multimedia products such as MP3 players, set-top boxes, digital TVs, DVD recorders/players, etc.
    - printing and imaging machines and multi-function peripherals such as printers, scanners and copiers.
    - computer peripherals such as pointing devices and audio/video peripherals.

- *IAAA:* We offer product realisation services to Original Equipment Manufacturers in the automotive, avionics and industrial automation industries that add intelligence to their products by embedding electronics and software content.

    - For our clients in the automation industry, we design and develop different types of control systems which enable control of the automated manufacturing processes.
    - The automotive group develops various software applications related to navigation systems, on-board diagnostics, safety systems, in-vehicle infotainment systems, hands-free communications and emission testing systems.
    - For our clients in the avionics industry, we undertake independent verification and validation of engine specifications/software which is mandated by applicable regulations.

- *Storage and Systems Business Unit:* This business unit includes the storage systems and computing systems.

- *Storage systems:* Our storage team has built in-depth expertise in the following storage devices:

    - RAID systems – redundant array of independent disks ("RAID") refers to a data storage scheme using multiple hard drives to share or replicate data;
    - Tape libraries;
    - Back-up and recovery systems; and
    - Continuous data protection ("CDP") system refers to backing up of computer data by automatically saving a copy of every change made to that data. The system essentially captures every version of the data that the user saves. It allows the user or administrator to restore data to any point in time.

Our clients in this industry include LSI-Logic, one of the leading providers of anti-virus and core storage management software, and a diversified technology conglomerate.

- *Computing:* Our knowledge in all layers of server platforms such as ASIC design, board design, Firmware and BIOS, Kernel/application programming makes us a one-stop-shop for all development and QA needs for server platforms. We provide computing services to customers who have the following product lines:

    - processors and operating systems for servers;
    - server platforms;
    - server appliance; and
    - server management and security.

Case Study

LSI Logic

LSI Logic is a global player in creating silicon-to-systems solutions from consumer electronics to storage systems. Various technology companies worldwide use LSI products to create diverse products such as DVD players, digital video recorders, set-top boxes, RAID storage systems, and SAS and fibre channel host bus adapters.

Our relationship with LSI Logic began in 2000 in the consumer electronics domain. We started the engagement by providing software services for LSI's consumer group relating to software solutions for the DVD player/recorder market. Since then, we have deepened our relationship in developing and sustaining software for consumer product applications, and providing technical support to LSI's customers. We have provided end-to-end services from silicon chip design to development of software to professional services for LSI customers. We have provided services for both the consumer electronics and storage groups of LSI. We initiated our engagement with LSI's storage group in early 2004, and have been engaged in multiple areas such as:

- Design and development, feature enhancements and problem resolution of RAID controller firmware for RAID storage subsystems;
- Automation of integration tests;
- Providing engineering support for legacy RAID controller products; and
- RAID management software development

SYMANTEC

Symantec is the world leader in providing solutions to help individuals and enterprises assure the security, availability, and integrity of their information. Symantec is recognized as a global software market leader in providing solutions to help individuals and enterprises assure the security, availability, and integrity of their information, including areas such as antivirus, storage management, and overall systems backup/recovery (Gartner, 6/2006). Headquartered in Cupertino, California, Symantec has operations in 40 countries. For Symantec's 2006 fiscal year, its GAAP revenue was $4.14 billion and non-GAAP revenue was $5.00 billion.

Our partnership with Symantec began in December 2003 when Symantec acquired PowerQuest, a company with which we have had a relationship since 2002. From the initial engagement with PowerQuest, we have since expanded the relationship to include the enterprise security and data management and data center management groups within Symantec.

As a partner, we work with Symantec across multiple areas spanning product development, testing, and management support to reduce time-to-market in a cost effective manner.

UTC

United Technologies Corporation (UTC) is a diversified global leader whose products include Carrier heating and air conditioning, Hamilton Sundstrand aerospace systems and industrial products, Otis elevators and escalators, Pratt & Whitney aircraft engines, Sikorsky helicopters, UTC Fire & Security systems and UTC Power fuel cells. As the 126th largest company in the world (2006 Global 500 list, Fortune), UTC has revenues of $42.7 billion and does business in more than 180 countries.

Our relationship with UTC started in 2002 with Carrier on the design of a CCNWeb (Carrier Comfort Network) graphics template generator for their commercial air conditioner controller.

Since then, as a preferred supplier, we have expanded our relationship to other business groups within UTC such as UTC Fire & Security, Hamilton Sundstrand, and OTIS working across a range of domains – like electronics hardware design and development, printed circuit board (PCB) layout, embedded software design and development, Windows & web based application software design and development, and projects as per DO-178B standards for avionics; and industrial applications – like HVAC controllers for Commercial and Transport refrigeration, video surveillance systems, fire alarm panels, RoHS conversion of products, communication systems, and remote monitoring and services.

Sales and Marketing

Our growth in recent years has been driven by new client acquisitions as well as an increase in our share of our existing clients' IT and research budgets. We undertake a detailed exercise periodically to identify existing and prospective clients with the potential to develop into large clients. We aim to develop our client relationships into partnerships by working closely with our clients' managers and senior executives. We work with them to formulate and execute our OneShore outsourcing strategy, implement fixed price and fixed-price service level agreement ("SLA") engagement models and explore new service offerings.

Our sales team of 46 people worldwide as of December 31, 2006, targets certain industries and service offerings through focused business development managers and regional managers. The large clients are managed by our engagement managers. Each sales team is supported by an Inside Sales team and additional support staff based out of our office in India. They are complemented by a team of domain experts and solution architects who support our sales efforts by providing specific industry and service offering expertise. In addition, marketing professionals assist in marketing efforts and brand building.

We identify sales opportunities in several ways, including:

- traditional sales process: territory allocation to business development managers, cold calling, participation in industry forums and events;
- senior management relationships;
- referrals from alliance partners;
- inside sales team; and
- inquiries from our website.

Our senior management and dedicated engagement managers are actively involved in managing client relationships and business development through targeted interaction with multiple contacts at different levels in the client organisation. In addition, for strategic clients, we have an identified senior executive who is responsible for overall client development. We have sales offices spread across North America, Europe, Japan and the Asia-Pacific region. We set targets for our sales personnel at the beginning of each year, which are subject to periodic reviews. In addition to a base salary, our compensation package for sales personnel includes an incentive-based compensation plan driven by achievement of the prescribed targets.

Our marketing initiatives include participating in major industry events, sponsoring user group events, analyst briefing and proactively using the media and press to increase awareness of our activities. We maintain regular contacts with industry research organisations, have established relationships with academic institutions and are members of universal standards bodies such as the Bluetooth SIG. We are also actively involved in the advisory committees of forums such as the NASSCOM Quality Summit, PMP Conference, CII Knowledge Summit and the Asia Pacific SEPG Conference. In addition, we have several technology alliances with leading IT vendors, which typically involve systems integration and in certain cases joint product development. We have invested in, and plan to continue to invest in, developing the "MindTree" brand in India as well as globally. We believe that a strong brand will contribute to attracting and retaining talented manpower and client acquisition.

Pricing Model

Our engagements with our large clients are typically governed by a master services agreement, with individual projects delivered pursuant to project-specific agreements/work orders under master services agreements. We price our services on a fixed-price, fixed-time basis or a time-and-materials basis, and we typically take responsibility for project execution. We use extensive modelling based on the processes and people that we plan to use and our past project experience to estimate the effort and risks involved with individual client engagements.

Client Relationships

We believe that the quality and breadth of our client relationships differentiates us from our competitors. As of March 31, 2006, we had 148 active clients (for whom work was being carried out in the last quarter of Fiscal 2006) across 25 countries, including three Fortune 10 companies and six additional Fortune 100 companies. The following table illustrates the concentration of our revenues among our top clients:

	Percentage of revenues			
Revenue Concentration	**Fiscal 2004**	**Fiscal 2005**	**Fiscal 2006**	**Nine-months ended December 31, 2006**
Top Client	15.4%	17.7%	14.3%	9.9%
Top 5 Clients	50.6%	40.1%	38.4%	32.2%
Top 10 Clients	66.5%	55.2%	51.8%	45.2%

Geographies

Our aim is to be a global IT organisation and we have been increasing our geographical footprint in an aggressive manner. We have established our presence in many of the large IT Services markets of the world. We have multiple offices in the U.S., as well as in the U.K., Sweden, Germany, the U.A.E., Switzerland, India, Singapore, Australia and Japan. We have customers in all of these locations as well as in France, Netherlands and Denmark. Currently, we have three development centres in Bangalore, one in Chennai (to be expanded over the next few quarters), one in New Jersey and are planning to develop a new facility in Bhubaneswar, India which is expected to be completed in Fiscal 2008. We have entered into a lease agreement to obtain land on lease for the said facility in Bhubaneswar.

The following table represents the percentage contribution of our geographical segments to our total revenues for the periods indicated:

	Percentage of total revenues			
Geographic segments	**Fiscal 2004**	**Fiscal 2005**	**Fiscal 2006**	**Nine-months ended December 31, 2006**
USA	61.1%	63.1%	63.0%	62.7%
Europe	17.0%	22.6%	22.6%	23.0%
APAC*	21.9%	14.3%	14.4%	14.3%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

*Includes India and rest of the world

Delivery Model

We provide end-to-end project execution onshore, offshore, or in a hybrid delivery model we call "OneShore", which represents our method for global software development and seeks to achieve high quality in a cost effective manner. For every client, we build a unified team of both software engineers and business consultants that collaborate from start to finish on all stages of a project. OneShore represents our method for global development to achieve a balance of quality, cost savings and localisation.

Our delivery is performed by a combination of people based at client premises, our Indian and international offices and our global development centres in Bangalore, Chennai and New Jersey.

We manage our OneShore delivery process though a centralised delivery model which allows us to service client requirements for onsite and offshore delivery of services. The activities include:

- Create project in MPower: A project-identifier is created in MPower (our internal SAP ERP) which helps capture all metrics on the project execution and performance. The engagement can be setup as an Offshore Development Centre ("ODC") or as a project. An ODC typically involves long-term client commitments and entails additional requirements such as physical isolation, network isolation, signing of non-disclosure agreements by people working on the specific engagement, as well as interoperability of process/deliverable formats and nomenclature between the client and our teams, whereas projects typically do not have such requirements.
- Identify team members: Based on the client and engagement requirements, the central operations team identifies the team best suited to deliver the engagement. The typical profile of people include project manager, business analyst, user experience lead, technical architect, technical lead, senior software engineers, software engineers, database administrator, configuration manager and test leads.
- Monitor progress and governance: The project progress and risks are also carefully monitored via weekly status reports, internal dashboards, formal reviews with delivery heads and steering committee meetings.
- Project Rendezvous: The aim of this initiative is for senior leaders to get a direct understanding of different projects, identify patterns across projects that could provide inputs for strategic and organisational initiatives, and enhance organisational support for projects.
- Sharing and learning: In addition to contributing to projects, our people also share their learning though various knowledge management initiatives. Once a project is successfully completed, the team conducts a review which is facilitated by a senior manager (who is not part of the project team) and includes the best practices and learning into KnowledgeNet, our internal centralised knowledge repository.

People

We believe that our ability to maintain growth depends to a large extent on our strength in attracting, training, motivating and retaining people. We placed in the top 100 of the "Best Places to Work for in the US" survey conducted by Computer World in 2002. We were recognised as the "Best Employer in India"

by Hewitt Associates in 2003. We were awarded the "HR Excellence Award" for Innovative Practices in July 2004 by the Confederation of Indian Industries. We were ranked first on Human Capital Development by Global Services (a CMP publication) in 2005 and ranked second in the survey conducted by Business Today, Mercer and TNS on the "Best Companies to work for in India" in 2006. Also, in 2005, we were ranked among the top 10 companies by Great Place to Work Institute for our social sensitivity by supporting primary education for differently-abled children.

We employed 1,030, 2,016 and 3,128 people as of March 31, 2004, 2005 and 2006, respectively.

The key elements of our people management strategy include:

Recruitment (Talent Acquisition):

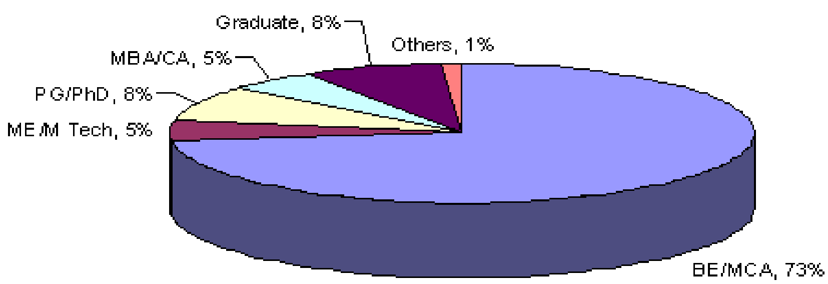
We have a robust process to evaluate needs and acquire talent in tune with our business needs. Our talent acquisition is driven by the annual business plan (covering number of people needed by location and their levels and roles in the organisation), which is monitored and continually adjusted based on business visibility on a monthly basis. On a periodic basis, the operations team publishes Company-wide utilisation and reviews the staffing needs based on business visibility.

Our talent acquisition philosophy is to recruit for attitude, train for skill and develop for leadership roles. We follow a role-based selection process and place high emphasis on cultural fit of the prospective staff members with our organisational values.

We recruit talent from some of the best universities, colleges and institutes in India and abroad, as well as some of the leading IT companies in India and overseas. Our rigorous selection process involves a series of activities including technical and psychometric tests, case and group interviews. All new hires are assimilated into MindTree through a structured program, which involves extensive training as well as mentoring.

People Profile

As of December 31, 2006, our people with bachelor's degrees in engineering or master's degrees in computer applications comprised 73%, graduate degrees in other disciplines comprised 8%, post-graduate engineers comprised 5%, master's in business administration or chartered accountants comprised 5% and post-graduate degrees in other disciplines or doctorate degrees comprised 8%, while our people with other qualifications comprised 1%. We have in the past recruited students from leading Indian educational institutes, such as Indian Institute of Technology, Madras, R.V. College of Engineering, Bangalore, NIT Warangal and PSG, Coimbatore.



As of December 31, 2006, the average age of our employees was approximately 27.6 years and the average experience was more than 4.6 years.

Culture: High Performance and High Caring

We have a transparent evaluation system for both performance and potential that seeks individual development plans to build capabilities and further competence in areas of mutual interest. We focus on "performance management" rather than "reviewing performance" though performance appraisals, providing input on leadership qualities, mentoring and periodic reviews for career alignment and planning.

Training

Our Culture and Competence Group is responsible for coordinating and conducting training sessions for our people. We use the term "Culture and Competence" because we believe we are all a product of our cultural backgrounds and competence.

We track the effectiveness of our learning programs by conducting surveys within our organisation.

Compensation

We believe that we offer competitive salaries and benefits. Our compensation packages are adjusted annually based on industry trends, compensation surveys and individual performance. The overall compensation also includes a variable component which is linked to our performance. Consistent with our corporate cultural of collective ownership, we have granted stock options to our people since incorporation.

Retention

We strive to provide a challenging and entrepreneurial work environment and growth opportunities for all our people. Some of our key initiatives include:

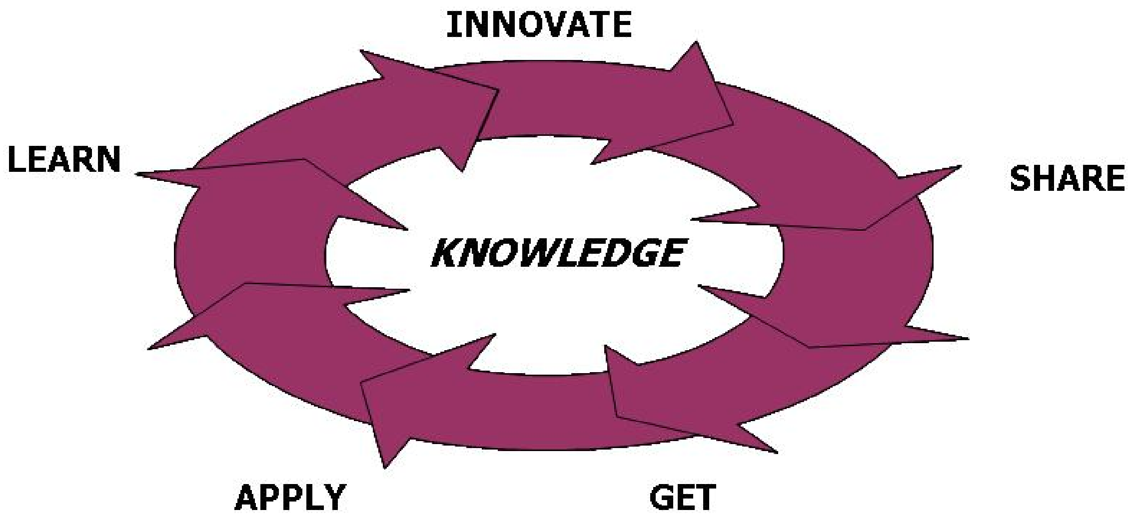
- Communication: We believe transparency and communication are vital to organisation building. We therefore try to follow the 95:95:95 principle, which means that 95% of the information should be available to 95% of our people 95% of the time. We seek to achieve this through periodic "Snapshots" or updates from the Chairman, our periodic newsletters called "Trackers" from the Business Heads, and "All Minds Meet", an open house held at least twice a year in Bangalore (and frequently in other global locations), where our senior management team announce our performance, give away awards and share other important information. This is further supported by a set of focused portals such as the PeopleNet, KnowledgeNet, ProcessNet and LearningBee.
- People Satisfaction Survey: Over the last six years, we have undertaken the MindTree People Perception Survey ("MPPS"), conducted by a US-based professor who is currently at Pennsylvania State University, U.S.A. as part of their alliance research program to measure satisfaction levels amongst our people and identify trends in satisfaction levels.
- Leading Performance: This is a program conceptualised, designed and delivered by our leadership team. Through a series of lecture and MindTree-specific cases, the program aims to improve the individual effectiveness and execution capabilities of our people. This is typically a three-day workshop, held at an offsite location on a regular basis, and covers topics such as visioning and contextual norming, team building, dealing with over and under-achievers, managing resources, appreciating conflict and handling adversity.
- Project Arboretum: We started this program to address the assimilation needs of lateral hires and to ensure that they are equipped with the "MindTree way" of executing assignments. We believe this has improved the assimilation effectiveness and satisfaction amongst the lateral hires.

Our attrition rates were 13.6% and 12.0% in Fiscal 2005 and 2006, respectively. We define attrition as the ratio of the number of people who have left us during a defined period to the total number of people that are on our payroll at the end of such period.

Knowledge Management

A fulltime knowledge management team is responsible for globally overseeing all activities related to knowledge management systems, processes, structure, and policies. Our mission statement for knowledge management is "to establish systems, processes, and culture that help us continuously build our intellectual capital."

The key focus areas of knowledge management are innovation, sharing/collaboration and reuse. The GALIS framework below illustrates the knowledge cycle that is supported by our knowledge management approach, where our people Get, Apply, Learn, Innovate, and Share ("GALIS") knowledge.



Our people policies also are aligned with a robust reward and recognition program for key contributors, whether for content generation, championing knowledge communities, filing for a patent, or idea generation.

Technical Infrastructure. We have developed and deployed various systems to enable sharing, collaboration, and innovation between our people and give them quick access to knowledge, including:

- KnowledgeNet, the internal centralised knowledge repository, which is used routinely for seeking organisational knowledge.
- ConnectedMinds Community Portal, a platform for online discussions, content management, polls, blogs, announcements, and expertise location.
- PeopleNet, which provides information on various topics such as corporate policies, management communication, news articles featuring the Company, holiday calendar across various offices, etc.
- OpenMind, a collaboration platform, which is meant for our people to collaboratively build software components, libraries, frameworks, and to act as a software repository enabling reuse.
- Neuron, a system which supports idea management, patenting, and innovation management. Neuron allows our people to view the ideas that are submitted by others, add to it, give their views and feelings on the ideas, and manage their own ideas.
- ProjectSpace, a web based distributive and collaborative software development platform for project teams to address their collaboration and communication needs throughout the project lifecycle.

Osmosis. Since 2005, we have created an annual event called Osmosis to showcase the technical knowledge within the Company. This gives our people an opportunity to collaborate and innovate together, engage in activities like paper-writing and creating reusable components and frameworks, conducting weekly quizzes, and sharing knowledge.

Intellectual Capital Rating and Top 10 Indian Knowledge Enterprise. In 2006, we undertook an impartial evaluation of our intellectual capital using a methodology pioneered by Intellectual Capital Sweden AB ("ICAB"). Bizworth India, the Indian partner of ICAB, gave us the highest possible rating of 'AAA' for management competence, and an overall rating of 'A' in both effectiveness of our intellectual capital and the renewal of our intellectual capital.

In 2006, we were identified as one of the top five Most Admired Knowledge Enterprises ("MAKE") in India in a study conducted by Teleos and KNOW Network.

We also provide our people training in a variety of lateral thinking and creativity techniques to further develop their skills.

Quality

We have a long-standing focus on processes for ensuring high-quality delivery and therefore stringent quality assurance and control program form an integral part of our services. After achieving P-CMM Level 5 and CMMi Level 5 certification within five years of our inception, we have focused on continued rigor in our delivery and support processes and have initiated various steps to ensure that we maintain and strive for higher levels of quality and quality control. Some of these initiatives include:

- Conducting formal surveys with our customers on a bi-annual basis.
- Instituting a Project Management Council that seeks to focus on improving the competency of our project managers.
- Active involvement in forums such as the Bangalore Software Process Improvement Network, NASSCOM Quality Summit and PMP Conference.

Intellectual Property

We have intellectual property rights that we seek to protect to the fullest extent practicable. We believe that we are not dependent on any of our intellectual property rights individually, although collectively, they are of material significance to our business. We have registered trademarks for the mark "MINDTREE" in India, the United States, Singapore, Australia, Japan and the European Union for various classes and categories of goods and services.

Further, in the course of our research and development activities, we create a range of intellectual property which we attempt to protect through patents, confidentiality procedures and contractual provisions. Patents are sought for inventions that constitute our MINTs or otherwise form part of our products and tools that are used in our consultancy and service businesses and which may also be offered for licensing to customers. As of December 31, 2006, we have filed five applications with the United States Patent and Trademark Office for registration of intellectual property in various inventions and have further obtained permission from the Assistant Controller of Patents and Designs, India to make a foreign application in relation to one additional patent.

We require our people and subcontractors to enter into non-disclosure and assignment of rights arrangements to limit access to and distribution of our client's proprietary and confidential information as well as our own.

Our client contracts require us to comply with certain security obligations including maintenance of network security, back-up of data, ensuring our network is virus free and verifying the credentials of our people that work with our clients. We cannot assure you that we will be able to comply with all such obligations and not incur any liability. For more information, see "Risk Factors " on page (x).

Although we believe that our intellectual property rights do not infringe on the intellectual property rights of any other party, infringement claims may be asserted against us in the future. There are currently no material pending or threatened intellectual property claims against us. For more information, see "Risk Factors " on page (x).

Insurance

We have taken insurance policies with various insurance companies covering certain risks in relation to our business and our people. We have taken group personal accident insurance, group medi-claim insurance policies for the benefit of our people covering risks against bodily injuries. We have also taken commercial general liability and commercial auto liability policies to cover against risks of damage to our property and motor vehicles and we are also covered with respect to fire and special perils insurance, marine cargo open cover and marine open policies, as well as a group life insurance policy. We also have burglary and housebreaking insurance, portable electronic equipment insurance, group travel insurance. We have taken technology based and related professional services liability insurance policy covering certain claims arising out of any negligent act, error or omission occurring during the course of employment, including claims arising out of intellectual property infringements (excluding patent infringements). We also maintain general liability insurance to cover certain liabilities pertaining to our business contracts. In addition, our directors and officers are covered under a directors and officers' liability insurance policy. However, we do not maintain business interruption insurance and further our insurance policies may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. For more information, see "Risk Factors – Our insurance cover may be inadequate to fully protect us from all losses" on page xvii.

Properties

Our corporate headquarters and Registered Office are located in leased premises on various floors of Block A and B of Brigade Software Park located in Banashankari, Bangalore. These offices also house our development centre and our general, administrative and sales offices.

Further, we have leased various premises in Bangalore, Chennai, California and New Jersey to house our development centres and research and development facilities.

In most of our leases, we have the option to extend the lease up to a certain time period with corresponding increase in the rent, as provided in the lease agreements. Thereafter, the lease may be extended only by mutual consent.

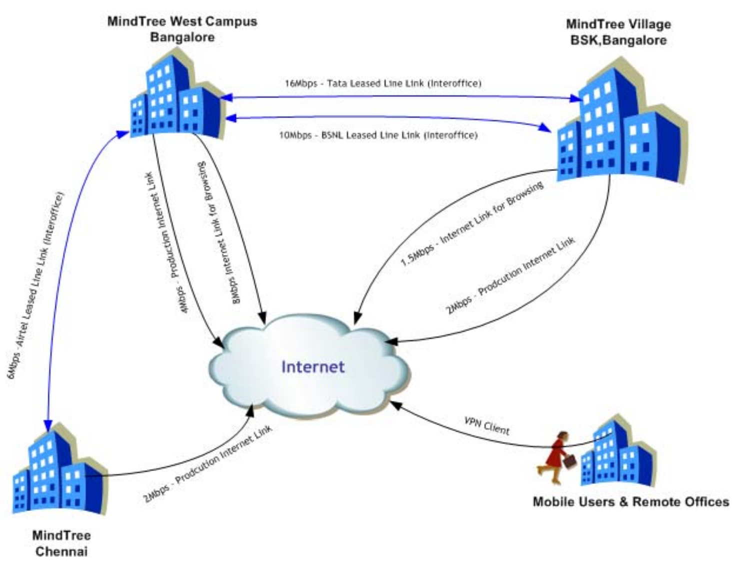
Network And Infrastructure

Our Information System ("IS") provides network and computing services and is designed to ensure security and availability of the network to enable our business to run smoothly without interruptions.

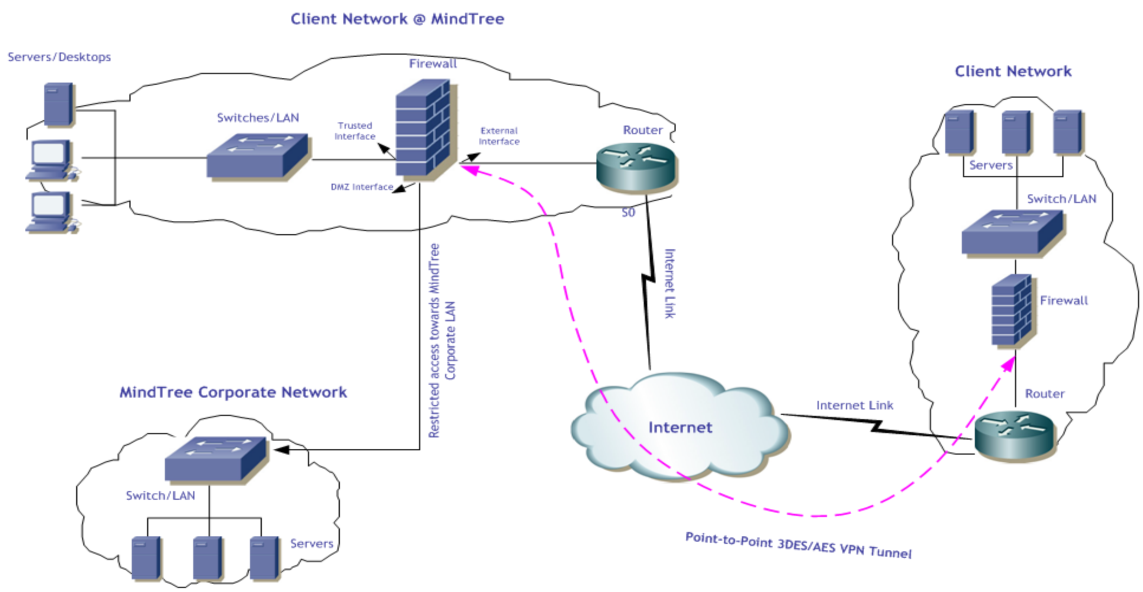
Our IS setup is predominately based on a Microsoft Windows 2003 server and a mailing system based on Exchange 2003. Our desktops are equipped with Windows XP SP2 and MS Office 2003 SP2.

Network setup

As shown in the diagram below, all our offices and software development centres are connected to each other through dedicated communication links with redundant backup links.



In engagements that need connectivity between the clients' and our network, connectivity is achieved through a dedicated communication link or a site-to-site VPN tunnel using our ODC model. The overall diagram showing the ODC setup is shown below.



For dedicated offshore development centres, the network is isolated for each client and administered by the client's access control procedures and guidelines.

We have deployed SAP 4.7 for our internal ERP system, project management, CRM and Business Intelligence. Additionally, we have various intranet portals that provide a comprehensive source of information. For more information on our intranet portals, see "Business — Knowledge Management" on page 72.

Operational controls & policies

Our entire network system and servers are closely monitored. Standard operational control procedures include:

- Daily, monthly and quarterly checklists for health monitoring, backups and restoration; and
- Backup of all critical data and storage of backup media in a 'fire safe' and remote site.

Social Responsibility

Being socially sensitive and socially connected is a cherished value for us. We believe that this not only helps us cherish and sustain our "MindTree" culture but also helps our people build empathy with the larger eco-system that we live and work in. Since our inception, we have undertaken several initiatives consistent with our objective of being a socially responsible organisation. Some of these are discussed below.

We have built a strong association with the Spastic Society of Karnataka. It started with Chetan – a student from the Spastic Society of Karnataka's school, who designed our visual identity. It grew further roots with the paintings and work of art from other children there, which adorn the walls of all our campuses. We believe that this not only helps in increasing the self-esteem of these differently-abled children but also inspires our people to focus on opportunities and results rather than constraints. The children are a regular feature in our various cultural programs and visit our facilities with friends and families regularly.

We work closely with Government Primary School situated in Palacode district Somanahalli in rural Tamil Nadu. Our people contribute not just through funding, but also by making time to be physically involved in the construction of the extra classrooms, selection and sponsoring of teachers, and working with the PTA of the school to understand social issues limiting attendance and resolving them.

Even in our time of celebrations, we have considered ourselves one with the society and have shared our "Joy" with others. On accomplishing the milestone of achieving US$100 million in revenues in six years, we made donations on behalf of all our people to Akshaya Patra to sponsor mid-day meals for under-privileged children and to Samartham Trust for the Disabled, a trust which runs a home for visually impaired children.

Our people have also contributed to various charities to help with disasters such as terrorist attacks in US in September 2001, Hurricane Katrina in August 2005, earthquake in Pakistan in October 2005 and Gujarat in January 2001, the Tsunami in December 2004 and the Mumbai blast in July 2006.

We were recipients of the NCPEDP-Shell Helen Keller award in 2001. We received special recognition from Great Place to Work Institute for our social sensitivity in 2005. We believe that such awards encourage and validate our effort to make a tangible difference in the life of some people around us.

Competition

The market for both IT Services and R&D Services is highly competitive and rapidly evolving. We primarily face competition from Indian as well as international technology services companies, divisions of large multinational technology firms, and captive offshore centres of large corporations. Further, the technology services industry is also witnessing the emergence of competition from countries such as China and the Philippines, which have labour costs similar to India. Clients that presently outsource a significant proportion of their technology service requirements to vendors in India may seek to reduce their dependence on one country and outsource work to other offshore destinations.

We position ourselves in the market as a mid-sized company that provides personalised services to clients which a large IT firm may not be able to provide. We do not directly compete with the big five technology services companies in India or in large opportunities where we may be unable to qualify because of the size of our organisation. However, we often bid for and compete with them and other mid-sized companies on smaller accounts. Further, many large corporations do not outsource their entire IT or R&D requirements to one service provider. Therefore, we are able to participate on many assignments as the secondary service provider rather than the primary service provider. Nevertheless, many of our competitors have greater financial and other resources than ours. For more information, see "Risk Factors" on page (x).

We believe that our mature global delivery model, range of services offered, our level of technical expertise and talented pool of people and our culture help differentiate us from some of our competitors. We believe that price alone is not a sustainable competitive advantage in an environment where IT and R&D Services are becoming increasingly critical to the client's core corporate strategy. We have therefore endeavoured to develop competitive strength through our ability to provide personalised service to our clients.

Further, we track technology and market trends, and enter into new service lines or IP creation initiatives in order to take advantage of the emerging growth opportunities. We believe that our investment in technologies to create licensable IP and build products around IP helps differentiate us from our competition. We have added many new services (such as testing and infrastructure management) and IPs (such as UWB) to our portfolio over the last few years.

Legal Proceedings

We are not currently involved in any material litigation or regulatory actions, the outcome of which would, in our management's judgment, have a material adverse effect on our results of operations or financial condition, nor is management aware of any such litigation or regulatory actions threatened against us, except the following:

Show cause notice has been issued against us by the Assistant Commissioner of Commercial Taxes, Karnataka on May 2, 2006 under sections 10 and 11 of the Karnataka Special Tax on Entry of Certain Goods Act, 2004 on the allegation that we had not declared, for the purposes of payment of taxes on the entry of certain goods into Karnataka.

Further, a notice of arbitration has been received by us on January 5, 2007 on behalf of ASAP, referring the outstanding disputes stated in the deed of compromise entered into between us, ASAP and ARSPL to arbitration of up to Rs. 8.7 million. For further details see "History and Certain Corporate Matters" and "Outstanding Litigation and Material Developments"on pages 85 and 184 respectively.

REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the Government of India, Government of Karnataka, certain international treaties and conventions to which India is a signatory and the respective bye laws framed by the local bodies incorporated under the laws in the State of Karnataka and the State of Tamil Nadu. The information detailed in this chapter has been obtained from the various legislations, international treaties and conventions, and the bye laws of the respective local authorities that are available in the public domain.

Intellectual Property

Our intellectual property assets form a significant portion of our net worth. Our intellectual property includes our registered intellectual property rights, including patents and patent applications made by us in relation to various inventive products and processes and registered, as well as unregistered rights in intellectual property including copyrights in relation to software. The salient features of the legal regime governing the acquisition and protection of intellectual property in India are briefly outlined below. For further details on the above, see "*Our Business – Our Intellectual Property*" on page 74.

Patent Protection

The Patents Act, 1970 (**"Patents Act"**) is the primary legislation governing patent protection in India.

In addition to broadly requiring that an invention satisfy the requirements of novelty, utility and non obviousness in order for it to avail patent protection, the Patents Act further provides that patent protection may not be granted to certain specified types of inventions and materials even if they satisfy the above criteria. The term of a patent granted under the Patents Act is for a period of twenty years from the date of filing of application for the patent.

The Patents Act deems that computer programmes per se are not 'inventions' and are therefore not entitled to patent protection. This position was diluted by the The Patents Amendment Ordinance, 2004 which included as patentable subject matter:

a) Technical applications of computer programs to industry; and
b) Combinations of computer programs with the hardware.

However, the Patents Amendment Act, 2005 does not include this specific amendment and consequently, the Patents Act, as it currently stands, disentitles computer programs *per se* from patent protection.

The public use or publication of an invention prior to the making of an application for a patent, may disentitle the said invention to patent protection on grounds of lack of novelty. Under the Patents Act, an invention will be regarded as having ceased to be novel (and hence unpatentable), inter alia, by the existence of:

i. any earlier patent on such invention in any country;
ii. prior publication of information relating to such invention ;
iii. an earlier product showing the same invention; or
iv. a prior disclosure or use of the invention that is sought to be patented

For details in relation to the risks arising from the above position see "Risk Factors – Our Intellectual Property may not be entitled to Intellectual Property Protection on Page (x)".

Following its amendment by the Patents Amendment Act, 2005, the Patents Act permits opposition to grant of a patent to be made, both pre-grant and post–grant. The grounds for such patent opposition proceedings, *inter alia,* include lack of novelty, inventiveness and industrial applicability, non-disclosure or incorrect mention of source and geographical origin of biological material used in the invention and anticipation of invention by knowledge (oral or otherwise) available within any local or indigenous community in India or elsewhere.

The Patents Act also prohibits any person resident in India from applying for patent for an invention outside India without making an application for the invention in India. Following a patent application in

India, a resident must wait for six weeks prior to making a foreign application or may obtain the written permission of the Controller of Patents to make foreign applications prior to this six week period. The Controller of Patents is required to obtain the prior consent of the Central Government before granting any such permission in respect of inventions relevant for defense purpose or atomic energy.

This prohibition on foreign applications does not apply, however, to an invention for which a patent application has first been filed in a country outside India by a person resident outside India.

International Patent Protection Mechanisms

The extent of patent protection granted by any national patent law is limited to the jurisdiction of the country of registration of the said patent. Therefore, the protection of patents on an international scale ordinarily requires that patent applications be filed and granted in multiple jurisdictions. In order to avoid multiplicity of applications, mechanisms under various international treaties have evolved providing for the effective filing of simultaneous patent applications in multiple jurisdictions by filing of a single international application. The Patent Co-operation Treaty, 1970, ("**PCT**") creates one such mechanism whereby filing an application under the PCT results in the effective filing of a separate application in each of several designated countries under the PCT.

An application under the PCT procedure is processed in two phases , i.e.:

a. an international phase wherein an international application is filed in the International Bureau; and
b. a national phase consisting of the conversion of the application into national patent applications in designated countries.

A PCT application may be filed by a national or resident of a state which is a signatory to the PCT at the patent office of such state at the WIPO International Bureau. At the filing stage, the applicant indicates those contracting states in which he wishes his application to form an effective filing. Upon filing, the invention, which is claimed under the application, is subjected to an "international search" which is carried out by an International Searching Authority identified by the patent filing office. In the event that the international search results in any evidence of prior art, which resembles the claim being searched for, the applicant has the option to either withdraw his application, or defend the claim at the national level with each national patent office. If the application is not withdrawn, it is published in the International Bureau along with the international search report and communicated to the patent office in each designated country. Subsequently, upon the applicant electing to do so, patent applications are submitted to the national phase wherein the claimed invention is examined by the national patent offices of the designated countries for grant of the patent.

Another international treaty governing international patent protection is the Paris Convention for the Protection of Industrial Property, 1883 (the "Paris Convention"). The Paris Convention requires its member countries to guarantee to the citizens of the other countries the same rights in patent and trademark matters that it gives to its own citizens. Further, in case of patent filings in multiple jurisdictions, this treaty grants a right of priority to the applicant which means that the applicant who has filed an application in any contracting states, may apply for protection in any other contracting states within 12 months and claim priority over other applications which have been filed by other applicants during the said 12 month period.

Copyright Protection

The Copyright Act, 1957 ("Copyright Act") governs copyright protection in India. Under the Copyright Act, copyright may subsist in original literary, dramatic, musical or artistic works, cinematograph films, and sound recordings. Software, both in source and object code, constitutes a literary work under Indian law and is afforded copyright protection. Following the issuance of the International Copyright Order, 1999, subject to certain exceptions, the provisions of the Copyright Act apply to nationals of all member states of the World Trade Organization.

While copyright registration is not a prerequisite for acquiring or enforcing a copyright in an otherwise copyrightable work, registration constitutes prima facie evidence of the particulars entered therein and creates a rebuttable presumption favoring the ownership of the copyright by the registered owner. Copyright registration may expedite infringement proceedings and reduce delay caused due to evidentiary considerations. Once registered, copyright protection of a work lasts for a 60-year period following the death of the author.

Reproduction of a copyrighted work for sale or hire, issuing of copies to the public, performance or exhibition in public, making a translation of the work, making an adaptation of the work and making a cinematograph film of the work without consent of the owner of copyright are all acts which expressly amount to an infringement of copyright. With respect to computer software, in addition to the above, any unauthorized sale and commercial rental of software also amount to infringement of copyright. The Copyright Act also prescribes certain fair use exceptions which permit certain acts which are otherwise considered copyright infringement. In respect of computer software, these fair use exceptions would include:

a) the making of copies or adaptations of a computer program by the lawful possessor of a copy of such computer program in order that it may be utilized for the purposes for which it was supplied;
b) the right of the lawful possessor to obtain any other essential information for interoperability of an independently created computer program, if that information is not otherwise readily available;
c) the observation, study, or test of functioning of the computer program in order to determine the ideas and principle which underline any elements of the program while performing such acts necessary for the functions for which the computer program is supplied; and
d) the making of copies or adapting the computer program from a personal legally obtained copy for any non-commercial personal use.

The remedies available in the event of infringement of copyright under the Copyright Act include civil proceedings for damages, account of profits, injunction and the delivery of the infringing copies to the copyright owner.

The Copyright Act also provides for criminal remedies including imprisonment of the accused and the imposition of fines and seizures of infringing copies. A third set of remedies are administrative or quasi judicial remedies which are prosecuted before the Registrar of Copyright to ban the import of infringing copies into India and the confiscation of infringing copies.

International Treaties for Copyright Protection

India is a signatory to the Convention of International Union for the Protection of Literary and Artistic Works (the "**Berne Convention**"), the Universal Copyright Convention, 1952, (the "**UCC**") the Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations, 1961 and as a member of the World Trade Organization is a signatory to the Agreement on Trade Related aspects of Intellectual Property Rights (the "**TRIPS Agreement**"). The TRIPS Agreement embodies a set of minimum standards that all signatories have to adhere to in respect of all forms of intellectual property protection, including copyright.

The Berne Convention requires that the signatory countries provide the same rights to foreigners from other member countries as to their own nationals and mandates automatic protection not subject to procedural formalities. It also provides for minimum substantive standards of protection, dealing with the duration of copyright and the exclusive rights which the author shall hold. While the Berne Convention does not prescribe what works are required to be protected under it, computer software has been brought under its purview by means of Article 10 of the TRIPS Agreement.

The UCC provides for similar protection, including national treatment and minimum substantive rights to be granted to copyright holders. The substantive provisions include the right of foreign national of a signatory country whose work was first published outside a signatory state to claim copyright protection in that signatory state under the UCC upon the printing of a copyright symbol and certain other information.

Trademarks

The Trade Marks Act, 1999 (the "**Trademark Act**") governs the statutory protection of trademarks in India. In India, trademarks enjoy protection under both statutory and common law.

Indian trademarks law permits the registration of trademarks for goods and services. Certification trademarks and collective marks are also registrable under the Trade Mark Act.

An application for trademark registration may be made by any person claiming to be the proprietor of a trademark and can be made on the basis of either current use or intention to use a trademark in the future. The registration of certain types of trade marks are absolutely prohibited, including trademarks that are not distinctive and which indicate the kind or quality of the goods.

Applications for a trademark registration may be made for in one or more international classes. Once granted, trademark registration is valid for ten years unless cancelled. If not renewed after ten years, the mark lapses and the registration for such mark has to be obtained afresh.

While both registered and unregistered trademarks are protected under Indian law, the registration of trademarks offers significant advantages to the registered owner, particularly with respect to proving infringement. Registered trademarks may be protected by means of an action for infringement, whereas unregistered trademarks may only be protected by means of the common law remedy of passing off. In case of the latter, the plaintiff must, prior to proving passing off, first prove that he is the owner of the trademark concerned. In contrast, the owner of a registered trademark is prima facie regarded as the owner of the mark by virtue of the registration obtained.

Trade Secrets and Confidential Information

In India, trade secrets and confidential information enjoy no special statutory protection and are protected under Common Law.

Standards bodies

We are members of several partnerships and groups, which are involved in co-operative development of the technology based on certain standards and specifications that are agreed upon by the members of such groups. This mechanism enables the development of technology based on certain uniform standards and specifications which are to form the industry standard for that technology. Further, the terms of our agreements with these standards bodies permit us to use proprietary technology or information belonging to the other partners in such group or body for the purposes of carrying out such development. Our membership of these standard bodies allows us to engage in developing future standards. Under the terms of our memberships with these standards bodies we are also liable to, *inter alia*, abide by any rules, articles of incorporation, guidelines or bye-laws framed by the relevant body, conform to any agreement regarding intellectual property entered into with the body, observe the confidentiality requirements imposed under the agreements with these bodies, pay membership fees regularly and indemnify the concerned body in case of any loss or damage caused to it by reason of the non-observance of the terms of the agreement or any other existing law or rule by us.

Some of the standards bodies of which we are members include Bluetooth SIG Inc., Worldwide Interoperability For Microwave Access Forum (WiMAX), WiMedia and Storage Networking Industry.

Software Technology Parks Scheme (“STP Scheme”)

The Software Technology Parks scheme was introduced by the Government of India with the objective of encouraging, promoting and boosting the software exports from India.

The STP Scheme provides infrastructure such as data communication facilities, operational space, common amenities, single window clearances and approvals including project approvals, import certification and other facilities to boost software exports from India. In addition to the infrastructure support, an STP unit enjoys the following Fiscal benefits, rendering it attractive for entrepreneurs:

a. All hardware and software imports are exempt from customs duties
b. A STP unit is exempt from payment of corporate tax upto the year 2010.
c. Domestic purchases by STP units are eligible for the benefit of deemed exports to suppliers
d. Capital goods purchased from the domestic tariff area (an area within India but outside a notified

STP) are entitled for exemption from excise duty and reimbursement of central sales tax;

e. The sales in the domestic tariff area shall be permissible upto 50% of the export in value terms

f. 100% depreciation on capital goods over a period of five years.

Many state governments have also added to the basket of incentives by providing for low rates of sales tax on products in the information technology sector, besides providing concessional tariff on electricity.

Setting up an STP Unit

In order to avail the benefits as envisaged by the Government of India, a company is required to register itself with the jurisdictional STPI (the body which administers the STP Scheme). The registration of a unit will normally be granted in about 25 days.

A company desirous of obtaining the STP registration is also required to obtain an Importer-Exporter Code from the Director General of Foreign Trade. Upon approval of the application, our Company would be required to execute an agreement with the STPI agreeing to comply with conditions prescribed in the STP approval, *inter alia* the export obligations and customs bonding of the premises.

Private Warehouse Licence

Following the approval under the STP, our Company would be required to obtain an approval from the Customs authorities for setting up a Private Bonded Warehouse and also an In-Bond Manufacturing order to store the Capital goods obtained free of Customs / Excise duty and to carry on the manufacture of computer software.

Compliances under the Scheme

The principal compliance required of a company accorded approval under the STP scheme is the fulfilment of the export obligation. Additionally, the unit is required to file monthly, quarterly and annual returns to STPI in the nature of a performance report indicating the export performance and the CIF value of imported goods and foreign currency spent on incidental expenses.

Labour laws

There are various legislations in India which have defined 'employee' and 'workman' based on factors which *inter alia* include nature of work and remuneration. People who come under the definition of workman or employee are entitled to various statutory benefits including gratuity, bonus, retirement benefits and insurance protection.

Termination of the employment of a non-workman is governed by the terms of the relevant employment contract. As regards a 'workman', the IDA sets out certain requirements in relation to the termination of services. These include a detailed procedure prescribed for resolution of disputes with labour, removal and certain financial obligations upon retrenchment. The applicability of such laws depends on the number of workers employed and their monthly remuneration.

Shops and Commercial Establishments Legislation

The conditions of service of employees of IT companies are regulated, *inter alia*, by the relevant shops and establishments law.

Karnataka Shops and Commercial Establishments Act, 1961

The Karnataka Shops and Commercial Establishments Act, 1961 provides for the regulation of the conditions of work and employment in shops and commercial establishments. With a view to achieve this, it prescribes regulations in relation to hours of work, annual leave, wages, employment of women, maintenance of records etc. Pursuant to the Millennium IT Policy issued by the Government of Karnataka, Section 3 of the 1961 Act has been amended to exempt IT / ITES establishments from complying with the following requirements of the Shops Act in Karnataka:

a. Restrictions on opening and closing hours of a shop/establishment
b. Compulsory closure of the establishment on one day of the week

Safety of Women

Under the Shops Act as it existed prior to the 2002 amendment, women were prohibited from working in night shifts. However, a relaxation was provided to information technology and information technology enabled services establishments from compliance with this provision subject to prior approval from the labour department and adherence to guidelines framed by the department in this respect.

Accordingly, the labour department has issued guidelines which seek to clearly define the level and nature of security arrangements to be provided for women employed during the night in the IT/ITES sector. The guidelines provide, *inter alia*, for establishment of a control room to monitor the movement of vehicles, posting of adequate female security guards, verification of antecedents of drivers etc to ensure the safety and security of women employees working on night shifts.

In addition to the above, pursuant to a decision of the Supreme Court, certain mandatory obligations have been imposed on employers in work places to prevent occurrence of sexual harassment. These include, *inter alia*, the setting up of an appropriate complaint mechanism for speedy redressal of complaints relating to sexual harassment.

Tamil Nadu Shops and Commercial Establishments Act, 1947

The Tamil Nadu Shops and Commercial Establishments Act, 1947 prescribes regulations in relation to health and safety, wages and working hours. Under the IT Policy of Tamil Nadu 2000, the IT companies have been exempted from regulations dealing with opening and closing hours of the establishment, holidays and working hours.

Employees State Insurance Act, 1948

The Employees State Insurance Act, 1948 (the **"ESI Act"**) provides for certain benefits to employees in case of sickness, maternity and employment injury. All employees in establishments covered by the ESI Act are required to be insured, with an obligation imposed on the employer to make certain contributions in relation thereto. In addition, the employer is also required to register itself under the ESI Act and maintain prescribed records and registers.

Payment of Gratuity Act, 1972

The Payment of Gratuity Act, 1972 provides for payment of gratuity to employees employed in factories, shops and other establishments who have put in a continuous service of 5 years, in the event of their superannuation, retirement, resignation, death or disablement due to accidents or diseases. The rule of '5 year continuous service' is however relaxed in case of death or disablement of an employee. Gratuity is calculated at the rate of 15 days wages for every completed year of service with the employer. Presently, an employer is obliged for a maximum gratuity payout of Rs. 350,000 for an employee.

Employees Provident Fund and Miscellaneous Provisions Act, 1952.

The Employees Provident Fund and Miscellaneous Provisions Act, 1952 (the "**EPF Act**") provides for the institution of compulsory provident fund, pension fund and deposit linked insurance funds for the benefit of employees in factories and other establishments. A liability is placed both on the employer and the employee to make certain contributions to the funds mentioned above.

The Maternity Benefit Act, 1961

The purpose of the Maternity Benefit Act, 1961 is to regulate the employment of pregnant women and to ensure that they get paid leave for a specified period during and after their pregnancy. It provides, inter alia, for payment of maternity benefits, medical bonus and enacts prohibitions on dismissal, reduction of wages paid to pregnant women, etc.

HISTORY AND CERTAIN CORPORATE MATTERS

We were incorporated as MindTree Consulting Private Limited on August 5, 1999 by a group of ten individual promoters of which three of them invested through an entity incorporated in Mauritius. For details on our Promoters see “Our Promoters” on page 105 and “Our Management” on page 91.

In January 2000, an investment of Rs. 169 million was made by way of subscription to Equity Shares of our Company in our first round of funding by LSO Investment (P) Limited, a Promoter company promoted by three of our Promoters, and Walden Software Investments Limited (managed by Walden International), Amalgamated Holdings Limited and Vaitarna Holdings Private Limited. Shares held by Amalgamated Holdings and Vaitarna Holdings Private Limited were transferred to Global Technology Ventures Limited by Board meeting held on April 25, 2000.

In August 2001, Capital International Global Emerging Markets Private Equity Fund LP, Global Technology Ventures Limited and certain of our Promoters invested a further Rs. 590 million in our Company in a second round of funding by subscribing to convertible preference shares of our Company.

In October 2001, Franklin Templeton Holding Limited invested a sum of Rs 75.5 million into our Company by subscribing to our preference shares. Subsequently, AIG Offshore Systems Service Inc., one of our clients also subscribed to Equity Shares and warrants in our Company. For further details in relation to the above investments, see “Capital Structure” on page 20.

We are structured into two business units that focus on software development – IT Services and R&D Services. We have clients that range from Fortune 10 companies to enterprise software organizations. We have offices across USA, United Kingdom, Germany, Switzerland, United Arab Emirates, India, Singapore, Australia and Japan.

Recent Acquisitions

(a) ASAP and ARSPL

On September 24, 2004, our Company acquired the software divisions of ASAP Solutions Private Limited (“ASAP”) and Arachno Solutions Private Limited (“ARSPL”). ARSPL is a wholly owned subsidiary of ASAP, and both companies were engaged in, *inter alia*, providing information technology services, specifically SAP implementation and maintenance, data management and customized application development in Asia and USA. We also acquired the software business of ASAP Solutions Inc., the wholly owned subsidiary of ASAP through a concurrently operating agreement. The total consideration for these acquisitions was Rs. 32.0 million. Certain specific assets and liabilities were excluded from the acquisitions.

However, certain disputes arose between the parties during the implementation of the terms of the agreement. Consequently, a deed of compromise (“Deed”) was entered into between the parties on October 4, 2006, wherein the parties agreed to settle all disputes, except the disputes specified in the Deed. According to the terms of the Deed, our Company agreed to make payment of an amount of Rs. 12.5 million along with the interest due on this amount (subject to reductions on account of early payments of the amounts due). Disputes pertaining to contingent consideration of an amount of up to Rs. 8.7 million (subject to the completion of the targets specified) payable to ASAP upon it being able to arrange and assist our Company in hiring and inducting 24 additional SAP professionals within a specified period could not be settled amicably. According to the terms of the Deed, the parties agreed to settle the said outstanding disputes by arbitration. We have received a notice on January 5, 2007, on behalf of ASAP, referring the outstanding disputes to arbitration. For more information, see “Outstanding Litigation and Material Developments” on page 184.

(b) Linc Software Services Private Limited

In June 2005, we acquired 100% share capital of a company, Linc Software Services Private Limited engaged in the business of application development and maintenance, ERP product support and web development. The total consideration for the acquisition was Rs. 306.4 million to the shareholders and promoters of our Company. By virtue of the acquisition, Linc Software Services Private Limited, subsequently renamed as MindTree Software Services Private Limited, became our subsidiary. Further, by a scheme of arrangement as approved by the High Court of Karnataka dated July 28, 2006, MindTree Software Services Private Limited was merged with us effective April 1, 2005.

Change of Status and Registered Office

The status of our Company was changed to a public limited company by a special resolution of the members passed at an annual general meeting held on September 27, 2006. The fresh certificate of incorporation consequent on change of name was granted to our Company on November 6, 2006 by the Registrar of Companies, Karnataka.

Following are the details of shift of our Registered Office:

From	To	Date of Board Resolution
No. 7/3, Palmgrove Road, Victoria Layout, Bangalore 560 047	No. 318, Raheja Chambers, No. 12, Museum Road, Bangalore 560 001	August 19, 1999
No. 318, Raheja Chambers, No. 12, Museum Road, Bangalore 560 001	No. 88, Gandhi Bazaar Main Road, Basavanagudi, Bangalore 560 004	November 11, 1999
No. 88, Gandhi Bazaar Main Road, Basavanagudi, Bangalore 560 004	MindTree House, No. 3, Block A, No. 42, 27th Cross, Banashankari 2nd Stage, Bangalore 560 070	June 21, 2001

Key Events and Milestones

Date	Event
August 1999	Formation of MindTree with two customers and commitment of funding of US$9.5 million at its inception.
January 2000	Investment by Walden Software Investments Limited, Amalgamated Holdings Limited and Vaitarna Holdings Private Limited in first round funding.
August 2001	Investment by Global Technology Ventures Limited, Walden Software Investments Limited and Capital International Global Emerging Markets Private Equity Fund LP in second round of funding.
December 2001	Commencement of IT outsourcing partnership with Volvo Information Technology.
October 2001	Investment by Franklin Templeton Holding Limited.
January 2004	Execution of contract with AIG Offshore Systems Service Inc. for supply of IT Services.
September 2004	Acquisition of the software division of ASAP and ARPSL.
February 2005	West Campus development center opened in Bangalore.
June 2005	Acquisition of Linc Software Services Private Limited.
July 2006	Development centre launched in Chennai.
September 2006	Land acquired in Bhubaneshwar for expansion of facilities.
December 2006	Signed a memorandum of understanding for expansion of facilities in the SEZ in Chennai.

Our Main Objects

Our main objects enable us to carry on the business that is carried on and proposed to be carried on by us.

Our main objects as contained in our Memorandum as follows:

- To carry on the businesses of software development, production, sub-contracting, systems engineering and training.
- To carry on the businesses of management consulting of all types, providing information management and movement services, build advisory services of all types, installation, maintenance and supply services including providing associated hardware and software products.
- To carry on the businesses of developing, improving, designing, marketing, selling and licensing software programs and products of all kinds.
- To carry on the businesses of establishing, maintaining and conducting training facilities, schools, courses and programs for software programs and products of all kinds.
- To establish and operate data and information processing centres including call centres and to render services to customers in India and elsewhere by processing their jobs at these centres.

Awards and Accreditations

Date	Award/Accreditation
2006	Ranked 2nd in a study conducted by Business Today on the "Best Companies To Work For In India in 2006".
2006	Teleos, in association with the KNOW network named us among the top five Most Admired Knowledge Enterprises (MAKE) company in India at Infovision 2006, the Knowledge Summit.
2006	Intellectual Capital Sweden AB assesses us for Intellectual Capital Rating. Our overall rating, in both effectiveness and renewal, is an 'A' placing us in the top 12% of all companies rated worldwide. We are among the first companies rated for Intellectual Capital Rating and receive the highest possible rating of 'AAA' for our management competence.
2006	The International Association of Outsourcing Professionals names us among the world's top 100 outsourcing service providers. We are also named among the top 30 offshoring providers.
2006	Global Services magazine recognizes us as number one amongst the top 10 'Leaders In Human Capital development'.
2006	Global Services magazine's Global Services 100 ranking ranks us as number five among the top 10 best performing IT service firms.
2006	Deloitte Touche Tohmatsu ranks us amongst the fastest growing technology companies in India, placing us in the Deloitte Technology Fast 50 India 2006 and Deloitte Technology Fast 500 Asia Pacific 2006.
2004	Grow Talent Company and Businessworld magazine rank us among the top five 'Great Places to Work'.
2004	We were assessed as a CMMi Level 5 company.
2003	Hewitt Associates rates us as one of the "Best Employers in India for 2003" having the "most admired senior management team in the country". Hewitt Associates also ranks us eleventh overall and third in the IT industry.
2003	We were assessed as a P-CMM Level 5 company.
2002	Computerworld magazine selects us as one of its Top 100 Best Places to Work For in IT industry.
2001	NCPEDP-Shell Helen Keller Award awarded to us for our work with the differently-abled.

Changes in the Memorandum

Since incorporation, the following changes have been made to the Memorandum:

Date of Shareholders' Approval	Amendment
July 23, 2001	The initial authorized capital of Rs. 100,000,000 comprising 50,000,000 Equity Shares of Rs. 2 each was increased to Rs. 796,200,000 and classified into 50,000,000 Equity Shares of Rs. 2 each amounting to Rs. 100,000,000 and 2,950,000 fully paid up convertible preference shares of Rs. 236 each amounting to Rs. 696,200,000
November 16, 2006	The authorised share capital of our Company was re-classified into 79,620,000 Equity Shares of Rs.10 each amounting to Rs.796,200,000

MindTree Benefit Trust

The trust was settled by means of a trust deed dated January 22, 2001. The trustees of the trust are Ashok Soota, Subroto Bagchi, N. Krishna Kumar, S. Janakiraman, Rostow Ravanan and Puneet Jetli as approved by the Board at its meeting held on May 17, 2004.

Main Objects

The objects of the trust include the following:

a. Provisions of education, formal or otherwise, in India or abroad, including tuition and other fees and charges for employees and their dependent children;
b. Provision of medical facilities to the employees involving hospitalisation or otherwise, in India or abroad;
c. Provision of sports facilities;
d. Provision of facilities for leisure, vacation and travel;
e. Provision of assistance in various forms such as medical, education, housing and recreation facilities;
f. Doing all such other things either alone or in conjunction with others as are incidental or conducive to the attainment of the above objects; and
g. Acquiring and holding shares, warrants or other securities of our Company for the purpose of implementing our Employees Stock Option Plans and upon such terms and conditions as our Company may specify from time to time.

Shareholders' Agreements

On November 26, 1999, a shareholders' agreement was entered into between our Company, Ashok Soota, Subroto Bagchi, N. Krishna Kumar, S. Janakiraman, N.S. Parthasarathy, Rostow Ravanan, Kalyan Banerjee, Scott Staples, Kamran Ozair, Anjan Lahiri and LSO Investment (P) Limited (collectively known as "Promoters"), Walden Software Investments Limited, Amalgamated Holdings Limited, Vaitarna Holdings Private Limited. Our Company approached Walden Software Investments Limited, Amalgamated Holdings Limited and Vaitarna Holdings Private Limited for further funding the capital requirements and Walden Software Investments Limited, Amalgamated Holdings Limited, Vaitarna Holdings Private Limited agreed to subscribe to the Equity Shares of our Company.

On July 18, 2001, a subscription agreement was entered into between our Company, our Promoters, Capital International Global Emerging Markets Private Equity Fund, L.P., Global Technology Ventures Limited, and Walden Software Investments Limited, pursuant to investment by Capital International Global Emerging Markets Private Equity Fund, L.P. The agreement was amended by an agreement dated August 7, 2001, amongst our Company, all our Promoters, Capital International Global Emerging Markets Private Equity Fund, L.P., Global Technology Ventures Limited, and Walden Software Investments Limited pursuant to allotment of preference shares of our Company to the investors.

On October 30, 2001, as a result of an investment by Franklin Templeton Holding Limited, the first supplemental and amendment agreement to the amended and restated shareholders agreement was entered into amongst our Company, all our Promoters, Capital International Global Emerging Markets Private Equity Fund, L.P., Global Technology Ventures Limited, Walden Software Investments Limited and Franklin Templeton Holding Limited.

On June 28, 2004, as a result of the subscription of Equity Shares by AIG Offshore Systems Service Inc. and convertible warrants pursuant to a convertible security agreement, the second supplemental agreement to the amended and restated shareholders' agreement was entered into amongst our Company, all our Promoters, Capital International Global Emerging Markets Private Equity Fund, L.P., Global Technology Ventures Limited, Walden Software Investments Limited, Franklin Templeton Holding Limited and AIG Offshore Systems Service Inc.

***Amended and Restated Shareholders' Agreement*:**

On November 15, 2006, an amended and restated shareholders' agreement (the "**Agreement**") was entered into between our Company, Ashok Soota, Subroto Bagchi, Kalyan Banerjee, N.S. Parthasarathy, Rostow Ravanan, N. Krishna Kumar, S. Janakiraman, LSO Investment (P) Limited (the "**Founders**"), Anjan Lahiri, Kamran Ozair and Scott Staples, Global Technology Ventures Limited ("**GTV**"), Walden Software

Investments Limited ("**Walden**") and Capital International Global Emerging Markets Private Equity Fund,L.P. ("**CIPEF III**"). GTV, Walden and CIPEF III are collectively referred to as the "**Investors**" and individually as "**Investor**". As we intend to make an IPO of our shares, all the parties as specified above decided to execute this Agreement. The Agreement was subsequently amended on December 5, 2006.

Under the provisions of the Agreement, as it stands, the IPO by our Company is to be completed by June 30, 2007. The shares of our Company would be listed on the Bombay Stock Exchange Limited or the National Stock Exchange Limited. A minimum of 10% and a maximum of 15% of the share capital of our Company shall be offered in the initial public offering. Additionally, if such IPO as mentioned above is not completed on or before June 30, 2007, then the Agreement would terminate and the original shareholders agreement would continue with full force and effect.

In the event that the completion of IPO does not happen on or before June 30, 2007 or any extended date as agreed by the Investors, then our Company and its Founders would need to ensure that the articles of association of our Company shall be restored to their form as on September 27, 2006, except that our Company would remain a public limited company.

The earlier and hitherto existing shareholders' agreement, including appendices Agreements executed pursuant thereof would be superseded in all respects by this Agreement. The parties shall ensure that any new shares offered or issued by our Company as a preferential allotment and pursuant to a resolution under Section 81(1A) of the Companies Act ("**New Shares**") shall be offered on terms and conditions which are identical to all Investors and Founders of our Company then holdings shares of our Company in proportion to their then existing shareholding in our Company. Such Investor would be able to nominate an affiliate to subscribe for the New Shares. Any Investor or Founder may transfer any or all of its shares to any of its affiliates if such transfer or assignment is made on the express condition that in the event of such an affiliate ceasing to remain an affiliate of the party to this Agreement which was the original holder of the transferred shares, the shares so transferred would automatically stand transferred to the name of the original holder. However, this would be pending compliance with various applicable statutory requirements. The original holder of the shares would be deemed to be an agent of the erstwhile affiliate.

Except as otherwise agreed at a Board meeting with the unanimous affirmative approval of the Directors nominated by the Investors, if a Founder wants to sell, transfer, assign, dispose of, or otherwise transfer the legal or beneficial ownership of his shares to third parties, other than an affiliate and provided that, as a consequence of such transfer either the Founders cease to hold at least 26% of the share capital of our Company or the Founders (in the aggregate) are no longer the single largest shareholders in our Company or the management and policies of our Company are no longer determined by the Founders, then, the prospective transferor would have to offer each Investor an opportunity of concurrently selling to the prospective third party purchaser at a price identical to the price of the sale to the third party purchaser by the Founder of its shares. On the Investors agreeing to transfer their shares in our Company to the third party purchaser, the prospective transferor shall be bound to ensure that and would not sell its shares unless the third party purchaser also purchases all of the shares offered by the Investors as described above. Such transfer restrictions placed on the Founders while transferring shares to third parties shall not apply to any non-negotiated sale of shares by the Founders on a recognized stock exchange in India at the prevailing market price.

Our Company would not transfer on its books, any shares that have been sold or otherwise transferred in violation of any of the provisions of this Agreement and would not treat as owner of such shares or accord the right to vote or pay dividends to any purchaser or transferee to whom such shares have been transferred.

In addition to any other exit option which an Investor may have, each of the Investors shall be granted the rights to get shares of our Company registered in foreign jurisdictions, as set forth in this Agreement. Such rights shall terminate four (4) years after the completion of an initial public offering of the shares of our Company in a relevant jurisdiction, such rights being subject to all applicable Indian laws.

The Board shall consist of no more than 12 (twelve) directors, of which (i) Walden, so long as it so long as it, together with its affiliates, holds at least 5% of the shares of our Company on a fully diluted basis, in other words, so long as it's a "**Qualified Investor**", shall be entitled to nominate 1 (one) Director (a "Walden Director"), (ii) GTV, so long as it is a Qualified Investor, shall be entitled to nominate 1 (one) Director (a "GTV Director"), (iii) CIPEF III, so long as it is a Qualified Investor, shall be entitled to nominate 1 (one) (a "CIPEF III Director") and (iv) the Founders shall be entitled to nominate 2 (two) Directors (each, a "Founder Director"), such Founder Directors to be selected by a proportional vote amongst the Founders. The Board shall also appoint the balance independent directors in accordance with the applicable listing norms.

The parties to the Agreement shall exercise their voting rights through their authorized representatives at the meetings of the shareholders of our Company in a manner necessary and to give effect to the terms of this Agreement. Anjan Lahiri, Kamran Ozair and Scott Staples and LSO Investment (P) Limited shall be deemed as shareholders of our Company. Anjan Lahiri, Kamran Ozair and Scott Staples shall transfer the shares that they hold in LSO Investment (P) Limited from time to time. The SPV has been formed for this express and limited purpose. The rights and obligations of Anjan Lahiri, Kamran Ozair and Scott Staples shall be exercised and performed by Anjan Lahiri, Kamran Ozair and Scott Staples in their individual capacity and, jointly and severally, with LSO Investment (P) Limited.

Our Company would need to provide to any of CIPEF III and Walden any information regarding our Company or any of its affiliates, including any information or reports (i) required by reason of reporting or regulatory requirements to which such Investor is subject or (ii) which it is obligated to have available regarding taxation matters. Upon request by any of CIPEF III and Walden, our Company would use reasonable efforts to determine the tax residence of its shareholders.

The parties undertake not to use any confidential information given to them, other than for purposes related to this Agreement and/or protecting their respective interests under this Agreement and/or in our Company, without the prior written consent of the other Parties and shall use their best efforts to keep confidential and not disclose to any third party save and except on a "need-to-know" basis any confidential information of the other parties.

The Agreement may be terminated by the mutual consent of the parties expressed in writing. The Agreement shall vis-a-vis any Investor forthwith terminate, if the Investor is not a Qualified Investor. Also, the Agreement would terminate on the expiry of 4 years from the date of the IPO. The termination of this Agreement would not, in any way, affect right or remedy accrued to any party against another party for breach of the Agreement prior to the termination.

Each of the Founders has executed an employment Agreement with our Company containing inter alia a non-compete undertaking valid for the term of employment and for a period of one year thereafter. Our Company undertakes not to amend the non-compete undertaking in the employment agreement without the consent of the Board.

Details of past performance

For details in relation to our financial performance in the previous five financial years, including details of non-recurring items of income, refer to "Financial Statements" on page 114.

OUR MANAGEMENT

Board of Directors

Under our Articles of Association, we are required to have not less than three directors and not more than twelve directors. We currently have 10 directors on our Board.

The following table sets forth details regarding our Board of Directors as on the date of this Red Herring Prospectus:

Name, Father's Name, Address, Designation, Occupation and Term	Nationality	Director's Identification Number	Age	Other Directorships/Partnerships/ Board of Trusts
Ashok Soota S/o Late Mr. Ramlal Soota 747, 6th Block, 18th Main Koramangla Bangalore 560 095 India Chairman and Managing Director IT Professional Whole Time Director Not liable to retire by rotation	Indian	00145962	64	**Trusts** a) MindTree Benefit Trust
Subroto Bagchi S/o Late Mr. M. G. Bagchi 248, Sector 4, 15th Cross, 19th Main HSR Layout Extension Bangalore 560 034 India Chief Operating Officer IT Professional Whole Time Director Not Liable to retire by rotation	Indian	00145678	49	**Trusts** a) MindTree Benefit Trust
Lip-Bu Tan S/o Mr. Keng Lian Tan 13373, Campus Drive Oakland CA 94619 USA Non-Executive Director *Nominee for Walden Software Investments Limited* Venture Capitalist Liable to retire by rotation	American	00146036	47	**Foreign Companies** a) Advanced Micro-Fabrication Equipment, Inc. (AMEC) b) Ambarella, Inc. c) Beceem Communications, Inc. d) Cadence Design Systems, Inc. e) Centillium Communication, Inc. f) Centrality Communications, Inc. g) Creative Technology Limited h) Flextronics International i) Huaya Microelectronics Limited j) Inphi Corporation k) Integrated Silicon Solutions,

Name, Father's Name, Address, Designation, Occupation and Term	Nationality	Director's Identification Number	Age	Other Directorships/Partnerships/ Board of Trusts
				Inc. l) Multiplex, Inc. m) Semiconductor Manufacturing International Corporation (SMIC) n) SINA Corporation o) Teak Technologies, Inc. p) Telegent Systems, Inc. q) Tilera Corporation **Trusts** r) Nanyang Technological University, Singapore
V.G. Siddhartha S/o Mr. S.V. Gangiah Hegde 143, 5th Cross, 9th Main Raj Mahal Vilas Extension Bangalore 560080 India Non-Executive Director *Nominee for Global Technology Ventures Limited* Entrepreneur Liable to retire by rotation	Indian	00063987	47	**Indian Companies** a) Amalgamated Bean Coffee Trading Company Limited b) Amalgamated Holdings Limited c) Global Technology Ventures Limited d) Sivan Securities Private Limited e) Sivan Securities (Mangalore) Private Limited f) Kesar Marble and Granite Limited g) Coffeeday Private Limited h) Coffeeday Consolidations Private Limited i) Devadarshini Info Technologies Private Limited j) Rajagiri and Sankhan Estates Private Limited k) Sampigehutty Estates Private Limited l) Ittiam Systems Private Limited m) Alps Granites Private Limited n) Alps Stone Private Limited o) Way2Wealth Brokers Private Limited **Partnerships/Proprietorships** p) Sivan & Co. q) Devadarshini Estates r) Bhadra Estates s) Chethanahalli B Estates t) Chethanahalli C Estates u) Chethanahalli D Estates v) Kailash Ganga Estates w) Shabana Ranzan Estates x) Vaz Enterprises

Name, Father's Name, Address, Designation, Occupation and Term	Nationality	Director's Identification Number	Age	Other Directorships/Partnerships/ Board of Trusts
Vivek Kalra S/o Mr. Santokh Kalra 327, River Valley Road Apartment 21-01 Yong-An Park Singapore 238 359 Non-Executive Director *Nominee for Capital International Global Emerging Markets Private Equity Fund LP* Investment Manager Liable to retire by rotation	Indian	00426240	42	**Indian Companies** a) Deccan Aviation Limited b) Manipal Universal Learning Private Limited
Dr. Albert Hieronimus S/o Mr. Jakob Hieronimus 289, 38th Cross, 8th Block Jayanagar Bangalore 560 082 India Independent Director Service Liable to retire by rotation	German	00063759	59	**Indian Companies** a) Motor Industries Company Limited b) Robert Bosch India Limited c) Mico Trading Private Limited d) Bosch Chassis Systems India Limited e) Bosch Rexroth India Limited
George M. Scalise S/o Mr. Natale Scalise 26055 Newbridge Drive Los Altos Hills CA 94022 Independent Director Service Liable to retire by rotation	American Italian	00959169	72	**Foreign Companies** a) Cadence Design Systems b) Intermolecular, Inc. c) iSuppli Corporation **Trusts** d) Scalise Family Trust
Mark A. Runacres S/o Mr. John William Runacres 100, Friends Colony East New Delhi 110 065 India Independent Director Consultant Liable to retire by rotation	British	00786343	47	**Indian Companies** a) G4S Corporate Services (India) Private Limited b) D1 Oils India Private Limited c) Spring-Sport and Sustainability Limited **Foreign Companies** d) VERpool plc

Name, Father's Name, Address, Designation, Occupation and Term	Nationality	Director's Identification Number	Age	Other Directorships/Partnerships/ Board of Trusts
N. Vittal S/o Mr. N. Nagarajan "Sreela", Flat No. 12 No. 22, Gilchrist Avenue Off Harington Road, Chetpet Chennai 600 031 Independent Director Service Liable to retire by rotation	Indian	00959126	68	**Indian Companies** a) Texas Instruments (India) Private Limited
R. Srinivasan S/o Mr. S.Rangarajan "Dhanya" 126, Nandidurg Road Bangalore 560 046 Independent Director Service Liable to retire by rotation	Indian	00043658	65	**Indian Companies** a) ACE Designers Limited b) Cholamandalam MS General Insurance Company Limited c) Kirloskar Oil Engines Limited d) Murugappa Morgan Thermal Ceramics Limited e) Nettur Technical Training Foundation f) NTTF Industries Limited g) TTK Healthcare Limited h) TTK Prestige Limited i) Tube Investments of India Limited j) Sundaram Fastners Limited k) Yuken India Limited l) Dakshin Foundries Private Limited m) RAS Transformation Technologies Private Limited n) TaeguTec India Private Limited

Brief Biographies of our Directors

Ashok Soota is our Chairman and Managing Director. He sets the broad objectives and goals of our Company with a view to increasing its reach and recognition. He also provides strategic guidance so as to best enable our Company to fulfill these objectives. He holds a bachelors degree in electrical engineering from University of Roorkee (now called Indian Institute of Technology, Roorkee) and a Master of Business Management degree from the Asian Institute of Management, Philippines. Prior to co-founding our Company, during the period 1984 to 1999 he was the President of Wipro Infotech Limited and was later designated as Vice-Chairman of Wipro Limited. He was also the Vice Chairman of Wipro Systems Limited. He has over 20 years of experience in the IT industry. In recognition of his contributions to the IT industry, he was named the Electronics Man of the Year in 1992 by the Electronic Component Industry Association, IT Man of the Year in 1994 by Dataquest and IT Man of the Year in 1997 by Computerworld magazine. He was the president of Confederation of Indian Industries during 2002-03. He was a member of the Advisory Council of World Intellectual Property Organization. He is also member of the India Advisory Panel of IE Singapore.

Subroto Bagchi is our Chief Operating Officer. He supervises the marketing strategies of our Company with a view to enhancing its geographic reach both within India and beyond. He also takes care of all the people functions of our Company. He holds a degree in political science from Utkal University, Bhubaneswar, India. Prior to co-founding our Company, he worked for over a decade with various U.S. and Indian companies in the software services industry. He served Lucent Technologies as vice president for product realisation from 1998 to 1999. He was involved in setting up Six Sigma initiatives at Wipro Limited as corporate vice president, mission quality and he also headed its global research and development division as a chief executive. He has written several articles on management and technology issues for newspapers and magazines and has lectured at management schools and industry platforms in India, the U.S. and Singapore.

Lip-Bu Tan holds a Master of Science degree in Nuclear Engineering from the Massachusetts Institute of Technology, Master of Business Administration degree from the University of San Francisco, and Bachelor of Science from Nanyang University in Singapore. He is the founder and Chairman of Walden International, U.S, an international venture capital fund. He has been working in the venture capital industry for the past two decades. He has been responsible for investments and exits involving several companies, primarily in industries relating to communications, semiconductor/components and software. He also serves on the board of the San Francisco Opera. He is a board member of the National Venture Capital Association (NVCA), a member of the VC Advisory Board of Fabless Semiconductor Association (FSA), a member of both the Dean's Advisory Council for the School of Engineering and the Visiting Committee for the Department of Electrical Engineering and Computer Science at the Massachusetts Institute of Technology. He has been associated with our Company since June 8, 2000.

V.G. Siddhartha holds a Masters degree in Economics from Mangalore University, Karnataka. He started his career in the stock market working with JM Financials (now called JM Morgan Stanley) in its research division in 1983 to 1984. He started own investment business called Sivan Securities doing proprietary investments in equity markets. Further, he founded Amalgamated Bean Coffee Trading Company in 1992 and started coffee retail business in 1995 under the brand name of Coffee Day. He has been investing in technology companies since 1995 and has invested in more than 15 technology companies, including Ittiam Systems Private Limited and Kshema Technologies Limited, and has also made investments in Tanglin Developments Limited, an operational SEZ. He founded Global Technology Ventures Limited in 2000. He has been involved with establishing a residential school offering vocational training at Chikmagalur. He was selected as the "Entreprenuer of the Year" by the Economic Times for the year 2002-03. He has been associated with our Company since January 20, 2000.

Vivek Kalra holds a Bachelor of Technology degree in electrical engineering from the Indian Institute of Technology, Mumbai and a Master of Business Administration degree from the Stanford Graduate School of Business. He joined the Capital International (Capital Group), a global investment management firm, in 1999. He is currently Vice President with the Global Private Equity division of the firm, with coverage responsibility for Asia, including India. He has spent seven years first as a management consultant and later as a Principal with McKinsey & Co. in India and New York. He has been associated with our Company since August 7, 2001.

Dr. Albert Hieronimus holds a diploma in mathematics from University of Cologne, Germany and a doctorate in Business Administration. He is currently the managing director of Motor Industries Company Limited. He has served as a member of the executive board of Bosch Rexroth AG, Germany from 2001 to 2003 and a member of the managing board of Mannesmann Rexroth GmbH, Germany from 1997 to 2001. He began his professional career as an academic assistant at the University of Cologne in the year 1974. He has almost 30 years of experience in the engineering and automotive industry. He has been associated with our Company since October 24, 2006.

George M. Scalise holds a mechanical engineering degree from Purdue University. He is currently the president of Semiconductor Industry Association, San Jose, CA. Prior to that, he worked with Apple Computer, Inc., CA. from 1996 to 1997 as the Executive Vice President and with National Semiconductor Corporation from 1991 to 1996 as the Executive Vice President and chief administrative officer. He served the US army as a project engineer from 1956 to 1958. He is a member of Council of Advisors to President of USA on science and technology. He is also a member of California Council on Science and Technology Fellows Programme. He has over 30 years of experience in the technology industry. He has been associated with our Company since October 24, 2006.

Mark A. Runacres is a Cambridge graduate. He is currently on sabbatical from the British Diplomatic Service after 25 years of service. This took him to India, France and the U.S and gave him experience in international trade and investment, international security, development, political analysis, strategy and policy formulation, and over a decade working on Indian affairs, most recently as Minister and Deputy High Commissioner from 2002 to 2006. He is a visiting senior fellow at The Energy and Resources Institute, Delhi, holds directorships with G4S Corporate Services (India) Private Limited, D1 Oils India Private Limited, Spring-Sport and Sustainability Limited and, VERpool plc; and acts as an advisor to Futuresense Corporation and the Business and the Community Foundation (India). He has been associated with our Company since October 24, 2006.

N. Vittal holds a Bachelor of Science (Honours) degree in chemistry from University of Madras. He was Secretary to Government of India in the Department of Electronics (renamed as Ministry of Information Technology) from 1990 to 1996 and was Chairman of the Telecom Commission and Secretary to the Department of Telecommunications from 1993 to 1994. In 1996, he was appointed by the Government of India as Chairman of the Public Enterprises Selection Board where he was involved in improving the public sector undertakings. He was appointed as the Central Vigilance Commissioner in 1998. He has been a columnist for the Economic Times and has authored several books. He was awarded Dataquest IT Man of the Year in 1993 and was the winner of the Lifetime Achievement Award of Dataquest in 2004. He has been associated with our Company since October 24, 2006.

R. Srinivasan holds a Bachelor of Engineering degree in mechanical engineering from the Madras University. He joined Widia India Limited, Bangalore in 1966 as a works engineer and rose to the position of managing director in 1981. He has been a founding member of the Total Quality Management (TQM) division started by the Confederation of Indian Industry in 1987. He is involved with the business excellence initiative of the Confederation of Indian Industry. He has been associated with our Company since October 24, 2006.

Borrowing powers of the Board

Our Articles, subject to the provisions of the Companies Act authorise our Board, to raise or borrow or secure the payment of any sum or sums of money for the purposes of our Company. Our members have, pursuant to a resolution passed at the EGM dated November 16, 2006 authorised our Board to borrow monies together with monies already borrowed by us, in excess of the aggregate of the paid up capital of our Company and its free reserves, not exceeding Rs. 1,000 million at any time.

Corporate Governance

The provisions of the Listing Agreement to be entered into with the Stock Exchanges with respect to corporate governance will be applicable to us immediately upon the listing of our Equity Shares with the Stock Exchanges. We have complied with the corporate governance code in accordance with Clause 49 (as applicable), especially in relation to appointment of independent Directors to our Board and constitution of the investor grievance committee. Our Company undertakes to take all necessary steps to comply with all the requirements of Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges prior to listing.

Currently our Board has 10 Directors, of which the Chairman of the Board is an executive Director, and in compliance with the requirements of Clause 49 of the Listing Agreement, we have 2 executive Directors, 8 non-executive Directors on our Board, of whom 5 are independent directors.

Audit Committee

The audit committee was re-constituted by our Directors by passing a circular resolution on January 15, 2007 ("**Audit Committee**"). The Audit Committee consists of N. Vittal (Chairman), V.G. Siddhartha, R. Srinivasan and Dr. Albert Hieronimus. The Audit Committee shall meet atleast once in each quarter.

The terms of reference of the Audit Committee shall be:

- Appointment & changes to the statutory auditors and internal auditors.
- Assess the independence and objectivity of the auditors and to ensure that the nature and amount of non-audit work does not impair the auditor's independence and objectivity.
- Fix the remuneration of the auditors.
- Review of reports of the statutory auditors & internal auditors.
- Review critical accounting policies and any changes to such policies.
- Review of quarterly and annual financial statements of the Company before they are presented to the Board.
- Review & approve any transactions with related parties.
- Review and assess the effectiveness of systems for internal financial control, financial reporting and risk management and compliance controls with management and auditors.
- Review any material breaches of compliance against regulations applicable to the Company.
- Review any concerns about possible improprieties in financial reporting, including management override of internal controls and financial irregularities involving management team members.
- Any other matter referred to the Audit Committee by the Board of Directors of the Company.

Compensation Committee

The compensation committee was re-constituted by our Directors by passing a circular resolution on January 15, 2007 (the "**Compensation Committee**"). The Compensation Committee consists of Mark Runacres (Chairman), Lip Bu Tan and R. Srinivasan. This committee meets twice every year.

The terms of reference of the Compensation Committee are as follows:

- Assist the Board of Directors in ensuring that affordable, fair and effective compensation philosophy and policies are implemented.
- Approve and make recommendations to the Board in respect of Director's fees, salary structure and actual compensation (inclusive of performance based incentives and benefits) of the Executive Directors, including the CEO.
- Review and approve the compensation and ESOP grant to senior executives, needing approval from the Board, in line with the Shareholder's agreement.
- Review and approve the overall budgetary increment proposals for annual increase of compensation and benefits for the employees.
- Review and approve the change in terms and conditions of the Employee Stock Option Plan.
- Criteria for selection and appointment of non-executive directors.
- Review and approve any disclosures in the annual report or elsewhere in respect of compensation policies or director's compensation.
- Any other matter referred to the Compensation Committee by the Board of Directors of the company.

Shareholders and Investors Grievance Committee

The shareholders and investors grievance committee was constituted by our Directors at their Board meeting held on October 24, 2006 (the "**Shareholders and Investors Grievance Committee**"). The committee is responsible for the redressal of shareholder grievances. The Shareholders and Investors Grievance Committee consists of Dr. Albert Hieronimus (Chairman) and Subroto Bagchi.

The terms of reference of the Shareholders and Investors Grievance Committee are as follows:

- Investor relations and redressal of shareholders grievances in general and relating to non-receipt of dividends, interest, non- receipt of balance sheet etc.

- Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

Administrative Committee

The administrative committee was constituted by our Directors at their Board meeting held on April 25, 2000 (the "**Administrative Committee**"). The purpose of the Administrative Committee is to authorize and manage our day-to-day business transactions, which would then be ratified by the Board. Any business transacted at any meeting of the committee would have to be ratified by the Board. The Administrative Committee consists of Ashok Soota (Chairman) and Subroto Bagchi.

In addition, we have also constituted an IPO Committee for the purposes of this IPO by the Board meeting held on October 24, 2006, comprising Ashok Soota (Chairman), Subroto Bagchi, Dr. Albert Hieronimus, R. Srinivasan and V. G. Siddhartha. The purpose of the IPO Committee is to decide on the timing, pricing and all the terms and conditions of the issue of shares for the Issue, appointment of all imtermediaries in realtion to the Issue and finaliase all the agreements in relation to the Issue.

Further, we have also constituted a Technology Committee by passing circular resolution by our Board on January 15, 2007, comprising Lip Bu Tan (Chairman), George Scalise and Vivek Kalra.

Shareholding of Directors in our Company

S.No.	Name of the Shareholder	No. of Equity Shares	Pre-Issue Percentage Shareholding	Post-Issue Percentage Shareholding
1.	Ashok Soota	4,383,487	13.83	11.76
2.	Subroto Bagchi	2,161,977	6.82	5.80
TOTAL		**6,545,464**	**20.65**	**17.56**

Interests of Directors

All of our Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses, if any, payable to them under our Articles of Association, and to the extent of remuneration, if any, paid to them for services rendered as an officer or employee of our Company.

Our Directors may also be regarded as interested in the Equity Shares, if any, held by them or that may be subscribed by or allotted to the companies, firms, trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Issue. All of our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares. Ashok Soota and Subroto Bagchi are entitled to receive remuneration from us.

All the independent directors are entitled to receive sitting fees for attending the Board/committee meetings and commission based on the net profits of our Company within the limits laid down in the Companies Act. Except as stated in "Related Party Transactions" on page 112, and to the extent of shareholding in our Company, our Directors do not have any other interest in our business.

Our Directors have no interest in any property acquired by our Company within two years of the date of this Red Herring Prospectus or proposed to be acquired by our Company.

Remuneration of our Directors

Remuneration details of our whole time directors

Ashok Soota

Ashok Soota was appointed by letter dated August 7, 1999. The remuneration payable to him has been revised with effect from July 1, 2006 by letter dated July 3, 2006.

The details of remuneration include the following:

Particulars	**Remuneration**
Basic Salary	Rs. 160,815 per month
Flexible Expenses Plan	Rs. 217,105 per month
Monthly Net	Rs. 377,920 per month
Provident Fund	Rs. 19,298 per month
Gratuity	Rs. 7,720 per month
Insurance Benefits	Rs. 700 per month. This sum includes premium towards Group Medical Claim for self and family with maximum coverage of Rs. 300,000 per annum per family, and premium for group term life and group personal accident cover for self up to Rs. 4,000,000 each.
Emergency Medical Fund	Rs. 100 per month
Monthly Gross	Rs. 405,738
Annual Gross	Rs. 4,868,856
Annual Performance Bonus	Rs.1,133,760. The on-plan performance bonus shall be payable at 25% of the annualized Monthly Net based on Company's performance and would depend upon achieving the required targets for a particular year.
Cost to Company per annum	Rs. 6,002,616
Perquisites*	• Use of car with driver: To be provided for business and personal use • Telephone facility at residence to be provided

*As per the Company policy, the remuneration letter dated July 3, 2006, and employment letter dated August 7, 1999.

Subroto Bagchi

Subroto Bagchi was appointed by letter dated August 9, 1999. The remuneration payable to him has been revised with effect from July 1, 2006 by letter dated July 3, 2006.

The terms of employment and remuneration include the following:

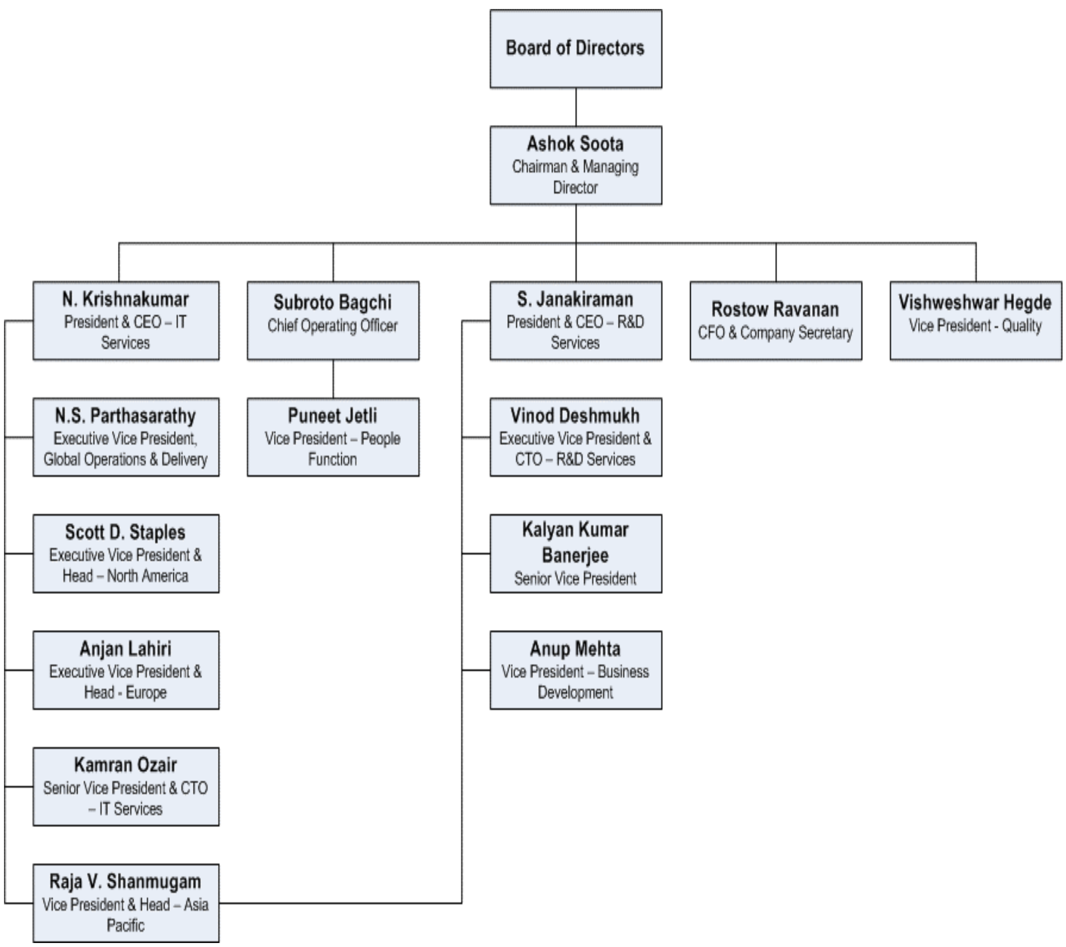
Particulars	Remuneration
Basic Salary	Rs. 72,740 per month
Flexible Expenses Plan	Rs. 181,850 per month
Monthly Net	Rs. 254,590 per month
Provident Fund	Rs. 8,729 per month
Gratuity	Rs. Rs. 3,492 per month
Insurance Benefits	Rs. 700 per month. This sum includes premium towards Group Medical Claim for self and family with maximum coverage of Rs. 300,000 per annum per family, and premium for group term life and group personal accident cover for self up to Rs. 4,000,000 each.
Emergency Medical Fund	Rs. 100 per month
Monthly Gross	Rs. 267,611
Annual Gross	Rs. 3,211,332
Annual Performance Bonus	Rs.763,770. The on-plan performance bonus shall be payable at 25% of the annualized Monthly Net based on Company's performance and would depend upon achieving the required targets for a particular year.
Cost to Company per annum	Rs. 3,975,102
Perquisites*	• Use of car with driver: To be provided for business and personal use • Telephone facility at residence to be provided

*As per the Company policy, the remuneration letter dated July 3, 2006, and employment letter dated August 9, 1999.

Changes in Our Board of Directors during the last three years

Name	Date of Appointment	Date of Cessation	Reason
Mark Stanley Popolano	August 27, 2004	April 26, 2006	Resignation
N. Krishna Kumar	October 24, 2000	October 24, 2006	Resignation
S. Janakiraman	October 24, 2000	October 24, 2006	Resignation
Dinesh Vaswani	March 26, 2002	October 24, 2006	Resignation
Dr. Albert Hieronimus	October 24, 2006	-	Appointment
Mark Runacres	October 24, 2006	-	Appointment
George Scalise	October 24, 2006	-	Appointment
N.Vittal	October 24, 2006	-	Appointment
R.Srinivasan	October 24, 2006	-	Appointment

Managerial Organizational Structure



Key Managerial Personnel

In addition to our whole-time Directors, Ashok Soota and Subroto Bagchi, whose details have been provided under "Biographies of our Directors" on page 94, following are our other key managerial employees.

Krishna Kumar Natarajan, 49 years, is the President and Chief Executive Officer of our IT Services business. He carries the overall responsibility for growth and profitability of this business unit and provides strategic direction of our IT Services business. He has been with us since inception. He is responsible for establishing our Company's global IT services capabilities. He received a bachelor's degree in mechanical engineering from the College of Engineering, Madras, and a Master of Business Administration degree in marketing and systems from the Xavier Institute in Jamshedpur, India. Prior to joining our Company, he was Chief Executive Officer of the Financial Solutions and Electronic Commerce division at Wipro Limited and held several key positions there from 1982 until 1999. He is a member of professional industry organisations such as the Manufacturer's Association for Information Technology and NASSCOM. He currently holds office as an executive council member of NASSCOM and is the chairperson of the Emerging Companies Forum. He has over 25 years of experience in Information Technology industry. The remuneration paid to him for Fiscal 2006 was Rs.3.15 million.

S. Janakiraman, 50 years, is the President and Chief Executive Officer of our R&D Services business. He carries the overall responsibility for growth and profitability of our R&D Services business. He has been with us since inception. He holds a bachelor's degree in electronics and communications from the Regional Engineering College, Trichy, India, and a master's degree in electronics from the Indian Institute of Technology, Chennai, India. He has previously served as Chief Executive of Global R&D in Wipro Limited. He is the Vice Chairman of India Semiconductor Association and the President of Indo Japan Chamber of Commerce and Industries, Karnataka. He has over 26 years of experience in Information Technology industry. The remuneration paid to him for Fiscal 2006 was Rs.3.27 million.

***N.S. Parthasarathy*, **45 years, is the Executive Vice President, Global Delivery and Operations for IT Services. His responsibilities include all the functions related to resource utilization and capacity planning. He joined us on August 14, 1999. He holds a master's (honors) degree in Mathematics from Birla Institute of Technology and Science (BITS), Pilani and an M.Tech in Computer Science from the Indian Institute of Technology, Kharaghpur. After his post-graduation from IIT, he joined Wipro Limited in 1985 and worked in various positions for 14 years. His last role in Wipro was General Manager heading the development centre for Wipro in its telecom domain. He is on the advisory board of ICFAI Business School, Bangalore and is also active in the IT/ITES committee of the Bangalore Chamber of Industry and Commerce. He has over 20 years of experience in technology and operations management. The remuneration paid to him for Fiscal 2006 was Rs. 3.13 million.

Vinod Deshmukh, 49 years, is the Executive Vice President and Chief Technology Officer of our R&D Services business. He provides insights into technology trends, leads initiatives on intellectual property developments on standards such as Bluetooth. He joined us on April 4, 2000. He holds a Bachelor of Engineering degree in electronics and communications from Nagpur University and a Master of Technology degree from the Indian Institute of Technology, Kanpur. Prior to joining our Company, he was responsible for networking strategic business unit at Wipro Limited. He has 26 years of experience in the technology industry. The remuneration paid to him for Fiscal 2006 was Rs. 3.84 million.

***Anjan Lahiri*,** 41 years, is Executive Vice President and currently heads our European operations. He carries profit and loss responsibility for all of the operations including sales in the European region. He has been with us since inception. He holds a Bachelors degree in Electrical and Electronics Engineering from the Birla Institute of Technology, Mesra and Master of Business Administration degree from the University of Florida in Gainesville, Florida. Prior to joining us, he worked with Cambridge Technology Partners, U.S, where he was part of the founding team in their Internet Consulting domain. He later became a Managing Partner with Cambridge Technology Partners in the New Jersey/New York region. He has 16 years of experience in the technology industry. The remuneration paid to him for Fiscal 2006 was GBP equivalent of Rs. 9.45 million.

Scott Staples, 41 years, is the Executive Vice President of our U.S. operations. He has been with us since inception. He is responsible for all aspects of our business in the U.S. He holds a Bachelor of Arts degree in English from the University of Delaware and a Master of Business Administration from Fairleigh Dickinson University, Madison, New Jersey. Prior to joining us, he served as a director at Cambridge

Technology Partners, where he was responsible for key accounts in the mid-Atlantic region. Early in his career, he moved into the Management Consulting area as director of marketing division for Gemini Consulting's North American financial services practice. He has 19 years of experience in various fields such as IT consulting, management consulting, and offshore consulting across a variety of industries. The remuneration paid to him for Fiscal 2006 was U.S. dollar equivalent of Rs. 10.23 million.

Kamran Ozair**,** 39 years, is the Senior Vice President and Chief Technology Officer of IT Services. As Chief Technology Officer, he is responsible for leading the technical community, providing direction and building up technical competence within our Company. He has been with us since inception. He graduated from Dartmouth College, Hanover, N.H., in 1990, with the highest honors. He completed his Master of Science degree in computer science from University of Wisconsin, Madison. Prior to joining us, he was a director at Cambridge Technology Partners, where he prescribed e-business architectures for Fortune 500 companies. He is the leader of MindTree Labs, a corporate investment in research and development. He is also a member of the Institute of Electrical and Electronics Engineers Computer Society. He has over 15 years of experience in the technology industry. The remuneration paid to him for Fiscal 2006 was US dollar equivalent of Rs. 6.79 million.

Kalyan Kumar Banerjee, 44 years, is the Senior Vice President of our R&D Services business. He currently heads the communications business unit of our Company and has additional responsibility for deployment, operations and mentoring across our R&D Services business. He was responsible for setting up the Knowledge Management function and the Culture and Competence initiative at our Company. He has also championed technical and leadership training initiatives in our Company. He has been with us since inception. He holds a Bachelor of Technology degree from the Indian Institute of Technology, Delhi and a Master of Technology degree from the Indian Institute of Technology, Kanpur. Prior to joining us, he worked with Wipro’s R&D for 13 years. He worked as a UNIX internals expert for most of his career in Wipro before taking on management responsibilities like heading Human Resources in Wipro’s Global R&D. He has been involved in quality initiatives through his career and has been part of SEI-CMM assessment teams in both Wipro and MindTree. He has over 20 years of experience in the technology industry. The remuneration paid to him for Fiscal 2006 was Rs. 2.5 million.

Vishweshwar Hegde**,** 43 years, is Vice President and Head of Quality Function. He helped our Company in achieving CMM Level 3, CMMi Level 5 and P-CMM Level 5 assessment. He is leading the Six Sigma initiatives at our Company. He joined our Company on October 16, 2000. He holds a bachelors degree in electronics and communication from University of Mysore, India. Prior to joining our Company, he worked with Motorola for 8 years, including Motorola India Software center and Motorola, Singapore wherein he worked on a technology transfer mission. Before joining Motorola, he worked as a project manager at Aeronautical Development Agency, Bangalore, India. He is the head of Bangalore SPIN (Software Process Improvement Network) which is an organization of many software companies in Bangalore sharing best practices in the industry. He is a qualified SEI Lead Assessor from Motorola. He is a Certified Quality Analyst from Quality Assurance Institute, USA. He has over 20 years of experience in the IT industry. The remuneration paid to him for Fiscal 2006 was Rs.2.89 million.

Raja Shanmugam**,** 42 years, is Vice President and currently heads our IT Services, Asia Pacific regional operations in Middle East, India, Singapore, Australia, the Far East and Japan. He joined our Company in March 6, 2000 to set up the California office in Santa Clara. He holds a Bachelor of Engineering degree from Anna University, Chennai and Master of Business Administration degree from Bharatidasan Institute of Management, Tiruchy. He began his career as an internal auditor in Wipro Limited, executed a variety of roles including Operations, Logistics, Planning, Stores, Product Marketing, Program Management and Account Management. In 2003, he relocated to India to set up business operations for R&D Services. In 2005, he started our Company’s Independent Testing Practice. He is an active member of IT Panel of the Confederation of Indian Industry, Karnataka. He has presented a paper on Testing at STeP–IN Conference, 2006. He has presented MindTree’s Corporate Social Responsibility practices in multiple regional and national seminars. He has around 20 years of experience in the IT industry. The remuneration paid to him for Fiscal 2006 was Rs.2.73 million.

***Puneet Jetli*,** 38 years, is Vice President and global head of Company's People Function. He is responsible for strategic and tactical planning, development, evaluation, coordination, and continuous improvement of the People function activities. He joined us on October 15, 1999. He holds an Engineering degree from Engineering College, Jabalpur and a Master of Business Administration from Banaras Hindu University. Prior to joining us, he was working with Wipro in the area of Internet technologies and Electronic Commerce in various capacities. He has also worked with Mastek. He is a member of Confederation of Indian Industry's National Committee of Human Resource Development and Industrial/ Employee Relations for the year 2006-07. He has 14 years of experience in the technology industry. The remuneration paid to him for Fiscal 2006 was Rs. 2.02 million.

Anup Mehta, 35 years, is Vice President and Head of Business Development for our Research and Development business in the United States. He is involved in building key MindTree accounts in Europe and the United States. He joined us on February 28, 2000. He holds a degree in Mechanical Engineering from Osmania University, Hyderabad. Prior to joining us, he served as Manager of business development at Wipro Technologies, London, from 1997 to 2000 where he built the company's European research and development business. He was recognized by Wipro Management Council as "the person who made the difference to Global R&D" in 1997, was awarded Wipro President's Award for outstanding contributions in sales in 1998 and was named the "Best Salesperson of the Year" in 1999. He has been awarded MindTree's Chairman's Award in 2006. He has over 12 years of experience selling into the technology industry. The remuneration paid to him for Fiscal 2006 was US dollar equivalent of Rs. 8.05 million.

Rostow Ravanan, 35 years, is our Chief Financial Officer and Company Secretary. He is responsible for negotiation and finalization of all financing and investment decisions of our Company. He has been with us since inception. He holds a bachelor's degree in Commerce from Bangalore University, is a member of the Institute of Chartered Accountants of India, the Institute of Company Secretaries of India and is also a qualified Information Systems Auditor. Prior to joining us, he served Lucent Technologies, where as Business Value Manager he was responsible for long term strategic planning at Bell Laboratories' product realization center in India. Before joining Lucent Technologies, he worked at KPMG Corporate Finance and specialized, among other areas, in Strategy Consulting, Mergers and Acquisitions and Valuations, for clients in the information, communications and entertainment industry. He has over 10 years of experience in the areas of corporate finance. The remuneration paid to him for the Fiscal 2006 was Rs. 2.15 million.

All our key managerial personnel are permanent employees of our Company and none of our Directors and key managerial personnel is related to each other.

Shareholding of the Key Managerial Personnel

Other than as disclosed below, none of our key managerial personnel holds Equity Shares in our Company.

S. No	Name of Key Managerial Person	Number of shares
1.	Ashok Soota	4,383,487
2.	Subroto Bagchi	2,161,977
3.	N. Krishna Kumar	2,204,945
4.	S. Janakiraman	1,080,549
5.	N.S. Parthasarathy	654,878
6.	Vinod Deshmukh	189,600
7.	Kalyan Kumar Banerjee	343,805
8.	Vishweshwar Hegde	36,225
9.	Raja Shanmugam	39,775
10.	Puneet Jetli	32,000
11.	Rostow Ravanan	577,015

Bonus or profit sharing plan of our Key Managerial Personnel

There is no bonus or profit sharing plan for our key managerial personnel. However for bonus and profit sharing plans for our people, see "Our Business – People" on page 70.

Interest of Key Managerial Personnel

The key managerial personnel do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business and to the extent of Equity Shares held by them in our Company.

None of our key managerial personnel has been paid any consideration of any nature from our Company, other than their remuneration.

Changes in our Key Managerial Personnel

The changes in our key managerial personnel in the last three years are as follows:

Name of the Key Managerial Person	Date of Joining	Date of Leaving	Reason for change
Chandra Kumar	April 1, 2005	September 29, 2006	Resignation
Prasad T.G.C	August 5, 1999	January 19, 2006	Resignation
Jayesh Chakravarti	January 1, 2001	September 15, 2005	Resignation
Venkatraman N.	March 6, 2000	May 14, 2004	Resignation

Employee Stock Option Scheme

For details of our ESOP Plans, see "Capital Structure – Notes to Capital Structure" on page 20.

Payment or benefit to our officers (non-salary related)

No amount or benefit has been paid or given to any officer of our Company within the two preceding years from the date of filing of this Red Herring Prospectus or is intended to be paid, other than in the ordinary course of their employment, other than the options granted to them under the ESOP Plans and the shares allotted to them on exercise of options from time to time.

OUR PROMOTERS

Individuals

Ashok Soota

His passport number is Z 1556626

He does not have a voter's identification card.

His driver's license number is No. 1537/1988

For further details, see 'Our Management - Biographies of our Directors' on page 94.

Subroto Bagchi

His passport number is F 1502254

He does not have a voter's identification card

His driver's license number is No. 2/1988

For further details, see 'Our Management - Biographies of our Directors' on page 94.

N. Krishna Kumar

His passport number is F 8959967

His voter's identification number is HGB 8075285

His driver's license number is 399/1979

For further details, see 'Our Management - Biographies of our Key Managerial Personnel' on page 101.

S. Janakiraman

His passport number is Z 1333227

He does not have a voter's identification card

His driver's license number is 3320/91

For further details, see 'Our Management - Biographies of our Key Managerial Personnel' on page 101.

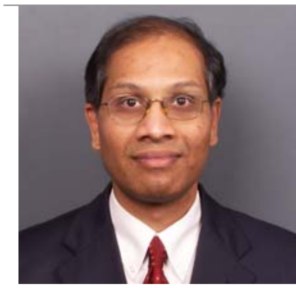
N.S. Parthasarathy

His passport number is Z 1330392

His voter's identification number is BCW2413524

His driver's license number is 17047/86

For further details, see 'Our Management - Biographies of our Key Managerial Personnel' on page 101.



Rostow Ravanan

His passport number is Z 1332918

He does not have a voter's identification card.

His driver's license number is 475/89-90

For further details, see 'Our Management - Biographies of our Key Managerial Personnel' on page 103.

Kalyan Kumar Banerjee

His passport number is G0232472

He does not have a voter's identification card.

His driver's license number is 3946/92.

For further details, see 'Our Management - Biographies of our Key Managerial Personnel' on page 102.

Anjan Lahiri

His passport number is 057540672

He does not have an Indian voter's identification card.

His driver's license number is LAHIR611135AK9MC

For further details, see 'Our Management - Biographies of our Key Managerial Personnel' on page 101.

Kamran Ozair

His passport number is 016432991

He does not have an Indian voter's identification card.

His driver's license number is 09703 42475 06672

For further details, see 'Our Management - Biographies of our Key Managerial Personnel' on page 102.

	***Scott Staples*** His passport number is 093681426 He does not have an Indian voter's identification card. His driver's license number is S81356946411654 For further details, see 'Our Management - Biographies of our Key Managerial Personnel' on page 101.

For details of terms of appointment of Ashok Soota and Subroto Bagchi as our Directors, see "Our Management" on page 91.

We confirm that the Permanent Account Numbers, Bank Account Numbers and Passport Numbers of our Promoters have been submitted to the BSE and NSE at the time of filing this Red Herring Prospectus with them.

Companies

LSO Investment (P) Limited

LSO Investment (P) Limited was incorporated on October 11, 1999 in Mauritius. Its registered office is located at Manor House, 1st Floor, Cnr St. George/Chazal Streets, Port Louis, Mauritius. The company was formed for the purpose of making investments in our Company. The promoters of the company are Anjan Lahiri, Kamran Ozair and Scott Staples. For further details on the promoters of LSO Investment (P) Limited see "Our Management – Key Managerial Personnel" on page 100.

Main Objects

Main Objects of the company are:

i. To engage in any offshore business or businesses whatsoever, which are not prohibited under the laws for the time being in force in the Republic of Mauritius;
ii. To do all such other things as are incidental to, or the company may think conducive to the conduct, promotion or attainment of the objects of the company.

Shareholding as of January 15, 2007

The shares of the company are not listed on any stock exchange. The shareholding pattern of equity shares of LSO Investment (P) Limited is as follows:

S.No	Shareholder	Number of shares	Percentage of issued capital
1.	Anjan Lahiri	6,613	33.07
2.	Kamran Ozair	6,667	33.33
3.	Scott Staples	6,613	33.07
4.	Amit Agarwal	107	0.53
	TOTAL	**20,000**	**100.0**

Directors as of January 15, 2007

The board of directors comprises Jayechund Jingree and Sushil Kumar Jogoo.

Change in management

There has been no change in the management of the company since its inception.

Financial Performance

The financial results of the company for the years ended March 31, 2006, 2005 and 2004 are set forth below:

(in US Dollar million except for share data)

	Fiscal ended March 31, 2004	Fiscal ended March 31, 2005	Fiscal ended March 31, 2006
Sales and other Income	Nil	0.03	Nil
Profit/loss after tax	(0.01)	0.02	(0.01)
Reserves and Surplus	(0.03)	(0.01)	(0.01)
Equity capital (par value USD 1)	0.02	0.02	0.02
Earnings per share	(0.30)	1.06	(0.36)
Book Value per share	(0.42)	0.63	0.27

We have converted the US$ amounts mentioned above into Rupees and presented the same for your convenience below*.

(in Rupees million except for share data)

	Fiscal ended March 31, 2004	Fiscal ended March 31, 2005	Fiscal ended March 31, 2006
Conversion rate (US$ to Rs.) (average exchange rate during the period)	45.96	44.87	44.16
Conversion rate (US$ to Rs.) (exchange rate at period end)	43.40	43.62	44.48
*Sales and other Income	Nil	1.35	Nil
*Profit/loss after tax	(0.46)	0.90	(0.44)
*Reserves and Surplus	(1.38)	(0.45)	(0.44)
Equity capital	0.87	0.87	0.89
*Earnings per share	(13.79)	47.56	(15.90)
*Book Value per share	(19.30)	28.27	11.92

* Calculated on the basis of the average rates, except for the Equity Capital which is calculated as per the period end rate

We confirm that the Permanent Account Number, Bank Account Number, Company Registration Number of LSO Investment (P) Limited and address of the Registrar of Companies where it is registered have been submitted to the BSE and NSE at the time of filing this Red Herring Prospectus with them.

Promoter Group

Relatives of the Promoters who form part of the Promoter Group under Clause 6.8.3.2(m) of the SEBI Guidelines

Promoter	Name of the Relative	Relationship
Ashok Soota	Kushalya Soota	Mother
	Sheila Arora	Sister
	Suresh Soota	Brother
	Usha Samuel	Sister
	Kunku Soota	Sister
	Deepak Soota	Brother

Promoter	Name of the Relative	Relationship
Subroto Bagchi	Susmita Bagchi	Wife
	Neha Bagchi	Daughter
	Niti Bagchi	Daughter
	D.P.Bagchi	Brother
	Amitav Bagchi	Brother
	Aurobinda Bagchi	Brother
	Harihar Panda	Father in law
	Sakuntala Panda	Mother in law
	Sanjay Panda	Brother in law
N. Krishna Kumar	Akila Krishna Kumar	Wife
	Siddharth Kumar	Son
	Abhirath Kumar	Son
	K. Natarajan	Father
	Meenakshi Natarajan	Mother
	K. Chellappa	Brother in Law
	Shanta Chellappa	Sister
	Radha Ramasubramaniam	Sister
	S. Ramasubramaniam	Brother in Law
	Lakshmi Jayaraman	Mother in law
	Padma Venkateswaran	Sister in law
	Rukmani Lakshmanan	Sister in law
S. Janakiraman	Umamaheswari J.	Wife
	Anitha J.	Daughter
	Shivkumar J.	Son
	Srinivasan K.	Father
	Sarasvathi Srinivasan	Mother
	Kamalakrishnan S.	Brother
	Rajalakshmi S.	Sister
	Managalam S.	Mother in law
	Sundari J	Sister in law
	Vijayalakshmi S.	Sister in law
	Kamala Mahadevan	Sister in law
N.S. Parthasarathy	Radha Parthasarathy	Wife
	Jyotsna Parthasarathy	Daughter
	N.G. Srinivasan	Father
	Saroja Srinivasan	Mother
	N.S. Vasudevan	Brother
	Jayasri Dwarkanath	Sister
	L.P. Krishnaswami	Father in law
	Padma Krishnaswami	Mother in law
	K. Karthik	Brother in law
Rostow Ravanan	Seema Ravanan	Wife
	Rene Ravanan	Son
	Anika Ravanan	Daughter
	G Ravanan	Father
	Meenalochani Ravanan	Mother
	Rommel Ravanan	Brother
	Vinod Gupta	Father in law
	Kusum Gupta	Mother in law
	Divya Gupta	Sister in law

Promoter	Name of the Relative	Relationship
	Vishal Gupta	Brother in law
Kalyan Kumar Banerjee	Debjani Banerjee	Wife
	Abhimanyu Banerjee	Son
	Arijit Banerjee	Son
	Dr. Basudam Banerjee	Father
	Chhanda Banerjee	Mother
	Monimoy Mukherji	Father in law
	Tripti Mukherji	Mother in law
	Chumki Chakravarty	Sister in law
Anjan Lahiri	Anupurba Lahiri	Wife
	Ananya Lahiri	Daughter
	Anika Lahiri	Daughter
	Krishna Lahiri	Mother
	Chandan Lahiri	Brother
	Anirban Bhaduri	Brother in law
	Lt. Col. (Dr.) A.P. Bhaduri	Father in law
	Ira Bhaduri	Mother in law
Kamran Ozair	Saba Siddiqui	Wife
	Safwa Ozair	Daughter
	Yahya Ozair	Son
	Nayyar Ozair	Father
	Asima Nayyar Ozair	Mother
	Adnan Ozair	Brother
	Sahban Ozair	Brother
	Khalid Khan	Father in law
	Zakia Khalid	Mother in law
	Umar Khan	Brother in law
	Usman Khan	Brother in law
	Sumayyah Khan	Sister in law
	Maleeha Shahid	Sister in law
Scott Staples	Jennifer Staples	Wife
	Kelly Staples	Daughter
	Jacob Staples	Son
	Cassidy Staples	Daughter
	Selden C. Staples	Father
	Sue Ellen Staples	Mother
	Selden P. Staples	Brother
	Spencer Staples	Brother
	Stewart Staples	Brother
	Stephen Staples	Brother
	Phylis Hubbert	Mother in law
	Martina Weidmayer	Sister in law

Companies promoted by our Promoters under Clause 6.8.3.2(m) of the SEBI Guidelines

None of the promoters or any of their immediate relatives holds 10% or more of share capital of any company or entity specified under the said clause.

Interest of our Promoters

Our Promoters are interested in our Company to the extent that they have promoted our Company, their shareholding in our Company within two years from the date of this Red Herring Prospectus and to extent of them being directors of our Company. For further interest, of our Directors, see 'Our Management - Interests of Directors' on page 98.

Our Promoters have no interest in any property acquired by our Company or proposed to be acquired by our Company.

Common Pursuits

We shall adopt the necessary procedures and practices as permitted by law to address any conflict situations, as and when they may arise. For, further details on the related party transactions, to the extent of which our Company is involved, see "Related Party Transactions" on page 112.

Disassociation by the Promoters in the last three years

None of our Promoters have disassociated themselves from any of the companies/firms during preceding three years

Payment or Benefit to Promoters

Except as stated in "Financial Statements - Related Party Transactions" on page 112, no amount or benefit has been paid or given to any Promoter within the two preceding years from the date of filing of this Red Herring Prospectus or is intended to be paid.

Other Confirmations

Our Promoters have further confirmed that they have not been declared as willful defaulters by the Reserve Bank of India or any other Governmental authority and there are no violations of securities laws committed by them in the past or are pending against them.

RELATED PARTY TRANSACTIONS

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Statement of related party transactions

In accordance with Accounting standard 'Related Party Disclosures' (AS-18)

Name of the related party	Nature of relationship					
	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	December 31, 2006
MindTree Benefit Trust	The trust is effectively controlled by the Company					
Linc Software Inc., USA (Dissolved as of Sept. 30, 2005)	-	-	-	-	100% subsidiary of MindTree Software Services Private Limited.	-
Key managerial personnel						
Ashok Soota	Chairman and Managing Director					
Subroto Bagchi	Chief Operating Officer					
N. Krishnakumar	President and CEO, IT services					
S. Janakiraman	President and CEO, R&D services					

Transactions with the above related parties were:

Rs in million

Transactions with related parties	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	December 31, 2006
Loans given to (repaid by) MindTree Benefit Trust	0.9	0.3	0.1	2.6	1.5	(5.4)
Advances received (net) from Linc Software Inc.	-	-	-	-	3.8	-
Software services billed to Linc Software Inc.	-	-	-	-	2.2	-
Managerial remuneration to key managerial personnel	14.1	13.0	14.3	12.9	11.6	11.5

During the period ended December 31, 2006, the Trust sold 316,000 shares to key managerial personnel at Rs.300 per share. (Also refer to Note 5 of Annexure 5)

Balances receivable from related parties were as follows:

Rs in million

Name of the related party	As at March 31, 2002	As at March 31, 2003	As at March 31, 2004	As at March 31, 2005	As at March 31, 2006	As at December 31, 2006
MindTree Benefit Trust	0.9	1.2	1.3	3.9	5.4	-
Advances due from key managerial personnel in the nature of travel and business expenses	0.3	-	0.1	0.2	0.7	0.1

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our Board of Directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition. The Board may also from time to time pay interim dividends. All dividend payments are made in cash to the shareholders of the Company. Our Company had not declared any dividend since inception until as disclosed below.

Our Board at its meeting held on July 29, 2006 approved a dividend policy as follows:

PAT as % of Sales	Dividend payout as % of PAT
< 12%	Nil
12-15%	7.5%
15-20%	12%
>20%	15%

The policy as given above may be amended as decided by the Board from time to time.

The Board, at its meeting held on October 24, 2006 declared an interim dividend at a rate of 50% on the paid up capital, being Re. 1 per share (par value of share on the date of passing of such resolution being Rs. 2) subject to dividend tax, the said dividend be paid and distributed to our shareholders whose names appear in the register of members as on November 8, 2006. For further details, refer to “Financial Statements” on page 114

The amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future.

SECTION V: FINANCIAL STATEMENTS

AUDITORS' REPORT

The Board of Directors
MindTree Consulting Limited

We have examined the financial statements of MindTree Consulting Limited ('MindTree' or 'the Company') (formerly MindTree Consulting Private Limited) for the financial years ended March 31, 2002, 2003, 2004, 2005 and 2006 being the last date to which the financial statements of the Company have been made up and audited by us for presentation to the members of the Company. We have also examined the financial statements of the Company for the nine months ended December 31, 2006 prepared by the Company, approved by the Board of Directors of the Company and audited by us for the purpose of disclosure in the Red Herring Prospectus ('RHP') being issued by the Company.

In accordance with the requirements of Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 as amended ('the Act'), the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 as amended ('SEBI Guidelines') and our terms of reference with the Company dated November 13, 2006, requesting us to make this report for the purpose of the RHP as aforesaid, we report that:

(a) The restated profits/losses of the Company for the financial years ended March 31, 2002, 2003, 2004, 2005 and 2006 and nine months ended December 31, 2006 are as set out in Annexure 1 to this report. These profits/losses have been arrived at after making such adjustments and regroupings as in our opinion are appropriate and more fully described in Annexure 3 to this report.

(b) The restated assets and liabilities of the Company as at March 31, 2002, 2003, 2004, 2005 and 2006 and at December 31, 2006 are as set out in Annexure 2 to this report, after making such adjustments and regroupings as in our opinion are appropriate and more fully described in Annexure 3 to this report.

(c) We have examined the following financial information relating to the Company and approved by the Board of Directors for the purpose of inclusion in the RHP:

i. Annexure 5 containing notes on accounts, as restated;

ii. Annexure 6 containing cash flows, as restated;

iii. Annexure 7 containing details of dividend;

iv. Annexure 8 containing details of other income, as restated;

v. Annexure 9 containing accounting ratios, as restated;

vi. Annexure 10 containing the capitalization statement;

vii. Annexure 11 containing details of investments;

viii. Annexure 12 containing details of sundry debtors;

ix. Annexure 13 containing details of loans and advances;

x. Annexure 14 containing details of secured loans;

xi. Annexure 15 containing the tax shelter statement; and

xii. Annexure 16 containing statement of related party transactions.

Without qualifying our opinion, we draw attention to paragraph b (i) of Annexure 3 to this report, the summary statement of profits and losses, as restated for the years ended March 31, 2002, 2003, 2004 and 2005 and opening balance of the profit and loss account as at April 1, 2001, have not been adjusted for options granted to employees prior to April 1, 2005, as the Company does not have detailed data or documentation to adjust the figures for such earlier years.

In our opinion, the above financial information of the Company read with the significant accounting policies attached in Annexure 4 to this report, after making adjustments and regrouping as considered appropriate and as set out in Annexure 3 to this report, has been prepared in accordance with Part II of Schedule II of the Act and the SEBI Guidelines.

This report is intended solely for your information and for inclusion in the RHP in connection with the public issue of equity shares of the Company and is not to be used, referred to or distributed for any other purpose without our written consent.

For **BSR & Associates.**
Chartered Accountants

Zubin Shekary
Partner
Membership No: 48814

Bangalore
Date: January 22, 2007

Summary statement of profits and losses of MindTree Consulting Limited, as restated

Annexure 1

Rs. in million

For the year/period ended	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	December 31, 2006
Income						
Income from software development						
- Overseas	646.0	724.2	1,055.0	2,089.5	3,969.7	4,079.2
- Domestic	75.8	99.5	249.4	375.6	518.3	258.7
Other income	62.6	66.8	55.3	50.7	65.7	53.0
	784.4	**890.5**	**1,359.7**	**2,515.8**	**4,553.7**	**4,390.9**
Expenditure						
Software development expenses	482.1	502.2	812.7	1,600.4	2,734.6	2,578.0
Administrative and other expenses	411.8	360.3	441.4	611.5	977.1	963.6
Amortization/ impairment of goodwill	-	-	-	5.5	22.4	-
	893.9	862.5	1,254.1	2,217.4	3,734.1	3,541.6
Profit/(loss) before interest, depreciation and tax	(109.5)	28.0	105.6	298.4	819.6	849.3
Interest	12.1	9.5	15.6	20.9	52.7	23.4
Depreciation	80.1	88.3	68.1	104.8	209.4	177.5
Profit/(loss) before tax	(201.7)	(69.8)	21.9	172.7	557.5	648.4
Provision for taxation including fringe benefit tax	-	3.5	-	4.5	19.6	26.9
Deferred tax (benefit)/expense	-	0.7	(0.2)	(0.6)	0.3	(33.5)
Provision for tax no longer	-	-	(3.5)	-	(4.5)	-

required, written back						
Profit/(loss) as per the audited financial statements	**(201.7)**	**(74.0)**	**25.6**	**168.8**	**542.1**	**655.0**
Adjustments on account of restatements (refer Annexure 3)						
Straight-lining of rent expense	(2.6)	(2.8)	6.5	-	-	-
Disputed rental payments	5.3	8.6	(8.6)	-	-	-
Gratuity	0.1	(0.3)	(5.1)	5.3	-	-
Income taxes	-	3.5	(3.5)	4.5	(4.5)	-
Total of adjustments	2.8	9.0	(10.7)	9.8	(4.5)	-
Profit/(loss) as restated	(198.9)	(65.0)	14.9	178.6	537.6	655.0
Balance in profit and loss account brought forward	(75.2)	(274.1)	(339.1)	(324.2)	(145.6)	392.0
Amount available for appropriation, as restated	(274.1)	(339.1)	(324.2)	(145.6)	392.0	1,047.0
Dividend						
Interim	-	-	-	-	-	30.5
Dividend tax	-	-	-	-	-	4.3
Balance carried forward as restated	**(274.1)**	**(339.1)**	**(324.2)**	**(145.6)**	**392.0**	**1,012.2**

Note : To be read together with the summary of significant accounting policies (Annexure 4) and notes on summary statement of profits and losses and assets and liabilities (Annexure 3).

Summary statement of assets and liabilities of MindTree Consulting Limited, as restated

Annexure 2

Rs. In million

	As at	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	December 31, 2006
A	Fixed assets						
	Gross block	260.3	328.7	419.6	616.4	936.8	1,298.7
	Less: Accumulated depreciation	117.5	205.0	272.1	375.4	576.2	740.6
	Net block	142.8	123.7	147.5	241.0	360.6	558.1
	Capital work-in-progress including capital advances	20.9	0.1	-	94.7	27.9	131.3
	Total	**163.7**	**123.8**	**147.5**	**335.7**	**388.5**	**689.4**
B	Goodwill	-	-	-	27.3	-	-
C	Investments	291.0	130.7	255.4	339.4	537.6	395.2
D	Deferred tax assets	-	-	-	-	-	33.5
E	Current assets, loans and advances						
	Sundry debtors	147.6	214.1	364.7	597.8	1,097.7	1,155.5
	Cash and bank balances	212.3	405.8	245.4	269.0	262.1	277.6
	Loans and advances	164.7	152.2	212.1	402.0	558.3	833.1
	Total	**524.6**	**772.1**	**822.2**	**1,268.8**	**1,918.1**	**2,266.2**
F	Liabilities						
	Secured loans	63.7	166.7	241.8	500.2	742.0	412.5
	Current liabilities	109.1	116.3	210.8	501.6	741.3	882.1
	Provisions	3.8	5.0	18.7	34.6	73.1	149.8
	Total	**176.6**	**288.0**	**471.3**	**1,036.4**	**1,556.4**	**1,444.4**
G	Deferred tax liabilities	-	0.7	0.5	-	-	-

H	**Shareholders' funds (A+B+C+D+E-F-G)**	**802.7**	**737.9**	**753.3**	**934.8**	**1,287.8**	**1,939.9**
I	Represented by						
	(i) Share capital						
	Equity share capital	42.7	42.9	43.3	43.7	58.7	317.0
	Preference share capital	665.5	665.5	665.5	665.5	-	-
		708.2	708.4	708.8	709.2	58.7	317.0
	(ii) Share application money	-	-	0.1	2.4	0.5	0.6
	(iii)Reserves and surplus						
	Securities premium	368.6	368.6	368.6	368.8	835.7	603.7
	Profit and loss account	(274.1)	(339.1)	(324.2)	(145.6)	392.0	1,012.4
	Stock options outstanding account	-	-	-	-	0.9	6.2
		94.5	29.5	44.4	223.2	1,228.6	1,622.3
	Less: Revaluation reserve	-	-	-	-	-	-
	Reserves (net of revaluation reserves)	94.5	29.5	44.4	223.2	1,228.6	1,622.3
	Shareholders' funds	**802.7**	**737.9**	**753.3**	**934.8**	**1,287.8**	**1,939.9**

Note : To be read together with the summary of significant accounting policies (Annexure 4) and notes on summary statement of profits and losses and assets and liabilities (Annexure 3).

Annexure 3

Notes on summary statement of profits and losses (Annexure 1) and assets and liabilities (Annexure 2)

(a) Adjustments

(i) Straight-lining of rental expense

From the year ended March 31, 2004, the Company accrues for rent in respect of operating leases on a straight-line basis over the lease term as compared to its previous policy of expensing rent as per the contractual terms of the lease agreement. Accordingly, rent expense has been recomputed and adjustments have been made to rent expense for the years ended March 31, 2002, 2003, 2004 and opening balance of the profit and loss account as at April 1, 2001.

(ii) Disputed rental payments

During the year ended March 31, 2002, the Company expensed certain disputed rental payments. A portion of these disputed payments related to the year ended March 31, 2001 and have accordingly been adjusted in the opening balance of the profit and loss account as at April 1, 2001. Additionally, during the year ended March 31, 2003, the Company made an additional provision towards this dispute. This provision was written-back during the year ended March 31, 2004, on resolution of the dispute. Adjustments have been made to reflect the amounts in the years to which they relate.

(iii) Gratuity

Up to the year ended March 31, 2004, the Company provided for gratuity liability based on contributions to a fund administered by the Life Insurance Corporation of India. From the year ended March 31, 2005, the Company provides for gratuity liability based on an independent actuarial valuation.

Accordingly, gratuity liability has been recomputed based on an independent actuarial valuation and adjustments have been made for the years ended March 31, 2002, 2003, 2004, and 2005 for the effect of prior years.

(iv) Income taxes

Income taxes provided in earlier years on an estimated basis and reversed in subsequent years based on final determination of the tax liability or on completion of assessments by the tax authorities, have been adjusted and reflected in the individual years to which they relate.

(b) Non-adjustments

(i) Employee stock options

The Institute of Chartered Accountants of India ('ICAI') issued the Guidance Note on '*Employee share based payments'* which is applicable to options granted on or after April 1, 2005. In accordance with this Guidance Note, for the year ended March 31, 2006 and nine months ended December 31, 2006, the Company recognized expense arising from stock options granted to employees after April 1, 2005. The summary statement of profits and losses, as restated for the years ended March 31, 2002, 2003, 2004 and 2005 and opening balance of the profit and loss account as at April 1, 2001 have not been adjusted for options granted to employees prior to April 1, 2005, as the Company does not have detailed data or documentation to adjust the figures for such earlier years.

(c) Balance of Profit and loss account, as restated as at April 1, 2001

Rs in million

Balance of the profit and loss account as at April 1, 2001 as per audited financial statements	(68.8)
(Increase)/ decrease as a result of the adjustment on account of above:	
Straight-lining of rent expense	(1.1)
Disputed rental payments	(5.3)
Balance of the profit and loss account as at April 1, 2001, as restated	**(75.2)**

Annexure 4

Summary of significant accounting policies

1. Background

MindTree Consulting Limited ('MindTree Consulting' or 'the Company') [formerly MindTree Consulting Private Limited] is an international Information Technology ("IT") consulting and implementation company that delivers business solutions through global software development. MindTree Consulting is structured into two business units that focus on software development – R&D Services and IT Services. R&D Services enables faster product realization by leveraging the expertise in the areas of hardware design, embedded software, middleware and testing and through MindTree's own IP building blocks in the areas of Bluetooth, VOIP, IVP6, iSCSI and others in datacom, telecom, wireless, storage, industrial automation, avionics, consumer products and computing. IT Services offer consulting and implementation and post production support for customers in manufacturing, financial services, travel and leisure and other industries, in the areas of e-business, data warehousing and business intelligence, supply chain management, ERP and maintenance and re-engineering of legacy mainframe applications. MindTree is head quartered in Bangalore and has offices in India, United States of America, United Kingdom, Japan, Singapore, Australia, Germany, Switzerland, Sweden and UAE.

2. Significant accounting policies

2.1. Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the accounting standards issued by the Institute of Chartered Accountants of India (ICAI) and the relevant provisions of the Companies Act, 1956, to the extent applicable. The interim financial statements are prepared to conform to the accounting standard on "Interim Financial Reporting".

2.2 Use of estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of income and expenses of the period, assets and liabilities and disclosures relating to contingent liabilities as of the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in future periods.

2.3 Fixed assets

2.3.1 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. Where fixed assets have been acquired from a country outside India, the cost of fixed assets also includes the exchange differences (favourable and unfavourable) arising in respect of foreign currency loans or other liabilities incurred specifically for the purpose of their acquisition or construction.

2.3.2 Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalized 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.

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

2.3.4 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 as under:

Asset classification	**Useful life**
Computer systems (including software)	2-3 years
Furniture and fixtures	5 years
Electrical installations	3 years
Office equipment	4 years
Motor vehicles	4 years

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

2.3.6 Leasehold improvements are amortised over the lease term or useful life, whichever is lower.

2.4 Investments

2.4.1 Long-term investments are carried at cost less any other-than-temporary diminution in value, determined on the specific identification basis.

2.4.2 Current investments are carried at the lower of cost (determined on the specific identification basis) and fair value. The comparison of cost and fair value is done separately in respect of each investment.

2.4.3 Profit or loss on sale of investments is determined on the specific identification basis.

2.5 Retirement benefits

2.5.1 Gratuity is a defined benefit scheme and is accrued based on actuarial valuations 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') and ICICI Prudential Life Insurance Company. Actuarial gains and losses are charged to the profit and loss account.

2.5.2 Leave encashment is an other long term employee benefit and is accrued based on actuarial valuations at the balance sheet date, carried out by an independent actuary.

2.5.3 Contributions payable to the recognised provident fund, which is a defined contribution scheme, are charged to the profit and loss account.

2.6 Revenue recognition

2.6.1 The Company derives its revenues primarily from software services. Revenue from software development on time-and-material basis is recognised as the related services are rendered. Revenue from fixed price contracts is recognised using the proportionate completion method, which is determined by relating the actual person hours of work performed to date to the estimated total person hours for each contract. Unbilled revenue represents cost and earnings in excess of billings while unearned revenue represents the billing in excess of cost and earnings. Revenues are stated net of discounts and include expenses billed to the customers.

Maintenance revenue is accrued over the period of the contract.

Provision for estimated losses, if any, on incomplete contracts are recorded in the period in which such losses become probable based on the current contract estimates.

2.6.2 Dividend income is recognised when the right to receive payment is established.

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

2.7. Foreign exchange transactions

2.7.1 The Company is exposed to foreign currency transactions including foreign currency revenues and receivables. With a view to minimize the volatility arising from fluctuations in currency rates, the Company enters into foreign exchange forward contracts and other derivative instruments. Additionally, the Company enters into interest rate and currency derivatives to minimize its interest costs.

2.7.2 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 recognised in the profit and loss account for the year, except for exchange differences arising on restatement of foreign currency loans or liability for acquiring fixed assets from a country outside India, which are adjusted in the carrying amount of such fixed assets.

2.7.3 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 except those related to acquisition of fixed assets from a country outside India, which are adjusted in the carrying amount of the related fixed assets. 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.

2.7.4 In respect of forward contracts and other derivatives that are designated as hedges of highly probable forecasted transactions, the ICAI has clarified that AS 11, the effect of changes on foreign exchange rates, amended with effect from April 1, 2004, is not currently applicable to exchange differences arising from such instruments. Accordingly, such exchange differences are recorded in the period of settlement. The premium or discount on such contracts is amortized over the life of the contract in accordance with AS 11 (revised).

2.7.5 In respect of forward contracts and other derivatives that relate to foreign currency assets at the balance sheet date, the proportionate premium/ discount is recognized in the profit and loss account. The exchange difference measured by the change in exchange rate between the inception dates of the contract and the balance sheet date is recognized in the profit and loss account.

2.7.6 Net cash flows under interest rate derivative contracts are accounted for on an accrual basis.

2.8. Warranties

Warranty costs are estimated by the management on the basis of technical evaluation and past experience. Provision is made for estimated liability in respect of warranty costs in the year of recognition of revenue.

2.9 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. 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.

2.10 Taxation

The current income tax charge is determined in accordance with the relevant tax regulations applicable to the Company. Deferred tax charge or credit are recognised 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 difference which originate during the tax holiday period but reverse after the tax holiday period is recognised in the year in which the timing difference originate. 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 recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, when there is a brought forward loss or unabsorbed depreciation under taxation laws, deferred tax assets are recognised 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 realised.
The income tax provision for interim periods is made on the best estimate of the annual average tax rate expected to be applicable for the full fiscal year.

2.11 Fringe benefit tax

Consequent to the introduction of Fringe Benefit Tax (FBT) effective 1 April 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.

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, as assessed at each period end.

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 indication exists, 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 if 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

As required by the Guidance Note on '*Employee share based payments*', the Company measures the compensation cost relating to employee stock options using the intrinsic value method for all employee stock options granted on or after April 1, 2005. The compensation cost is amortized over the vesting period of the option.

Annexure 5

Notes on accounts, as restated

1. *Fully convertible preference shares and warrants*

In July 2001, the Company issued 0.1% 2,820,000 non-cumulative fully convertible preference shares of Rs 236 each to its investors. These preference shares were converted to 6,722,424 equity shares of Rs.2 each through a resolution passed by the Board of Directors of the company on July 28, 2005. No dividend was declared on these preference shares.

In December 2003, the Company entered into an agreement with an overseas customer whereby warrants have been issued to the customer. The warrants can be converted into equity share at an exercise price of Rs 2 per share, subject to regulatory provisions relating to the pricing of shares issued to overseas persons. The customer could convert these warrants into equity shares based on revenues provided by the customer during the defined period and on fulfilling the conditions specified in the agreement.

On November 16, 2006, the customer converted these warrants into 1,240,017 equity shares of Rs 2 each at a premium of Rs 4.71 per share pursuant to a settlement agreement entered into with the Company.

2. On November 16, 2006, 31,695,237 equity shares of Rs 2 each have been consolidated into 6,339,047 equity shares of Rs 10 each and subsequently 25,356,190 bonus shares of Rs 10 each have been issued in the ratio of 4 bonus shares for every 1 share held by capitalization of securities premium, as approved by the shareholders in the Extra Ordinary General meeting on November 16, 2006.

3. *Purchase of business*

On October 1, 2004, the Company purchased the business of ASAP Solutions Private Limited and its subsidiaries. The total consideration of Rs 32.0 million and direct transaction costs of Rs 4.0 millions were allocated to net assets of Rs 3.2 million and goodwill of Rs 32.8 million. The consideration is payable on a deferred basis till May 2007. Other liabilities as at December 31, 2006, include consideration payable of Rs 7.5 million.

Amortization/impairment of goodwill for the year ended March 31, 2006, includes an impairment loss of Rs.13.9 million in respect of goodwill that had arisen on purchase of business from ASAP Solutions Private Limited.

4. *Acquisition and amalgamation of Linc Software Services Private Limited.*

On June 4, 2005, the Company acquired 100% equity in Linc Software Services Private Limited, which was subsequently renamed as MindTree Software Services Private Limited. The total consideration of Rs 306.4 million and direct transaction costs of Rs 6.3 million were allocated to net assets of Rs 61.0 million resulting in goodwill of Rs 251.7 million. The consideration is payable on a deferred basis till March 15, 2007. Other liabilities as at December 31, 2006, include consideration payable of Rs 7.7 million.

In terms of the scheme of amalgamation approved by the Hon'ble High Court of Karnataka on 28 July 2006, MindTree Software Services Private Limited was amalgamated with the Company with effect from April 1, 2005. The Company has accounted for the amalgamation as amalgamation in the nature of purchase under AS 14 – Accounting for amalgamations.

Following are the salient features of the scheme

a) 207,671 equity shares of Rs 10/- each held by the Company in MindTree Software Services Private Limited were cancelled and extinguished, from the effective date of the scheme.

b) All the assets and liabilities of MindTree Software Services Private Limited are recorded in the books of the Company at their carrying amounts as on April 1, 2005.

c) Pursuant to the scheme of amalgamation approved by the Hon'ble High Court of Karnataka, the goodwill of Rs 251.7 million resulting from the amalgamation was set-off against the securities premium account of the Company. If the treatment specified by AS-14 had been followed, the goodwill balance of Rs 251.7 million would have been amortized as per the Company's accounting policy.

d) MindTree Software Services Private Limited had a fully owned subsidiary, Linc Software Inc, which was dissolved during the year ended March 31, 2006 and the resultant profit on dissolution of Rs. 8.3 million is included under profit on sale of investments.

e) Subsequent to the amalgamation, MindTree Software Services Private Limited has aligned the estimates of useful lives in respect of fixed assets to those of the Company and incremental depreciation charge of Rs 16.9 million has been recorded.

5. *Employee stock options*

The Company instituted the Employees Stock Option Plan ('ESOP') in fiscal 2000, which was approved by the Board of Directors. Under the ESOP, the Company currently administers five stock option programs.

<u>Program 1</u>

Options under this program were originally been granted to employees at an exercise price of Rs 2 per option. In conjunction with the consolidation and subsequent issue of bonus shares (detailed in Note 2 of Annexure 5), the Company increased the exercise price of the options outstanding as at December 31, 2006 (to the revised par value of the underlying equity shares), to comply with the regulatory requirements. The modification did not increase the value of the options for the employee, and accordingly did not result in an accounting consequence. All stock options have a four-year vesting term and vest at the rate of 15%, 20%, 30% and 35% at the end of 1, 2, 3 and 4 years respectively from the date of grant and become fully exercisable. Each option is entitled to 1 equity share of Rs 10 each. This program extends to employees who have joined on or before September 30, 2001 or have been issued employment offer letters on or before August 7, 2001. This plan was terminated on September 30, 2001. The contractual life of each option is 11 years after the date of grant.

Outstanding options as at April 1, 2006	972,185
Granted during the period	-
Exercised during the period	759,344
Lapsed during the period	16,372

Forfeited during the period	-
Outstanding options as at December 31, 2006	196,381

Program 2

Options under this program have been granted to employees at an exercise price of Rs 50 per option. All stock options have a four-year vesting term and vest at the rate of 15%, 20%, 30% and 35% at the end of 1, 2, 3 and 4 years respectively from the date of grant and become fully exercisable. Each option is entitled to 1 equity share of Rs 10 each. This program extends to employees who have joined on or after October 1, 2001 or have been issued employment offer letters on or after August 8, 2001 or options granted to existing employees with grant date on or after October 1, 2001. This plan was terminated on April 30, 2006. The contractual life of each option is 11 years after the date of grant.

Outstanding options as at April 1, 2006	1,280,503
Granted during the period	-
Exercised during the period	326,841
Lapsed during the period	54,391
Forfeited during the period	55,875
Outstanding options as at December 31, 2006	843,396

Program 3

Options under this program have been granted to employees at an exercise price of Rs 250 per option. All stock options have a four-year vesting term and vest at the rate of 15%, 20%, 30% and 35% at the end of 1, 2, 3 and 4 years respectively from the date of grant and become fully exercisable. Each option is entitled to 1 equity share of Rs 10 each. This program extends to employees to whom the options are granted on or after May 1, 2006. This plan was terminated on October 25, 2006. The contractual life of each option is 5 years after the date of grant.

Outstanding options as at April 1, 2006	-
Granted during the period	365,750
Exercised during the period	-
Lapsed during the period	-
Forfeited during the period	22,550
Outstanding options as at December 31, 2006	343,200

Program 4

Options under this program are granted to employees at an exercise price periodically determined by the Compensation Committee. All stock options have a four-year vesting term and vest at the rate of 15%, 20%, 30% and 35% at the end of 1, 2, 3 and 4 years respectively from the date of grant and become fully exercisable. Each option is entitled to 1 equity share of Rs 10 each. This program extends to employees to whom the options are granted on or after October 25, 2006. The contractual life of each option is 5 years after the date of grant.

Outstanding options as at April 1, 2006	-
Granted during the period	1,233,650
Exercised during the period	-
Lapsed during the period	-
Forfeited during the period	32,650
Outstanding options as at December 31, 2006	1,201,000

Directors' Stock Option Plan, 2006 ('DSOP 2006')

Options under this program have been granted to independent directors at an exercise price of Rs.300 per option. All stock options vest equally over three year vesting term at the end of 1, 2 and 3 years respectively from the date of the grant and become fully exercisable. Each option is entitled to 1 equity share of Rs.10 each. The contractual life of each option is 4 years after the date of the grant.

Outstanding options as at April 1, 2006	-
Granted during the period	70,000
Exercised during the period	-
Lapsed during the period	-
Forfeited during the period	-
Outstanding options as at December 31, 2006	70,000

The weighted average exercise price is Rs 2 under program 1, Rs 50 under program 2, Rs 250 under program 3, Rs.302.80 under program 4 and Rs.300 under DSOP 2006.

The weighted average share price for stock options exercised during the year was Rs 16.44. The options outstanding at December 31, 2006 had a weighted average exercise price of Rs 193.17 and a weighted average remaining contractual life of 5.70 years.

The Guidance Note on "Accounting for employee share based payments" issued by the ICAI establishes financial accounting and reporting principles for employee share based payment plans. The Guidance Note applies to employee share based payment plans, the grant date in respect of which falls on or after April 1, 2005. Accordingly, the Company has recorded compensation cost for all grants made on or after April 1, 2005, using the intrinsic value-based method of accounting.

Had compensation been determined under the fair value approach described in the guidance note, the Company's net income and basic and diluted earnings per share would have reduced to the proforma amounts as indicated:

Rs. in million

	Nine months ended December 31, 2006	**Year ended March 31, 2006**
Net income, as restated	655.0	537.6
Add: Stock-based employee compensation expense (intrinsic value method)	5.3	0.9
Less: Stock-based employee compensation expense (fair value method)	18.0	1.0
Proforma net income	642.3	537.5

The Company has established a Trust (MindTree Benefit Trust), which may at its discretion; repurchase shares from the employees, when an employee leaves the Company. This is facilitated through a loan to the Trust from the Company. Under certain circumstances, the shares repurchased by Trust, are issued to the employees of the Company.

Outstanding shares as at April 1, 2006	481,759
Shares issued during the period	375,600
Repurchased during the period	74,106
Outstanding shares as at December 31, 2006	180,265

During the quarter ended September 30, 2006, the Trust issued/sold 375,600 shares to certain employees at a price of Rs.300, which management believes was the fair value of the shares on the date of the sale.

6. *Provision for taxation*

The Company's profits from export of software and related activities are fully deductible from taxable income. Further, the unit of the Company at Bangalore is registered as a 100 percent

Export Oriented Unit, which is entitled to a tax holiday period of ten years from the date of commencement of commercial operations under Section 10B of the Income Tax Act, 1961.

Deferred tax assets recognized are on account of timing differences in respect of fixed assets, which reverse after the tax holiday period amounting to Rs 33.5 million as at December 31, 2006 (as at March 31, 2006 – Rs Nil).

7. *Contingent liabilities and commitments*

a) Guarantees given by Company's bankers as at December 31, 2006 is Rs 1.4 million (as at March 31, 2006 - Rs 0.5 million)

b) Amount paid for income tax matters, under protest as at December 31, 2006 is Rs. Nil (as at March 31, 2006 - Rs 1.4 million)

c) Estimated amount of contracts remaining to be executed on capital account and not provided for as at December 31, 2006 is Rs 718.9 million (as at March 31, 2006 – Rs. 44.3 million).

8. *Segmental reporting*

The Company's operations predominantly relate to providing IT services in two primary business segments viz. IT Services and R&D Services. 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 categorised 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.

The assets of the Company are used interchangeably between segments, and the management believes that it is currently not practical to provide segment disclosures relating to total assets and liabilities since a meaningful segregation is not possible.

Business segments

Rs. in million

Profit and Loss statement for the nine months ended December 31, 2006	**R&D Services**	**IT Services**	**Total**
Revenues	1,049.1	3,288.8	4,337.9
Operating expenses, net	865.3	2,639.4	3,504.7
Segmental operating income	183.8	649.4	833.2
Unallocable expenses			214.4
Profit for the period before interest			618.8

Interest expense			23.4
Other income			53.0
Net profit before taxes			648.4
Income taxes			(6.6)
Net profit after taxes			655.0

Profit and Loss statement for the year ended March 31, 2006	R&D Services	IT Services	Total
Revenues	1,054.5	3,433.5	4,488.0
Operating expenses, net	870.1	2,822.4	3,692.5
Amortization/impairment of goodwill		22.4	22.4
Segmental operating income	184.4	588.7	773.1
Unallocable expenses			228.7
Profit for the year before interest			544.4
Interest expense			52.6
Other income			65.7
Net profit before taxes			557.5
Income taxes			19.9
Net profit after taxes			537.6

Geographical segments

Rs. in million

Revenues	Nine months ended December 31, 2006	Year ended March 31, 2006
America	2,721.7	2,828.5
Europe	996.0	1,012.7
India	231.6	270.5
Rest of World	388.6	376.3
Total	**4,337.9**	**4,488.0**

9. *Lease transactions*

All assets leased on a 'finance lease' basis are capitalized in the books of the Company with a corresponding liability recognizing future liability on these leases. The Company has acquired certain vehicles on finance lease. The legal title to these vehicles under finance lease vests with the lessors.

The total minimum lease payments at the balance sheet date, element of interest included in such payments, and present value of minimum lease payments are as follows:

Rs. in million

	As at December 31, 2006	As at March 31, 2006
(a) Total minimum lease payments	50.4	55.1
(b) Future interest included in (a) above	5.1	7.3
(c) Present value of minimum lease payments [(a)- (b)]	45.3	47.8

The maturity profile of finance lease obligations is as follows:

Rs. in million

Period	Minimum lease payments	Present value
Payable not later than one year	19.5	16.8
Payable later than one year and not later than five years	30.8	28.5

Finance charges during the nine months ended December 31, 2006 on such finance leases as mentioned above are Rs 3.2 million (year ended March 31, 2006- Rs 5.3 million) which is included under interest expense.

Lease rental expense under non-cancelable operating lease during the six months ended December 31, 2006 amounted to Rs 48.4 million (year ended March 31, 2006 - Rs 149.1 million). Future minimum lease payments under non-cancelable operating lease as at December 31, 2006 is as below:

Minimum lease payments	Rs. in million
Payable -- Not later than one year	94.2
Payable -- Later than one year and not later than five years	222.9

Additionally, the Company leases office facilities and residential facilities under cancelable operating leases. The rental expense under cancelable operating lease during the nine months ended December 31, 2006 was Rs 113.0 million (year ended March 31, 2006 - Rs 35.9 million).

Rental income from sub-lease of office facilities during the nine months ended December 31, 2006 was Rs 19.5 million (year ended March 31, 2006 - Rs 30.9 million) which is included in other income.

10. *Gratuity plan*

The following table set out the status of the gratuity plan as at December 31, 2006, as required under AS 15 (revised).

Particulars	As at December 31, 2006 (Rs. In millions)
Obligations at beginning of the period	**46.0**
Service cost	28.8
Interest cost	2.7
Benefits settled	(1.1)
Actuarial (gain)/loss	(0.2)
Obligations at end of the period	**76.2**
Change in plan assets	
Plans assets at beginning of the period , at fair value	**46.0**
Expected return on plan assets	2.7
Actuarial gain/(loss)	0.2
Contributions	-
Benefits settled (estimated)	(1.1)
Plans assets at end of the period , at fair value	**47.8**
Reconciliation of present value of the obligation and the fair value of the plan assets	
Fair value of plan assets at the end of the period	47.8
Present value of the defined benefit obligations at the end of the period	76.2
Asset/(liability)recognized in the balance sheet	**(28.4)**
Gratuity cost for the period	
Service cost	28.8
Interest cost	2.7
Expected return on plan assets	(2.7)
Actuarial (gain)/loss	(0.4)
Net gratuity cost	**28.4**
Assumptions	
Interest rate	7.75%
Expected rate of return on plan assets	7.75%
Expected rate of salary increase	10%
Attrition rate	10%
Retirement age	60 years

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

11. *Derivatives*

<u>Forward contracts</u>

As at December 31, 2006, the Company had outstanding forward contracts amounting to USD 27.3 million. Of the above amount, forward contracts to the extent of USD 13.3 million have underlying foreign currency debtors and remaining forward contracts of USD 14.0 million are in respect of highly probable forecasted transactions (as at March 31, 2006- USD 6.9 million). The unamortized premium on these contracts as at December 31, 2006 is Rs 5.7 million (as at March 31, 2006- Rs 0.8 million).

<u>Options</u>

As at December 31, 2006, the Company had outstanding options amounting to USD 8.5 million. Of the above amount, options to the extent of USD 2.5 million have underlying foreign currency debtors and remaining options of USD 6.0 million are in respect of highly probable forecasted transactions.

Currency and interest rate swaps

As at December 31, 2006, the Company had entered into currency and interest rate swap arrangements to the extent of Rs 62.7 million (as at March 31, 2006 - Rs 213.3 million). Exchange gain of Rs 0.4 million (year ended March 31, 2006 – exchange loss of Rs 1.7 million) has been recognized in the profit and loss account in accordance with the accounting policy of the Company.

Summary statement of cash flows of MindTree Consulting Limited, as restated

Annexure 6

Rs. in million

Year/period ended	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	December 31, 2006
Cash flow from operating activities						
Profit/(loss) before tax, as restated	(198.9)	(64.3)	14.7	178.0	557.5	648.4
Adjustments for :						
Depreciation	80.1	88.3	68.1	104.8	209.4	177.5
Amortization/impairment of goodwill	-	-	-	5.5	22.4	-
Amortization of stock compensation	-	-	-	-	2.6	5.3
Interest expense	12.1	9.5	15.6	20.9	52.7	23.4
Interest / dividend income	(39.7)	(25.7)	(26.4)	(12.7)	(15.2)	(19.9)
(Profit)/loss on sale of fixed assets	(0.1)	0.1	(0.1)	(0.9)	(0.4)	2.2
(Profit)/loss on sales of investments	9.1	(9.4)	(2.5)	(7.9)	(18.9)	(11.4)
Effect of exchange differences on translation of foreign	-	-	0.7	3.4	(1.0)	(0.1)
currency cash and cash equivalents						
Operating profit before working capital changes	(137.4)	(1.5)	70.1	291.1	809.1	825.4
(Increase)/ decrease in sundry debtors	30.1	(66.5)	(150.6)	(230.7)	(443.2)	(57.8)
(Increase)/ decrease in loans and advances	(81.8)	24.7	(51.0)	(196.8)	(121.1)	(259.6)
Increase/(decrease) in current	(2.5)	7.3	109.4	266.6	220.9	206.3

liabilities and provisions						
Income taxes and fringe benefit tax paid	(7.7)	(9.1)	(10.3)	5.3	(31.7)	(28.9)
Net cash provided by / (used in) operating activities	***(199.3)***	***(45.1)***	***(32.4)***	***135.5***	***434.0***	***685.4***
Cash flow from investing activities						
Purchase of fixed assets	(86.1)	(37.4)	(73.8)	(234.8)	(211.7)	(473.9)
Proceeds on sale of fixed assets	0.7	1.4	1.7	2.3	8.0	6.3
Purchase of business/acquisition	-	-	-	(17.6)	(236.2)	(1.7)
Interest /dividend received from investments	34.7	22.7	22.3	12.5	10.4	12.3
Purchase of investments	(593.2)	(537.5)	(386.1)	(301.5)	(495.6)	(329.1)
Sale/maturities of investments	417.8	706.9	269.3	227.1	320.3	491.0
Net cash provided by/(used in) investing activities	***(226.1)***	***156.1***	***(166.6)***	***(312.0)***	***(604.8)***	***(295.1)***
Cash flow from financing activities						
Issue of share capital	667.8	0.2	0.4	0.4	64.1	25.7
Receipt of share application money	-	-	0.1	2.4	0.5	0.6
Interest paid on loans	(12.1)	(8.3)	(16.7)	(20.5)	(52.2)	(23.3)
Proceeds from term loans	1.2	104.5	178.3	285.0	294.0	-
Repayment of term loans	(37.7)	(51.6)	(170.9)	(196.3)	(209.2)	(54.7)
Repayment of finance lease obligation	(1.7)	(4.4)	(8.4)	(12.5)	(24.0)	(16.5)
Increase/(decrease) in other loans, net	(14.8)	42.1	56.5	145.0	148.6	(272.3)

Dividends paid (including distribution tax)			-	-	(58.9)	(34.4)
Net cash provided by/(used in) financing activities	***602.7***	***82.5***	***39.3***	***203.5***	***162.9***	***(374.9)***
Effect of exchange differences on translation of foreign						
currency cash and cash equivalents	-	-	(0.7)	(3.4)	1.0	0.1
Net increase/(decrease) in cash and cash equivalents	177.3	193.5	(160.4)	23.6	(6.9)	15.5
Cash and cash equivalents at the beginning of the year/period	35.0	212.3	405.8	245.4	269.0	262.1
Cash and cash equivalents at the end of the year/period	**212.3**	**405.8**	**245.4**	**269.0**	**262.1**	**277.6**

Annexure 7 : Details of dividend

Year/period ended	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	December 31, 2006
Number of equity shares at end of the year/period						
of Rs.2 each fully paid	21,373,997	21,462,498	21,659,501	21,830,822	29,362,535	31,695,237
Interim dividend	-	-	-	-	-	50%
Final dividend	-	-	-	-	-	-
Total	-	-	-	-	-	50%
Amount of dividend, excluding dividend tax (Rs. In million)	-	-	-	-	-	30.5

Note:

1) On October 24, 2006, the Board of Directors of the Company approved an interim dividend for the year ending March 31, 2007. Such dividend is payable on 30,455,220 equity shares outstanding as at November 8, 2006, being the record date.
2) Prior to the acquisition of the shares of Linc Software Services Private Limited ('Linc'), the former shareholders of Linc declared a dividend of Rs.58.9 million on the equity shares of Linc. Linc was merged with the Company effective April 1, 2005. Such dividend paid during the year ended March 31, 2006, has not been considered in the above scehdule.

Annexure 8 : Details of other income

Rs. in million

Year/period ended	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	December 31, 2006
Interest on deposits	18.4	25.7	18.5	11.1	11.9	9.9
Exchange gain	8.0	-	-	-	-	-
Profit on sale of investments	-	9.4	2.5	7.9	18.8	11.4
Profit/(loss) from sale of assets, (net)	0.1	-	0.1	0.9	0.4	-
Dividend from investments	21.3	-	7.9	1.6	3.3	10.0
Rental income	14.6	31.3	25.9	29.0	30.9	19.5
Others	0.2	0.4	0.4	0.2	0.4	2.2
Total	**62.6**	**66.8**	**55.3**	**50.7**	**65.7**	**53.0**

Note 1 : Management believes that the above components of other income are recurring in nature, except rental income. The classification of other income into recurring and non-recurring has been performed by the management of the Company based on the current operations and business activties of the Company. This classification is accordingly, solely based on respresentation of the Company's management.

Annexure 9 : Accounting ratios

Rs. in million

	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	December 31, 2006
Net profit as restated [A]	(198.9)	(65.0)	14.9	178.6	537.6	655.0
Earnings per share (Rs.)						
- Basic	(9.36)	(3.03)	0.69	8.34	19.96	21.64
- Diluted	(9.36)	(3.03)	0.54	5.92	17.20	20.59
Networth, excluding share application money[B]	802.7	737.9	753.2	932.4	1,287.3	1,939.3
Networth, excluding share application money						
and preference share capital [C]	137.2	72.4	87.7	266.9	1,287.3	1,939.3
Return on networth % [A/B]	-24.78%	-8.81%	1.98%	19.16%	41.76%	33.78%
Net asset value per equity share (Rs.) [C/D]	6.42	3.37	4.05	12.22	43.84	61.18
Weighted average number of equity shares outstanding during the year/period (basic)	21,250,490	21,418,021	21,613,796	21,415,695	26,933,716	30,271,425

Weighted average number of equity shares outstanding during the year/period (diluted)	21,250,490	21,418,021	27,864,134	30,155,132	31,250,642	31,817,047
Total number of equity shares outstanding at the	21,373,997	21,462,498	21,659,501	21,830,822	29,362,535	31,695,237
end of the year/period [D]						

Notes:

1. The ratios have been computed as below:

$$\text{Earnings per share (Rs.)} = \frac{\text{Net profit attributable to equity shareholders as restated}}{\text{Weighted average number of equity shares outstanding during the year/period (basic/diluted)}}$$

$$\text{Return on net worth (\%)} = \frac{\text{Net profit after tax as restated}}{\text{Net worth excluding share application money at the end of the year/period}}$$

$$\text{Net asset value per equity share (Rs.)} = \frac{\text{Net worth excluding share application money and preference share capital at the end of the year/period.}}{\text{Number of equity shares outstanding at the end of the year/period.}}$$

2. Net profit, as restated as appearing in the summary statement of profits and losses of the Company has been considered for the purpose of computing the above ratios.

3. Weighted average number of equity shares outstanding and basic and diluted earnings per share is calculated in accordance with Accounting Standard 20 on 'Earnings per Share' issued by the ICAI.

4. Earnings per share and return on net worth for the nine months ended December 31, 2006, are not comparable with the other financial years presented above.

Annexure 10 : Capitalization statement as at December 31, 2006

Rs. in million

	Pre issue as at December 31, 2006	Post issue*
Short-term debt	266.8	
Long-term debt	145.7	
Total debt	**412.5**	
Shareholders' funds		
- Share capital	317.0	
- Share application money**	0.6	
- Reserve (net of revaluation reserve)	1,622.3	
Total shareholders' funds	1,939.9	
Long term debt/equity ratio	0.08	
Total debt/equity ratio	0.21	

Notes:

(i) The figures included above are as per the restated statement of assets and liabilities and profits and losses.

(ii) Debts repayable within one year from December 31, 2006, are considered as short-term debt.

* Share holder's funds post issue can be calculated only on the conclusion of the book building process.
** Share application money represents amount received from employees in respect of stock options exercised, pending allotment .

Annexure 11 : Details of investments

Rs. in million

As at	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	December 31, 2006
Long-term investments in unquoted fully paid equity shares	1.4	0.2	0.2	0.2	0.2	0.2
Investments in units of mutual funds	289.6	130.5	255.2	339.2	537.4	395.0
Total	**291.0**	**130.7**	**255.4**	**339.4**	**537.6**	**395.2**
Aggregate market value of units in mutual funds	290.0	131.7	256.0	343.7	548.1	407.2

Annexure 12 : Details of sundry debtors (unsecured)

Rs. in million

As at	**March 31, 2002**	**March 31, 2003**	**March 31, 2004**	**March 31, 2005**	**March 31, 2006**	**December 31, 2006**
Debts outstanding for a period exceeding six months						
- considered good	5.0	5.2	14.2	12.9	59.8	2.5
- considered doubtful	32.5	39.6	44.9	48.9	83.7	119.3
Other debts						
- considered good	142.6	208.9	350.5	584.9	1,037.9	1,153.0
- considered doubtful	4.2	3.5	4.3	3.8	23.5	0.4
Less: Provision for doubtful debts	36.7	43.1	49.2	52.7	107.2	119.7
Total	**147.6**	**214.1**	**364.7**	**597.8**	**1,097.7**	**1,155.5**

Annexure 13 : Details of loans and advances (unsecured)

Rs. in million

As at	**March 31, 2002**	**March 31, 2003**	**March 31, 2004**	**March 31, 2005**	**March 31, 2006**	**December 31, 2006**
Advances recoverable in cash or in kind or for value to be received						
- considered good	97.0	108.0	136.2	294.7	423.9	598.3
- considered doubtful	4.1	-	-	-	-	-
Less: Provision for doubtful advances	(4.1)	-	-	-	-	-
Unbilled revenue	5.6	23.0	44.3	81.1	89.6	174.3
Deposits with body corporate	50.0	-	-	-	-	-
Advance tax and tax deducted at source (net of provision for income tax)	12.1	21.2	31.6	26.2	44.8	60.5
Total	**164.7**	**152.2**	**212.1**	**402.0**	**558.3**	**833.1**

Annexure 14 : Details of secured loans as at December 31, 2006

Rs in million

Name of the Bank	Outstanding amount	Rate of interest	Repayment schedule	Assets on which charge created
Term loans				
The Hongkong & Shanghai Banking Corporation	113.1	8.60%	10 quarters	Charge on fixed assets on pari passu basis
The Hongkong & Shanghai Banking Corporation	62.7	7.10%	12 quarters	Charge on fixed assets on pari passu basis
The Hongkong & Shanghai Banking Corporation	12.5	8.60%	10 quarters	Charge on fixed assets on pari passu basis
Total	**188.3**			
Other loans				
Oriental Bank of Commerce	89.0	7.75%	Payable within 180 days	Charge on fixed & current assets on pari passu basis
The Hongkong & Shanghai Banking Corporation	89.9	8.00% - 9.75%		Charge on current assets on pari passu basis
Total	**178.9**			
Finance lease obligation	45.3	8.75% - 10.25%	1 - 5 years	Secured by hypothecation of assets taken on finance lease
			monthly	
Total secured loan	**412.5**			

Annexure 15 : Tax shelter statement

Rs. in million

		March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Profit before current and deferred taxes, as restated		(198.9)	(64.3)	14.7	178.0	557.5
Income tax rate	(A)	35.7%	36.8%	35.9%	36.6%	33.7%
Tax expense/ (credit)	(B)	(71.0)	(23.6)	5.3	65.1	187.7
Adjustments on account of:						
a) Permanent differences						
Deduction u/s 10B of the Income Tax Act, 1961 ('the Act')		-	-	(6.0)	(135.1)	(589.4)
Dividend exempt u/s 10 of the Act		(21.3)	-	(7.9)	(1.6)	(3.3)
Others		0.3	0.4	0.6	4.7	(1.6)
Total	**(C)**	**(21.0)**	**0.4**	**(13.3)**	**(132.0)**	**(594.3)**
b) Temporary differences						
Depreciation		17.6	27.9	9.2	12.9	67.2
Provision for doubtful debts		30.9	6.4	6.1	3.5	47.9
Provision for diminution in value of investments		13.5	(12.1)	-	0.1	(0.1)
Disallowances/(allowances) under Sec. 43B of the Act		(3.2)	2.7	0.7	0.6	(3.2)
Goodwill		-	-	-	1.4	17.9
Finance leases		(1.7)	(3.4)	(6.8)	(11.1)	(17.0)
Set -off of carried forward losses/unabsorbed depreciation		-	-	(18.7)	(50.3)	(83.8)
Provision for retirement benefits		1.1	1.2	8.3	(2.2)	8.3
Others		2.4	-	(0.2)	(0.9)	(0.4)
Total	**(D)**	**60.6**	**22.7**	**(1.4)**	**(46.0)**	**36.8**

Net adjustment	(E) =(C + D)	39.6	23.1	(14.7)	(178.0)	(557.5)
Tax expense/(saving) thereon	(F) = (E * A)	14.1	8.5	(5.3)	(65.1)	(187.7)
Total current taxation charge	(G) = (F + B)	-	-	-	-	-
Double taxation avoidance benefit		-	-	-	-	-
Total current taxation (domestic)		-	-	-	-	-
Overseas taxes		-	-	-	-	4.5
Fringe benefit tax		-	-	-	-	15.1
Total current tax, as restated		-	-	-	-	19.6

Annexure 16

Statement of related party transactions

In accordance with Accounting standard 'Related Party Disclosures' (AS-18)

Name of the related party	Nature of relationship					
	March 31, 2002	**March 31, 2003**	**March 31, 2004**	**March 31, 2005**	**March 31, 2006**	**December 31, 2006**
MindTree Benefit Trust	The trust is effectively controlled by the Company					
Linc Software Inc., USA (Dissolved as of Sept. 30, 2005)	-	-	-	-	100% subsidiary of MindTree Software Services Private Limited.	-
Key managerial personnel						
Ashok Soota	Chairman and Managing Director					
Subroto Bagchi	Chief Operating Officer					
N. Krishnakumar	President and CEO, IT services					
S. Janakiraman	President and CEO, R&D services					

Transactions with the above related parties were:

Rs in million

Transactions with related parties	**March 31, 2002**	**March 31, 2003**	**March 31, 2004**	**March 31, 2005**	**March 31, 2006**	**December 31, 2006**
Loans given to (repaid by) MindTree Benefit Trust	0.9	0.3	0.1	2.6	1.5	(5.4)
Advances received (net) from Linc Software Inc.	-	-	-	-	3.8	-
Software services billed to Linc Software Inc.	-	-	-	-	2.2	-
Managerial remuneration to key managerial personnel	14.1	13.0	14.3	12.9	11.6	11.5

During the period ended December 31, 2006, the Trust sold 316,000 shares to key managerial personnel at Rs.300 per share. (Also refer to Note 5 of Annexure 5)

Balances receivable from related parties were as follows:

Rs in million

Name of the related party	As at March 31, 2002	As at March 31, 2003	As at March 31, 2004	As at March 31, 2005	As at March 31, 2006	As at December31, 2006
MindTree Benefit Trust	0.9	1.2	1.3	3.9	5.4	-
Advances due from key managerial personnel in the nature of travel and business expenses	0.3	-	0.1	0.2	0.7	0.1

SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP, U.S. GAAP (UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES) AND IFRS (INTERNATIONAL FINANCIAL REPORTING STANDARDS)

Our financial statements are prepared in conformity with Indian GAAP, which differs in certain significant respects from U.S. GAAP and IFRS. Such differences involve methods for measuring the amounts shown in the financial statements of the Issuer, as well as additional disclosures required by U.S. GAAP and IFRS, which we have not made.

The following is a general summary of certain significant differences between Indian GAAP, U.S. GAAP and IFRS. The differences identified below are limited to those significant differences that are appropriate to our financial statements. However, they should not be construed as exhaustive as no attempt has been made by our management to quantify the effects of those differences, nor has a complete reconciliation of Indian GAAP to U.S. GAAP or Indian GAAP to IFRS been undertaken by our management. Had any such quantification or reconciliation been undertaken by our management, other potential significant accounting and disclosure differences may have come to its attention, which are not identified below. No attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions and events are presented in the financial statements and the notes thereto.

We have not prepared financial statements in accordance with U.S. GAAP or IFRS. Therefore, the Company cannot presently estimate the net effect of applying U.S. GAAP or IFRS on its results of operations or financial position.

Further, no attempt has been made to identify future differences between Indian GAAP, U.S. GAAP and IFRS as a result of prescribed changes in accounting standards. Regulatory bodies that promulgate Indian GAAP, U.S. GAAP and IFRS have significant projects ongoing that could affect future comparisons such as this one. Finally, no attempt has been made to identify future differences between Indian GAAP, U.S. GAAP and IFRS that may affect the financial information as a result of transactions or events that may occur in the future.

Potential investors should consult their own potential advisors for an understanding of the principal differences between Indian GAAP, U.S. GAAP and IFRS and how these differences might affect the financial statements appearing in the section titled "Financial Statements" beginning on page 114 of this Red Herring Prospectus.

S.No	Particulars	Indian GAAP	US GAAP	IFRS
1	Contents of financial statements	Balance sheet, profit and loss account, cash flow statement, accounting policies and notes are presented for the current year, with comparatives for the previous year.	Balance sheet, income statement, cash flow statement, changes in stock holders' equity and accounting policies and notes.	Balance sheet, income statement, cash flow statement, changes in shareholders' equity and accounting policies and notes.
2	Changes in accounting policies	Include effect in the income statement for the period in which the change is made except as specified in certain standards (transitional provision) where the change during the transition period resulting from adoption of the standard has to be adjusted against opening retained earnings and the impact needs to be disclosed.	Effective fiscal year beginning after December 15, 2005, change in accounting policy is recorded through retrospective application of the new accounting principle to all prior periods, unless it is impracticable to do so.	Restate comparatives and prior-year opening retained earnings unless impracticable.

S.No	Particulars	Indian GAAP	US GAAP	IFRS
3	Revenue recognition	Revenues are recognized when all significant risks and rewards of ownership are transferred.	US GAAP has extensive literature on revenue recognition topics and application of these guidelines could result in a different measurement of revenues across accounting periods.	Similar to Indian GAAP. However, specific guidance is there for accounting for specific transactions.
4	Business Combinations	Restricts the use of pooling of interest method to circumstances which meet the criteria listed for an amalgamation in the nature of a merger. In all other cases, the purchase method is used.	Business combinations are accounted for by the purchase method only (except as discussed below). Several differences can arise in terms of date of combination, calculation of share value to use for purchase price, especially if the Indian GAAP method is 'amalgamation' or pooling. In the event of combinations of entities under common control, the accounting for the combination is done on a historical cost basis in a manner similar to a pooling of interests for all periods presented.	IFRS 3 requires all Business combinations to be accounted for on the basis of the purchase method. It however scopes out business combinations involving businesses or entities under common control and business combinations in which separate entities or businesses are brought together to form a reporting entity by contract alone without obtaining an ownership interest. The use of pooling of interest method is prohibited.
5	Goodwill	Goodwill is computed as the excess of the purchase price over the carrying value of the net assets acquired only on application of the purchase method. Carrying value can be substituted by fair value at the option of the Company. Goodwill arising on amalgamation in the nature of purchase is to be amortized over a period not exceeding five years unless a somewhat longer period can be justified. Further, goodwill is assessed for impairment at each balance sheet date, for listed entities and other specified categories of entities. Where a scheme of amalgamation/merger sanctioned by the Court specifies a different accounting treatment for goodwill, that treatment is followed and disclosures made for impact of deviation from the treatment specified under the relevant accounting standard.	Goodwill is computed as the excess of the purchase price over the fair value of the net assets acquired. Goodwill is not amortized but, tested for impairment at least annually.	Goodwill shall be recognized as an asset on the acquisition date by the acquirer. Goodwill is computed at its cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. After the initial recognition, the goodwill acquired in a business combination shall be measured at cost less any accumulated impairment loss. Goodwill is not required to be amortized.

S.No	Particulars	Indian GAAP	US GAAP	IFRS
6	Intangible assets	Intangible assets are capitalized if specific criteria are met and are amortized over their useful life, generally not exceeding 10 years. If an intangible asset is amortized over more than ten years, the financials statements should disclose the reasons why it is presumed that the useful life of an intangible asset will exceed ten years from the date when the asset is available for use.	When allocating purchase price of a business combination, companies need to identify and allocate such purchase price to intangible assets, based on specific criteria. Intangibles that have an indefinite useful life are required to be tested, at least annually, for impairment. Intangible assets that have finite useful life are required to be amortized over their estimated useful lives.	Intangible assets are recognized if the specific criteria are met. Assets with a finite useful life are amortized on a systematic basis over their useful life. An asset with an indefinite useful life and which is not yet available for use should be tested for impairment annually.
7	Dividends	Dividends are reflected in the financial statements of the year to which they relate even if proposed or approved after the year end	Dividends are accounted for when approved by the board/shareholders. If the approval is after year end, the dividend is not considered to be a subsequent event that needs to be reflected in the financial statements.	Dividends to holders of equity instruments, when proposed or declared after the balance sheet date, should not be recognized as a liability on the balance sheet date. The Company however is required to disclose the amount of dividends that were proposed or declared after the balance sheet date but before the financial statements were authorized for issue.
8	Property, Plant and Equipment	Fixed assets are recorded at the historical costs or revalued amounts. Foreign exchange gains or losses relating to liabilities incurred in the procurement of property, plant and equipment from outside India are required to be adjusted to the cost of the asset. Depreciation is recorded over the asset's useful life. Schedule XIV of the Companies Act prescribes minimum rates of depreciation and typically companies use these as the basis for useful life. Interest cost on assets is capitalized to during their construction period.	Revaluation of fixed assets is not permitted under US GAAP. All foreign exchange gains or losses relating to the payables for the procurement of property, plant and equipment are recorded in the income statement. Depreciation is recorded over the asset's estimated useful life which maybe different from the useful life based on Schedule XIV. An entity must capitalize borrowing costs attributable to the acquisition, construction or production of a qualifying asset.	Fixed assets are recorded at cost or revalued amounts. If carried at revalued amount, assets should be frequently revalued to match their carrying amount with their fair values. Foreign exchange gains or losses relating to the procurement of property, plant and equipment, under very restrictive conditions, can be capitalized as part of the asset. Depreciation is recorded over the asset's estimated useful life. The residual value and the useful life of an asset and the depreciation method shall be reviewed at least at each financial year end. An entity has the option of capitalizing borrowing costs incurred during the period that the asset is getting ready for its intended use.

S.No	Particulars	Indian GAAP	US GAAP	IFRS
9	Investment in Securities	Investments are categorized into- • Current investments are carried at cost or market price whichever is lower. • Long term investments are carried at cost unless there is a permanent diminution in value, in which case, a provision for diminution is required to be made by the entity.	Investments are categorized into- • Held to maturity (measured at amortized cost using effective interest method) • Trading (where changes in fair value, regardless of whether they are realized or unrealized are recognized as profit or loss) • Available for sale (where unrealized gains or losses are accounted as a component of equity and recognized as profit or loss when realized)	Investments are categorized into- • Held to maturity investments (measured at amortized cost sing effective interest method) • Financial assets at fair value through profit or loss (where changes in fair value are taken directly to profit or loss) • Available for sale investments where changes in fair value are accounted in equity and recycled to the profit or loss when realized)
10	Leases	Leases are classified as finance or operating in accordance with specific criteria. Judgment is required to determine if the criteria are met or not.	The criteria to classify leases as capital or operating include specific quantitative thresholds.	Leases are classified as finance or operating in accordance with specific criteria. Judgment is required to determine if the criteria are met or not.
11	Deferred taxes	Deferred taxes are accounted for using the income statement approach, which focuses on timing differences. The tax rate applied on deferred tax items is the substantively enacted tax rate as on the balance sheet date.	Deferred taxes are accounted for using the balance sheet method. Deferred tax asset/liability is classified as current and long term depending upon the timing difference and the nature of the underlying asset or liability. The tax rate applied on deferred tax items is the enacted tax rate. Deferred tax is charged or credited directly to equity if the tax relates to items that are credited or charged directly to equity.	Deferred taxes are accounted for using the balance sheet method, which focuses on temporary differences. Deferred tax assets/liabilities should be measured based on enacted or substantively enacted tax laws and tax rates that are expected to apply in the period they are realized/settled. Deferred tax is charged or credited directly to equity if the tax relates to items that are credited or charged directly to equity in the same or different periods.
12	Stock-based arrangements	Entities have a choice of accounting methods for determining the costs of benefits arising from employee’s stock compensation plans. Although the fair value approach is recommended, entities may use the intrinsic value method and give fair value disclosures. For	Stock based arrangements with employees and non-employees are required to be accounted for using the fair value approach.	Stock based arrangements with employees and non-employees are required to be accounted for using the fair value approach.

S.No	Particulars	Indian GAAP	US GAAP	IFRS
		companies that are not listed on stock exchanges, accounting for employee stock options is required only when the grant date of the option falls on or after April 1, 2005. There is no specific guidance for accounting for stock options issued to non-employees.		
13.	Contingent liabilities	A contingent liability is • A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise; • A present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or a reliable estimate of the amount of the obligation cannot be made.	An accrual for a loss contingency is recognised if it is probable (defined as likely) that there is a present obligation resulting from a past event and an outflow of economic resources is reasonably estimable. If a loss is probable but the amount is not estimable, the low end of a range of estimates is recorded. Contingent liabilities are disclosed unless the probability of outflows is remote.	A possible obligation whose outcome will be confirmed only on the occurrence or nonoccurrence of uncertain future events outside the entity's control. It can also be a present obligation that is not recognised because it is not probable that there will be an outflow of economic benefits, or the amount of the outflow cannot be reliably measured. Contingent liabilities are disclosed unless the probability of outflows is remote.
14	Related parties disclosures	The nature and extent of any transactions with all related parties and the nature of the relationship must be disclosed, together with the amounts involved.	The nature and extent of any transactions with all related parties and the nature of the relationship must be disclosed, together with the amounts involved. Scope of related party is wider than the scope defined in Indian GAAP.	There is no specific requirement in IFRS to disclose the name of the related party (other than the ultimate parent entity). There is a requirement to disclose the amounts involved in a transaction, as well as the balances for each major category of related parties. However, these disclosures could be required in order to present meaningfully the "elements" of the transaction, which is a disclosure requirement.
15	Post balance sheet events	Adjust the financial statements for subsequent events, providing evidence	Adjust the financial statements for subsequent events, providing evidence	Similar to US GAAP

S.No	Particulars	Indian GAAP	US GAAP	IFRS
		of conditions at balance sheet date and materially affecting amounts in financial statements (adjusting events). Non-adjusting events to be disclosed in the report of approving authority e.g. Directors' Report.	of conditions at balance sheet date and materially affecting amounts in financial statements (adjusting events). Disclosing non-adjusting events.	
16	Segment reporting	Report primary and secondary (business and geographic) segments based on risks and returns and internal reporting structure. Use group accounting policies or entity accounting policy.	Report based on operating segments and the way the chief operating decision maker evaluates financial information for purposes of allocating resources and assessing performance. Use internal financial reporting policies (even if accounting policies differ from group accounting policy).	Similar to Indian GAAP.
17	Provisions	Record the provisions relating to present obligations from past events if outflow of resources is probable and can be reliably estimated. Discounting is not permitted.	Similar to Indian GAAP. Rules for specific situations (including employee termination costs, environmental liabilities and loss contingencies). Discounting required only when timing of cash flows is fixed.	Similar to Indian GAAP. However, discounting is required. Further, IAS 39 requires an entity to provide for constructive obligations.
18	Share issue expenses	Set-off against securities premium as per the Companies Act, 1956.	Set-off against the realised proceeds of share issue.	The transaction costs of an equity transaction should be accounted for as a deduction from equity, net of any related income tax benefit. The costs of a transaction which fails to be completed should be expensed.
19	Correction of error/ omissions	Include effect in the current year income statement. The nature and amount of prior period items should be separately disclosed in the statement of profit and loss in a manner that their impact on current profit or loss can be perceived.	Restatement of comparatives is mandatory.	Restatement of comparatives is mandatory.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our financial statements, restated in accordance with SEBI Guidelines, including the notes thereto, included elsewhere in this Red Herring Prospectus. Our restated financial statements were prepared in accordance with Indian GAAP. Unless otherwise indicated, references in this discussion and analysis to our results of operations or financial condition for a specified year are to our fiscal year ended March 31 of such year.

Overview

We are an international technology company that delivers business and technology solutions through global software development. We are organised into two divisions – Information Technology Services ("IT Services") and Research and Development Services ("R&D Services"). For Fiscal 2006, IT Services contributed approximately 76.5% of our total revenues and R&D Services contributed approximately 23.5% of our total revenues. IT Services comprise IT strategic consulting, application development, data warehousing and business intelligence, application maintenance, package implementation and application product engineering services to our customers. Our IT Services business unit offers such services with a strong focus on certain industries including manufacturing, travel and transportation, banking, financial services and insurance. R&D Services are organised into two divisions – Engineering, which provides product realisation services to technology and product firms including product architecture and product design, product re-engineering and product assurance; and Research, which conceives and develops intellectual property primarily in the short range wireless communication segment and licences and customises such intellectual property for our clients. R&D Services – Engineering is organised into three business units that serve our clients in six industries, including industrial, consumer appliances, storage, computing systems, communications infrastructure and communications terminals. Both IT Services and R&D Services share the following two practices: (i) Testing Practice, which provides testing and validation services and (ii) Infrastructure Management and Technical Support ("IM &TS") Practice, which provides IT infrastructure management to enterprises and technical support to product companies. We have steadily enhanced the portfolio of services we offer to address the diverse requirements of our clients. This expansion is a result of a mix of organic growth and small acquisitions in niche areas.

For Fiscal 2006, our top customers included American International Group which forms a part of Fortune 10 companies and United Technologies Corporation, which forms a part of the Fortune 100 companies. In addition, our customers include companies such as Avis Budget Group, LSI Logic, Symantec, Unilever and Volvo.

We have achieved substantial growth in revenues in recent years. Our revenues grew at a compounded annual growth rate of 46.9% from Rs. 656.0 million in Fiscal 2001 to Rs. 4,488.0 million (approximately US$101.6 million) in Fiscal 2006. Our net profit grew at a compounded annual growth rate of 360.2% from Rs. 25.6 million in Fiscal 2004 to Rs. 542.1 million (approximately US$ 12.3 million) in Fiscal 2006. Our people strength increased from 442 as of March 31, 2001 to 3,128 as of March 31, 2006. For Fiscal 2006, our top five customers accounted for approximately 38.4% of our total revenues and our top ten customers accounted for approximately 51.8% of our total revenues. We depend largely on our customer base in the U.S. and Europe, which accounted for approximately 63.0% and 22.6% of our total revenues, respectively, for Fiscal 2006.

Our goal is to be a global IT organisation and to this end, we have been increasing our geographical footprint in an aggressive manner. We have established our presence in most of the large IT Services and technology markets of the world with offices in the U.S. in multiple locations, as well as in the U.K., Sweden, Germany, the U.A.E., Switzerland, India, Singapore, Australia and Japan. We have customers in all such locations as well as in France, Netherlands and Denmark. We have also been growing our development centres in India as well as abroad. We currently have three development centres in Bangalore, one in Chennai, one in New Jersey and are planning to develop a new facility in Bhubaneswar, India which is expected to be completed in Fiscal 2008. We have entered into a lease agreement to obtain land on lease for the said facility in Bhubaneswar.

Purchase of business from ASAP Solutions Private Limited

In October 2004, we purchased the business of ASAP and its subsidiaries for a total consideration of Rs. 32.0 million. ASAP was engaged in providing SAP services to clients in India and abroad.

Acquisition of Linc Software Services

In June 2005, we acquired 100% of the equity of Linc Software Services Private Limited ("Linc Software Services") for a total consideration of Rs. 306.4 million. The acquisition of Linc Software enabled us to enhance our expertise in iSeries maintenance services. However, in accordance with the scheme of arrangement approved by the High Court of Karnataka on July 28, 2006, Linc Software Services was amalgamated with the Company with effect from April 1, 2005. As a result, Linc Software Services' results were consolidated with our results with effect from April 1, 2005. The consideration for the acquisition is payable on a deferred basis until March 15, 2007.

Linc Software Inc., a subsidiary of Linc Software Services was dissolved by us on September 30, 2005 and the resulting profit on dissolution of Rs. 8.3 million was included under profit on sale of investments.

Principal Factors Affecting Our Results of Operations

Global Demand for technology services: The future demand for our services is dependent upon acceptance of our service offerings in the domestic and international markets, our ability to keep pace with technological changes and provide innovative services, pricing pressures for our services, due to continued competition from other technology services companies and continued demand for offshoring of IT requirements by national and international corporations. Any slowdown in demand for our services could cause us to experience lower IT professional utilisation rates, which would have a negative impact on our revenues and, consequently gross margins.

Cost of people: The principal component of our cost of revenues is the wage cost of our technical people such as software development engineers. Wage costs in India, including in the technology services industry, have historically been significantly lower than wage costs in the United States and Europe for comparably skilled professionals. However, if wages in India continue to increase at a faster rate than in the United States and other target European markets due to competitive pressures, we may experience a greater increase in our costs of people, particularly project managers and other mid-level professionals, thereby eroding one of our principal cost advantages over US and other providers in developed countries. Our gross margin, among others, depends on the offshore and onsite utilisation rates of our technical people. We define utilisation as the proportion of total billed headcount to total available headcount, for our technical people. We manage utilisation by monitoring project requirements and timetables and matching these with the available talent pool. The number of technical people assigned to a project will vary according to size, complexity, duration, and demands of the project.

Proportion of work performed at client site: The proportion of work performed at our facilities and at client sites varies from quarter to quarter. We charge higher rates and incur higher compensation and other expenses for work performed at client sites. Services performed at a client site located outside India typically generate higher revenues per-capita at a lower gross margin than the same services performed at our facilities in India. As a result, our total revenues, cost of revenues and gross margins in absolute terms and as a percentage of revenues fluctuate from quarter to quarter based on the proportion of work performed outside India. Accordingly, any increase in work performed at client sites located outside India can decrease our gross margins due to higher costs in providing such services, such as travel and accommodation costs.

Foreign Exchange rates and regulations: Our financial statements under Indian GAAP are reported in Rupees. A substantial portion of our revenues is generated in US Dollars while part of our expenses is incurred in Rupees. Consequently, our results from operations are affected to the extent the value of the Rupee fluctuates against the US Dollar. In particular, a significant appreciation of the Rupee against the US Dollar and other foreign currencies (such as the Euro and Pound Sterling) has the effect of reducing the Rupee value of our foreign currency denominated revenues, thereby adversely affecting our results of operations. Also, under the Foreign Exchange Management Act, 1999 ("FEMA"), as amended, an Indian company is required to take all reasonable steps to realise and repatriate into India all foreign exchange earned by the company outside India, in accordance with the rules specified by the Reserve Bank of India ("RBI"). These rules apply to our branch offices located outside India. FEMA also imposes certain restrictions on capital account transactions by Indian companies. Although these regulations do not significantly impact our operations at present, there can be no assurance that this will be the case in future periods.

Tax holidays: Presently, we benefit from the tax holidays given by the Government for the export of IT Services from specially designated software technology parks and special economic zones in India. As a result of these incentives, which include a 10-year tax holiday from Indian corporate income taxes for the operation of most of our Indian facilities and a partial taxable income deduction for profits derived from exported IT Services, our operations have been subject to relatively low tax liabilities. The Finance Act, 2000, phases out the 10-year tax holiday over a 10 year period from March 31, 2000 through March 31, 2009. When our tax benefits expire or terminate, our tax expense is likely to materially increase, reducing our profitability. See "Statement of Tax benefits" on page 43 for further details.

Immigration Policy: The ability of our IT professionals to work in the United States, Europe and in other countries depends on our ability to obtain the necessary visas and work permits for them. We believe that the demand for work visas in these jurisdictions will continue to be high. Immigration laws in the United States and in other countries are subject to legislative change, as well as to variations in standards of application and enforcement due to political forces and economic conditions. Our reliance on work visas for IT professionals makes us vulnerable to such changes and variations as it affects our ability to staff projects with IT professionals who are not citizens of the country where the work is to be performed. Any inability to obtain such visas in the future would restrict our ability to provide services to our international clients and hence negatively impact our business.

Overview of our Results of Operations for Fiscal 2003, 2004, 2005 and 2006 and the nine-months ended December 31, 2006

The following table sets forth certain information with respect to our revenues, expenditures and profits for the periods indicated.

Particulars	For the year ended March 31								For the nine months ended December 31	
	2003		2004		2005		2006		2006	
	Amount in Rs. million	% of Total Income	Amount in Rs. million	% of Total Income	Amount in Rs. million	% of Total Income	Amount in Rs. Million	% of Total Income	Amount in Rs. Million	% of Total Income
Income										
Income from software development -										
-Overseas	724.2	81.3%	1,055.0	77.6%	2,089.5	83.1%	3,969.7	87.2%	4,079.2	92.9%
-Domestic	99.5	11.2%	249.4	18.3%	375.6	14.9%	518.3	11.4%	258.7	5.9%

Particulars	For the year ended March 31								For the nine months ended December 31	
	2003		2004		2005		2006		2006	
	Amount in Rs. million	% of Total Income	Amount in Rs. million	% of Total Income	Amount in Rs. million	% of Total Income	Amount in Rs. Million	% of Total Income	Amount in Rs. Million	% of Total Income
Other income	66.8	7.5%	55.3	4.1%	50.7	2.0%	65.7	1.4%	53.0	1.2%
Total Income	**890.5**	**100.0%**	**1,359.7**	**100.0%**	**2,515.8**	**100.0%**	**4,553.7**	**100.0%**	**4390.9**	**100.0%**
Expenditure										
Software development expenses	502.2	56.4%	812.7	59.8%	1,600.4	63.6%	2,734.6	60.1%	2,578	58.7%
Administrative and other expenses	360.3	40.5%	441.4	32.5%	611.5	24.3%	977.1	21.5%	963.6	21.9%
Amortisation/ impairment of goodwill	0	0	0	0	5.5	0.2%	22.4	0.5%	0	0
Total Expenditure	**862.5**	**96.9%**	**1,254.1**	**92.2%**	**2,217.4**	**88.1%**	**3,734.1**	**82.0%**	**3,541.6**	**80.7%**
Profit Before Interest, Depreciation and Tax	**28.0**	**3.1%**	**105.6**	**7.8%**	**298.4**	**11.9%**	**819.6**	**18.0%**	**849.3**	**19.3%**
Interest	9.5	1.1%	15.6	1.1%	20.9	0.8%	52.7	1.2%	23.4	0.5%
Depreciation	88.3	9.9%	68.1	5.0%	104.8	4.2%	209.4	4.6%	177.5	4.0%
Profit/(Loss) Before Tax	**(69.8)**	**(7.8%)**	**21.9**	**1.6%**	**172.7**	**6.9%**	**557.5**	**12.2%**	**648.4**	**14.8%**
Total Tax										
-Provision for taxation including FBT	3.5	0.4%	0	0.0%	4.5	0.2%	19.6	0.4%	26.9	0.6%
-Deferred tax (benefit)/expense	0.7	0.1%	(0.2)	(0.0%)	(0.6)	0.0%	0.3	0.0%	(33.5)	(0.7%)
Provision for Tax no longer required, written back	0	0	(3.5)	(0.3%)	0	0.0%	(4.5)	(0.1%)	0	0
Profit/(Loss) After Tax	**(74.0)**	**(8.3%)**	**25.6**	**1.9%**	**168.8**	**6.7%**	**542.1**	**11.9%**	**655.0**	**14.9%**

Total Income

Total income comprises income from software development and other income.

Income from Software Development

Income from software development consists of income from IT Services and income from R&D Services. The following table sets forth the contribution of each of these components of income from software development for the periods indicated:

In Rs. Million

Particulars	For the year ended March 31,			For the ninemonths ended December 31,
	2004	2005	2006	2006
Income from Software Development				
IT Services	946.0	1,855.6	3,433.5	3,288.8
R&D Services	358.4	609.4	1,054.5	1,049.1
Total Income from Software Development	**1,304.4**	**2,465.0**	**4,488.0**	**4337.9**

We provide our software development services on time-and-material basis or fixed-price basis. Revenue from software development on time-and-material basis is recognised as the related services are rendered. Revenue from fixed price contracts is recognised using the proportionate completion method, which is determined by relating the actual person hours of work performed to date to the estimated total person hours for each contract. Unbilled revenue represents cost and earnings in excess of billings while unearned revenue represents the billing in excess of cost and earnings. Revenues are stated net of discounts and include expenses billed to the customers.

In order to deliver projects in line with our commitments, we monitor the progress of defined milestones and deliverables for all contracts on a regular basis. This includes a focused review of our ability and the client's ability to perform on the contract, a review of extraordinary conditions that may lead to a contract termination, as well as historical client performance considerations. This review aids us in anticipating and managing the risk of early or abrupt contract terminations. Losses on contracts, if any, are provided for in full in the period when determined.

We derive revenues from services provided both offshore and onsite. Offshore revenues consist of revenues from software services work conducted in our offshore facilities in India. Onsite revenues consist of revenues from software services work conducted at clients' premises or from our premises outside India. Services performed at a client site or our premises located outside India typically generate higher revenues per-capita at a lower gross margin than the same services performed at our facilities in India.

We have classified our revenues into three geographic segments comprising the United States, Europe, and APAC (including India and rest of the world). Our APAC segment includes revenues from our domestic business, which contributed 6.0% of our revenues in Fiscal 2006. A significant proportion of our revenues are derived from clients located in the United States. The geographic break down of revenues contained in the following table is based on the location of the specific client entity for which the project has been executed, irrespective of the location where the invoice is rendered or whether the work for a specific client entity is performed onsite or from our offshore delivery centres in India.

Revenues by Geography

Particulars	For the year ended March 31,			For the nine months ended December 31,
	2004	2005	2006	2006
USA	61.1%	63.1%	63.0%	62.7%
Europe	17.0%	22.6%	22.6%	23.0%
APAC*	21.9%	14.3%	14.4%	14.3%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

*Includes India and rest of the world

Other Income

Other income comprises income from interest on deposits, profit on sale of investments, profit on sale of assets, exchange gain, dividend from investments and miscellaneous income which includes income from sub-lease of leased properties.

Expenditure

Our total expenditure comprises software development expenses, administrative and other expenses and amortisation/impairment of goodwill.

Software Development Expenses. Our software development expenses cover costs of revenues including:

- Salaries and other compensation expenses of software development personnel and other personnel directly involved in the projects;
- Staff Welfare expenses;
- Travel costs incurred by software development personnel;
- Sub-contractor charges relates to charges payable to third parties for people engaged under short term contracts from other companies to help meet temporary staffing needs;
- Computer consumables such as CDs, drivers and other hardware that is not considered capital expenditure;
- Communication expenses;
- Cost of software purchases; and
- Post-contract service costs such as error fixes, and warranty costs relating to our software services.

Administrative and other expenses. Administrative and other expenses include all overhead expenses incurred by us other than software development expenses. It broadly includes salaries and other expenses for people not involved in the projects directly (including people in sales and administration), power and fuel expenses, rent, lease rental/charges, printing and stationary, office maintenance, staff training expenses, advertisement expenses, insurance, audit fees, repairs and maintenance, marketing expenses, donations made by the Company, provisions for bad and doubtful advances, bad debts written off and other miscellaneous expenses.

Amortisation/impairment of Goodwill. Our policy is to amortise goodwill over a period of three years and test it for impairment periodically. For our ASAP acquisition in October 2004, we recorded an amortisation/ impairment charge of Rs. 5.5 million in Fiscal 2005 and Rs. 22.4 million in Fiscal 2006 based on management's assessment. For our Linc Software Services acquisition in June 2005, pursuant to the scheme of arrangement approved by the High Court of Karnataka, we set-off the goodwill arising from the acquisition of Rs. 251.7 million against the securities premium account of the Company in Fiscal 2006, and so such goodwill will not amortized to our income statements.

Depreciation

Depreciation is provided on the straight-line method. The rates specified under Schedule XIV of the Companies Act ("Schedule XIV") are considered by us 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 as mentioned in Schedule XIV, depreciation is provided at a higher rate than mentioned in Schedule XIV based on management's estimate of the useful life/remaining useful life.

Total taxes

Total taxes comprise provision for taxation (including provision for fringe benefit tax) and deferred tax expenses (benefit). We create a provision for taxation when there is a present obligation to pay tax as a result of a past event and a reliable estimate of the amount of the tax to be paid can be made. 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, we have made provisions for FBT under income taxes. Deferred tax charge or credit arises from the timing differences between book profits and taxable profits that originate in one period and are capable of reversal in one or more subsequent periods and is measured using the tax rates and laws applicable as of the date of the financial statements. We provide for deferred tax liability and deferred tax assets on such timing differences subject to prudent considerations in respect of deferred tax assets.

ESOP Plans

We instituted an Employees Stock Option Plan (the "ESOP Plan") in Fiscal 2000. The ESOP Plan authorises grants of options to employees to purchase up to 20% of our fully paid-up share capital excluding shares allotted under the ESOP Plan. As of December 31, 2006, we had 2,583,977 options outstanding under the ESOP Plan. Under the ESOP Plan, we currently administer four programs. The exercise price under Program I, Program II and Program III is Rs. 10.0, Rs. 50.0 and Rs. 250.0 respectively. In respect of Program IV, the exercise price is periodically determined by our compensation committee.We measure the compensation costs relating to employee stock options using the intrinsic value method for grants made on or after April 1, 2005. The compensation cost is amortised over the vesting period of the option.

Foreign Currency Translation and Foreign Exchange Regulations

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 recognised in the profit and loss account for the year, except for exchange differences arising on restatement of foreign currency loans or liability for acquiring fixed assets from a country outside India, which are adjusted in the carrying amount of such fixed assets.

Restatements

The restated financial information for each of the Fiscals 2003, 2004, 2005, 2006 and the nine months ended December 31, 2006 has been presented in compliance with paragraph B(1) of Part II of Schedule II to the Companies Act and SEBI guidelines. The effect of such restatements is that the previous years' financial statements included in this Red Herring Prospectus have been restated to conform to methods used in preparing the latest financial statements, as well as to conform to any changes in accounting policies and estimates. The total of these adjustments, for Fiscal 2003, 2004, 2005 and 2006 was Rs. 9.0 million, Rs. (10.7) million, Rs. 9.8 million and Rs. (4.5) million, respectively. The principal adjustments to our financial statements, including on account of changes in accounting policies and estimates, are described below.

Restatements/regroupings arising out of change in accounting policies for the following periods:

Particulars	For the year ended March 31,								For the nine months ended December 31,	
	2003		2004		2005		2006		2006	
	Amount in Rs. million	% of Total Income	Amount in Rs. Million	% of Total Income	Amount in Rs. million	% of Total Income	Amount in Rs. million	% of Total Income	Amount in Rs. million	% of Total Income
Profit as per audited financial statements– (A)	(74)	8.3%	25.6	1.9%	168.8	6.7%	542.1	11.9%	655.0	14.9
Adjustments on account of restatements:										
1. Straight-lining of rental expense	(2.8)		6.5		0		0		0	
2. Disputed rental payments	8.6		(8.6)		0		0		0	
3. Gratuity	(0.3)		(5.1)		5.3		0		0	
4. Income Taxes	3.5		(3.5)		4.5		(4.5)		0	
Total of Adjustments – (B)	9.0	0%	(10.7)	0%	9.8		(4.5)	0%	0	0%
Net Profit, as restated (A+B)	(65)	(7.3%)	14.9	1.1%	178.6	7.1%	537.6	11.8%	655.0	14.9%

Adjustments

Straight-lining of rental expense

Beginning Fiscal 2004, we accrue for rent in respect of operating leases on a straight-line basis over the lease term as compared to our previous policy of expensing rent as per the contractual terms of the lease agreement. Accordingly, rent expense has been recomputed and adjustments have been made to rent expense for Fiscal 2003 and 2004.

Disputed rental payments

During Fiscal 2003, we made an additional provision towards the dispute. This provision was written-back during Fiscal 2004, on resolution of the dispute. Adjustments have been made to reflect such additional provision and write back in the years to which they relate.

Gratuity

Through Fiscal 2004, we provided for gratuity liability based on contributions to a fund administered by the Life Insurance Corporation of India. From Fiscal 2005, we provide for gratuity liability based on an independent actuarial valuation.

Accordingly, gratuity liability has been recomputed based on an independent actuarial valuation and adjustments have been made for Fiscal 2003, 2004, and 2005 for the effect on prior years.

Income taxes

Income taxes provided in earlier years on an estimated basis and reversed in subsequent years based on final determination of the tax liability or on completion of assessments by the tax authorities, have been adjusted and reflected in the individual years to which they relate.

Profit, as restated

As a result of the foregoing adjustments, net loss, as restated for the Fiscal 2003 was Rs. 65 million and the profit, as restated for Fiscal 2004, 2005 and 2006 were Rs. 14.9 million, Rs. 178.6 million and Rs. 537.6 million, respectively. Profit, as restated for the nine months ended December 31, 2006 was Rs. 655.0 million.

Results of Operations – Nine months ended December 31, 2006

Income from software development - overseas revenues for the nine months ended December 31, 2006 was Rs. 4,079.2million compared to Rs. 3,969.7 million in Fiscal 2006. Income from software development - domestic for the nine months ended December 31, 2006 was Rs. 258.7 million compared to Rs. 518.3 million for Fiscal 2006. Other income for nine months ended December 31, 2006 was Rs. 53.0million compared to Rs. 65.7 million in Fiscal 2006.

Software development expenses for the nine months ended December 31, 2006 were Rs. 2,578.0 million in compared to Rs. 2,734.6 million in Fiscal 2006. Software development expenses as a percentage of total income was 58.7% of total income for the nine-months ended December 31, 2006 compared to 60.1% in Fiscal 2006. Administrative and other expenses for the nine months ended December 31, 2006 were Rs. 963.6 million compared to Rs. 977.1 million in Fiscal 2006. Administrative and other expenses as a percentage of total income was 21.9% for the nine months ended December 31, 2006 compared to 21.5% for the Fiscal 2006.

As a result of the foregoing, profit before interest, depreciation, and tax for the nine month ended December 31, 2006 was Rs. 849.3 million compared to Rs. 819.6 million in Fiscal 2006. Interest for the nine month ended December 31, 2006 was Rs. 23.4 million compared to Rs. 52.7 million in Fiscal 2006. Depreciation for the nine month ended December 31, 2006 was Rs. 177.5 million compared to Rs. 209.4 million in Fiscal 2006.

As a result of the foregoing, profit before tax for the nine month ended December 31, 2006 was Rs. 648.4 million compared to Rs. 557.5 million in Fiscal 2006. Provision for taxation, including fringe benefit tax , was Rs. 26.9 million as compared to Rs. 19.6 milion in Fiscal 2006. We had a deferred tax benefit of Rs.33.5 million for the nine months ended December 31, 2006 compared to a deferred tax expense of Rs.0.3 million in Fiscal 2006.

As a result of the foregoing, the net profit after taxation for the nine month ended December 31, 2006 was Rs. 655.0 million compared to Rs. 542.1 million in Fiscal 2006.

Comparison of the year ended March 31, 2006 with the year ended March 31, 2005

Total Income - Total Income increased by 81.0% from Rs. 2,515.8 million in Fiscal 2005 to Rs. 4,553.7 million in Fiscal 2006.

Income from Software Development - Overseas. Income from software development - overseas increased by 90.0% from Rs. 2,089.5 million in Fiscal 2005 to Rs. 3,969.7 million in Fiscal 2006. This increase was primarily due to (i) acquisition of Linc Software Services with effect from April 1, 2005 and inclusion of its income of Rs. 104.2 million in our income statement for the full year in Fiscal 2006, (ii) increase in volume of business from existing customers and (iii) due to customer additions.

Income from Software Development - Domestic. Income from software development - domestic increased by 38.0% from Rs. 375.6 million in Fiscal 2005 to Rs. 518.3 million in Fiscal 2006. This increase primarily reflected customer additions, increase in volume of business from existing customers and income of Rs. 51.3 million of Linc Software Services, which we acquired with effect from April 1, 2005.

Other Income. Other income increased by 29.6% from Rs. 50.7 million in Fiscal 2005 to Rs. 65.7 million in Fiscal 2006, primarily reflecting (i) an increase in profits on sale of investments and (ii) an increase in dividends from investments which was due to an increase in investments made in Fiscal 2006. These were partially offset by a decrease in profit from the sale of assets in Fiscal 2006 reflecting fewer assets sold during the year.

Software Development Expenses. Software development expenses increased by 70.9% from Rs. 1,600.4 million in Fiscal 2005 to Rs. 2,734.6 million in Fiscal 2006, primarily reflecting an increase in billable salaries and allowances, computer consumables and direct travel expenses. Salaries and allowances (including contribution to provident and other funds) increased by 80.1% from Rs. 1,144.1 million in Fiscal 2005 to Rs. 2,060.1 million in Fiscal 2006 due to a substantial increase in headcount from 1,887 in Fiscal 2005 to 2,880 in Fiscal 2006 and, to a lesser extent, an increase in salaries. We implemented a salary increase in July 2005 due to competitive factors based on increases across the industry. Computer consumables increased by 120.4% from Rs. 48.6 million in Fiscal 2005 to Rs. 107.1 million in Fiscal 2006 due to an increase in business volume. Travel expenses increased by 35.1% from Rs. 252.5 million in Fiscal 2005 to Rs. 341.2 million in Fiscal 2006 due to an increase in total headcount as well as increase in the volume of overseas business.

Software development expenses as a percentage of total income decreased from 63.6% in Fiscal 2005 to 60.1% in Fiscal 2006 primarily due to higher billing rates and increase in productivity.

Administrative and Other Expenses. Administrative and other expenses increased by 59.8% from Rs. 611.5 million in Fiscal 2005 to Rs. 977.1 million in Fiscal 2006, primarily reflecting an increase (i) in non-billable salaries and allowances (including contribution to provident and other funds) by 39.0% from Rs. 260.5 million in Fiscal 2005 to Rs. 362.2 million in Fiscal 2006. The increase was due to an increase in salaries primarily for sales and support people effected in July 2005 commensurate with the increases across the industry and, to a lesser extent, an increase in sales and support headcount from 129 in Fiscal 2005 to 248 in Fiscal 2006 and (ii) in rent by 59.2% from Rs. 116.3 million in Fiscal 2005 to Rs. 185.1 million in Fiscal 2006 due to our new development centre in Global Village, Bangalore becoming operational.

Administrative and other expenses as a percentage of total income decreased from 24.3% in Fiscal 2005 to 21.5% in Fiscal 2006 primarily due to efficiencies of scale.

Amortisation/Impairment of Goodwill. Amortisation of goodwill increased by 307.3% from Rs. 5.5 million in Fiscal 2005 to Rs. 22.4 million in Fiscal 2006, primarily reflecting an amortisation of cost of the acquisition of ASAP in Fiscal 2004. The amortisation/impairment of goodwill included impairment loss of Rs. 13.9 million based on management's assessment.

Profit Before Interest, Depreciation, and Tax. As a result of the foregoing, profit before interest, depreciation, and tax increased by 174.7% from Rs. 298.4 million in Fiscal 2005 to Rs. 819.6 million in Fiscal 2006.

Interest. Interest increased by 152.2% from Rs. 20.9 million in Fiscal 2005 to Rs. 52.7 million in Fiscal 2006, primarily due to an increase in term loans of Rs. 94.0 million and an increase in short term credit of Rs. 150.4 million. The increase in term loans was due to increased borrowings to fund the acquisition of Linc Software Services, and the increase in short term credit was to fund increase in working capital.

Depreciation. Depreciation increased by 99.8% from Rs. 104.8 million in Fiscal 2005 to Rs. 209.4 million in Fiscal 2006, reflecting an increase in total assets primarily due to the new development centre in Global

Village, Building 1, Bangalore becoming operational and related purchases of new computer systems and equipment.

Profit Before Tax. As a result of the foregoing, profit before tax increased by 222.8% from Rs. 172.7 million in Fiscal 2005 to Rs. 557.5 million in Fiscal 2006.

Total Tax. Total tax increased by 294.9% from Rs. 3.9 million in Fiscal 2005 to Rs. 15.4 million in Fiscal 2006 due to an increase in provision for taxation reflecting provision for FBT and a deferred tax expense of Rs. 0.3 million as compared to a deferred tax benefit of Rs. 0.6 million in Fiscal 2005. The increase in provision for taxation was largely due to introduction of FBT in Fiscal 2006.

Profit After Tax. As a result of the foregoing, the net profit after taxation increased by 221.1% from Rs. 168.8 million in Fiscal 2005 to Rs. 542.1 million in Fiscal 2006.

Profit, as restated. Our profit, as restated, is a result of restatements made for reversal of income tax estimates and gratuity expense. As a result of the foregoing and these adjustments, our profit, as restated increased by 201.0% from Rs.178.6 million in Fiscal 2005 to Rs. 537.6 million in Fiscal 2006.

Comparison of the year ended March 31, 2005 with the year ended March 31, 2004

Total Income. Total income increased by 85.0% from Rs. 1,359.7 million in 2004 to Rs. 2,515.8 million in 2005.

Income from Software Development - Overseas. Income from software development - overseas increased by 98.1% from Rs. 1,055.0 million in Fiscal 2004 to Rs. 2,089.5 million in Fiscal 2005. This increase was primarily due to (i) increase in volume of business from existing overseas customers and (ii) due to customer additions in Fiscal 2005, primarily in the U.K., Middle East and two large customers in the U.S. (including AIG). This increase in income from software development was partially offset by depreciation in US Dollar and certain other foreign currencies against the Rupee, which reduced the value of our US dollar and other foreign currency revenues in Rupee terms. Our billing rates for overseas customers also increased slightly in Fiscal 2005.

Income from Software Development - Domestic. Income from software development - domestic increased by 50.6% from Rs. 249.4 million in Fiscal 2004 to Rs. 375.6 million in Fiscal 2005. This increase primarily reflected increase in volume of business from existing customers and, to a lesser extent, due to business from new customers added in 2005.

Other Income. Other income decreased by 8.3% from Rs. 55.3 million in Fiscal 2004 to Rs. 50.7 million in Fiscal 2005, primarily reflecting (i) a decrease in interest on deposits due to a decrease in total deposits held with banks and a decrease in interest rates on deposits in Fiscal 2005, and (ii) a decrease in dividends from investments due to a decrease in dividend yield, which was offset by an increase in profit from sale of assets due to sale of fixed assets such as computers and increase in profit on sale of investments.

Software Development Expenses. Software development expenses increased by 96.9% from Rs. 812.7 million in Fiscal 2004 to Rs. 1,600.4 million in Fiscal 2005, primarily reflecting an increase in salaries and allowances (including contribution to provident and other funds), sub-contractor charges and travel expenses. Salaries and allowances (including contribution to provident and other funds) increased by 100.3% from Rs. 571.2 million in Fiscal 2004 to Rs. 1,144.1 million in Fiscal 2005 due to an increase in headcount from 945 in Fiscal 2004 to 1,886 in Fiscal 2005 and, to a lesser extent, an increase in salaries effected in July 2004 commensurate with the increases across the industry. Sub-contractor charges increased by 148.2% from Rs. 46.3 million in Fiscal 2004 to Rs. 114.9 million in Fiscal 2005 due to an increased volume of work sub-contracted in the U.S. Travel expenses increased by 80.0% from Rs. 140.3 million in Fiscal 2004 to Rs. 252.5 million in Fiscal 2005 due to an increase in total headcount as well as an increase in the volume of overseas business.

Software development expenses as a percentage of total income increased from 59.8% in Fiscal 2004 to 63.6% in Fiscal 2005 primarily to due to increase in salaries and other direct costs.

Administrative and Other Expenses. Administrative and other expenses increased by 38.5% from Rs. 441.4 million in Fiscal 2004 to Rs. 611.5 million in Fiscal 2005, primarily reflecting an increase (i) in salaries and allowances (including contribution to provident and other funds) by 35.3% from Rs. 192.6 million in Fiscal 2004 to Rs. 260.5 million in Fiscal 2005 due to an increase in salaries primarily for sales and support people effected in July 2004 commensurate with the increases across the industry and, to a lesser extent, an increase in sales and support headcount from 85 in Fiscal 2004 to 129 in Fiscal 2005 and (ii) in rent by 35.1% from Rs. 86.1 million in Fiscal 2004 to Rs. 116.4 million in Fiscal 2005 due to the expansion of our development centres in Bangalore with new floors in the development centres becoming operational.

Administrative and other expenses as a percentage of total income decreased from 32.5% in Fiscal 2004 to 24.3% in Fiscal 2005 primarily due to efficiencies of scale, decrease in exchange losses, and a lower amount of provisions made for bad and doubtful debts

Amortisation/Impairment of Goodwill. Amortisation of goodwill was Rs. 5.5 million in Fiscal 2005 due to the amortisation of the cost of the acquisition of ASAP in Fiscal 2005.

Profit Before Interest, Depreciation, and Tax. As a result of the foregoing, profit before interest, depreciation and tax increased by 182.6% from Rs. 105.6 million in Fiscal 2004 to Rs. 298.4 million in Fiscal 2005.

Interest. Interest increased by 34.0% from Rs. 15.6 million in Fiscal 2004 to Rs. 20.9 million in Fiscal 2005, primarily reflecting an increase in interest on working capital loans due to increased working capital loans, which was partially offset by a decrease in interest on term loans of Rs. 1.2 million due to a lower interest rate on the term loan and lower term borrowings.

Depreciation. Depreciation increased by 53.9% from Rs. 68.1 million in Fiscal 2004 to Rs. 104.8 million in Fiscal 2005, reflecting an increase in total assets primarily due to purchase of new computer systems and leasehold improvements (due to new floors in our development centres becoming operational).

Profit Before Tax. As a result of the foregoing, profit before tax increased by 688.6% from Rs. 21.9 million in Fiscal 2004 to Rs. 172.7 million in Fiscal 2005.

Total Tax. Total tax increased due to a reversal of tax provision of Rs. 3.5 million in Fiscal 2004 from Fiscal 2003 due to an amendment in the IT Act in early Fiscal 2004 and a current tax of Rs. 4.5 million on profits of our overseas operations in Fiscal 2005, which was offset by an increase in deferred tax benefit of Rs. 0.6 million.

Profit After Tax. As a result of the foregoing, the net profit after taxation increased by 559.4% from Rs. 25.6 million in Fiscal 2004 to Rs. 168.8 million in Fiscal 2005.

Profit, as restated. Our profit as restated is a result of restatements made for income taxes, disputed rental payments, straightlining rental expense and recomputation of gratuity liability. As a result of the foregoing and these adjustments, our profit, as restated increased by 1,098.7% from Rs. 14.9 million in Fiscal 2004 to Rs. 178.6 million in Fiscal 2005.

Comparison of the year ended March 31, 2004 with the year ended March 31, 2003

Total Income. Total income increased by 52.7% from Rs. 890.5 million in 2003 to Rs. 1,359.7 million in 2004.

Income from Software Development - Overseas. Income from software development - overseas increased by 45.7% from Rs. 724.2 million in Fiscal 2003 to Rs. 1,055.0 million in Fiscal 2004. This increase primarily reflected an increase in income from our European customers from Rs. 75.4 million in Fiscal 2003 to Rs. 221.9 million in Fiscal 2004. This increase was due to ramp up of our offices in the U.K. after one of our founding members, Mr. Anjan Lahiri took over responsibility for Europe. The increase in revenue was also due to an increase in volume of business from existing customers.

Income from Software Development - Domestic. Income from software development - domestic increased by 150.7% from Rs. 99.5 million in Fiscal 2003 to Rs. 249.4 million in Fiscal 2004. This increase was primarily due to addition of a new client in the automotive industry, and to a lesser extent, due to an increase in our billing rates in India.

Other Income. Other income decreased by 17.2% from Rs. 66.8 million in Fiscal 2003 to Rs. 55.3 million in Fiscal 2004, primarily reflecting a decrease in interest on deposits due to a decrease in interest rates in Fiscal 2004, as well as lower profits on sale of investments due to lower yield on investments.

Software Development Expenses. Software development expenses increased by 61.8% from Rs. 502.2 million in Fiscal 2003 to Rs. 812.7 million in Fiscal 2004, primarily reflecting an increase in salaries and allowances (including contribution to provident and other funds) and travel expenses. Salaries and allowances (including contribution to provident and other funds) increased by 52.2% from Rs. 375.2 million in Fiscal 2003 to Rs. 571.2 million in Fiscal 2004 due to an increase in headcount from 591 in Fiscal 2003 to 945 in Fiscal 2004 and, to a lesser extent, an increase in salaries effected in April 2003 commensurate with the increases across the industry. Travel expenses increased by 72.1% from Rs. 81.5 million in Fiscal 2003 to Rs. 140.3 million in Fiscal 2004 due to an increase in total headcount as well as increase in the volume of business. We incurred sub-contractor charges of Rs. 46.3 million in Fiscal 2004 due to increased in volume of work. Software development expenses as a percentage of total income increased from 56.4% in Fiscal 2003 to 59.8% in Fiscal 2004 primarily due to increase in salaries and other direct costs.

Administrative and Other Expenses. Administrative and other expenses increased by 22.5% from Rs. 360.3 million in Fiscal 2003 to Rs. 441.4 million in Fiscal 2004, primarily reflecting (i) an increase in salaries and allowances (including contribution to provident and other funds) by 38.7% from Rs. 138.9 million in Fiscal 2003 to Rs. 192.6 million in Fiscal 2004 due to an increase in salaries primarily for sales and support people effected in April 2003 commensurate with the increases across the industry and, to a lesser extent, (ii) an increase in sales and support headcount from 75 in Fiscal 2003 to 85 in Fiscal 2004 and (iii) an increase in exchange losses by 242.9% from Rs. 6.3 million in Fiscal 2003 to Rs. 21.6 million in Fiscal 2004 due to deprecation of the US dollar against the Rupee, which was primarily offset by a decrease in rent by 9.7% from Rs. 95.4 million in Fiscal 2003 to Rs. 86.1 million in Fiscal 2004 due to reversal of rental expense provision during Fiscal 2003 on account of disputed rental relating to our US Office.

Administrative and other expenses as a percentage of total income decreased from 40.5% in Fiscal 2003 to 32.5% in Fiscal 2004 primarily due to a decrease in lease rent charges and also a decrease in advertisement and marketing expenses.

Profit Before Interest, Depreciation, and Tax. As a result of the foregoing, profit before interest, depreciation and tax increased by 277.1% from Rs. 28.0 million in Fiscal 2003 to Rs. 105.6 million in Fiscal 2004.

Interest. Interest increased by 64.2% from Rs. 9.5 million in Fiscal 2003 to Rs. 15.6 million in Fiscal 2004, primarily due to an increase in interest on term loans due to increased borrowings, which was slightly offset by a decrease in interest rates on loans.

Depreciation. Depreciation decreased by 22.9% from Rs. 88.3 million in Fiscal 2003 to Rs. 68.1 million in Fiscal 2004, primarily reflecting a decrease in capital expenditure in Fiscal 2004 as well as assets capitalised in earlier years coming to the end of their useful life in Fiscal 2004.

Profit Before Tax. As a result of the foregoing, profit before tax increased by 131.4% from Rs. (69.8) million in Fiscal 2003 to Rs. 21.9 million in Fiscal 2004.

Total Tax. Total tax decreased from Rs. 4.2 million in Fiscal 2003 to Rs. (3.7) million in Fiscal 2004 due to a write back of provisions made in Fiscal 2003 which was no longer required to be provided in Fiscal 2004 due to an amendment in the IT Act in Fiscal 2004.

Profit After Tax. As a result of the foregoing, the net profit after taxation increased by 134.6% from Rs. (74.0) million in Fiscal 2003 to Rs. 25.6 million in Fiscal 2004.

Profit, as restated. Our profit, as restated is a result of restatements made for straightlining of rent expense, disputed rental payments, income taxes and recomputation of gratuity liability. As a result of the foregoing and these adjustments, we had a profit, as restated of Rs. 14.9 million in Fiscal 2004 compared to a loss, as restated of Rs. 65.0 million in Fiscal 2003.

Liquidity And Capital Resources

Our liquidity requirements relate to servicing our debt, funding our working capital requirements, our capital expenditure and, maintaining cash reserves against fluctuations in operating cash flows. We currently hold our cash and cash equivalents in Rupees.

Our short-term liquidity requirements relate to servicing our debt and funding working capital requirements. Sources of short-term liquidity include cash balances and receipts from our operations.

Our long-term liquidity requirements include capital expenditure on new development centres and equipment including computer systems, and repayment of long-term debt under our credit facilities. Sources of funding our long-term liquidity requirements include internal accruals, new loans, equity or debt issues.

We make 100% provision for any payments due from clients for more than a period of 360 days from the date of the invoice. Any payments due for less than 360 days are considered on a case-by-case basis with provisions made based on our assessment of collectibility based on prior experience and other factors.

Investments

We had significant liquid investments as of March 31, 2006. Our total investments vary significantly from quarter to quarter depending on whether we place excess cash in bank deposits or in money market funds (which are classified as investments on our balance sheet). As of March 31, 2006, our investments were Rs. 537.6 million.

Cash Flow Data

(Rs. in million)

	For the years ended March 31,			For the ninemonths ended December 31,
	2004	2005	2006	2006
Net cash flow from (used in) operating activities	(32.4)	135.5	434.0	685.4
Net cash flow from (used in) investing activities	(166.6)	(312.0)	(604.8)	(295.1)
Net cash from (used in) financing activities	39.3	203.5	162.9	(374.9)
Effect of exchange difference on translation of foreign currency	(0.7)	(3.4)	1.0	0.1
Cash and cash equivalents at the beginning of the year	405.8	245.4	269.0	262.1
Cash and cash equivalents at the end of the year	245.4	269.0	262.1	277.6

Cash flows from (used in) operating activities

Nine-months ended December 2006. Net cash from operating activities was Rs. 685.4 million for the nine-months ended December 2006, which was primarily due to cash generated from operations (before working capital changes) of Rs. 825.4 million and adjusted for an increase in current liabilities and provisions of Rs 206.3 million being offset by an increase in sundry debtors of Rs. 57.8 million, an increase in loans and advances of Rs. 259.6 million and income taxes and FBT paid of Rs. 28.9 million.

*Fiscal 2006***.** Net cash from operating activities was Rs. 434.0 million in Fiscal 2006, which was primarily due to cash generated from operations (before working capital changes) of Rs. 809.1 million and adjusted for an increase in current liabilities and provisions of Rs. 220.9 million, being offset by an increase in sundry debtors of Rs. 443.2 million, an increase in loans and advances of Rs. 121.1 million and income taxes and FBT paid of Rs. 31.7 million.

*Fiscal 2005***.** Net cash from operating activities was Rs. 135.5 million in Fiscal 2005, which was primarily due to cash generated from operations (before working capital changes) of Rs. 291.1 million and adjusted for an increase in current liabilities and provisions of Rs. 266.6 million and an increase in Income Taxes and FBT of Rs. 5.3 million, being offset by an increase in sundry debtors of Rs. 230.7 million and an increase in loans and advances of Rs. 196.8 million.

Fiscal 2004. Net cash used in operating activities was Rs. 32.4 million in Fiscal 2004, which was primarily due to cash generated from operations (before working capital changes) of Rs. 70.1 million and adjusted for an increase in current liabilities and provisions of Rs. 109.4 million, being offset by an increase in sundry debtors of Rs. 150.6 million, an increase in loans and advances of Rs. 51 million and income taxes and FBT paid of Rs. 10.3 million.

Cash Flow from/(used in) Investing Activities

Nine-months ended December 2006. Net cash used in investing activities amounted to Rs. 295.1 million for the nine-months ended December 31, 2006. This primarily consisted of the purchase of fixed assets of Rs. 473.9 million, which included leasehold improvements, computer systems (including software), furniture and fixtures and office equipments, payment of Rs. 1.7 million for the purchase of business from ASAP, purchase of investments of Rs. 329.1 million which was partially offset by the sale/maturities of investments of Rs. 491.0 million.

Fiscal 2006. Net cash used in investing activities amounted to Rs. 604.8 million in Fiscal 2006. This primarily comprised of the purchase of fixed assets of Rs. 211.7 million, which included leasehold improvements, computer systems (including software), furniture and fixtures, and office equipment, payment of Rs. 236.2 million for the purchase of business from ASAP and acquisition of Linc Software Services Private Limited and the purchase of investments of Rs. 495.6 million, which was partially offset by the sale/maturities of investments of Rs. 320.3 million. Mutual funds constitute the principal category of investments we purchase and sell.

*Fiscal 2005***.** Net cash used in investing activities amounted to Rs. 312.0 million in Fiscal 2005. This primarily comprised of the purchase of fixed assets of Rs. 234.8 million, which included leasehold improvements, computer systems (including software), furniture and fixtures, and office equipment, payment of Rs. 17.6 million for the purchase of business from ASAP and the purchase of investments of Rs. 301.5 million, which was partially offset by the sale/maturities of investments of Rs. 227.1 million.

*Fiscal 2004***.** Net cash used in investing activities amounted to Rs. 166.6 million in Fiscal 2004. This primarily comprised of the purchase of fixed assets of Rs. 73.8 million, which included leasehold improvements, computer systems (including software), furniture and fixtures, and office equipment, and the purchase of investments of Rs. 386.1 million, which was partially offset by the sale/maturities of investments of Rs. 269.3 million.

Cash Flow from Financing Activities

Nine-months ended December 2006. Net cash used in financing activities amounted to Rs. 374.9 million for the nine-months ended December 31, 2006. This comprised repayment of short term loans of Rs. 272.3 million, repayment of term loans of Rs. 54.7 million, dividends paid of Rs.34.4 million and interest paid on loans of Rs. 23.3 million, which was partially offset by issue of share capital of Rs. 25.7 million as a result of stock option exercises and customer warrants.

Fiscal 2006. Net cash from financing activities amounted to Rs. 162.9 million in Fiscal 2006. This comprised of proceeds from term loans of Rs. 294.0 million, proceeds from other loans of Rs. 148.6 million, issue of share capital of Rs. 64.1 million as a result of stock option exercises, which was partially offset by the repayment of term loans of Rs. 209.2 million, interest paid on loans of Rs. 52.2 million and the payment of dividends of Rs. 58.9 million following the merger of Linc Software Services.

Fiscal 2005. Net cash from financing activities amounted to Rs. 203.5 million in Fiscal 2005. This comprised of proceeds from term loans of Rs. 285.0 million and proceeds from other loans of Rs. 145.0 million, which was partially offset by the repayment of term loans of Rs. 196.3 million.

Fiscal 2004. Net cash from financing activities amounted to Rs. 39.3 million in Fiscal 2004. This comprised of proceeds from term loans of Rs. 178.3 million and proceeds from other loans of Rs. 56.5 million, which was partially offset by the repayment of term loans of Rs. 170.9 million.

Anticipated Expenditure

Net capital expenditure (sum of difference in gross block and capital work in progress) for Fiscal 2004, 2005 and 2006, which totalled Rs. 90.8 million, Rs. 291.5 million and Rs. 253.6 million, respectively, consisted primarily of costs related to infrastructure and IT assets. We anticipate that our capital expenditure in the next 24 months will increase significantly due to the planned expansion of our facilities in Chennai and Bhubaneswar. For more information, see "Objects of the Issue" on page 35.

Anticipated Sources of Funds

As of December 31, 2006, we had cash and cash equivalents of Rs. 277.6 million, denominated principally in Rupees, and Rs. 1,234.3 million in working capital. As of December 31, 2006, we had an outstanding long term debt of Rs. 145.7 million. As of December 31, 2006, we had available and unutilised limits under our term loans and other loans of Rs. 460.1 million, and the aggregate amount outstanding under these facilities was Rs. 367.2 million. We have in the past relied principally on cash flow from operations and borrowings from banks as our main sources of funds. We expect that, going forward, we will finance our growth and our working capital requirements with a combination of the proceeds from this Issue, bank borrowings and operating cash flows.

Taking into account the estimated net proceeds available to us from the Issue, available bank facilities and net operating cash flows, we believe we have sufficient working capital for our requirements for at least the next 12 months. However, we cannot assure you that our business or operations will not change in a manner that would consume our available capital resources more rapidly than anticipated, especially as we continue to evaluate other investment and development opportunities. For more information, see "Objects of the Issue" on page 35.

Indebtedness, Contractual Obligations, Commitments and Other Off-Balance Sheet Arrangements

As of December 31, 2006, the aggregate amount of outstanding secured loans was Rs. 412.5 million, which consists of short term and long term debt and certain capital lease obligation on certain assets taken on lease. Some of our contractual obligations, including purchase obligations, may result in future cash requirements. The following table summarises our contractual obligations and commitments to make future payments as of December 31, 2006, and the effect such obligations and commitments are expected to have on our liquidity and cash flow in future periods:

	As of December 31, 2006				
	Payment Due by Period (Amount in Rs. million)				
	Total	**Within 1 year**	**Second Year**	**Third to Fifth Year**	**After Five Years**
Total contractual obligations					
Rupee Obligations	412.50	266.80	84.30	61.40	Nil

The table below sets forth the details of our capital commitments and contingent liabilities:

(Rs. in million)

	As of December 31, 2006
Bank Guarantees outstanding	1.4
Contracts on Capital Account outstanding	718.9

Except as disclosed above, there are no commitments or contingent liabilities or off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that we believe are material to investors.

Quantitative And Qualitative Disclosure About Market Risk

General

Market risk is attributable to all market sensitive financial instruments including foreign currency receivables and payables. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, commodity, prices, equity prices and other market changes that affect market risk sensitive instruments.

Our exposure to market risk is a function of our revenue generating activities and any future borrowing activities in foreign currency. The objective of market risk management is to avoid excessive exposure of our earnings and equity to loss. Most of our exposure to market risk arises out of our foreign currency accounts receivable.

Risk Management Procedures

We manage market risk through treasury operations. Our treasury operations' objectives and policies are approved by senior management. Our treasury operations include the management of cash resources, implementing hedging strategies for foreign currency exposures and ensuring compliance with market risk limits and policies.

Foreign currency risk

We are exposed to foreign currency risk in the ordinary course of business, as we earn revenues and incur expenses in currencies other than the Indian Rupee, principally the US Dollar. We enter into forward exchange contract, foreign currency swaps and foreign currency option contracts to mitigate our foreign exchange risk. Such contracts typically are of a short duration, generally less than one year. As of December 31, 2006, we had outstanding forward contracts amounting to US$ 27.3 million (with a contracted value of Rs. 1,256.8 million), outstanding currency swaps amounting to Rs. 62.7 million, and options contracts amounting to US$ 8.5 million (with a contracted value of Rs. 398.6 million).

Interest rate risk

Interest rate risk arises when we are exposed to changes in the fair value of our interest sensitive financial instruments and borrowings which arise from changes in market interest rates. As of December, 2006, 30.4% of our total debt was under variable rate of interest.

We sometimes enter into interest rate swaps as part of our cost optimisation strategy. As of December 2006, we had entered into interest rate swaps arrangements to the extent of Rs. 62.7 million.

Credit Risk

We are exposed to credit risk on accounts receivable owed to us by our customers. If our customers, do not pay promptly or at all it is possible that we may have to make provisions for or write off such amounts.

Critical Accounting Policies

Critical accounting policies are those that require application of our management's most difficult, subjective or complex judgments often as a need to make estimates about the effects of matters that are inherently uncertain and may change in subsequent periods. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting the estimate may differ significantly from management's current judgments. Our significant accounting policies are more fully described under Annexure 4 of our restated financial statements for the years ended March 31, 2002, 2003, 2004, 2005, 2006 and nine months ended December 31, 2006, included on page 122.

We prepare financial statements in conformity with Indian GAAP, which requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities on the date of the financial statements and the reported amounts of income and expenses during the financial reporting period, among other things. We primarily make estimates related to efforts expected to be incurred in our engagements, allowances for doubtful accounts receivable, useful lives of fixed assets, future income tax liabilities and provisions for contingencies and litigation. We continually evaluate these estimates and assumptions based on the most recently available information, our own historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results may differ from those estimates.

We have described below the critical accounting policies that our management believes are the most significant judgments and estimates used in the preparation of our financial statements:

Revenue recognition

We recognize revenue as follows:

Revenue from software development on time-and-material basis is recognized as the related services are rendered. Time and material arrangements provide that we earn our revenue on the basis of, for example, billable hours we spend on a project at rates as specified in the contract with the customer.

Revenue from fixed price arrangements is recognized using the proportionate completion method, which is determined by relating the actual person hours of work performed to date to the estimated total person hours for each contract. Because the financial reporting of these contracts depends on estimates that are assessed continually during the term of these contracts, recognized revenue and profit are subject to revisions as the contract progresses to completion. When estimates indicate that a loss will be incurred, the loss is provided for in the period in which the loss becomes evident.

Maintenance revenue is accrued over the period of the contract.

Employee Stock Option Plans ("ESOPs")

The Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India (ICAI), requires companies to expense options granted to employees under employee stock option plans on or after April 1, 2005. To account for these option grants, companies are permitted to use either the fair value method or the intrinsic value method with fair value disclosures. We have elected to use the intrinsic value method, with disclosure on the compensation cost that would have resulted had we used the fair value method as described in the Guidance Note.

Under the intrinsic value method, employee stock compensation cost is measured as the excess of fair value of the shares on the date of the grant over their exercise price. This compensation cost is amortized over the vesting period of the option.

Fixed assets and depreciation

Depreciation for all fixed assets, including leasehold improvements, is computed using the straight-line method, based on the estimated useful life of the asset. Depreciation is charged on a pro-rata basis for fixed assets purchased or sold during the year.

Intangible assets are amortized over the best estimate of the useful life from the date the assets are available for use.

Determination of useful life of fixed assets (including software) is a matter of estimation. The factors considered for determining the useful life include period over which the assets are expected to be used, obsolescence and experience with similar type of assets. The useful life is reviewed at the end of each reporting period for any changes in the estimates of useful life and, accordingly, the asset is amortized over the remaining useful life.

Foreign currency transactions

The Company is exposed to foreign currency transactions including foreign currency revenues and receivables. With a view to minimize the volatility arising from fluctuations in currency rates, we enter into foreign exchange forward contracts and other derivative instruments. Additionally, we enter into interest rate and currency derivatives to minimize our interest costs.

In respect of forward contracts and other derivatives that are designated as hedges of highly probable forecasted transactions, the ICAI has clarified that Accounting Standard 11 'Accounting for foreign exchange transactions', the effect of changes on foreign exchange rates, amended with effect from April 1, 2004, is not currently applicable to exchange differences arising from such instruments. Accordingly, such exchange differences are recorded in the period of settlement. The premium or discount on such contracts is amortized over the life of the contract in accordance with AS 11 (revised).

In respect of forward contracts and other derivatives that relate to foreign currency assets at the balance sheet date, the proportionate premium/ discount is recognized in the profit and loss account. The exchange difference measured by the change in exchange rate between the inception dates of the contract and the balance sheet date is recognized in the profit and loss account.

Net cash flows under interest rate derivative contracts are accounted for on an accrual basis.

Income taxes

Income taxes are accounted for in accordance with Accounting Standard 22, issued by ICAI. Income tax expense comprises both current and deferred tax.

Current tax is measured at the amount expected to be paid to or recovered from the tax authorities, using the applicable tax rates. Provisions for current income tax are made based on the estimated tax liability after taking into account credits for allowances and exemptions in accordance with the laws applicable to the Company.

Deferred tax assets and liabilities are recognized for future tax consequences attributable to timing differences between taxable income and accounting income and those are capable of reversal in one or more subsequent years, and are measured using substantively enacted tax rates. Deferred tax in respect of timing difference which originate during the tax holiday period but reverse after the tax holiday period is recognized in the year in which the timing difference originate. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, when there is a brought forward loss or unabsorbed depreciation under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain to be realized.

Income tax payable for operations in countries other than India is provided for as per laws applicable in the respective countries. Foreign taxes are based on our best estimate at the balance sheet date of the taxes payable in foreign jurisdictions.

We may be subject to tax assessments in each of the jurisdictions in which we operate. A tax assessment can involve complex issues, which can only be resolved over extended time periods. Though we have considered all these issues in estimating our income taxes, there could be an unfavorable resolution of such issues that may affect the results our operations.

Seasonality

Our results of operations do not generally exhibit seasonality. However, there may be variation in our quarterly income or profit after tax as a result of various factors, including those described above under "Factors Affecting Our Results of Operations" and those described in "Risk Factors" on page (x).

Significant developments after December 31, 2006 that may affect our results of operations

In compliance with AS 4, to our knowledge no circumstances other than as disclosed in this Red Herring Prospectus have arisen since the date of the last financial statements contained in this Red Herring Prospectus which materially and adversely affect or are likely to affect, the trading and profitability of our Company, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

On January 10, 2007 we signed a non-binding term sheet to acquire an IC design company for an all cash consideration. The target company has a sales presence in the U.S. and a delivery center in India. The deal is subject to satisfactory completion of due diligence, negotiation and execution of the definitive agreements and receipt of applicable corporate and regulatory approvals. In the event that the acquisition is concluded, a part of the consideration would be paid upfront and the balance would be payable based on an earnout structure depending on the target company meeting the specified milestones. If concluded, we expect the target company to further strengthen our IC design capability and give us access to new customers.

FINANCIAL INDEBTEDNESS

As of December 31, 2006 our aggregate secured borrowings were Rs. 412.5 million.

The details of our secured borrowings as of January 22, 2007 are outlined below.

A. Short Term Loans

1. *Packing credit and other working capital facilities with Hongkong and Shanghai Banking Corporation Limited*

We have entered into packing credit and other working capital credit arrangements with Hongkong and Shanghai Banking Corporation Limited (the "Bank") with maximum drawing limit of Rs.150 million by sanction letter dated September 16, 2004 (renewed on May 14, 2005) for a fund based facility and a limit of Rs. 200 million for non-fund based facility. We have executed a deed of hypothecation dated November 10, 2004 hypothecating and creating a first pari passu charge over our stock-in-trade including stocks of raw materials, work-in-progress, spares and stores and finished goods and our book debts and outstanding monies receivable.

Following are certain key terms and conditions of the facilities:

In Rs. Million

Sanctioned Amount	Amount Outstanding	Repayment and Interest Rate
150.0	Nil	• Maximum usance period of 180 days, RBI approval required if the usance period exceeds 180 days. • Interest at prime lending rate, which would be settled at the time of drawing between the Company and the banker.

Other Key terms and conditions:

- All monies advanced by the Bank to be utilised for the purposes of working capital for export production or purchase or negotiation of documents against payment (D/P) or acceptance bills on approved drawees to finance export sales.
- This facility is subject to review at any time and, remains subject to banks overriding right of withdrawal or repayment on demand including the right to call for cash cover on demand for prospective and contingent liabilities.
- The sanctioned limit also includes working capital loan of Rs. 50 million repayable within twelve months which has not yet been utilised.

2. *Packing Credit and other facilities from ICICI Bank Limited*

We have entered into a banking arrangement with ICICI Bank Limited (the "Bank") by sanction letter dated June 29, 2006, for fund based facility (for packing credit in foreign currency, export packing credit and line of credit for short term loans) with a maximum drawing limit of Rs.200 million and non-fund based facility (for letter of credit, performance guarantee, financial guarantee and derivatives) with a maximum drawing limit of Rs.180 million.

Following are certain key terms and conditions of the facilities:

In Rs. Million

Sanctioned Amount	Amount Outstanding	Repayment and Interest Rate
200	Nil	<u>Packing credit in foreign currency:</u> • The packing credit in foreign currency facility allowed upto 180 days of expiry of the contracts/export LCs or expiry of the process cycle whichever is earlier. The facility may be liquidated out of proceeds of export bill collections/inward remittances. • The interest rate is 0.75% above the London Inter Bank Offer Rate (LIBOR) prevailing on the date of each disbursement of the facility. <u>Export packing credit facility:</u> • The export packing credit facility allowed upto 180 days of expiry of the contracts/export LCs or expiry of the process cycle whichever is earlier. The facility may be liquidated out of proceeds of export bill collections/inward remittances. • Interest rate shall be stipulated by the Bank at the time of disbursement of each drawal, which shall be 3.25% per annum below the sum of IBAR and the 6 months term premium prevailing on that date plus applicable interest tax or other statutory levy, subject to minimum of 7% per annum.

Key terms and conditions in relation to the above facilities are provided below:

- Security shall be of first charge by way of hypothecation of the Company`s entire stock of raw materials, stock of semi finished and finished goods, consumable stores and spares and other movables including book debts and receivables.
- The validity of the facility would be 12 months.
- Export finance would be subject to RBI guidelines operative at the time.
- In case the facility is not liquidated as per RBI guidelines, the Company shall have to pay the penal rate of interest as described hereunder.
- If the nature of default is non submission or delayed submission of stock statements, the penal rate would be 2% per annum.
- If the nature of default is non-submission or delayed submission of financial statements or renewal data, the penal rate would be 1% per annum.
- If the nature of default is drawings beyond the prescribed limit, the penal rate is 2% per annum.
- If the nature of default is non-compliance with the sanction terms, then the penal rate would be 1% per annum.
- The facilitiy is repayable on demand.

3. *Working Capital and Other Facilities from Standard Chartered Bank*

We have entered into a banking arrangement, namely working capital demand loan, pre-shipment advance, post-shipment advance and overdraft facilities, with Standard Chartered Bank (the "Bank") with a maximum drawing limit of Rs. 200 million by sanction letter dated July 26, 2006.

Sanctioned Amount	Amount Outstanding	Repayment and Interest Rate
200	Nil	• For the working capital demand loan, the tenor is a maximum period of 12 months including the claim period. • For the preshipment advance, the tenor is a maximum period of 180 days from the date of advance or the shipment date, whichever is earlier. • For the postshipment advance, the tenor is a maximum period of 90 days from the date of shipment. • For the overdraft facility, the tenor is 1 day. • The interest rates shall be as negotiated with and agreed by the Bank.

Key terms and conditions:

- The facility is secured by pari passu charge on book debts and other current assets of the Company.
- Facility limits are subject to periodic review and are available at all times at the Bank's discretion. Repayment can be demanded earlier by the Bank. The Bank can cancel the facility at any time without any reason. Also the interest rates can be revised and notified at any time by the Bank. Interest would be debited monthly and capitalised to the principal amount then outstanding.
- If there is any violation of the terms and conditions under the agreement, a minimum of 2% interest shall be charged per annum over and above the normal interest rate that is charged.
- The Company's account with the Bank can be debited at any time for any amount due to the Bank under the facility arrangements.
- Bank shall have the right to assign/transfer/novate/otherwise securitise its rights and obligations in respect of the facility or the outstanding thereunder and enter into any indemnity or other arrangements for risk sharing without any reference or notice to the company.
- Any change whatsoever in our Company's constitution, shareholders, management or majority of directors in the company has to be notified to the Bank.
- Company is required to notify the Bank in case of any change by way of resignation, addition or otherwise of any directors to our Board.

B. Long Term Loans

1. Loan arrangement with Hongkong and Shanghai Banking Corporation Limited

We have entered into loan arrangements with Hongkong and Shanghai Banking Corporation Limited (the "Bank") for term loan with maximum drawing limit of Rs.100 million by sanction letter dated September 16, 2004. The said limit was increased by Rs. 200 million by sanction letter dated March 21, 2005. We have executed a deed of hypothecation dated March 23, 2005 hypothecating and creating a first pari passu charge over our plant, machinery and other movables for credit facilities of upto Rs.300 million. Further loan agreements and promissory notes have been duly executed as required under each the sanction letter. Following are certain key terms and conditions of the facilities:

In Rs. Million

Total Sanctioned Amount	Amount Outstanding	Repayment and Interest Rate
100.0	62.7	• Outstanding amount repayable in 12 quarterly installments • Interest rate at shall be at prime lending rate of the Bank, which is at 7.10% per annum.
200.0 0	125.00	• Outstanding amount repayable in 11 quarterly installments • Interest rate at shall be at prime lending rate of the Bank, which is currently at 8.60% per annum.

Other key terms and conditions:

- Any cancellation or prepayment shall be subject to funding penalties at the discretion of the Bank;
- Bank reserves the right to recall facilities in case of defaults in observance of borrowing conditions and may charge interest at minimum of 2% per annum higher than its prime lending rate on the entire amount of loan principal and interest for any defaults in repayment of loans/advances;
- In the event of default at any point of time of any one or more of the covenants/conditions will make all Bank facilities payable immediately without any further notice having to be served by the bank.

- Expenditure in new projects shall be intimated to the Bank prior to being undertaken unless the same is covered by our net cash accruals after providing for dividends, taxes and investments or covered by long term funds received for financing projects;
- Any changes in the capital structure, schemes of amalgamation/ reconstruction must be intimated to the Bank prior to such change;
- Company must inform the Bank before investing by way of share capital in, lend funds to, place deposits or undertake guarantee obligations on behalf of any other concern;
- Company must inform the Bank before entering into borrowing arrangements with any other bank or financial institution except in certain circumstances as specified in the sanction letter;
- Monies brought into the Company by principal shareholders/directors/depositors must not be withdrawn without Bank's prior approval;
- On draw down of this facility, the unutilized limit stands cancelled.

C. Finance Lease obligation

1. Vehicle lease agreement with LeasePlan India Limited

Vehicle lease agreement entered into between LeasePlan India Limited (the "Lessor") and our Company dated March 13, 2001, under the terms of which the Lessor would grant on lease vehicles to the Company. The amount outstanding is Rs. 24.6 million as of December 31, 2006.

Key terms and Conditions:

- The lease period shall commence with the date of disbursement of payment to the dealer/manufacturer of the vehicle and shall cease upon expiry of contracted months for which the lease is valid (as specified in the relevant supplementary agreement), or the occurrence of any event of default under the agreement or upon the mutual consent of the parties to cease the lease.
- If the lease were terminated upon the occurrence of any event of default, the Company would have to reimburse to the Lessor the loss value i.e. the sum total of the loss of prepaid insurance premium, loss of book value and the loss of prepaid registration and road tax.
- The consideration for the vehicle leased shall be the monthly lease rental amount as specified in the supplementary schedule that specifies the details of the vehicle, which shall be calculated starting from the date of disbursement.
- During the term of the lease, the Company would have full responsibility to maintain the vehicle and keep it in good condition and working condition.
- The Company would have to, at its own expense, comprehensively insure the vehicle leased under the agreement.
- The Company also has to indemnify the Lessor for any loss or damage that may be caused to the vehicle under distress, seizure or any legal process or destruction or damage to the vehicle by fire, accident or other cause, from any claim or demand arising out of use/handling the vehicle, or any risk or liability for death or loss of limb of any person and hold harmless the Lessor from any claim arising out of such incidents.
- The Company cannot claim any tax deductions as the owner of the vehicle under the Income tax Act, 1961.
- An event of default would occur if there is default of payment of any due amount even after 14 days of notice being sent, or if the Company fails to observe the covenants of the agreement, or sells or encumbers the vehicle without permission of the Lessor, or the Company becomes bankrupt or insolvent or becomes subject of such bankruptcy or insolvency proceedings, or if the Company suffers an adverse material change.

2. Vehicle lease agreement with Orix Auto Finance (India) Limited

Vehicle lease agreement entered into between Orix Auto Finance (India) Limited ("**Orix**" or the "**Lessor**") and the Company dated February 9, 2000, under the terms of which the Lessor would grant on lease vehicles (motor cars) to the Company. The amount outstanding is Rs. 20.7 million as of December 31, 2006.

Key terms and Conditions:

- The lease period shall be the sum the period between commencement date for the rental (date of delivery of the vehicle or the date 7 days after the date when the communication of the vehicle being ready for delivery is issued by the dealer/manufacturer of the vehicle, whichever is earlier) and the date when the first rental installment is due and payable, and the period of lease tenor from the date when the first rental installment is due and payable.
- The tenor of the lease would be 36, 48 or 60 months as applicable for that particular lease.
- The interest on payment to manufacturer/supplier/seller is 18% per annum payable monthly, in advance.
- The rentals provided under the lease are per month per Rs.1,000 of acquisition cost inclusive of costs, charges and expenses relating to the purchase, transport, delivery and installation of the vehicles and applicable taxes and duties on the vehicles. The first of such rental installments would be due and payable on the commencement date for rentals.
- After the fixed non-cancellable period of the lease, the Company has the option to renew the lease on a year to year basis on the same terms and conditions as under the initial agreement, except that the rental will be at the rate of Rs.5 per month per Rs.1,000 of the acquisition cost, payable monthly in advance.
- If the Company wants to terminate the lease during the fixed non-cancellable period, the Lessor shall be paid liquidated damages not less than the discounted value the future rentals which would have otherwise been paid.
- If the Lessor sells the vehicle then the Company would have only to pay the difference of the sale proceeds with the liquidated damages.
- The late payment charges would be 21% per annum.
- Capitalisation would be within 3 months from the date of disbursement or extension as may be granted by the Lessor at its sole discretion in writing. If capitalization were not done as instructed, the Lessor would have the right to increase the interest/rentals payable.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated below there are no outstanding litigation, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company, Directors and Promoters, and there are no defaults, non payment of statutory dues, over-dues to banks/financial institutions, defaults against banks/financial institutions, defaults in dues payable to holders of any debenture, bonds and fixed deposits and arrears of preference shares issued by our Company, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act) other than unclaimed liabilities of our Company and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, its Promoters or Directors.

I. Cases involving our Company

(1) Show Cause Notice

The Assistant Commissioner of Commercial Taxes for Karnataka had issued a show cause notice dated May 2, 2006 under Sections 10 and 11 of the Karnataka Special Tax On entry of Certain Goods Act, 2004 alleging wrongful entry of certain goods such as carpets, work stations and other equipment by us into the state of Karnataka without sufficiently disclosing the same before the concerned authority. The authority raised a claim of Rs.4,857,902 against non-payment of taxes on such goods. We have made the payment under protest. The Secretary to the Finance Department issued a notification dated September 30, 2004 notifying about 23 types of goods for the purpose of levy of special entry tax and another notification dated October 25, 2004 exempting certain dealers from the payment of the tax. We have filed a writ petition (No. 6079 of 2006) before the High Court of Karnataka challenging the constitutionality of the aforesaid Act and the notifications thereunder as ultra vires Articles 14, 19(1)(g) and 246 read with Entry 52 of List II of the Constitution of India. Interim order dated July 11, 2006 has been issued staying the proceedings before the tax authority pending disposal of the writ petition.

(2) Notice of Arbitration

A notice of arbitration has been received by our Company on January 5, 2007 on behalf of ASAP, referring the outstanding disputes stated in the deed of compromise entered into between our Company, ASAP and ARSPL on October 4, 2006 to arbitration. The said disputes are in relation to payment of contingent consideration amounting up to Rs. 87,26,000 (subject to completion of agreed targets) payable to ASAP upon it being able to arrange and assist our Company in hiring and inducting 24 additional SAP professionals within a specified period. The disputes arose during the implementation of the business purchase agreement entered into between our Company, ASAP and ARSPL on September 24, 2004. Our Company, by letter dated January 12, 2007 replied to the said notice expressing its lack of consent and concurrence to the appointment of the sole arbitrator by ASAP on the grounds that the sole arbitrator so appointed is located in Delhi and not Bangalore as agreed upon by the parties in the business purchase agreement. The arbitrator, in the interim, has issued a second notice dated January 10, 2007 fixing the date and venue of the arbitration. Our Company, by letter dated January 19, 2007 has issued a response to the said notice dated January 10, 2007 reiterating its lack of consent and concurrence to the said appointment of the arbitrator.

II. Amounts owed to Small Scale Undertakings

Our Company does not owe any amounts to any small scale undertaking.

III. Cases involving our Directors

Criminal case involving Dr. Albert Hieronimus

A criminal complaint (No. 3546 of 2006) was filed by Anil Somani, proprietor of M/s Mercantile Agencies against Dr. Albert Hieronimus, managing director of Motor Industries Company Limited, before the Magistrate's Court in Gwalior alleging wrongful confinement of cheque books and withdrawal of cash from the accounts of the complainant without his consent. The Magistrate by order dated April 29, 2006 issued a bailable warrant against Dr. Hieronimus. Motor Industries Company Limited filed a case (No. 2133 of 2006) before the High Court of Madhya Pradesh, Jabalpur Bench at Gwalior against the said order of the Magistrate. The High Court issued notice to complainant by order dated May 25, 2006 and stayed trial court proceeding until disposal of the matter.

Criminal case involving R. Srinivasan

The Official Liquidator of the High Court of Calcutta being the liquidator of the Indian Mini Drills Limited (in liquidation) has filed a company application no. 615 of 2006 in connection with company petition no. 362 of 1999 in the High Court of Calcutta in relation to proceedings for misfeasance against one of our independent Directors, R. Srinivasan and other directors of Indian Mini Drills Limited. The official liquidator has filed a judges summons for a declaration that the respondents have misapplied, misappropriated and/or retained and /or liable and/or accountable for a sum of approximately Rs. 4.29 million and/or guilty of misfeasance and breach of trust. The matter is posted for hearing on February 16, 2007.

Lawsuits involving Lip-Bu Tan

(i) Certain derivative complaints have been filed by the shareholders of Integrated Silicon Solution, Inc. in the Superior Court of the State of California, Santa Clara Country on July 18, 2006, and in the United States District Court, Northern District of California, San Jose Division on October 31, 2006 against current and former officers and directors of the company, including Mr. Lip-Bu Tan, being a director of the company, and naming Integrated Silicon Solution, Inc. as a nominal defendant. The complainant shareholders have alleged breach of fiduciary duties by the directors and officers improper backdating of the stock option grants made to certain directors and officers of the company, and the filing of false or misleading financial statements with the SEC. The defendants have not yet responded to the complaints.

(ii) A securities class action suit was filed in the United States District Court for the Northern District of California on March 2, 2005 against Leadis Technology, Inc., certain of its officers and its directors, including Lip-Bu Tan being a former director of Leadis Technology, Inc. The complaint alleges that the defendants violated Sections 11 and 15 of the Securities Act of 1933 by making allegedly false and misleading statements in the company's registration statement and prospectus filed on September 16, 2004 for the initial public offering. A similar additional action was filed on March 11, 2005. On April 20, 2005, the court consolidated the two actions. The consolidated complaint seeks unspecified damages on behalf of a class of purchasers that acquired shares of the company's common stock pursuant to its registration statement and prospectus. On October 28, 2005, the company and other defendants filed a Motion to Dismiss the lawsuit. By order dated March 1, 2006, the court granted defendants' Motion to Dismiss, with prejudice, and a judgment has been entered in favor of the company and all other defendants. The plaintiffs have filed a notice of appeal against the said order with the United States Court of Appeals for the Ninth Circuit, where it is currently pending.

IV. Details of past penalties imposed on our Company or any of our Directors

There have been no instances in the past of any penalties that have been imposed on our Company or our Directors by any statutory authorities.

V. Details of pending proceedings initiated for economic offences against our Company or any of our Directors

There are no pending proceedings initiated for economic offences against our Company or our Directors.

VI. Cases filed by or against our Promoters

There have been no cases filed by or against any of our Promoters.

There are no cases involving any of our Promoters which involve a violation of any statutory regulations, criminal offence or in which penalties have been imposed by the relevant authorities.

Further, there are no pending proceedings initiated for economic offences against the Promoters.

VII. Details of past penalties imposed on our Promoters

There have been no instances in the past of any penalties that has been imposed on our Promoters by any statutory authorities.

VIII. Details of violations of securities laws or willful defaults by our Company, Directors and Promoters

Our Company, Promoters and Directors have further confirmed that they have not been declared as willful defaulters by the Reserve Bank of India or any other Governmental authority and, as disclosed above in this section in relation to lawsuits, there are no violations of securities laws committed by them in the past or are pending against them.

Material Developments

There have been no material developments, since the date of the last balance sheet otherwise than as disclosed in the section 'Management's Discussion and Analysis of Financial Condition and Results of Operations' on page 159.

GOVERNMENT APPROVALS

In view of the approvals listed below, we can undertake this Issue and our current business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to undertake the Issue or continue our business activities. Unless otherwise stated, these approvals are all valid as of the date of this Red Herring Prospectus.

Approvals related to the Issue

1. Approval from the National Stock Exchange dated December 27, 2006

2. Approval from the Bombay Stock Exchange dated December 26, 2006

Approvals for the Business

A. Approvals from the Reserve Bank of India and the Department of Industrial Policy and Promotion

1. Letter bearing Ref No.FE.CO.FID/8372/10.02.000/2006-07 dated October 19, 2006 from the Assistant General Manager, RBI allowing the issue of shares to AIG Offshore Systems, USA amounting to 3.75% of the paid up capital of our Company in pursuance of the agreement between AIG Offshore Systems Service Inc. and our Company dated December 10, 2003. The issue of such shares would have to be as per the pricing norms for issue of shares in case of unlisted companies prevailing as on the date of the contract in accordance with the requirements prescribed under Schedule 1 to FEMA (Transfer or Issue of Securities by Person Resident Outside India) Regulations, 2000.

2. Letter bearing Ref No. ECCO. FID(II)/10. 01. 02. 01. 03/99-2000 dated October 11, 1999 from the Deputy General Manager, RBI allowing the issue of shares in pursuance of the employee stock option scheme of our Company to foreign/non-resident employees of our Company / the branch offices of our Company. This approval is subject to the condition that the relevant shares being allotted under the scheme and the percentage of shares issued does not exceed five percent of the total paid up capital of our Company.

3. Letter (No. FC II 556 (1999)/647 (1999) dated December 23, 1999 from the Department of Industrial Policy and Promotion, Secretariat of Industrial Assistance, Ministry of Commerce and Industry received by our Company granting approval for foreign equity participation by Walden Software Investment Limited, Mauritius and LSO Investment (P) Limited, Mauritius by way of subscribing to 5,775,000 and 1,966,463 Equity Shares respectively for developing and exporting computer software and to offer consulting and high end software services and solutions to Indian and International clients in the areas of new enabled solutions and technologies .

4. Letter (No. FE.BG.No.(FID)/146/13.05.992/2004-05) dated July 14, 2004 from the Deputy General Manager, Reserve Bank of India, received by our Company acknowledging receipt of Form FC GPR with regard to issue of 150 equity shares of Rs.2 each at a premium of Rs.128 per share to M/s AIG Offshore Systems Service Inc. amounting to a total investment of Rs.19,500. The letter quotes registration number FC 2002 BGG-0040.

5. Letter (No. EC.BG.FID No.3267/13.05.102A/2002-03) dated November 11, 2002 from the Deputy General Manager, Reserve Bank of India, received by our Company acknowledging receipt of ID application/Form FC GPR and supporting documents with regard to allotment of shares of our Company to Walden Software Investments Private Limited, LSO Investment (P) Limited, Capital International Global Emerging Markets Equity Fund LP, Franklin Templeton Holdings Limited, Mauritius, Rajarishi Dutta and Raja Shanmugam.

6. Letter (No. FC.II.556(99)/647(99)-Amend) dated February 4, 2000 issued by the Secretary to the Government of India in response our Company's application for increase in foreign collaboration (by letter dated January 13, 2000) by amending clause 4 of the earlier letter approving foreign equity participation issued by the Ministry of Commerce and Industry (No.FC.II.556(99)/647(99)) dated December 23, 1999. Our Company has been granted approval to increase foreign equity participation in its share capital from 36.84% to 39.30% (23.10% from Walden Software Investment Limited, Mauritius, 7.87% from LSO Investment (P) Limited, Mauritius and 8.33% from overseas employees under stock option scheme) amounting to Rs.19,650,426 in the paid up capital of Rs.50,000,000.

B. Company Specific Approvals

1. Certificate of incorporation for our Company, issued by the Registrar of Companies at Bangalore, bearing certificate number 25564 of 1999, certifying that MindTree Consulting Private Limited is incorporated under the Companies Act, 1956 as a private limited company on August 5, 1999.

2. Fresh certificate of incorporation consequent upon change of name on conversion to public limited company dated November 6, 2006, issued by Registrar of Companies, Karnataka, certifying that MindTree Consulting Private Limited has changed to MindTree Consulting Limited by passing the necessary resolution under the provisions of the Companies Act, 1956.

3. Letter bearing reference number STAT/ROCB/CIN/21DIG/25564 dated March 6, 2003, issued by the Registrar of Companies, Karnataka, allotting Corporate Identity Number U72200KA1999PTC025564 to our Company. The Corporate Identity number was changed to U72200KA1999PLC025564 by the Registrar of Companies by its letter dated November 6, 2006 pursuant to the change in the status of the Company from a private limited to a public limited company.

4. Market Participant and Investor Database Identity (MAPIN) card issued by the National Securities Depository Limited on behalf of SEBI under the SEBI (Central Database of Market Participants)Regulations, 2003 to our Company, bearing unique identity number 100377606. MAPIN cards have also been issued to the following employees of the Company:

    i. Ashok Soota, with identity number A02610988;
    ii. Subroto Bagchi, with identity number A02610947;
    iii. Janakiraman Srinivasan , with identity number A02610913;
    iv. Krishna Kumar Natarajan, with identity number A02610889; and
    v. Rostow Ravanan, with identity number A02610780.

C. Premises Specific Approvals

Bangalore Office

(i) STPI Related Approvals

1. Approval bearing reference number STPIB/MindTree/GEN/5284) dated September 7, 1999 issued by Director, STPI, Bangalore permitting our Company to set up a 100% software export oriented unit under the STPI scheme of the Government of India for the purpose of development of computer software. The approval has been extended for another five year term, till 2009, by letter bearing reference number EIG/MINDTREE/GEN/19143 dated September 2, 2004.

2. Green Card bearing reference number DOE/STPIB/99/1221, issued on November 4, 1999 by the Director, STPI. This card has been renewed till March 31, 2009 by letter bearing reference number EIG/MINDTREE/GC/37671 dated February 1, 2005 issued by the Additional Director, STPI.

3. Letter bearing reference number STPIB/Namechange/20061110/0001/37101 dated November 10, 2006, issued by the Director, STPI, Bangalore, stating that there is no objection to the change of name from MindTree Consulting Private Limited to MindTree Consulting Limited.

4. Letter bearing reference number STPIB/MindTree/EXPAN/194 dated March 31, 2000 issued by Director, STPI, permitting the expansion of our STP facility from Brigade Chambers No 88, Gandhi Bazaar Main Road, Basavangudi to Brigade Software Park-I, Block A, No 42, 27th Cross, 2nd Stage, Banashankari, Bangalore.

5. Letter bearing number STPIB/MINDTREE/EXPAN/15824 dated December 24, 2001 issued by Director, STPI, Bangalore, according permission to expand our STP facility to basement, ground and 1st floors at No. 42, Block B, 27th Cross, 2nd Stage, Banashankari, Bangalore 560 070.

6. Letter bearing reference number STPB/Expan/14012004/5/26490 dated January 14, 2004 issued by the Director, STPI, Bangalore, granting approval for the expansion of our STP facility to the 2nd and 8th floors at No. 42, Block B, 27th Cross, 2nd Stage, Banashankari, Bangalore 560 070. The approval is valid till September 1, 2009.

7. Letter bearing reference number STPB/Expan/05032004/74/31999 dated March 5, 2004 issued by the Director, STPI, Bangalore, granting approval for the expansion of our STP facility to the ground, 1st, 2nd and 3rd floors at Global Village, Behind R.V. Engineering College, Mylasandra, Kengeri Hobli, Mysore Road, Bangalore South.

8. Letter bearing reference number STPB/Expan/14032006/866/50210 dated March 14, 2004 issued by the Director, STPI, Bangalore, to the ground, 1st, 2nd, 3rd , 4th and 5th floors, terrace, LMR floor and service yard at Phase-2, Global Village, Behind R.V.Engineering College, Mylasandra, Kengeri Hobli, Mysore Road, Bangalore South. The approval is valid until September 1, 2009.

9. Letter bearing reference number STPB/Expan/23122004/429/33173 dated December 23, 2004 issued by the Director, STPI, Bangalore, granting approval for the expansion of our STP facility to the lower ground, ground, 1st, 2nd, 3rd and 4th floors of the said premises at West Campus Phase-1, Global Village, Behind R.V.Engineering College, Mylasandra, Kengeri Hobli, Mysore Road, Bangalore South. The approval is valid till September 1, 2009.

10. Letter bearing reference number STPB/Expan/11102006/1171/32074 dated October 11, 2006 issued by the Director, STPI, Bangalore, granting approval for the expansion of our STP facility to the basement, ground and mezzanine, 1st, 2nd and 3rd floors of the said premises at 88, Brigade Chambers, Gandhi Bazaar road, Basavangudi, Bangalore-560 004. The approval is valid till September 1, 2009.

11. Letter bearing reference no STPIB/MINDTREE/GEN/24983 December 29, 2003 from Director, STPI, Bangalore, permitting the DTA sales upto Rs.10 million subject to the payment of applicable duty as notified from time to time by the Department of Revenue.

12. Letter bearing reference number STPIB/MIND TREE/GEN/29216 dated February 5, 2004, issued by the Director, STPI, granting approval for increase in DTA sales upto Rs. 350 million against the total DTA sales entitlement of Rs. 360 million.

13. Letter bearing number EIG/MINDTREE/GEN/38302 dated February 4, 2005 sent by Director, STPI enhancing the CIF value of imported capital goods from Rs. 29.77 billion to Rs. 118.27 billion is approved hereby, the approval being valid till November 1, 2009.

(ii) Approvals for Private Bonded Warehouse and Inbond Manufacturing Sanctions

14. License No.61/99 bearing reference number C.No. VIII/40/29/99EOU-III dated October 28, 1999, by the Deputy Commissioner of Customs, Bangalore, granting our Company's premises at

Brigade Chambers, No. 88, Gandhi Bazaar Road, Basavangudi, Bangalore 560 004 inbond manufacturing order and status as a private bonded warehouse. The said premise was de-bonded in the year 2001. However, by letter bearing reference number no VIII/40/29/99/ EOU III dated October 27, 2006, the Assistant Commissioner of Customs, Bangalore, granted inbound manufacturing order and private bonded warehouse license to the said premises.

15. Letter bearing reference number C. No. VIII/40/29/99/ EOU III dated January 18, 2002, issued by the Superintendent and Deputy Commissioner of Customs, Bangalore, granting private bonded warehouse license and inbond manufacturing sanction for the premises on the basement, ground and 1st floors at No. 42, Block B, 27th Cross, 2nd Stage, Banashankari, Bangalore 560 070.

16. Letter bearing reference number C. No. VIII/40/29/99 EOU III dated February 16, 2004 issued by the Deputy Commissioner of Customs, Bangalore, providing inbond manufacturing sanction order for additional premises at second and eighth floor of No. 42, Block B, 27th Cross, 2nd Stage, Banashankari, Bangalore 560 070.

17. Letter dated August 25, 2000 issued by the Assistant Commissioner of Customs, Bangalore bringing the premises at ground, 1st, 2nd, 3rd, 4th, 5th and 6th floors of Brigade Software Park-I, No. 42, Block A, 27th Cross, 2nd Stage, Banashankari, Bangalore within the ambit of the private bonded warehouse licence no. 61/99 dated October 28, 1999.

18. Letter bearing reference number C. No. VIII/40/29/99 EOU III dated April 15, 2004 issued by the Deputy Commissioner of Customs, Bangalore, providing the license for private bonded warehouse for premises at ground, 1st, 2nd and 3rd floor of Global Village, Mylasandra, Behind R.V. Engineering College, Kengeri, Hobli, Mysore Road, Bangalore.

19. Letter bearing reference number C. No. VIII/40/29/99 EOU III dated January 31, 2005 issued by the Superintendent of Customs, Bangalore providing the license for private bonded warehouse and inbond manufacturing sanction order for premises at lower ground, 1st, 2nd, 3rd and 4th floor of Phase-I, Global Village, West Campus, Global Village, Mylasandra, Behind R.V. Engineering College, Kengeri, Hobli, Mysore Road, Bangalore.

<u>(iii) SEZ Approval</u>

20. Letter of approval bearing reference number 3/15/2006:CSEZ:GVSEZ/70/8 dated November 28, 2006 issued by the Office of Development Commissioner, Global Village Special Economic Zone, Bangalore providing our Company all the facilities and entitlements admissible to a unit in a Special Economic Zone ("SEZ"), subject to the provisions of the Special Economic Zones Act, 2005 and the rules and orders made thereunder and for the establishment of unit in the Global Village SEZ, Bangalore for export of IT/ITES.

<u>(iv) Miscellaneous Approvals</u>

21. Certificate dated October 1, 1999 providing our Company with its Importer – Exporter Code (IEC) issued by Ministry of Commerce, GoI. The allotted number is IEC No. 0799008150. By a letter dated October 23, 2006 issued by the same authority, the following units were also covered under the IEC No

   i. Block A, No. 42, 27th Cross, 2nds Stage, Banashankari, Bangalore
   ii. Global Village, Behind R.V. College, Mylasandra, Mysore Road, Bangalore.
   iii. West Campus, Phase-I, Global Village, Behind R.V. College, Mylasandra, Mysore Road, Bangalore.
   iv. West Campus, Phase-II, Global Village, Behind R.V. College, Mylasandra, Mysore Road, Bangalore.
   v. Fortius, 6th Floor, Plot no. 1, SIDCO Industrial Estate, Guindy, Chennai
   vi. No. 88, Brigade Chamber, Gandhi Bazaar Main Road, Basavangudi, Bangalore

22. Certificate of Registration bearing registration number IT/Registration/136/2006-07 dated August 19, 2006 issued to our Company by the Director, Department of Information Technology and Biotechnology, Government of Karnataka, certifying grant of registration to our Company as an Information Technology company (for software development activity) with the Directorate for two units located at No. 42, 27th Cross, 2nd Stage, Banashankari, Bangalore 560 070, and Global Village, West Campus, Behind R. V. Engineering College, Mylasandra, Mysore Road, Bangalore 560 059.

23. Letter bearing reference number 530/KSPCB/EO/BNG-C-1/AEO-3/APC/INR-148384/2005-06/17467 dated January 18, 2005 issued by the Environmental Officer for Bangalore city at the Karnataka State Pollution Control Board, granting consent under the Air (Prevention and Control of Pollution) Act, 1981, for operation of the unit at Brigade Software Park, Block A, No.42, 27th Cross, Sixth Floor, Banashankari, 2nd Stage, Bangalore-560 070. The consent also allows emission from the chimney attached to the three 500 KVA D.G.Sets on the premises. The consent is valid till December 31, 2012.

24. Letter bearing reference number NO/KBITS/IPO/PT/45/2006-07 dated August 23, 2006 issued by the Director of the Department of Information and Biotechnology certifying that the units of our Company at Brigade Software Park, Block A, No.42, 27th Cross, Sixth Floor, Banashankari, 2nd Stage, Bangalore-560 070 and at Global Village, West Campus, Behind R.V.Engineering College, Mylasandra, Mysore Road, Bangalore–560 059 would be eligible to avail the benefits of electricity tariff concessions under the governmental power tariff concession scheme.

25. Letter bearing reference number reference number 23-17(259)/2006-HSMD dated August 28, 2006 from Ministry of Environment and Forests registering our Company as an importer of Lead – Acid Batteries, with Registration No. 23-17(259)/2006-HSMD).

Chennai Office

(i) STPI Related Approvals

1. Approval bearing reference number STPIC/IMSC/2006-07/407 dated June 26, 2006 issued by the Additional Director, STPI, Chennai, approving the setup of a 100% EOU at Fortius, Sixth Floor, Olympia Technology Park, No. 1, Sidco Industrial Estate, Guindy, Chennai 600 032, under the STPI scheme of the Government for purpose of providing ITES. The certificate is valid for a period of three years from the date of its issue.

2. Green Card bearing No. STPIC/MCIT/2006-07/5580 issued on July 12, 2006 by the Additional Director STPI, Chennai for the STPI unit located at Fortius, Sixth Floor, Olympia Technology Park, No. 1, Sidco Industrial Estate, Guindy, Chennai 600 032. The validity of the card is two years from the date of issue.

3. Letter bearing reference number STPIC/G1496/2006-07/525 dated July 12, 2006 from the Additional Director of STPI, Chennai approving the import of capital goods for Rs.138.2 million by our STP unit located at Fortius, Sixth Floor, Olympia Technology Park, No. 1, Sidco Industrial Estate, Guindy, Chennai 600 032. The letter further states that the first year's requirement for import of capital goods is Rs.36.8 million.

4. Letter bearing reference number STPIC/Namechange/20061220/0001/11505/268 dated December 20, 2006 from the Director, STPI, Chennai, approving change of name of our Company from MindTree Consulting Private Limited to MindTree Consulting Limited.

(ii) Approvals for Private Bonded Warehouse and Inbond Manufacturing Sanctions

5. In bond manufacture sanction order bearing License No. E-389(AIR), File No. 54/31/06-Bonds (AIR) dated July 15, 2006 issued by Assistant Commissioner of Customs, Chennai. The permission for such manufacture has been granted for 5 years from the date of the order, that is, till July 14, 2011.

6. License bearing reference number E-389(AIR) dated July 15, 2006 granted by the Assistant Commissioner of Customs (Bonds) for a private bonded warehouse at the godown situated at Olympia Technology Park, "Fortius", 6th floor, Plot no.1, SIDCO, Guindy, Chennai.

D. *Labour Law Registrations*

Bangalore office

1. Certificate of Registration of Establishment dated November 6, 2006 issued by the Office of the Inspector, Karnataka Shops and Commercial Establishments Act, 1961 bearing reference number 50/(56)VASAM/538/1999, certifying that our unit in Banashankari, Bangalore has been registered under the Karnataka Shops and Commercial Establishments Act, 1961 as a commercial establishment. The registration is valid till December 31, 2008.

2. Certificate of Registration of Establishment dated November 20, 2006 issued by the Office of the Inspector, Karnataka Shops and Commercial Establishments Act, 1961 bearing reference number KEMHO/VASAM-218/2006, certifying that our Bangalore West Campus unit has been registered under the Karnataka Shops and Commercial Establishments Act, 1961 as a commercial establishment. The registration is valid till December 31, 2008.

3. Certificate of Registration of Establishment dated November 20, 2006 issued by the Office of the Inspector, Karnataka Shops and Commercial Establishments Act, 1961 bearing reference number KEMHO/VASAM-219/2006, certifying that our Bangalore West Campus Phase I unit has been registered under the Karnataka Shops and Commercial Establishments Act, 1961 as a commercial establishment. The registration is valid till December 31, 2009.

4. Certificate of Registration of Establishment dated November 20, 2006 issued by the Office of the Inspector, Karnataka Shops and Commercial Establishments Act, 1961 bearing reference number KEMHO/VASAM-220/2006, certifying that our Bangalore West Campus Phase II unit has been registered under the Karnataka Shops and Commercial Establishments Act, 1961 as a commercial establishment. The registration is valid till December 31, 2010.

5. Registration under the Employees Provident Fund Organisation, bearing reference number KN/PF/Enf-II/BD-XIV/688/2000, issued on March 20, 2000, effective August 1, 1999, has been obtained by us.

6. Letter bearing reference number Kar.Inpn/53-17069-67 dated July 6, 2000 registering our Company under Employees State Insurance Act, 1948, granting code number 53-17069-67 by letter.

7. Certificate of registration bearing reference number ALC-II/CLA-P-40/2003-04 under the Contract Labour(Regulation and Abolition) Act, 1970 dated January 12, 2004 granted to our office at No.42, 27th Cross, Banashankari 2nd Stage, Bangalore 560 070.

NOIDA Office

8. Certificate of registration issued by the Inspector of Shops, NOIDA, Gautambudh Nagar issued on March 28, 2005 registering our office at A-1, 2nd Floor, Sector 10, NOIDA 201 301, Uttar

Pradesh as a commercial establishment under the U.P. Shops and Commercial Establishments Act, 1962. The certificate is valid till March 31, 2009. The registration number is NOIDA/35/3447.

E. *Taxation related Approvals and Licenses*

Bangalore office

1. Certificate of Registration under the Karnataka Value Added Tax Act, 2003 dated July 28, 2006 bearing TIN No.29690338987, certifying that our Company is registered as a dealer under the Karnataka Value Added Tax Act, 2003. The certificate is valid from April 1, 2005 till such time as it is cancelled.

2. Central Excise Registration Certificate under Rule 9 of the Central Excise Rules, 2002 dated January 9, 2003, bearing registration No. AABCM8839KXM001 registering our Company for operating an export oriented undertaking at Brigade Software Park, Block A, No. 42, 27th Cross, Banashankari 2nd Stage, Bangalore Urban, Karnataka, 560 070.

3. Certificate of registration under the Central Sales Tax (Registration and Turnover) Rules, 1957 dated September 28, 1999 evidencing the registration of our Company with a principal place of business located at No. 42, 27th Cross, Banashankari 2nd Stage, Bangalore 560 070, as dealers under the said enactment and the grant of CST No. 9095AA39 to us.

4. Letter bearing reference number DCIT(COMP)/TAN/2000-2001 dated October 11, 2000 issued by the Deputy Commissioner of Income Tax, allotting Tax Deduction Account Number M-2397-D(S)/BGL to our Company.

5. Letter bearing reference number 926102/28 dated September 29, 2000 issued by the Deputy Commissioner of Income Tax, Bangalore, allotting PAN AABCM839K to our Company.

6. Certificate bearing registration number 2402046-1 dated November 20, 2002 issued by the Government of Karnataka under the Karnataka Tax on Professions, Trades, Callings and Employment Act, 1976, requiring our Company to pay tax annually.

7. Certificate of registration dated January 7, 2006, issued by the Service Tax Commissarate, Bangalore, allotting registration number (MRS)/AABCM8839KST001 and Service Tax Code number AABCM8839KST001 to our Company for the purposes of payment of service tax on the service of maintenance or repair services.

Chennai Office

1. Certificate of Registration bearing reference number TNGST Bo. 0904888/06-07 issued on July 10, 2006 by the Commercial Tax Officer, Chennai, under the Tamil Nadu General Sales Tax Act, 1959. The said certificate is valid from June 23, 2006 till March 31, 2007, and is renewable on year to year on payment of the fee prescribed.

2. Certificate of Registration bearing reference number CST No. 847560/23.6.2006 issued on July 10, 2006 by the Commercial Tax Officer, Chennai, under the Tamil Nadu Central Sales Tax (Registration and Turnover) Rules, 1957. The said certificate is valid from June 23, 2006 till such time as it is cancelled.

3. Form of order dated November 30, 2006, by the Commissioner, Corporation of Chennai assigning profession tax new assessment number (PTNAN: 09-140-PE-0545) under Tamil Nadu Urban Local Bodies Tax on Professions, Trades, Callings Employment Rules 1998. The said order is valid up to November 2007.

NOIDA Office

1. Certificate bearing registration number ND-0332878 issued by Government of Uttar Pradesh, for the purpose of payment of sales tax under the Uttar Pradesh Sales Tax Act.

F. Registration of Foreign Branches

United Kingdom

1. Certificate of Registration dated April 17, 2001 from the Registrar of Companies, England and Wales certifying that our Company is registered under the Companies Act, 1985 as having established a branch office in England and Wales, allotting Company number FC023141 and branch number BR006016.

2. Certificate of registration for payment of Value Added Tax dated August 1, 2001 for the local office at Oxford Business Centre, Sterling House, John Smith Drive, Oxford Business Park, Oxford, OX4 2WB, allotting registration number 7791037 07. The trade classification being given to our Company is Software Consultancy and Supply.

3. Letter dated April 17, 2001 issued by Global Trust bank Limited approving our application for opening a trading office at London, United Kingdom, subject to certain conditions, inter alia, the office should not enter into any association abroad with any person /company/firm without prior approval from the GoI, and that the office should not create any financial liabilities for the head office in India. The permission is granted under the powers delegated to the bank as authorized dealers as per paragraph 9B(I) of the Exchange Control Manual under FEMA Regulations.

United States of America

1. Certificate of authority dated December 27, 1999 issued by the Treasurer of the state of New Jersey certifying that our Company has complied with all the requirements of Title 14A, of the New Jersey Statutes, and that it can carry on business within the state of New Jersey.

2. Certificate of qualification dated February 4, 2000 issued by the Secretary of State, California, certifying that our Company is qualified and authorized to transact intrastate business in the State of California subject to any licensing requirements otherwise imposed by the laws of California.

Singapore

1. Certificate of incorporation dated May 29, 2001 issued by the Assistant Registrar of Companies and Businesses, Singapore, certifying registration of the branch of our Company in Singapore as MindTree Consulting India Pte Limited and allotting Company number F 060732.

2. Letter dated April 17, 2001 issued by Global Trust bank Limited approving our application for opening a trading office at Singapore, subject to certain conditions, inter alia, the office should not enter into any association abroad with any person /company/firm without prior approval from the GoI, and that the office should not create any financial liabilities for the head office in India. The permission is granted under the powers delegated to the bank as authorized dealers as per paragraph 9B(I) of the Exchange Control Manual under FEMA 2000.

Germany

Certificate granting the community code for our unit in Germany located at 60327 Frankfurt on Main. The community code of the plant location is 06412000.

Japan

1. Certificate of registration bearing reference number 857144 for the Japan unit of our Company issued by the Registrar, Tokyo Legal Affairs Bureau on August 7, 2001 bearing company legal representative number 0199-03-011218, certifying that the branch office of our Company has been registered in Japan, at Apartment no.904, 2, Carlton Plaza, Tokyo.

2. Letter dated July 17, 2001 issued by Global Trust bank Limited approving our application for opening a trading office at Tokyo, Japan, subject to certain conditions, *inter alia*, the office should not enter into any association abroad with any person /company/firm without prior approval from the GoI, and that the office should not create any financial liabilities for the Head Office in India. The permission is granted under the powers delegated to the bank as authorized dealers as per paragraph 9B(I) of the Exchange Control Manual under FEMA 2000.

Sweden

Letter dated February 23, 2006 issued by the Stockholm Tax Office, allotting organisation number 5020603-5842, SNI- code/er 72220 registering our Company with the tax office, address of our Company in Sweden being Probis AB, A Envall, Biblioteksgatan 4 B, 435 30 Molnlyckethe, the purpose of registration being provision of consulting activity regarding systems and software.

Sharjah

License certificate bearing license number 02-03-02444 dated September 21, 2006, issued by the authorized signatory of the Government of Sharjah establishing our Company's branch in Sharjah as a company providing IT consultancy services. The original date of issue is July 20, 2004. The license is valid till September, 2007.

Australia

Certificate of registration of foreign company (on change of name) issued by the Australian Securities and Investments Commission certifying that Linc Software Services Private Limited has become registered under the Corporations Act, 2001 on August 22, 2005 with the name Mind Tree Software Services Private Limited, Australian registered body number 108 753 993

Pending Approvals

(i) We have made an application on December 6, 2006 under Karnataka Shops and Commercial Establishments Act, 1961 for registration of our facility in Gandhi Bazaar Main Road, Basavangudi, Bangalore.

(ii) we have made an application dated December 27, 2006 to the Development Commissioner, MEPZ Special Economic Zone Chennai to obtain an approval for setting up our unit in the Ascendas SEZ at Chennai.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorized by a resolution of our Board dated October 24, 2006 and by special resolution passed pursuant to Section 81(1A) of the Companies Act, at the EGM of the shareholders of our Company held on November 16, 2006.

Prohibition by SEBI

Our Company, our Directors, our Promoters and companies with which our Company's Directors are associated as directors have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Eligibility for the Issue

We are eligible for the Issue as per Clause 2.2.2 of the SEBI Guidelines. Clause 2.2.2 of the SEBI Guidelines states as follows:

"*2.2.2 An unlisted company not complying with any of the conditions specified in Clause 2.2.1 may make an initial public offering (IPO) of equity shares or any other security which may be converted into or exchanged with equity shares at a later date, only if it meets both the conditions (a) and (b) given below:*

(a) (i) *The issue is made through the book-building process, with at least 50% of the issue size being allotted to the Qualified Institutional Buyers (QIBs), failing which the full subscription monies shall be refunded.*

OR

(a)(ii) *The "project" has at least 15% participation by Financial Institutions/ Scheduled Commercial Banks, of which at least 10% comes from the appraiser(s). In addition to this, at least 10% of the issue size shall be allotted to QIBs, failing which the full subscription monies shall be refunded*

AND

(b) (i) *The minimum post-issue face value capital of the company shall be Rs. 10 crores.*

OR

(b) (ii) *There shall be a compulsory market-making for at least 2 years from the date of listing of the shares , subject to the following:*

(a) *Market makers undertake to offer buy and sell quotes for a minimum depth of 300 shares;*

(b) *Market makers undertake to ensure that the bid-ask spread (difference between quotations for sale and purchase) for their quotes shall not at any time exceed 10%;*

(c) *The inventory of the market makers on each of such stock exchanges, as of the date of allotment of securities, shall be at least 5% of the proposed issue of the company.*"

We are an unlisted company not complying with the conditions specified in Clause 2.2.1 of the SEBI Guidelines and are therefore required to meet both the conditions detailed in clause 2.2.2(a) and clause 2.2.2(b) of the SEBI Guidelines.

- We are complying with Clause 2.2.2(a)(i) of the SEBI Guidelines and at least 60% of the Net Issue are proposed to be Allotted to QIBs (in order to comply with the requirements of Rule 19(2)(b) of the SCRR) and in the event we fail to do so, the full subscription monies shall be refunded to the Bidders.

- We are complying with the second proviso to Clause 11.3.5(i) of the SEBI Guidelines and Non-Institutional Bidders and Retail Individual Bidders will be allocated up to 10% and 30% of the Net Issue respectively.
- We are also complying with Clause 2.2.2(b)(i) of the SEBI Guidelines and the post-issue face value capital of the Company shall be Rs. 372.9 million, which is more than the minimum requirement of Rs. 10 crore (Rs. 100 million).

Hence, we are eligible for the Issue under Clause 2.2.2 of the SEBI Guidelines.

Further, in accordance with Clause 2.2.2A of the SEBI Guidelines, we shall ensure that the number of prospective allottees to whom the Equity Shares will be Allotted will be not less than 1,000.

DISCLAIMER CLAUSE

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, KOTAK MAHINDRA CAPITAL COMPANY LIMITED AND JM MORGAN STANLEY PRIVATE LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE BOOK RUNNING LEAD MANAGERS, KOTAK MAHINDRA CAPITAL COMPANY LIMITED AND JM MORGAN STANLEY PRIVATE LIMITED HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED DECEMBER 11, 2006 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

"(I) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS, MORE PARTICULARLY REFERRED TO IN THE ANNEXURE, IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.

(II) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:

A) THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

B) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.

(III) BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.

(IV) WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.

(V) WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF THE PROMOTERS CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS."

The filing of the Red Herring Prospectus does not, however, absolve the company from any liabilities under section 63 or section 68 of the Companies Act or from the requirement of obtaining such statutory and/or other clearances as may be required for the purpose of the proposed issue. SEBI further reserves the right to take up at any point of time, with the Book Running Lead Managers, any irregularities or lapses in the Red Herring Prospectus."

The Book Running Lead Managers and us accept no responsibility for statements made otherwise than in the Red Herring Prospectus or in the advertisement or any other material issued by or at our instance and anyone placing reliance on any other source of information would be doing so at his/her own risk.

All legal requirements pertaining to the issue will be complied with at the time of filing of the Red Herring Prospectus with the Registrar of Companies, Karnataka at Bangalore, in terms of section 56, section 60 and section 60B of the Companies Act.
Disclaimer from the Company and the BRLMs

Investors who bid in the Issue will be required to confirm and will be deemed to have represented to the Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company and will not Issue, sell, pledge or transfer the Equity Shares of the Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company. The Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of the Company.

Caution

Our Company, our Directors and the BRLMs accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our web site www.mindtree.com, would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the MOU entered into between the BRLMs and our Company dated December 9, 2006, and the Underwriting Agreement to be entered into between the Underwriters and our Company.

All information shall be made available by us and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centers or elsewhere.

Our Company, the Directors and the BRLMs accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisements or any other material issued by or at instance of the above mentioned entities and anyone placing reliance on any other source of information, including our website, www.mindtree.com, would be doing so at his or her own risk.

Neither our Company nor the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Disclaimer in Respect of Jurisdiction

This Issue is being made in India to persons resident in India including Indian nationals resident in India who are majors, Hindu Undivided Families (HUFs), companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other trust law and who are authorized under their constitution to hold and invest in shares, Public financial institutions as specified in Section 4A of the Companies Act, venture capital funds registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million, and to non-residents including FVCIs, multilateral and bilateral institutions, FIIs registered with SEBI and Eligible NRIs provided that they are eligible under all applicable laws and regulations to hold Equity Shares of the Company. This Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Bangalore, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Red Herring Prospectus has been submitted to SEBI. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act in reliance on Rule 144A under the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the

Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Disclaimer clause of the BSE

As required, a copy of this Red Herring Prospectus has been submitted to BSE.

BSE has given vide by its letter dated December 26, 2006 permission to this Company to use BSE's name in this offer document as one of the stock exchanges on which our Company's securities are proposed to be listed. BSE has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner;-

(i) warrant , certify or endorse the correctness or completeness of any of the contents of this offer document; or
(ii) warrant that this Company's securities will be listed or will continue to be listed on the BSE; or
(iii) take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by BSE. Every person who desires to apply for or otherwise acquires any securities of our Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer clause of the NSE

As required, a copy of this Red Herring Prospectus has been submitted to NSE. NSE has given by its letter ref: NSE/LIST/36002-Q dated December 27, 2006 permission to this Issuer to use NSE's name in this offer document as one of the stock exchanges on which this Issuer's securities are proposed to be listed. NSE has scrutinized this Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Red Herring Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Issuer's securities will be listed or will continue to be listed on the NSE nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquires any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim again NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Filing

A copy of this Red Herring Prospectus had been filed with SEBI at Corporation Finance Department, Plot No. C4-A, "G" Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051.

A copy of this Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, would be delivered for registration to the RoC and a copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration with RoC at the Office of the

Registrar of Companies, 'E' wing, 2nd floor, Kendriya Sadana, Koramangala, Bangalore 560034, Karnataka, India.

Listing

Applications have been made to the BSE and NSE for permission to deal in and for an official quotation of our Equity Shares. NSE will be the Designated Stock Exchange with which the basis of Allotment will be finalized.

If the permissions to deal in and for an official quotation of our Equity Shares are not granted by any of the Stock Exchanges, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Red Herring Prospectus. If such money is not repaid within 8 days after our Company become liable to repay it, i.e. from the date of refusal or within 15 days from the Bid/Issue Closing Date, whichever is earlier, then the Company and every Director of the Company who is an officer in default shall, on and from such expiry of 8 days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within 7 working days of finalization of the basis of Allotment for the Issue.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

"Any person who:

(a) Makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or

(b) Otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name

shall be punishable with imprisonment for a term which may extend to five years."

Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the auditors, the legal advisors, the Bankers to the Company, the Bankers to the Issue; and (b) the Book Running Lead Managers, the Syndicate Members, the Escrow Collection Banks and the Registrar to the Issue to act in their respective capacities, have been obtained and would be filed along with a copy of the Red Herring Prospectus with the RoC as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

In accordance with the Companies Act, 1956 and the SEBI Guidelines, BSR & Associates, Chartered Accountants, the Company's Auditors have given their written consent to the inclusion of their report in the form and context in which it appears in the Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

As the offered Equity shares have not been and will not be registered under the US Securities Act of 1933, BSR & Associates has not issued and the Company has not filed consent under the US Securities Act of 1933.

Expert Opinion

We have not obtained any expert opinions.

Expenses of the Issue

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees.

The estimated Issue expenses are as under:

(Rs. in million)

Activity	Expenses * (Rs. in million)	% of Issue size	% of Issue Expense
Lead management fee and underwriting commissions	[•]	[•]	[•]
Advertising and Marketing expenses	[•]	[•]	[•]
Printing and stationery	[•]	[•]	[•]
Others (Monitoring agency fees, Registrars fee, legal fee, etc.)	[•]	[•]	[•]
TOTAL	**[•]**	**[•]**	**[•]**

* *Will be incorporated after finalisation of the Issue Price*

Other than listing fee, which will be paid by us, all expenses with respect to the Issue will be payable by us.

Fees Payable to the Book Running Lead Managers and Syndicate Members

The total fees payable to the Book Running Lead Managers and the Syndicate Member (including underwriting commission and selling commission) will be as stated in the engagement letter with the BRLMs dated December 9, 2006, a copy of which is available for inspection at our Registered Office.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Memorandum of Understanding dated January 23, 2007 signed with our Company, a copy of which is available for inspection at our Registered Office.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable it to send refund orders or allotment advice by registered post/speed post/under certificate of posting.

Particulars regarding Public or Rights Issues during the Last Five Years

We have not made any public or rights issues during the last five years.

Previous issues of shares otherwise than for Cash

Except as stated in "Capital Structure" on page 20 and "History and Corporate Matters" on page 85, our Company has not issued any Equity Shares for consideration otherwise than for cash.

Commission and Brokerage paid on Previous Issues of the Equity Shares

There has been no public issue in the past of our Company's Equity Shares. Thus, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since our Company's inception.

Companies under the Same Management

We do not have any companies under the same management within the meaning of section 370(1) (B) of the Companies Act.

Promise v/s performance

Our Company nor any Group or associate companies have made any previous public or rights issues.

Outstanding Debentures or Bonds

Our Company does not have any outstanding debentures or bonds.

Outstanding Preference Shares

Our Company does not have any outstanding preference shares.

Stock Market Data of our Equity Shares

This being an initial public issue of the Company, the Equity Shares are not listed on any stock exchange.

Purchase of Property

Except as stated in "Objects of the Issue" on page 35, there is no property which has been purchased or acquired or is proposed to be purchased or acquired which is to be paid for wholly or partly from the proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of this Red Herring Prospectus, other than property, in respect of which:

- The contract for the purchase or acquisition was entered into in the ordinary course of business, nor was the contract entered into in contemplation of the Issue, nor is the issue contemplated in consequence of the contract; or
- The amount of the purchase money is not material.

Except as stated in this Red Herring Prospectus, the Company has not purchased any property in which any of its Promoter and/or Directors, have any direct or indirect interest in any payment made thereunder.

Mechanism for Redressal of Investor Grievances

The Memorandum of Understanding between the Registrar to the Issue and our Company will provide for retention of records with the Registrar to the Issue for a period of at least one year from the last date of dispatch of letters of allotment, demat credit, refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of shares applied for, amount paid on application, Depository Participant, and the bank branch or collection centre where the application was submitted.

Disposal of Investor Grievances by the Company

We estimate that the average time required by the Company or the Registrar to the Issue for the redressal of routine investor grievances shall be ten working days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, the Company will seek to redress these complaints as expeditiously as possible.

We have appointed Rostow Ravanan, our Company Secretary, as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue-related problems. He can be contacted at the following address:

Rostow Ravanan
MindTree House,
No. 3, Block A, No. 42
27th Cross, Banashankari 2nd Stage
Bangalore 560 070
Tel: (91 80) 2671 1777/ 2671 2777
Fax: (91 80) 2671 4000
Email: investors@mindtree.com

Changes in Auditors

There have been no changes of the auditors in the last three years.

Capitalisation of Reserves or Profits

Our Company has not capitalized our reserves or profits during the last five years, except as stated in "Capital Structure" on page 20.

Revaluation of Assets

The Company has not revalued its assets in the last five years.

Payment or benefit to officers of our Company

Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of his employment in our Company or superannuation.

None of the beneficiaries of loans and advances and sundry debtors are related to the Directors of the Company.

SECTION VII: ISSUE INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, our Memorandum and Articles, the terms of the Draft Red Herring Prospectus, this Red Herring Prospectus and the Prospectus, Bid cum Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the allotment advices and other documents/ certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, guidelines, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI, the GoI, Stock Exchanges, RoC, RBI and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Authority for the Issue

The Issue has been authorized by a resolution of our Board dated October 24, 2006 and by special resolution passed pursuant to Section 81(1A) of the Companies Act, at the EGM of the shareholders of our Company held on November 16, 2006.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of our Memorandum and Articles and shall rank pari-passu with the existing Equity Shares of our Company including rights in respect of dividend. The Allottees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by the Company after the date of Allotment.

Mode of Payment of Dividend

We shall pay dividends to our shareholders as per the provisions of the Companies Act.

Face Value and Issue Price

The face value of the Equity Shares is Rs. 10 each and the Issue Price is Rs. [•] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares.

Compliance with SEBI Guidelines

We shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and

- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreement executed with the Stock Exchanges, and our Company's Memorandum and Articles.

For a detailed description of the main provisions of our Articles relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, refer to "Main Provisions of Our Articles of Association" on page 242.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialised form. As per the SEBI Guidelines, the trading of our Equity Shares shall only be in dematerialised form. Since trading of our Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Issue will be only in electronic form in multiples of 15 Equity Share subject to a minimum Allotment of 15 Equity Shares.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Bangalore, Karnataka, India.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agents of our Company.

In accordance with Section 109B of the Companies Act, any Person who becomes a nominee by virtue of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- To register himself or herself as the holder of the Equity Shares; or

- To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialised form, there is no need to make a separate nomination with us. Nominations registered with respective depository participant of the applicant would prevail. If the investors require to change their nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Net Issue, including devolvement of underwriters within 60 days from the Bid/Issue Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under Section 73 of the Companies Act.

Further, in terms of Clause 2.2.2A of the SEBI Guidelines, we shall ensure that the number of prospective allottees to whom Equity Shares will be Allotted will not be less than 1,000.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act in reliance on Rule 144A under the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Arrangement for disposal of Odd Lots

There are no arrangements for disposal of odd lots.

Restriction on transfer of shares

There are no restrictions on transfers and transmission of shares/ debentures and on their consolidation/ splitting except as provided in our Articles. See "Main Provisions of our Articles of Association" on page 242.

ISSUE STRUCTURE

The present Issue of 5,593,300 Equity Shares, at a price of Rs. [•] for cash aggregating Rs. [•] million, is being made through the 100% Book Building Process.

	QIBs	**Non-Institutional Bidders**	**Retail Individual Bidders**	**Employee Reservation Portion**	**Business Associate Reservation Portion**
Number of Equity Shares*	At least 2,964,445 Equity Shares	Up to 494,075 Equity Shares or Net Issue less allocation to QIB Bidders and Retail Individual Bidders.	Up to 1,482,220 Equity Shares or Net Issue less allocation to QIB Bidders and Non-Institutional Bidders.	Up to 372,900 Equity Shares	Up to 279,660 Equity Shares
Percentage of Issue size available for allotment/allocation	At least 60% of Net Issue being allocated. However, up to 5% of the QIB Portion shall be available for allocation proportionately to Mutual Funds only.	Up to 10% of Net Issue or the Net Issue less allocation to QIB Bidders and Retail Individual Bidders.	Up to 30% of Net Issue or the Net Issue less allocation to QIB Bidders and Non-Institutional Bidders.	Up to 6.67% of the Issue size.	Up to 5% of the Issue size.
Basis of Allotment/Allocation if respective category is oversubscribed	Proportionate as follows: (a) 148,222 Equity Shares shall be allocated on a proportionate basis to Mutual Funds; and (b) 2,816,223 Equity Shares shall be Allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000.	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000.	15 Equity Shares.	15 Equity Shares.	15 Equity Shares.
Maximum Bid	Such number of Equity Shares not exceeding	Such number of Equity Shares not exceeding	Such number of Equity Shares whereby the Bid	Such number of Equity Shares not exceeding	Such number of Equity Shares not exceeding

	QIBs	Non-Institutional Bidders	Retail Individual Bidders	Employee Reservation Portion	Business Associate Reservation Portion
	the size of the Net Issue, subject to applicable limits.	the size of the Net Issue subject to applicable limits.	Amount does not exceed Rs. 100,000.	the Issue .	the Issue.
Mode of Allotment	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.
Bid/Allotment Lot	15 Equity Shares in multiples of 15 Equity Shares	15 Equity Shares in multiples of 15 Equity Shares	15 Equity Shares in multiples of 15 Equity Shares	15 Equity Shares in multiples of 15 Equity Shares	15 Equity Shares in multiples of 15 Equity Shares
Trading Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Who can Apply **	Public financial institutions as specified in Section 4A of the Companies Act, FIIs registered with SEBI, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 250 million and pension funds	Eligible NRIs, Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, scientific institutions societies and trusts.	Resident Indian individuals, HUF (in the name of Karta), Eligible NRIs applying for Equity Shares such that the Bid Amount does not exceed Rs. 100,000 in value.	Permanent employees and directors of the Company who are Indian nationals based in India and are present in India or UAE on the date of submission of the Bid cum Application Form.	Customers of the Company who are, directly or indirectly, the subscribers to our services as of December 11, 2006, and incorporated in India. For the avoidance of doubt it is clarified that no offer or sale is being made to any Business Associate of the Company that are incorporated outside India.

	QIBs	Non-Institutional Bidders	Retail Individual Bidders	Employee Reservation Portion	Business Associate Reservation Portion
	with minimum corpus of Rs. 250 million in accordance with applicable law.				
Terms of Payment	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Member.	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Member.	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Member.	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Member.	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Member.
Margin Amount	At least 10% of Bid Amount	Full Bid Amount on bidding	Full Bid Amount on bidding	Full Bid Amount on bidding	Full Bid Amount on bidding

* Subject to valid Bids being received at or above the Issue Price. In terms of Rule 19 (2)(b) of the SCRR, this is an Issue for less than 25% of the post–Issue capital, therefore, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue shall be Allotted to Qualified Institutional Buyers on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. If at least 60% of the Net Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, up to 10% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 30% of the Net Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. Under-subscription, if any, in the Business Associate Reservation Portion or the Employee Reservation Portion will be first added to Employee Reservation Portion or the Business Associate Reservation Portion, as the case may be, and after such inter-se adjustment shall be added back to the Net Issue to the Public, and the ratio amongst the investor categories will be at the discretion of the Company, and the BRLMs. In case of under-subscription in the Net Issue, spill over to the extent of under-subscription shall be permitted from the Employee Reservation Portion and the Business Associate Portion. Under-subscription, if any, in any category, except the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange.

** In case the Bid cum Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.

Bidding/ Issue Programme

BID/ISSUE OPENS ON	**FEBRUARY 9, 2007**
BID/ISSUE CLOSES ON	**FEBRUARY 14, 2007**

Bids and any revision in Bids shall be accepted **only between 10 a.m. and 3 p.m**. (Indian Standard Time) during the Bidding/ Issue Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid/ Issue Closing Date, the Bids shall be accepted **only between 10 a.m. and 3 p.m.** (Indian Standard Time) and uploaded until such time as permitted by the BSE and the NSE on the Bid/ Issue Closing Date.

In case of revision in the Price Band, the Bidding/ Issue Period will be extended for three additional days after revision of Price Band subject to the Bidding/ Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding/ Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the web site of the BRLMs and at the terminals of the Syndicate.

ISSUE PROCEDURE

Book Building Procedure

In terms of Rule 19(2)(b) of the SCRR, this is an Issue for less than 25% of the post–Issue capital of the Company, therefore, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue shall be Allotted to Qualified Institutional Buyers on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for Allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. If at least 60% of the Net Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, up to 10% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 30% of the Net Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. Further, upto 372,900 Equity Shares shall be available for allocation on a proportional basis to Eligible Employees, subject to valid bids being received at or above the Issue Price. Further, upto 279,660 Equity Shares shall be available for allocation on a proportional basis to Business Associates, subject to valid bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the Syndicate. In case of QIB Bidders, the Company in consultation with the BRLMs may reject Bids at the time of acceptance of Bid cum Application Form provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders, Retail Individual Bidders, Eligible Employees and Business Associates, our Company would have a right to reject the Bids only on technical grounds.

Bid cum Application Form

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories, is as follows:

Category	Colour of Bid cum Application Form
Indian public, Eligible NRIs applying on a non-repatriation basis	White
Non-Residents, Eligible NRIs, FVCIs, FIIs etc applying on a repatriation basis	Blue
Eligible Employees	Pink
Business Associates	Green

Who can Bid?

- Indian nationals resident in India who are majors, or in the names of their minor children as natural/legal guardians in single or joint names (not more than three);

- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids by HUFs would be considered at par with those from individuals;

- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in the equity shares;
- Mutual Funds registered with SEBI;
- Eligible NRIs on a repatriation basis or on a non-repatriation basis subject to applicable laws. NRIs other than Eligible NRIs are not eligible to participate in this Issue;
- Indian Financial Institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI Guidelines and regulations, as applicable).;
- FIIs registered with SEBI;
- Venture Capital Funds registered with SEBI;
- State Industrial Development Corporations;
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/societies and who are authorised under their constitution to hold and invest in equity shares;
- Scientific and/or Industrial Research Organisations authorised to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority, India;
- Subject to the applicable law, Provident Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
- Pension Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares; and
- Eligible Employees can Bid in the Employees Reservation Portion, i.e., permanent employees or Directors (whole-time Directors, part-time Directors or otherwise) of the Company, who are Indian Nationals and are based in India. The permanent employees should be on the payroll of the Company as on Bid/Issue Opening Date and the Directors should be directors on the date of the Bid/ Issue Opening Date.
- Business Associates can Bid in the Business Associate Reservation Portion, i.e, customers of the Company who are, directly or indirectly, the subscribers to our services as of December 11, 2006, and incorporated in India. For the avoidance of doubt it is clarified that no offer or sale is being made to any Business Associate of the Company that are incorporated outside India.

Note: The BRLMs shall not be allowed to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations.

However, associates and affiliates of the Book Running Lead Managers, Co Book Running Lead Manager Lead Manager and Syndicate Members may subscribe to Equity Shares in the Issue either in the QIB Portion or in Non Institutional Portion as may be applicable to such investors, where the allocation is on a proportionate basis.

Further, bidders under the Business Associate Reservation Portion are not permitted to apply in the Net Issue.

The information below is given for the benefit of the Bidders. The Company and the BRLMs, CBRLM and LM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not

exceed the applicable limits under laws or regulations.

Bids by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than 148,222 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Bids by Eligible NRIs

1. Bid cum Application Forms have been made available for Eligible NRIs at our registered /corporate office and members of the Syndicate of the Registrar to the Issue.

2. Eligible NRI applicants may note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment. The Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians.

Bids by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue issued capital (i.e. 10% of 37,288,537 Equity Shares of Rs. 10 each). In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual. As of now, the aggregate FII holding in us cannot exceed 24% of our total issued capital. The said 24% limit can be increased up to 100% by passing a resolution by the Board followed by passing a special resolution to that effect by the shareholders of our Company.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, an FII or its sub account may issue, deal or hold, off shore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed on any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

Bids by SEBI registered Venture Capital Funds

As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds:

The SEBI (Venture Capital) Regulations, 1996 prescribe investment restrictions on venture capital funds registered with SEBI. Accordingly, whilst the holding by any individual venture capital fund registered with SEBI in one company should not exceed 25% of the corpus of the venture capital fund, a Foreign Venture Capital Investor can invest its entire funds committed for investments into India in one company. Further, Venture Capital Funds and Foreign Venture Capital Investors can invest only up to 33.33% of the investible funds by way of subscription to an initial public offer.

Information for the Bidders:

(a) The Company will file this Red Herring Prospectus with the RoC at least three days before the Bid/Issue Opening Date.

(b) The Company and the BRLMs shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with the RoC and also publish the same in three widely circulated newspapers (one each in English, Hindi and Kannada). This advertisement, subject to the provisions of S. 66 of the Companies Act shall be in the format prescribed in Schedule XX – A of the SEBI DIP guidelines, as amended by SEBI Circular No. SEBI/CFD/DIL/DIP/14/2005/25/1 date January 25, 2005.

(c) The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.

(d) Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/ or the Bid cum Application Form can obtain the same from our Registered Office or from any of the members of the Syndicate and should approach any of the BRLMs or Syndicate Members or their authorized agent(s) to register their Bids.

(e) The members of the Syndicate shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.

(f) The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of a member of the Syndicate. A Bid cum Application Form, which does not bear the stamp of a member of the Syndicate, will be rejected.

(g) The Bidding/Issue Period shall be for a minimum of three working days and not exceeding seven working days. In case of revision in the Price Band, the Bidding/ Issue Period will be extended for three additional days after revision of Price Band subject to a maximum of 10 working days. Any revision in the Price Band and the revised Bidding/ Issue Period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a public notice in three widely circulated newspapers (one each in English and Hindi) and one Kannada newspaper, and also by indicating the change on the websites of the BRLMs, the CBRLM and the LM and at the terminals of the Syndicate Members.

(h) The Price Band has been fixed at Rs. 365/- to Rs. 425/- per Equity Share of Rs. 10/- each, Rs. 365/- being the lower end of the Price Band and Rs. 425/- being the higher end of the Price Band. The Bidders can bid at any price with in the Price Band, in multiples of Rs. 1/- (One)

(i) The Company in consultation with the BRLMs reserves the right to revise the Price Band, during the Bidding/Issue Period, in accordance with SEBI Guidelines. The higher end of the Price Band should not be more than 20% of the lower end of the Price Band. Subject to compliance with the immediately preceding sentence, the lower end of the Price Band can move up or down to the extent of 20% of the lower end of the Price Band disclosed in the Red Herring Prospectus.

(j) The Company in consultation with the BRLMs can finalise the Issue Price within the Price Band, without the prior approval of, or intimation, to the Bidders.

Maximum and Minimum Bid Size

(a) **For Retail Individual Bidders:** The Bid must be for a minimum of 15 Equity Shares and in multiples of 15 Equity Share thereafter, so as to ensure that the Bid Price payable by the Bidder does not exceed Rs. 100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Price does not exceed Rs. 100,000. In case the Bid Price is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allocation under the Non-Institutional Bidders portion. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

(b) **For Other Bidders (Non-Institutional Bidders and QIBs):** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of 15 Equity Shares thereafter. A Bid cannot be submitted for more than the Net Issue. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **Under existing SEBI Guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay QIB Margin upon submission of Bid.**

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off'.

(c) **For Employee Reservation Portion**: The Bid must be for a minimum of 15 Equity Shares and in multiples of 15 Equity Shares thereafter. Bidders in the Employee Reservation Portion applying for a maximum bid in any of the bidding options not exceeding Rs. 100,000 may bid at Cut-Off Price. The allotment in the Employee Reservation Portion will be on a proportionate basis. The maximum Bid in this category by an Eligible Employee cannot exceed the size of the Issue.

(d) **For Business Associate Reservation Portion:** The Bid must be for a minimum of 15 Equity Shares and in multiples of 15 Equity Shares thereafter. The maximum Bid in this category by a Business Associate cannot exceed the size of the Issue. Bidders under the Business Associate Reservation Portion are not permitted to apply in the Net Issue.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Red Herring Prospectus.

Method and Process of Bidding

(a) Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph titled "Bids at Different Price Levels" on page 216) within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation/Allotment and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.

(b) The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph titled "Bids at Different Price Levels and Revision of Bids" on page 216.

(c) The Members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, ("TRS"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for a Bid cum Application Form.

(d) During the Bidding/Issue Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients / investors who place orders through them and shall have the right to vet the Bids, subject to the terms of the Syndicate Agreement and the Red Herring Prospectus.

(e) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph titled "Terms of Payment and Payment into the Escrow Accounts" on page 225.

Bids at Different Price Levels and Revision of Bids

(a) The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders and Eligible Employees applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may bid at Cut-off Price. However, bidding at Cut-off Price is prohibited for bidding by Eligible Employees in excess of Rs. 100,000, QIB, Non-Institutional Bidders and Business Associates and such Bids shall be rejected.

(b) Retail Individual Bidders and Eligible Employees bidding in the Employee Reservation Portion who bid at the Cut-Off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders and Eligible Employees under the Employee Reservation Portion shall deposit the Bid Price based on the higher end of the Price Band in the Escrow Account. In the event the Bid Price is higher than the subscription amount payable by the Retail Individual Bidders, Eligible Employees bidding in the Employee Reservation Portion, as the case may be, who Bid at Cut off Price (i.e., the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders and Eligible Employees bidding in the Employee Reservation Portion who Bid at Cut off Price, shall receive the refund of the excess amounts from the Escrow Account.

(c) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders, and Eligible Employees bidding in the Employee Reservation Portion, as the case may be, who had bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the higher end of the Revised Price Band (such that the total amount i.e., original Bid Price plus additional payment does not exceed Rs. 1,00,000 for Retail Individual Bidders, Eligible Employees bidding in the Employee Reservation Portion, if such Bidder wants to continue to bid at Cut-off Price), with the Syndicate Members to whom the original Bid was submitted. In case the total amount (i.e., original Bid Price plus additional payment) exceeds Rs. 100,000 for Retail Individual Bidders will be considered for allocation under the Non-Institutional Portion in terms of this Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the higher end of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downwards for the purpose of

Allotment, such that the no additional payment would be required from such Bidder and such Bidder is deemed to have approved such revised Bid at Cut-off Price.

(d) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders and Eligible Employees bidding in the Employee Reservation Portion who have bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.

(e) In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain 15 Equity Shares irrespective of whether the Bid Price payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.

(f) During the Bidding/Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.

(g) Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate will not accept incomplete or inaccurate Revision Forms.

(h) The Bidder can make this revision any number of times during the Bidding/Issue Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid.

(i) Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.

(j) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Red Herring Prospectus. In case of QIB Bidders, the BRLMs, the CBRLM, the LM and/or their affiliates shall collect the payment in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.

(k) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**

Bids and revisions of Bids must be:

(a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white colour for Resident Indians, blue colour for Eligible NRIs and FIIs applying on a repatriation basis and pink colour for Bidders under Employee Reservation portion and green colour for Bidders under Business Associate Reservation portion).

(b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.

(c) For Retail Individual Bidders, the Bid must be for a minimum of 15 Equity Shares and in multiples of 15 Equity Shares, thereafter subject to a maximum Bid Amount of Rs. 100,000.

(d) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Price exceeds or equal to Rs. 100,000 and in multiples of 15 Equity Shares thereafter. Bids cannot be made for more than the Issue Size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.

(e) Eligible NRIs for a Bid Price of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Price of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purposes of allocation; by other eligible Non Resident Bidders for a minimum of such number of Equity Shares and in multiples of 15 Equity Shares thereafter that the Bid Price exceeds Rs. 100,000.

(f) Bids by Non Residents, Eligible NRIs, FVCIs, FIIs etc. on a repatriation basis shall be in the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding Eligible NRIs) or their nominees.

(g) For Eligible Employees bidding in the Employee Reservation Portion, the Bid must be for a minimum of 15 Equity Shares in multiple of thereafter subject to a maximum of up to the Issue size.

(h) For Business Associates bidding in the Business Associate Reservation Portion, the Bid must be for a minimum of 15 Equity Shares in multiple of 15 thereafter subject to a maximum of up to the Issue size.

(i) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).

(j) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bids by Eligible Employees

The Bid must be for a minimum of 15 Equity Shares and in multiples of 15 Equity Shares thereafter. Bidders under the Employee Reservation Portion can apply for a maximum of the size of the Issue. The allotment in the Employee Reservation Portion will be on a proportionate basis. Bidders under the Employee Reservation Portion applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may bid at Cut off Price.

For the purpose of the Employee Reservation Portion, Eligible Employee means all or any of the following:

(a) a permanent employee of the Company as of Bid/Issue Opening Date and based working and present in India as on the date of submission of the Bid cum Application Form.
(b) a director of the Company, whether a whole time director except any Promoters or members of the Promoter group, part time director or otherwise as of Bid/Issue Opening Date and based and present in India as on the date of submission of the Bid cum Application Form.

Bids under Employee Reservation Portion by Eligible Employees shall be:

- Made only in the prescribed Bid cum Application Form or Revision Form (i.e. pink colour form).
- Only Eligible Employees (as defined above) would be eligible to apply in this Issue under the Employee Reservation Portion.
- Eligible Employees, as defined above, should mention the Employee Number at the relevant place in the Bid cum Application Form.
- The sole/ first Bidder shall be the Eligible Employee as defined above.
- Bids by Eligible Employees will have to bid like any other Bidder. Only those bids, which are received at or above the Issue Price, would be considered for allocation under this category.
- The Bids must be for a minimum of 15 Equity Shares and in multiples of 15 Equity Shares thereafter. The allotment in the Employee Reservation portion will be on a proportional basis.
- Eligible Employees who Bid for Equity Shares of or for a value of not more than Rs. 100,000 in any of the bidding options can apply at Cut-Off Price. This facility is not available to other Eligible Employees whose Bid Amount in any of the bidding options exceeds Rs. 100,000.
- The maximum bid under Employee Reservation Portion by an Employee cannot exceed the Issue size.
- Bid/ Application by Eligible Employees can also be made in the "Net Issue" portion and such Bids shall not be treated as multiple bids.
- If the aggregate demand in this category is less than or equal to 372,900 Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
- If the aggregate demand in this category is greater than 372,900 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, see "Basis of Allotment" on page 231.
- Under-subscription, if any, in the Employee Reservation Portion will be first added to the Business Associate Reservation Portion and after such inter-se adjustment shall be added back to the Net Issue, and the ratio amongst the investor categories will be at the discretion of the Company, and the BRLMs. In case of under-subscription in the Net Issue, spill over to the extent of under-subscription shall be permitted from the Employee Reservation Portion and the Business Associate Reservation Portion.
- **This is not an issue for sale within the United States of any equity shares or any other security of the Company. Securities of the Company, including any offering of its equity shares, may not be offered or sold in the United States in the absence of registration under U.S. securities laws or unless exempt from registration under such laws.**

Bids by Business Associates

For the purpose of the Business Associates Reservation Portion, Business Associates shall mean customers of the Company who are, directly or indirectly, the subscribers to our services as of December 11, 2006, and incorporated in India. For the avoidance of doubt it is clarified that no offer or sale is being made to any Business Associate of the Company that are incorporated outside India.

Bids under Business Associate Reservation Portion by Business Associates shall be:

- Made only in the prescribed Bid cum Application Form or Revision Form (i.e. green colour Form).
- Only Business Associates (as defined above) would be eligible to apply in this Issue under the Business Associate Reservation Portion.
- The sole/ first Bidder shall be the Business Associates as defined above.
- Bids by Business Associates will have to bid like any other Bidder. Only those bids, which are received at or above the Issue Price, would be considered for allocation under this category.
- The Bids must be for a minimum of 15 Equity Shares and in multiples of 15 Equity Shares thereafter. The allotment in the Business Associate Reservation Portion will be on a proportional basis.

- The maximum bid under Business Associate Reservation Portion by a Business Associate cannot exceed the Issue size.
- If the aggregate demand in this category is less than or equal to 279,660 Equity Shares at or above the Issue Price, full allocation shall be made to the Business Associate to the extent of their demand.
- If the aggregate demand in this category is greater than 279,660 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, see "Basis of Allotment" on page 231.
- Under-subscription, if any, in the Business Associate Reservation Portion will be first added to the Employee Reservation Portion and after such inter-se adjustment shall be added back to the Net Issue, and the ratio amongst the investor categories will be at the discretion of the Company, and the BRLMs. In case of under-subscription in the Net Issue, spill over to the extent of under-subscription shall be permitted from the Employee Reservation Portion and the Business Associate Portion.
- **This is not an issue for sale within the United States of any equity shares or any other security of the Company. Securities of the Company, including any offering of its equity shares, may not be offered or sold in the United States in the absence of registration under U.S. securities laws or unless exempt from registration under such laws.**

Electronic Registration of Bids

(a) The Members of the Syndicate will register the Bids using the on-line facilities of BSE and NSE. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.

(b) The BSE and NSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Members of the Syndicate and their authorised agents during the Bidding Period. Syndicate Members can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a half hourly basis. On the Bid/ Issue Closing Date, the members of the Syndicate shall upload the Bids till such time as may be permitted by the Stock Exchanges. This information will be available with the BRLMs, the CBRLM and the LM on a regular basis.

(c) The aggregate demand and price for Bids registered on the electronic facilities of BSE and NSE will be uploaded on a half hourly basis, consolidated and displayed on-line at all bidding centres and the website of BSE and NSE. A graphical representation of consolidated demand and price would be made available at the bidding centres during the Bidding /Issue Period.

(d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:

  - Name of the investor.
  - Investor Category – Individual, Corporate, FII, Eligible NRI, Mutual Fund, Employee etc.
  - Numbers of Equity Shares bid for.
  - Bid price.
  - Bid cum Application Form number.
  - Whether Margin Amount has been paid upon submission of Bid cum Application Form.
  - Depository Participant Identification Number and Client Identification Number of the beneficiary account of the Bidder.

(e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the member of the Syndicate does not guarantee that the

Equity Shares shall be allocated/allotment either by the members of the Syndicate or our Company.

(f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(g) In case of QIB Bidders, the BRLMs, the CBRLM, the LM and/or their affiliates have the right to accept the bid or reject the Bids. However, such rejection should be made at the time of receiving the bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders, Retail Individual Bidders, Eligible Employees bidding in the Employee Reservation Portion, and Business Associates bidding in the Business Associate Reservation Portion Bids would not be rejected except on the technical grounds listed on page 228.

(h) The permission given by BSE and NSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the BRLMs, the CBRLM, the LM are cleared or approved by BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company.

(i) It is also to be distinctly understood that the approval given by BSE and NSE should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and NSE.

(j) Only bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/ Allotment. In case of discrepancy of data between the BSE or the NSE and the members of the Syndicate, the decision of the BRLMs based on the physical records of Bid Application Forms shall be final and binding on all concerned.

GENERAL INSTRUCTIONS

Do's:

a) Check if you are eligible to apply;

b) Read all the instructions carefully and complete the Resident Bid cum Application Form (white in colour) or Non-Resident Bid cum Application Form (blue in colour) or the Employee Bid cum application Form (green in colour) or the Business Associate Bid cum application Form (-green in colour) as the case may be;

c) Ensure that the details about Depository Participant and Beneficiary Account are correct as allotment of Equity Shares will be in the dematerialized form only;

d) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;

e) Ensure that you have been given a TRS for all your Bid options;

f) Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;

g) Where Bid(s) is/are for Rs. 50,000/- or more, each of the Bidders, should mention their PAN allotted under the IT Act. The copies of the PAN Card or PAN allotment letter should be submitted with the Bid cum Application form. If you have mentioned "Applied for" or "Not

Applicable", in the Bid cum Application Form in the section dealing with PAN number, ensure that you submit Form 60 or 61, as the case may be, together with permissible documents as address proof;

h) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;

i) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.

Don'ts:

(a) Do not bid for lower than the minimum Bid size;

(b) Do not bid/ revise Bid price to less than the lower end of the Price Band or higher than the higher end of the Price Band;

(c) Do not bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;

(d) Do not pay the Bid Price in cash, by money order or by postal order or by stockinvest;

(e) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;

(f) Do not bid at Cut Off Price (for QIB Bidders and Non-Institutional Bidders and Eligible Employees bidding in the Employee Reservation Portion for bid amount in excess of Rs. 100,000);

(g) Do not fill up the Bid cum Application Form such that the Equity Shares bid for exceeds the Issue Size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;

(h) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

(i) Do not bid in any other category if a Bid is being submitted under the Business Associate Reservation Portion.

Bidder's Depository Account and Bank Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Bidders bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These bank account details would be used for giving refunds (including through physical refund warrants, direct credit, ECS, NEFT and RTGS) to the Bidders. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch/ credit of refunds to Bidders at the Bidders sole risk and neither the BRLMs, the CBRLM, the LM or the Registrar or the Escrow Collection Banks nor the Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/Allocation Advice and printing of Bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

In case of Bidders receiving refunds through electronic transfer of funds, delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Company, nor the Registrar, Escrow Collection Bank(s) nor the BRLMs, the CBRLM, the LM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories, which matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

The Company in its absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice/ refunds through electronic transfer of funds, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

As per the RBI regulations, OCBs are not permitted to participate in the Issue.

All applicants will be treated on the same basis with other categories for the purpose of allocation.

Bids under Power of Attorney

a. In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum of Association and Articles of Association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

b. In case of Bids made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

c. In case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

d. In case of Bids made by provident funds with minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

e. Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application form, subject to such terms and conditions that our Company and the BRLMs may deem fit.

PAYMENT INSTRUCTIONS

Escrow Mechanism

The Company and the members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Bank(s) for the collection of the Bid Amount payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation in the Issue.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Bank (s) for and on behalf of the Bidders shall maintain the monies in the Escrow Account. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account. The balance amount after transfer to the Public Issue Account shall be held for the benefit of the Bidders who are entitled to refunds. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Company, the members of the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Accounts

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation/Allotment as per the following terms.

1. Each category of Bidders i.e., QIB Bidders, Non-Institutional Bidders, Retail Individual Bidders, Eligible Employees and Business Associates shall provide the applicable Margin Amount, with the submission of the Bid cum Application Form, draw a cheque or demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details refer to the paragraph titled "Terms of Payment and Payments into the Escrow Account" on page 225) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid cum Application Forms accompanied by cash shall not be accepted. The Margin Amount payable by each category of Bidders is mentioned under "Issue Structure" on page 208. The maximum Bid price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.

2. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Price, any difference between the amount payable by the Bidder for Equity Shares allocated/allotted at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs, the CBRLM, the LM. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled.

3. The payment instruments for payment into the Escrow Account should be drawn in favour of:

    - In case of resident QIB Bidders: **"**Escrow Account– MindTree Public Issue – QIB – R"
    - In case of Non Resident QIB Bidders: **"**Escrow Account– MindTree Public Issue – QIB – NR"
    - In case of Resident Retail and Non-Institutional Bidders: **"**Escrow Account– MindTree Public Issue – R"
    - In case of Non Resident Retail and Non-Institutional Bidders: **"**Escrow Account– MindTree Public Issue – NR"
    - In case of Resident Eligible Employees: "Escrow Account– MindTree Issue – Employees-R"
    - In case of Non Resident Eligible Employees: "Escrow Account– MindTree Issue – Employees-NR"
    - In case of Business Associates: "Escrow Account– MindTree Issue – Business Associates"

4. In case of Bids by Eligible NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.

5. In case of Bids by FIIs, the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to Special Rupee Account.

6. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated\ will be refunded to the Bidder from the Refund Account.

7. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation/Allotment to the Bidders.

8. Payments should be made by cheque, or demand draft drawn on any bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ Stockinvest/money orders/ postal orders will not be accepted.

9. Bidders are advised to mention the number of application form on the reverse of the cheque / demand draft to avoid misuse of instruments submitted along with the Bid cum Application Form.

10. Incase clear funds are not available in the Escrow Accounts as per final certificates from the Escrow Collection Banks, such Bids are liable to be rejected

Payment by Stockinvest

In terms of the Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through stockinvest would not be accepted in this Issue.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same. Bid/ Application by Eligible Employees can be made also in the "Net Issue" and such bids shall not be treated as multiple bids.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All applications are electronically strung on first name, address and applicants status. These applications are electronically matched for common first name and address and if matched, these are checked manually for age, signature and father/husbands name to determine if they are multiple applications.
2. Applications which do not qualify as multiple applications as per above procedure are further checked for common DP ID/beneficiary ID. Applications with common DP ID/ beneficiary ID are manually checked to eliminate possibility of data entry error to determine if they are multiple applications.

3. Applications which do not qualify as multiple applications as per above procedure are further checked for common PAN. All such matched applications with common PAN are manually checked

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

In case of Bidder submitting Bids under the Business Associate Reservation Portion separate Bids cannot be made in any other category, and all such multiple Bids will be rejected.

In cases where there are more than 20 valid applicants having a common address, such shares will be kept in abeyance, post allotment and released on confirmation of KYC norms by the depositories.

Permanent Account Number or PAN

Where Bid(s) is/are for Rs. 50,000 or more, the Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her PAN allotted under the I.T. Act. **The copy of the PAN card or PAN allotment letter is required to be submitted with the Bid-cum-Application Form.** Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground**. In case the Sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should Mention "Applied for" in the Bid cum Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the Sole/First Bidder and each of the Joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person who does not have a PAN and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61, as the case may be.**

Unique Identification Number ("UIN")

With effect from July 1, 2005, SEBI had decided to suspend all fresh registrations for obtaining UIN and the requirement to contain/quote UIN under the SEBI MAPIN Regulations/Circulars vide its circular MAPIN/Cir-13/2005. However, in a recent press release dated December 30, 2005, SEBI has approved certain policy decisions and has now decided to resume registrations for obtaining UINs in a phased manner. The press release states that the cut off limit for obtaining UIN has been raised from the existing limit of trade order value of Rs.100,000 to Rs.500,000 or more. The limit will be reduced progressively. For trade order value of less than Rs.500,000 an option will be available to investors to obtain either the PAN or UIN. These changes are, however, not effective as of the date of the Red Herring Prospectus and SEBI has stated in the press release that the changes will be implemented only after necessary amendments are made to the SEBI MAPIN Regulations.

GROUNDS FOR REJECTIONS

In case of QIB Bidders, the BRLMs, the CBRLM, the LM and/or their affiliates have the right to reject the Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders, and Retail Individual Bidders who bid and bids by Eligible Employees bidding in the Employee Reservation Portion, and bids by Business Associates bidding in the Business Associate Reservation Portion our the Company has a right to reject Bids based on technical grounds.

Bidders are advised to note that Bids are liable to be rejected *inter alia* on the following technical grounds:

- Amount paid does not tally with the amount payable for the highest value of Equity Shares bid for;
- Age of First Bidder not given;
- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- PAN photocopy/PAN communication/ Form 60 or Form 61 declaration along with documentary evidence in support of address given in the declaration, not given if Bid is for Rs. 50,000 or more;
- GIR number furnished instead of PAN;
- Bids for lower number of Equity Shares than specified for that category of investors;
- Bids at a price less than lower end of the Price Band;
- Bids at a price more than the higher end of the Price Band;
- Bids at Cut Off Price by Non-Institutional and QIB Bidders and Bidders in the Employee Reservation Portion bidding in excess of Rs. 100,000;
- Bids for number of Equity Shares which are not in multiples of 15;
- Category not ticked;
- Multiple Bids as defined in this Red Herring Prospectus;
- In case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- Bids accompanied by Stockinvest/money order/postal order/cash;
- Signature of sole and / or joint Bidders missing;
- Bid cum Application Forms does not have the stamp of the BRLMs or Syndicate Members;
- Bid cum Application Forms does not have Bidder's depository account details;
- Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Forms, Bid/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Forms;

- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depositary Participant's identity (DP ID) and the beneficiary's account number;

- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;

- Bids in respect where the Bid cum Application form do not reach the Registrar prior to the finalisation of the basis of allotment;

- Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;

- Bids by Non-residents such as OCBs;

- In case of Bidder submitting Bids under the Business Associate Reservation Portion separate Bids cannot be made in any other category, and all such multiple Bids will be rejected.

- Bids by US persons other than "Qualified Institutional Buyers" as defined in Rule 144A of the Securities Act or other than in reliance of Regulation S under the Securities Act;

- Bids by any person outside India if not in compliance with applicable foreign and Indian Laws; and

- Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority.

Price Discovery and Allocation

(a) After the Bid/Issue Closing Date, the BRLMs will analyse the demand generated at various price levels.

(b) The Company in consultation with the BRLMs shall finalise the "Issue Price".

(c) The allocation to QIBs will be atleast 60% of the Net Issue and allocation to Non-Institutional and Retail Individual Bidders will be up to 10% and 30% of the Net Issue, respectively, on a proportionate basis, in a manner specified in the SEBI Guidelines and the Red Herring Prospectus, in consultation with the Designated Stock Exchange, subject to valid bids being received at or above the Issue Price.

(d) Under-subscription, if any, in the Non-Institutional category and the Retail Individual category would be met with spill over from any other category at the sole discretion of our Company in consultation with the BRLMs. However, if the aggregate demand by Mutual Funds is less than 148,222 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allotted proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB Portion has been met, under subscription, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the BRLMs, and the Designated Stock Exchange.

(e) Under-subscription, if any, in the Employee Reservation Portion or the Business Associate Reservation Portion will be first added to the Business Associate Reservation Portion or the Employee Reservation Portion, as the case may be, and after such inter-se adjustment shall be added back to the Net Issue, and the ratio amongst the investor categories will be at the discretion of the Company, and the BRLMs. In case of under-subscription in the Net Issue to the Public , spill over to the extent of under-subscription shall be permitted from the Employee Reservation Portion and the Business Associate Portion.

(f) Allocation to Eligible NRIs, FVCIs, FIIs etc. applying on repatriation basis will be subject to applicable law and the terms and conditions stipulated by the RBI, while granting permission for allotment of Equity Shares to them in this Issue.

Signing of Underwriting Agreement and RoC Filing

(a) The Company, the BRLMs, the CBRLM, the LM, and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation(s)/ Allotment to the Bidders.

(b) After signing the Underwriting Agreement, the Company would update and file the updated Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.

(c) The Company will file a copy of the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

(d) The Company will issue an advertisement after the filing of the Prospectus with the RoC in three widely circulated newspapers (one each in English, Hindi and Kannada). This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of CAN

(a) Upon approval of the basis of allotment by the Designated Stock Exchange, the BRLMs, or Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated/allotted Equity Shares in the Issue. The approval of the basis of allotment by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders and Bids from Eligible Employees bidding in the Employee Reservation Portion and Bids from Business Associates bidding in the Business Associate Reservation Portion. However, investors should note that the Company shall ensure that the date of allotment of the Equity Shares to all investors in this Issue shall be done on the same date.

(b) The BRLMs and/or their affiliates would dispatch a CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the entire Bid Amount into the Escrow Account at the time of bidding shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN.

(c) Bidders who have been allocated/allotted Equity Shares and who have already paid the Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of his or her cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for the allotment to such Bidder.

(d) The Issuance of CAN is 'Subject to "Allotment Reconciliation and Revised CANs" as set forth herein.

Notice to QIBs: Allotment Reconciliation and Revised CANs

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bid Applications received. Based on the electronic book, QIBs will be sent a CAN on or prior to February 20, 2007, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the physical book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange and specified in the physical book. As a result, a revised CAN may be sent to QIBs, and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. It is not necessary that a revised CAN will be sent. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased Allotment of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

Designated Date and allotment of Equity Shares

(a) The Company will ensure that the allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, the Company would ensure the credit to the successful Bidders depository account. Allotment of the Equity Shares to the allottees shall be within two working days of the date of allotment.

(b) In accordance with the SEBI Guidelines, Equity Shares will be issued and allotment shall be made only in the dematerialised form to the allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/allotted to them pursuant to this Issue.

BASIS OF ALLOTMENT

A. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.

- The Net Issue size less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

- If the aggregate demand in this category is less than or equal to 1,482,220 Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.

- If the aggregate demand in this category is greater than 1,482,220 Equity Shares at or above the Issue Price, the allotment shall be made on a proportionate basis up to a minimum of 15 Equity Shares. For the method of proportionate basis of Allotment, refer below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.

- The Net Issue size less Allotment to QIBs and Retail Portion shall be available for Allotment to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

- If the aggregate demand in this category is less than or equal to 494,075 Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.

- In case the aggregate demand in this category is greater than 494,075 Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of 15 Equity Shares. For the method of proportionate basis of Allotment refer below.

C. For Employee Reservation Portion

a. The Bid must be for a minimum of 15 Equity Shares and in multiples of 15 Equity Shares thereafter. Bidders under the Employee Reservation Portion can apply for a maximum of up to the Issue size. The allotment in the Employee Reservation Portion will be on a proportionate basis. Bidders under the Employee Reservation Portion applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may bid-at Cut off Price.
b. The maximum Bid under the Employee Reservation Portion cannot exceed the Issue size.
c. Bids received from the Eligible Employees at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Eligible Employees will be made at the Issue Price.
d. If the aggregate demand in this category is less than or equal to 372,900 Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
e. If the aggregate demand in this category is greater than 372,900 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 15 Equity Shares and in multiple of 15 Equity Share thereafter. For the method of proportionate basis of allotment, refer below.
f. Only Eligible Employees are eligible to apply under Employee Reservation Portion.

D. For Business Associate Reservation Portion

a. The Bid must be for a minimum of 15 Equity Shares and in multiples of 15 Equity Shares thereafter. The allotment in the Business Associate Reservation Portion will be on a proportionate basis.
b. The maximum Bid under the Business Associate Reservation Portion cannot exceed the Issue size.
c. Bids received from the Business Associates at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Business Associates will be made at the Issue Price.
d. If the aggregate demand in this category is less than or equal to 279,660 Equity Shares at or above the Issue Price, full allocation shall be made to the Business Associate to the extent of their demand.
e. If the aggregate demand in this category is greater than 279,660 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 15 Equity Shares and in multiple of 15 Equity Share thereafter. For the method of proportionate basis of allotment, refer below.
f. Only Business Associates (as defined) are eligible to apply under Business Associate Reservation Portion.

D. **For QIBs**

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the QIB Bidders will be made at the Issue Price.

- The QIB Portion shall be available for Allotment to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

- Allotment shall be undertaken in the following manner:

  (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:

    (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.

    (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full Allotment to the extent of valid bids received above the Issue Price.

    (iii) Equity Shares remaining unsubscribed, if any, and not allocated to Mutual Funds shall be available for Allotment to all QIB Bidders as set out in (b) below;

  (b) In the second instance Allotment to all QIBs shall be determined as follows:

    (i) In the event of over subscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.

    (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.

    (iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

- The aggregate Allotment to QIB Bidders shall not be less than 2,964,445 Equity Shares.

Illustration of Allotment to QIBs and Mutual Funds ("MF")

A. Issue Details

Sr. No.	Particulars	Issue details
1	Issue size	200 million equity shares
2	Allocation to QIB (60%)	120 million equity shares
	Of which:	
	a. Allocation to MF (5%)	6 million equity shares
	b. Balance for all QIBs including MFs	114 million equity shares
3	No. of QIB applicants	10
4	No. of shares applied for	500 million equity shares

B. Details Of QIB Bids

S.No	Type of QIB bidders#	No. of shares bid for (in million)
1	A1	50
2	A2	20
3	A3	130
4	A4	50
5	A5	50
6	MF1	40
7	MF2	40
8	MF3	80
9	MF4	20
10	MF5	20
	Total	**500**

A1-A5: (QIB bidders other than MFs), MF1-MF5 (QIB bidders which are Mutual Funds)

C. Details of Allotment to QIB Bidders/ Applicants

(Number of equity shares in million)

Type of QIB bidders	Shares bid for	Allocation of 6 million Equity Shares to MF proportionately (see note 2 below)	Allocation of balance 114 million Equity Shares to QIBs proportionately (see note 4 below)	Aggregate allocation to MFs
(I)	**(II)**	**(III)**	**(IV)**	**(V)**
A1	50	0	11.40	0
A2	20	0	4.56	0
A3	130	0	29.64	0
A4	50	0	11.40	0
A5	50	0	11.40	0
MF1	40	1.2	9.12	10.32
MF2	40	1.2	9.12	10.32
MF3	80	2.4	18.24	20.64
MF4	20	0.6	4.56	5.16
MF5	20	0.6	4.56	5.16
	500	**6**	**114**	**51.64**

Please note:

1. The illustration presumes compliance with the requirements specified in this Red Herring Prospectus in “Issue Structure” on page 208.

2. Out of 120 million Equity Shares allocated to QIBs, 6 million (i.e. 5%) will be allocated on proportionate basis among 5 Mutual Fund applicants who applied for 200 million shares in QIB category.

3. The balance 114 million Equity Shares (i.e. 120 - 6 (available for MFs)) will be allocated on proportionate basis among 10 QIB applicants who applied for 500 million Equity Shares (including 5 MF applicants who applied for 200 million Equity Shares).

4. The figures in the fourth column titled "Allocation of balance 114 million Equity Shares to QIBs proportionately" in the above illustration are arrived as under:

   - For QIBs other than Mutual Funds (A1 to A5)= No. of shares bid for (i.e. in column II) X 114 / 494

   - For Mutual Funds (MF1 to MF5)= [(No. of shares bid for (i.e. in column II of the table above) less Equity Shares allotted (i.e., column III of the table above)] X 114/494

   - The numerator and denominator for arriving at allocation of 114 million shares to the 10 QIBs are reduced by 6 million shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

Method of Proportionate Basis of Allotment in the Issue

In the event of the Issue being over-subscribed, the Company shall finalize the basis of Allotment in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs and the Registrar to the Issue shall be responsible for ensuring that the basis of Allotment is finalized in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

a) Bidders will be categorized according to the number of Equity Shares applied for.

b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.

d) In all Bids where the proportionate Allotment is less than 15 Equity Shares per Bidder, the Allotment shall be made as follows:

   - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and
   - Each successful Bidder shall be allotted a minimum of 15 Equity Shares.

e) If the proportionate Allotment to a Bidder is a number that is more than 15 but is not a multiple of 1 (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all in such categories would be arrived at after such rounding off.

f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the allotted shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

PAYMENT OF REFUNDS

Bidders must note that on the basis of name of the Bidders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Bid-cum-Application Form, the Registrar will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither the Company, the Registrar, Escrow Collection Bank(s), Bankers to the Issue nor the BRLMs shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

Mode of making refunds

The payment of refund, if any, would be done through various modes in the following order of preference:

1. ECS – Payment of refunds would be mandatorily done through ECS for applicants having an account at any of the following fifteen centers: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the abovementioned fifteen centers, except where the applicant, being eligible, opts to receive refund through direct credit or RTGS. Refunds through ECS may also be done at other locations based on operational efficiency and in terms of demographic details obtained by Registrar from the depository participants.

2. Direct Credit – Applicants having bank accounts with the Refund Banker(s), as mentioned in the Bid cum Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.

3. RTGS – Applicants having a bank account at any of the abovementioned fifteen centres and whose refund amount exceeds Rs. 5 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

4. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency. The process flow in respect of refunds by way of NEFT is at an evolving stage hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in the sections.

5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched under certificate of posting for value upto Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Letters of Allotment or Refund Orders

The Company shall give credit to the beneficiary account with depository participants within two working days from the date of the finalization of basis of allotment. Applicants residing at fifteen centers where clearing houses are managed by the RBI, will get refunds through ECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS. We shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500, by "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder's sole risk within 15 days of the Bid/Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within fifteen days of closure of Bid / Issue.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI DIP Guidelines, the Company further undertakes that:

- Allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid/Issue Closing Date; and

- The Company shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 day time prescribed above.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Disposal of applications and application moneys and interest in case of delay

The Company shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within two working days of date of Allotment of Equity Shares.

In case of applicants who receive refunds through ECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 15 days from the Bid/ Issue Closing Date. A suitable communication shall be sent to the bidders receiving refunds through this mode within 15 days of Bid/ Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within seven working days of Allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, the Company further undertake that:

- Allotment of Equity Shares shall be made only in dematerialized form within 15 (fifteen) days of the Bid/Issue Closing Date;
- Dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 15 (fifteen) days of the Bid/Issue Closing Date would be ensured; and
- The Company shall pay interest at 15% (fifteen) per annum for any delay beyond the 15 (fifteen)-day time period as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within the 15 (fifteen)-day time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

UNDERTAKINGS BY OUR COMPANY

We undertake the following:

- That the complaints received in respect of this Issue shall be attended to by us expeditiously;
- That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of Allotment;
- That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Issuer.
- That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of the Bid/ Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.
- That the certificates of the securities/ refund orders to the non-resident Indians shall be despatched within specified time; and
- No further issue of Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

The Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Utilisation of proceeds of Issue

Our Board of Directors certify that:

- All monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;

- Details of all monies utilised out of Issue shall be disclosed under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilised;

- Details of all monies utilised out of the funds received from Employee Reservation Portion and the Business Associate Reservation shall be disclosed under an appropriate head in the balance sheet of the Company, indicating the purpose for which such monies have been utilised;

- Details of all unutilised monies out of the Issue, if any shall be disclosed under the appropriate head in the balance sheet indicating the form in which such unutilised monies have been invested;

- Details of all unutilized monies out of the funds received from the Employee Reservation Portion and Business Associate Reservation Portion shall be disclosed under a separate head in the balance sheet of the Company, indicating the form in which such unutlilised monies have been kept;

- Our Company shall comply with the requirements of Clause 49 of the Listing Agreement in relation to the disclosure and monitoring of the utilization of the proceeds of the Issue.

Withdrawal of the Issue

The Company in consultation with the BRLMs reserves the right not to proceed with the Issue at anytime including after the Bid/Issue Opening Date without assigning any reason thereof. In terms of the SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing date.

EQUITY SHARES IN DEMATERIALISED FORM WITH NSDL OR CDSL

As per the provisions of Section 68B of the Companies Act, the allotment of Equity Shares in this Issue shall be only in a de-materialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among the Company, the respective Depositories and the Registrar to the Issue:

a) Agreement dated January 25, 2007 with NSDL, the Company and the Registrar to the Issue.

b) Agreement dated January 17, 2007 with CDSL, the Company and the Registrar to the Issue.

All Bidders can seek allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.

b) The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Bid cum Application Form or Revision Form.

c) Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder

d) Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.

e) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.

f) The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.

g) Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

h) The trading of the Equity Shares of the Company would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of bid form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Under the current foreign investment policy applicable to us foreign equity participation up to 100% is permissible under the automatic route.

Subscription by foreign investors (Eligible NRIs/FIIs)

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

There is no reservation for Non Residents, Eligible NRIs, FIIs, foreign venture capital funds, multi-lateral and bilateral development financial institutions and any other foreign investor. All Non Residents, Eligible NRIs, FIIs and foreign venture capital funds, multi-lateral and bilateral development financial institutions and any other foreign investor applicants will be treated on the same basis with other categories for the purpose of allocation.

As per existing regulations, OCBs cannot participate in the Issue.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act in reliance on Rule 144A under the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Bidders. The Company, CBRLM, LM and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION VIII: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Capitalized terms used in this section have the meaning that has been given to such terms in the Articles of Association of the Company

Pursuant to Schedule II of the Companies Act and the SEBI Guidelines, the main provisions of the Articles of Association of the Company are detailed below:

PART I

2. *Authorised Share Capital*

The authorized share capital of the Company shall be such amount as is given, in Clause V of the Memorandum of Association.

3. Shares at the Disposal of the Directors:

Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the Company for the time being shall be under the control of the Board of Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares, and if so issued, shall be deemed to be fully paid shares. Without prejudice to the generality of the forgoing, the Directors shall also be empowered to issue Shares for the purposes of granting stock options to its permanent employees under the terms and conditions of the SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 or any other applicable law, as amended from time to time. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.

4. Consideration for Allotment:

The Board of Directors may allot and issue shares of the Company as payment or part payment for any property purchased by the Company or in respect of goods sold or transferred or machinery or appliances supplied or for services rendered to the Company in or about the formation of the Company or the acquisition and or in the conduct of its business; and any shares which may be so allotted may be issued as fully/partly paid up shares and if so issued shall be deemed as fully/partly paid up shares.

5. *Restriction on Allotment*

a. The Directors shall in making the allotments duly observe the provision of the Act;

b. The amount payable on application on each share shall not be less than 5% of the nominal value of the share; and

c. Nothing therein contained shall prevent the Directors from issuing fully paid up shares either on payment of the entire nominal value thereof in cash or in satisfaction of any outstanding debt or obligation of the Company

6. *Increase of Capital*

The Company at its General Meeting may, from time to time, by an Ordinary Resolution increase the capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. The new shares shall be issued on such terms and conditions and with such rights and privileges annexed thereto as the resolution shall prescribe, and in particular, such shares may be issued with a preferential or qualified right to dividends, and in the distribution of assets of the Company and with a right of voting at General Meeting of the Company in conformity with Section 87 of the Companies Act 1956. Whenever the capital of the Company has been increased under the provisions of the Articles, the Directors shall comply with the provisions of Section 97 of the Act.

7. *Reduction of Capital*

The Company may, subject to the provisions of Sections 78, 80, 100 to 105 (both inclusive) and other applicable provisions of the Act from time to time, by Special Resolution reduce its capital and any Capital Redemption Reserve Account or Share Premium Account in any manner for the time being authorized by law, and in particular, the capital may be paid off on the footing that it may be called up again or otherwise.

8. *Sub-division and Consolidation of Shares:*

Subject to the provisions of Section 94 of the Act, the Company in General Meeting, may by an ordinary resolution from time to time:

(a) Divide, sub-divide or consolidate its shares, or any of them, and the resolution whereby any share is sub-divided, may determine that as between the holders of the shares resulting from such sub-division one or more of such shares have some preference of special advantage as regards dividend capital or otherwise as compared with the others

(b) Cancel shares which at the date of such general meeting have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

9. *New capital part of the existing capital:*

Except so far as otherwise provided by the conditions of the issue or by these presents any capital raised by the creation of new shares, shall be considered as part of the existing capital and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

10. *Power to issue Shares with differential voting rights:*

The Company shall have the power to issue Shares with such differential rights as to dividend, voting or otherwise, subject to the compliance with requirements as provided for in the Companies (Issue of Share Capital with Differential Voting Rights) Rules, 2001, or any other law as may be applicable.

11. *Power to issue preference shares:*

Subject to the provisions of Section 80 of the Act, the Company shall have the powers to issue preference shares which are liable to be redeemed and the resolution authorizing such issue shall prescribe the manner, terms and conditions of such redemption.

12. *Further Issue of Shares:*

(1) Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares, either out of unissued capital or out of increased share capital, then

a) Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company in proportion as near as circumstances admit, to the capital paid up on those share at that date.

b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less that thirty days from the date of offer within which the offer, if not accepted will be deemed to have been declined.

c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right, Provided That the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.

d) After the expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in such manner and to such person(s) as they may think, in their sole discretion, fit.

(2) Notwithstanding anything contained in sub-clause (1) thereof the further shares aforesaid may be offered to any persons {whether or not those persons include the persons referred to in clause (a) of sub- clause (1) hereof) in any manner whatsoever.

(a) If a special resolution to that effect is passed by the Company in General Meeting, or

(b) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the Chairman.) by the members who, being entitled to do so, vote in person, or where proxies are allowed by proxy, exceed the votes, if any, cast against the proposal by members so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the Company.

(3) Nothing in sub-clause (c) of (1) hereof shall be deemed:

(a) To extend the time within which the offer should be accepted; or

(b) To authorize any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

(4) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the Company:

(a) To convert such debentures or loans into shares in the Company; or

(b) To subscribe for shares in the Company (whether such option is conferred in these Articles or otherwise).

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

(i) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and

(i) In the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of the debentures or raising of the loans.

13. *Rights to convert loans into capital*

Notwithstanding anything contained in sub-clauses(s) above, but subject, however, to Section 81(3) of the Act, the Company may increase its subscribed capital on exercise of an option attached to the debentures or loans raised by the Company to convert such debentures or loans into shares or to subscribe for shares in the Company.

14. *Allotment on application to be acceptance of shares:*

Any application signed by or on behalf of an applicant for shares in the Company followed by an allotment of any share therein, shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is on the register, shall, for the purpose of these articles, be a Member.

15. *Returns on allotments to be made or Restrictions on Allotment*

The Board shall observe the restrictions as regards allotment of shares to the public contained in Section 69 and 70 of the Act, and as regards return on allotments, the Directors shall comply with Section 75 of the Act.

16. *Money due on shares to be a debt to the Company:*

The money (if any) which the Board shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise in respect of any shares allotted by them, shall immediately on the inscription of the name of allottee in the Register of Members as the name of the holder of such shares become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

17. *Members or heirs to pay unpaid amounts:*

Every Member or his heir's executors or administrators shall pay to the Company the portion of the capital represented by his share or shares which may, for the time being remain unpaid thereon, in such amounts, at such time or times and in such manner, as the Board shall from time to time, in accordance with the Company's regulations require or fix for the payment thereof.

SHARE CERTIFICATES

18. a) *Every Member entitled to certificate for his shares:*

(i) Every member or allottee of shares shall be entitled, without payment, to receive one or more certificates specifying the name of the person in whose favour it is issued, the shares to which it relates, and the amount paid thereon. Such certificates shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of fractional coupon of requisite value, save in case of issue of share certificates against letters of acceptance of or renunciation or in cases of issues of bonus shares.

(ii) Every such certificate shall be issued under the seal of the Company, which shall be affixed in the presence of (1) two Directors or persons acting on behalf of the Directors under duly registered powers of attorney; and (2) the Secretary or some other persons appointed by the Board for the purpose and the two Directors or their attorneys and the secretary or other persons shall sign the Share Certificate, provided that if the composition of the Board permits, atleast one of the aforesaid two Directors shall be a person other than the Managing.

(iii) Particulars of every share certificate issued shall be entered in the Registrar of Members against the name of the person to whom it has been issued, indicating date of issue.

b) *Joint ownership of shares:*

Any two or more joint allottees of shares shall be treated as a single member for the purposes of this article and any share certificate, which may be the subject of joint ownership, may be delivered to any one of such joint owners on behalf of all of them. The Company shall comply with the provisions of Section 113 of the Act.

c) *Director to sign Share Certificates:*

A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography but not by means of rubber stamp, provided that the Director shall be responsible for the safe custody of such machine, equipment or other materials use for the purpose.

d) *Issue of new certificate in place of one defaced, lost or destroyed or Renewal of Certificates*

If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every Certificate under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act. or rules applicable in this behalf.

The provision of these Articles shall mutatis mutandis apply to debentures of the Company.

e) *Renewal of Share Certificate:*

When a new share certificate has been issued in pursuance of clause(d) of this article, it shall state on the face of it and against the stub or counterfoil to the effect that it is issued in lieu of share certificate No………….. sub-divided/replaced on consolidation of shares.

f) When a new certificate has been issued in pursuance of clause (d) of this Article, it shall state on the face of it against the stub or counterfoil to the effect that it is duplicate issued in lieu of share certificate No……. The word 'Duplicate' shall be stamped or punched in bold letters across the face of the share certificate and when a new certificate has been issued in pursuance of clauses (c), (d), (e) and (f) of this Article, particulars of every such share certificate shall be entered in a Register of Renewed and Duplicate Certificates indicating against it ,the names of the persons to whom the certificate is issued, the number and the necessary changes indicated in the Register of Members by suitable cross references in the "remarks" column.

g) All blank forms, share certificates shall be printed only on the authority of a resolution duly passed by the Board.

19. Rules to issue share certificates:

The rules under "The Companies (Issue of Share Certificate) Rules, 1960 shall be complied with in the issue, reissue, renewal of share certificates and the format sealing and signing of the certificates and records of the certificates issued shall be maintained in accordance with the said rules. The Company shall keep ready share certificates for delivery within 2 months after allotment.

20. Responsibilities to maintain records:

The Managing Director of the Company for the time being or if the Company has no Managing Director, every Director of the Company shall be responsible for maintenance, preservation and safe custody of all books and documents relating to the issue of share certificates.

21. Rights of Joint Holders

If any share stands in the names of two or more persons, the person first named in the Register shall, as regards receipt of dividends or bonus or service of notices and all or any other matter connected with the Company, except voting at meeting and the transfer of the shares be deemed the sole holder thereof but the joint holders of share shall be severally as well as jointly liable for payment of all installments and calls due in respect of such share and for all incidents thereof according to the Company's regulations.

22. Limitation Of Time For Issue Of Certificates

Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of app1ication of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the Company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe or approve provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate to one of several joint holders shall be sufficient delivery to all such holders.

UNDERWRITING & BROKERAGE

23 *Commission for placing shares, debentures, etc:*

a. Subject to the provisions of the Act, the Company may at any time pay a commission to any person for subscribing or agreeing to subscribe (whether absolutely of conditionally) for any shares, debentures, or debenture-stock of the Company or underwriting or procuring or agreeing to procure subscriptions (whether absolute or conditional) for shares, debentures or debenture-stock of the Company

b. The Company may also, in any issue, pay such brokerage as may be lawful.

LIEN

24. *Company's lien on shares /debentures*

The Company shall have a first and paramount lien upon all the shares /debentures (other that fully paid up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at fixed time in respect of such shares/debentures, and no equitable interest in any shares shall be created except upon the footing and condition that this Articles is to have full effect and such lien shall extend to all dividends and interest from time to time declared in respect of such shares/debentures. Unless otherwise agreed, the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from provisions of this clause.

25. *Enforcing lien by sale:*

For the purpose of enforcing such lien, the Board may sell the shares subject thereto in such manner as they think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and may authorize one of their members to execute a transfer thereof on behalf of and in the name of such member. No sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell have served on such member or his representative and default shall have been made by him or them in payment, fulfillment or discharge of such debts, liabilities or engagements for fourteen days after such notice.

26. *Application of sale proceeds:*

The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

CALLS ON SHARES

27 *Board to have right to make calls on shares*

The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by circular resolution), make such call as it thinks fit upon the members in respect of all moneys unpaid on the shares held by them respectively and each member shall pay the amount of every call so made on him to the person or persons and the member(s) and place(s) appointed by the Board. A call may be made payable by installments.

Provided that the Board shall not give the option or right to call on shares to any person except with the sanction of the Company in General Meeting.

28 *Notice for call:*

Fourteen days notice in writing of any call shall be given by the Company specifying the date, time and places of payment and the person or persons to whom such call be paid.

29 *Call when made:*

The Board of Directors may, when making a call by resolution, determine the date on which such call shall be deemed to have been made not being earlier than the date of resolution making such call, and thereupon the call shall deemed to have been made on the date so determined and if no such date is so determined a call shall be deemed to have been made at the date when the resolution authorizing such call was passed at the meeting of the Board.

30 *Liability of joint holders for a call:*

The joint-holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

31 *Board to extend time to pay call:*

The Board may, from time to time, at its discretion extend the time fixed for the payment of any call and may extend such time to all or any of the members The Board may be fairly entitled to grant such extension, but no member shall be entitled to such extension, save as a matter of grace and favour.

32 *Calls to carry Interest*:

If a member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at 5% per annum or such lower rate as shall from time to time be fixed by the Board but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member.

33 *Dues deemed to be calls:*

Any sum, which as per the terms of issue of a share becomes payable on allotment or at a fixed date whether on account of the nominal value of the share or by way of premium, shall for the purposes of the Articles be deemed to be a call duly made and payable on the date on which by the terms of issue the same may become payable and in case of non payment all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

34 *Proof of dues in respect of share*

On any trial or hearing of any action or suit brought by the Company against any member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares it shall be sufficient to prove (i) that the name of the members in respect of whose shares the money is sought to be recovered appears entered in the Register of Members as the holder, at or subsequent to the date on which the money sought to be recovered is alleged to have become due on the shares, (ii) that the resolution making the call is duly recorded in the minute book, and that notice of such call was duly given to the member or his representatives pursuance of these Articles, and (iii) it shall not be necessary to prove the appointment of the Directors who made such call, nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive of the debt.

35 *Partial payment not to preclude forfeiture:*

Neither a judgment nor a decree in favour of the Company, for call or other moneys due in respect of any share nor any part payment or satisfaction thereunder, nor the receipt by the Company of a portion of any money which shall, from time to time be due from any member to the Company in respect of his shares either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money shall preclude the Company from thereafter proceeding to enforce forfeiture of such shares as hereinafter provided.

36 *Payment in anticipation of call may carry interest*

(a) The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

(b) The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment become presently payable.

(c) The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.

FORFEITURE OF SHARES

37 *Board to have right to forfeit shares:*

If any member fails to pay any call or installment of a call or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may at any time thereafter during such time as the call or installment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

38 *Notice for forfeiture of shares:*

(a) The notice shall name a further day (not earlier than the expiration of fourteen days from the date of notice) and place or places on which such call or installment and such interest thereon (at such rate as the Directors shall determine from the day on which such call or installment ought to have been paid) and expenses as aforesaid, are to be paid.

(b) The notice shall also state that in the event of the non-payment at or before the time the call was made or installment is payable the shares will be liable to be forfeited.

39. *Effect of forfeiture*

If the requirements of any such notice as aforesaid were not complied with, every or any share in respect of which such notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited share and not actually paid before the forfeiture.

40. *Notice of forfeiture:*

When any share shall have been so forfeited, notice of the forfeiture shall be given to the member on whose name it stood immediately prior to the forfeiture and any entry of the forfeiture with the date thereof, shall forthwith be made in the Register of Member, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.

41 *Forfeited share to be the property of the Company:*

Any share so forfeited shall be deemed to be the property of the Company and may be sold, re-allocated or otherwise disposed of either to the original holder thereof or to any other person upon such terms and in such manner as the Board shall think fit.

42 *Member to be liable even after forfeiture:*

Any member whose shares have been forfeited shall, notwithstanding the forfeiture be liable to pay and shall forthwith pay to the Company on demand all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture together with the interest thereon from time to time of the forfeiture until payment at such rates as the Board may determine and the Board may enforce the payment thereof, if it thinks fit.

43 *Claims against the Company to extinguish on forfeiture:*

The forfeiture of a share involves extinction, at the time of the forfeiture of all interest in and all claims and demands against the Company, in respect of the shares and all other rights incidental to the share, except only such of those rights as by these Articles expressly saved.

44 *Evidence of forfeiture:*

A duly verified declaration in writing that the declarant is a Director or Secretary of the Company, and that a share in the Company has been duly forfeited in accordance with these Articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares**.**

45 *Effecting sale of shares***:**

Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinafter given, the Board may appoint some person to execute an instrument of transfer of the shares sold, cause the purchaser's name to be entered in the register in respect of the share sold, and the purchaser shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and after his name has been entered in the Register in respect of such shares, the validity of the sale shall not be impeached by any person.

46 *Certificate of forfeited shares to be void:*

Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the relevant shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and have no effect and the Directors shall be entitled to issue a new certificate or certificates in respect of the said shares to the person or persons entitled thereto.

47 *Board entitled to cancel forfeiture:*

The Board may at any time before any share so forfeited shall have them sold, re-allotted or otherwise disposed of, cancel the forfeiture thereof upon such conditions at it thinks fit.

TRANSFER AND TRANSMISSION OF SHARES

48 *Register of Transfers*

The Company shall keep a "Register of Transfers" and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any shares.

49 *Endorsement of Transfer:*

In respect of any transfer of shares registered in accordance with the provisions of these Articles, the Board may, at their discretion, direct an endorsement of the transfer and the name of the transferee and other particulars on the existing share certificate and authorize any Director or officer of the Company to authenticate such endorsement on behalf of the Company or direct the issue of a fresh share certificate, in lieu of and in cancellation of the existing certificate in the name of the transferee.

50 *Instrument of Transfer:*

The instrument of transfer of any share shall be in writing and all the provisions of Section 108 of the Act, and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof. The Company shall use a common form of transfer in all cases.

51 *Executive transfer instrument:*

Every such instrument of transfer shall be executed both by the transferor and the transferee and the transferor shall be deemed to remain holder of the shares until the name of the transferee is entered in the register of members in respect thereof. The instrument of transfer shall be in respect same class of shares and should be in the form prescribed under the Act.

52 *Closing Register of transfers and of Members:*

The Board shall be empowered, on giving not less than seven days notice by advertisement in a newspaper circulating in the district in which our Registered Office is situated, to close the transfer books, the register of members, the register of debenture holders at such time or times, and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days in each year as it may seem expedient.

53 *Directors may refuse to register transfer:*

Subject to the provisions of Section 111 of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956 the Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever, except when the Company has a lien on the shares. Transfer of shares/debentures in whatever lot shall not be refused.

54 Transfer of partly paid shares:

Where in the case of partly paid shares, an application for registration is to be made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 110 of the Act.

55 Survivor of joint holders recognized:

In case of the death of any one or more persons named in the Register of Members as the joint-holders of any shares, the survivors shall be the only person recognized by the Company as having any title to or interest in such share but nothing therein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person.

56 Title to shares of deceased members:

The executors or administrators or holders of a Succession Certificate or the legal representatives of a deceased member (not being one or two joint holders) shall be the only person recognized by the Company as having any title to the shares registered in the name of such member, and the Company shall be bound to recognize such executors or administrators or holders of a Succession Certificate or the legal representatives shall have first obtained Probate holders or Letter of Administration or Succession Certificate as the case may be, from a duly constituted Court in the Union of India., Provided that in any case where the Board in its absolute discretion, thinks fit, the Board may dispense with the production of Probate or Letter of Administration or Succession Certificate, upon such terms as to indemnity or otherwise as the Board in its absolute discretion may think necessary and register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member as a member

57 Transfers not permitted:

No share shall in any circumstances be transferred to any infant, insolvent or person of unsound mind, except fully paid shares through a legal guardian.

58 Transmission of shares:

Subject to the provisions of these presents , any person becoming entitled to shares in consequence of the death, lunacy , bankruptcy or insolvency of any members, or by any lawful means other than by a transfer in accordance with these Articles may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence as the Board thinks sufficient, that he sustains the character in respect of which he proposes to act under this Articles, or of his title, either be registering himself as the holder of the shares or elect to have some person nominated by him and approved by the Board, registered as such holder, provided, nevertheless, if such person shall elect to have his nominee registered, he shall testify that election by executing in favour of his nominee an instrument of transfer in accordance with the provision herein contained and until he does so he shall not be freed from any liability in respect of the shares.

59 Rights on Transmission:

A person entitled to a share by transmission shall, subject to the Directors right to retain such dividends or money as hereinafter provided, be entitled to receive and may give discharge for any dividends or other moneys payable in respect of the share.

60 Instrument of transfer to be stamped:

Every instrument of transfer shall be presented to the Company duly stamped for registration, accompanied by such evidence as the Board may require to prove the title of the transferor his right to transfer the shares and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board.

61 Share Certificates to be surrendered:

Before the registration of a transfer, the certificate or certificates of the share or shares to be transferred must be delivered to the Company along with (save as provided in Section 108) properly stamped and executed instrument of transfer.

62 No fee on Transfer or Transmission:

No fee shall be charged for registration of transfers, transmission, Probate, Succession Certificate and Letters of Administration, Certificate of Death or Marriage, Power of Attorney or similar other documents.

63 Company not liable to notice of equitable rights:

The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the register of members) to the prejudice of persons having or claiming any equitable rights, title or interest in the said shares, notwithstanding that the Company may have had notice of such equitable rights referred thereto in any books of the Company and the Company shall not be bound by or required to regard or attend to or give effect to any notice which may be given to it of any equitable rights, title or interest or be under any liability whatsoever for refusing or neglecting to do so, though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the board shall so think fit.

66. BUY BACK OF SHARES:

The Company shall be entitled to purchase its own shares or other securities, subject to such limits, upon such terms and conditions and subject to such approvals as required under Section 77 A and other applicable provisions of the Act, The Securities and Exchange Board of India Act, 1992 and the Securities and Exchange Board of India (Buy Back of Securities) Regulations 1998 and any amendments, modification(s), repromulgation (s) or re- enactment(s) thereof.

67 COPIES OF MEMORANDUM AND ARTICLES TO BE SENT TO MEMBERS

Copies of the Memorandum and Articles of Association of the Company and other documents referred to in Section 39 of the Act shall be sent by the Company to every member at his request within seven days of the request on payment of such sum as may be prescribed.

SHARE WARRANTS

68 Rights to issue share warrants:

(a) The Company may issue share warrants subject to, and in accordance with provisions of Section 114 and 115 of the Act .

(b) The Board may, in its discretion, with respect to any share which is fully paid up on application in writing signed by the person registered as holder of the share, and authenticated by such evidence (if any) as the Board may from time to time require as to the identity of the person signing the application, and the amount of the stamp duty on the warrant and such fee as the Board may from time to time require having been paid, issue a warrant.

69 *Rights of warrant holders*:

(a) The bearer of the share warrant may at any time deposit the warrant at the office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right to signing a requisition, for calling a meeting of the Company, and of attending, and voting and exercising other privileges of a member at any meeting held after the expiry of two clear days from time of the deposit, as if his name were inserted in the Register or Members as the holder of the shares included in the deposited warrant.

(b) Not more than one person shall be recognized as the depositor of the share warrant.

(c) The Company shall, on two days written notice, return the deposited share warrant to the depositor.

70 (a) Subject as herein otherwise expressly provided, no person shall, as bearer of a share warrant, sign a requisition for calling a meeting of the Company, or attend, or vote or exercise any other privileges of a member at a meeting of the Company, or be entitled to receive any notice from the Company.

(b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the shares included in the warrant, and he shall be member of the Company.

71 *Board to make rules:*

The Board may, from time to time, make rules as to the terms on which it shall think fit, a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

CONVERSION OF SHARES INTO STOCK AND RECONVERSION

72 *Rights to convert shares into stock & vice-versa:*

The Company in General Meeting may, by an Ordinary Resolution, convert any fully paid-up shares into stock and when any shares shall have been converted into stock the several holders of such stock, may henceforth transfer their respective interest therein, or any part of such interest in the same manner and subject to the same Regulations as, and subject to which shares from which the stock arise might have been transferred, if no such conversion had taken place. The Company may, by an Ordinary Resolution reconvert any stock into fully paid up shares of any denomination. Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so however such minimum shall not exceed the nominal amount of shares from which the stock arose.

73 *Rights of stock holders:*

The holders of stock shall according to the amount of stock held by them have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company and other matters as if they held the shares from which the stock arose; but no such privileges or advantages (except participation in the dividends and profits of the Company and in the assets on winding-up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred those privileges or advantages.

GENERAL MEETINGS

74 *Annual General Meetings:*

The Company shall, in addition to any other meetings hold a General Meeting which shall be called as its Annual General Meeting, at the intervals and in accordance with the provisions of the Act.

75 *Extraordinary General Meetings:*

The Board may, whenever it thinks fit, convene an Extraordinary General Meeting at such date, time and at such place as it deems fit, subject to such directions if any, given by the Board.

76 *Extraordinary Meetings on requisition:*

The Board shall on, the requisition of members convene an Extraordinary General Meeting of the Company in the circumstances and in the manner provided under Section 169 of the Act.

77 *Notice for General Meetings:*

All General Meetings shall be convened by giving not less than twenty- one days notice excluding the day on which the notice is served or deemed to be served (i.e. on expiry of 48 hours after the letter containing the same is posted) and the date of the meeting, specifying the place and hour of the meeting and in case of any special business proposed to be transacted, the nature of that business shall be given in the manner mentioned in Section 173 of the Act. Notice shall be given to all the share-holders and to such persons as are under Act and/or these Articles entitled to receive such notice from the Company but any accidental omission to give notice to or non-receipt of the notice by any member shall not invalidate the proceedings of any General Meeting.

78 *Shorter Notice admissible:*

With the consent of all the members entitled to vote, at an Annual General Meeting or with the consent of the members holding 95 percent of such part of the paid-up share capital of the Company as gives a right to vote thereat, any general meeting may be convened by giving a shorter notice than twenty one days.

79 *Special and Ordinary Business:*

(a) All business shall be deemed special that is transacted at an Extraordinary General Meeting and also that is transacted at an Annual General Meeting with the exception of sanctioning of dividend, the consideration of the accounts, balance sheet and the reports of the Directors and Auditors, the election of Directors in place of those retiring by rotation and the appointment of and the fixing up of the remuneration of the auditors.

(b) In case of special business as aforesaid, an explanatory statement as required under Section 173 of the Act shall be annexed to the notice of the meeting.

80. *Quorum for General Meeting:*

Five members or such other number of members as the law for the time being in force prescribes, shall be entitled to be personally present shall be quorum for a General Meeting and no business shall be transacted at any General Meeting unless the requisite quorum is present at the commencement of the meeting.

81 *Time for quorum and adjournment:*

If within half an hour from the time appointed for a meeting a quorum is not present, the meeting, if called upon the requisition of members, shall be dissolved and in any other case, it shall stand adjourned to the same day in the next week at the same time and place and if at the adjourned meeting also a quorum is not present within half an hour from the time appointed for the meeting, the members present shall be quorum.

82 *Chairman of General Meeting*

The Chairman, if any, of the Board of Directors shall preside as Chairman at every General Meeting of the Company.

83 *Election of Chairman:*

If there is no such Chairman or if at any meeting he is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as Chairman, the members present shall choose another Director as Chairman and if no Director be present or if all the Directors decline to take the chair then the members present shall choose someone of their number to be the Chairman.

84 *Adjournment of Meeting:*

The Chairman may, with the consent given in the meeting at which a quorum is present (and shall if so directed by the meeting) adjourn that meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When the meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as nearly as may be in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of adjournment of the business to be transacted at an adjourned meeting.

85 *Voting at Meeting:*

At any General Meeting, a resolution put to the vote at the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) is demanded in accordance with the provisions of Section 179 of the Act. Unless a poll is so demanded, a declaration by the Chairman that the resolution had, on a show of hands been carried unanimously or by a particular majority or lost and an entry to that effect in the book of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against that resolution.

86 *Decision by poll:*

If a poll is duly demanded, it shall be taken in such manner as the Chairman directs and the results of the poll shall be deemed to be the decision of the meeting on the resolution in respect of which the poll was demanded.

87 *Casting vote of Chairman:*

In case of equal votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or a casting vote in addition to the vote or votes to which he may be entitled to as a member.

88 *Poll to be immediate:*

(a) A poll demanded on the election of Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time not later than forty eight hours from the time of demand as the Chairman of the meeting directs.

(b) A demand for a poll shall not prevent the continuance of a Meeting of the transaction of any business other than that on which a poll has been demanded. The demand for a poll may be withdrawn.

89 *Passing resolutions by Postal Ballot*

(a) Notwithstanding any of the provisions of these Articles the Company may, and in the case of resolutions relating to such business as notified under the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 to be passed by postal ballot, shall get any resolution passed by means of a postal ballot, instead of transacting the business in the general meeting of the Company.

(b) Where the Company decides to pass any resolution by resorting to postal ballot, it shall follow the procedures as prescribed under section 192A of the Act and the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, as amended from time.

VOTE OF MEMBERS

90 *Voting rights of Members:*

a) On a show of hands every member holding equity shares and present in person shall have one vote.

b) On a poll, every member holding equity shares therein shall have voting rights in proportion to his shares of the paid up equity share capital.

c) On a poll, a member having more than one vote, or his proxy or other persons entitled to vote for him need not use all his votes in the same way.

91 *Voting by joint-holders:*

In the case of joint-holders the vote of the first named of such joint holders who tender a vote whether in person or by proxy shall be accepted to the exclusion of the votes of other joint holders.

92 *No right to vote unless calls are paid:*

No member shall be entitled to vote at any General Meeting unless all calls or other sums presently payable by him have been paid, or in regard to which the Company has lien and has exercised any right of lien.

93 *Proxy:*

On a poll, votes may be given either personally or by proxy.

94 *Instrument of proxy:*

The instrument appointing a proxy shall be in writing under the hand of appointer or of his attorney duly authorized in writing or if appointed by a Corporation either under its common seal or under the hand of its attorney duly authorized in writing. Any person whether or not he is a member of the Company may be appointed as a proxy.

The instrument appointing a proxy and Power of Attorney or other authority (if any) under which it is signed must be deposited at the registered office of the Company not less than forty eight hours prior to the time fixed for holding the meeting at which the person named in the instrument proposed to vote, or, in case of a poll, not less than twenty four hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

95 The form of proxy shall be two way proxy as given in Schedule IX of the Act enabling the share holder to vote for/against any resolution.

96 Validity of proxy:

A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death of or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed or the shares in respect of revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

97 Corporate Members:

Any corporation which is a member of the Company may, by resolution of its Board of Director or other governing body, authorize such person as it thinks fit to act as its representative at any meeting of the Company and the said person so authorized shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could have exercised if it were an individual member of the Company.

DIRECTOR

98 Number of Directors:

Unless otherwise determined by General Meeting, the number of Directors shall not be less than three and not more than twelve, including all kinds of Directors.

99 First Directors

The following shall be the first directors of the Company:
1. Subroto Bagchi
2. Rostow Ravanan

100 Share qualification not necessary:

Any person whether a member of the Company or not may be appointed as Director and no qualification by way of holding shares shall be required of any Director.

101 Director's power to fill-up casual vacancy:

Any casual vacancy occurring in the Board of Directors may be filled up by the Directors, and the person so appointed shall hold office upto the date, upto which Director in whose place he is appointed would have office if it has not been vacated as aforesaid

102 Additional Directors:

The Board of Directors shall have power at any time and from time to time to appoint one or more persons as Additional Directors provided that the number of Directors and Additional Directors together shall not exceed the maximum number fixed. An additional Director so appointed shall hold office upto the date of the next Annual general Meeting of the Company and shall be eligible for re-election by the Company at that Meeting.

103 *Alternate Directors:*

The Board of Directors may appoint an Alternate Director to act for a Director (hereinafter called the original Director) during the absence of the original Director for a period of not less than 3 months form the state in which the meetings of the Board are ordinarily held. An Alternate Director so appointed shall vacate office if and when the original Director return to the state in which the meetings of the Board are ordinarily held. If the terms of the office of the original Director is determined before he so returns to the state aforesaid any provision for the automatic reappointment of retiring Director in default of another appointment shall apply to the original and not to the Alternate Director.

104 *Remuneration of Directors:*

Every Director other than the Managing Director and the Whole-time Director shall be paid a sitting fee not exceeding such sum as may be prescribed by the Act or the Central Government from time to time for each meeting of the Board of Directors or any Committee thereof attended by him and shall be paid in addition thereto all travelling, hotel and other expenses properly incurred by him in attending and returning from the meetings of the Board of Directors or any committee thereof or General Meeting of the Company or in connection with business of the Company to and from any place.

105 *Remuneration for extra services:*

If any Director, being willing, shall be called upon to perform extra services or to make any special exertions in going or residing away from the town in which the Registered Office of the Company may be situated for any purposes of the Company or in giving any special attention to the business of the Company or as member of the Board, then subject to the provisions of the Act the Board may remunerate the Director so doing either by a fixed sum, or by a percentage of profits or otherwise and such remuneration, may be either in addition to our in substitution for any other remuneration to which he may be entitled.

106 *Continuing Director may act:*

The continuing Directors may act notwithstanding any vacancy in the Board but if the number is reduced below three, the continuing Directors or Director may act for the purpose of increasing the number of Directors to three or for summoning a general meeting of the Company but for no other purpose.

107 *Vacation of office of Director:*

The Office of a Director shall be deemed to have been vacated under the circumstances enumerated under Section 283 of the Act.

108 *Equal power to Director:*

Except as otherwise provided in these Articles all the Directors of the Company shall have in all matters equal rights and privileges and be subject to equal obligations and duties in respect of the affairs of the Company.

ROTATION AND RETIREMENT OF DIRECTOR

109 *One-third of Directors to retire every year:*

At the Annual General Meeting of the Company to be held in every year, one third of such of the Directors as are liable to retire by rotation for time being, or, if their number is not three or a multiple of three then the number nearest to one third shall retire from office, and they will be eligible for re-election. Provided nevertheless that the Managing Director or Whole time Director, appointed or the Directors appointed as a Debenture Director and Special Director under Articles hereto shall not retire by rotation under this Article nor shall they be included in calculating the total number of Directors of whom one third shall retire from office under this Article.

110 *Retiring Directors eligible for re-election:*

A retiring Director shall be eligible for re-election and the Company, at the Annual General Meeting at which a Director retires in the manner aforesaid may fill up the vacated office by electing a person thereto.

111 *Which Director to retire:*

The Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lots.

112 *Retiring Director to remain in office till successors appointed*

Subject to the provisions of the Act, if at any meeting at which an election of Directors ought to take place, the place of the vacating Director(s) is not filled up and the meeting has not expressly resolved not to fill up the vacancy and not to appoint the retiring director, the meeting shall stand adjourned till the same day in the next week at the same time and place or if that day is a public holiday till the next succeeding day which is not a public holiday at the same time and place, and if at the adjourned meeting the place of the returning Director(s) is not filled up and the meeting has also not expressly resolved not to fill up the vacancy, then the retiring Director(s) or such of them as have not had their places filled up shall be deemed to have been reappointed at the adjourned Meeting

113 *Increase or reduction in the number of Directors:*

Subject to the provisions of Section 252, 255, 259 of the Act, the Company in General Meeting may by Ordinary Resolution increase or reduce the number of its Directors.

114 *Power to remove Director by ordinary resolution:*

Subject to the provisions of the Act, the Company may by an ordinary resolution in General Meeting remove any Director before the expiration of his period of office and may, by an ordinary resolution, appoint another person instead; the person so appointed shall be subject to retirement at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected as Director.

115 *Right of persons other than retiring Directors to stand for Directorship:*

A person not being a retiring Director shall be eligible for appointment to the office of a Director at any General Meeting if he or some other member intending to propose him as a Director not less than 14 days before the meeting has left at the office of the Company, a notice in writing under his hand signifying his candidature for the office of the Director or the intention of such member to propose him as a candidate for that office as the case may be, along with the prescribed deposit amount which shall be refunded to such person or as the case may be, to such member if the person succeeds in getting elected as Directors.

116 Subject to the provisions of Section 297, 299, 300, 302 and 314 of the Act , the Directors shall not be disqualified by reason of his or their office as such from contracting with the Company either as vendor, purchaser, lender, agent, broker, lessor or otherwise nor shall any such contract, or arrangement entered into by or on behalf of the Company with such Director or with any Company or partnership in which he shall be a member or otherwise interested be avoided nor shall any Director so contracting or being such member or so interested be liable to account to the Company for any profit realized by such contract or arrangement by reason only of such Director holding that office or of fiduciary relation thereby established but the nature of the interest must be disclosed by him or them at the meeting of Directors at which the contract or arrangement is determined if the interest then exists or in any other case at the first meeting of the Directors after the acquisition of the interest.

117 *Directors not liable for retirement:*

The Company in General Meeting may, when appointing a person as a Director declare that his continued presence on the Board of Directors is of advantage to the Company and that his office as Director shall not be liable to be determined by retirement by rotation for such period until the happening of any event of contingency set out in the said resolution.

118 *Director for subsidiary Company:*

Directors of this Company may be or become a Director of any Company promoted by this Company or in which it may be interested as Vendor, Shareholder or otherwise and no such Director shall be accountable for any benefits received as a Director or member of such Company.

119 *Meetings of the Board:*

a) The Board of Directors shall meet at least once in every three calendar months for the dispatch of business, adjourn and otherwise regulate its meetings and proceedings as it thinks fit provided that at least four such meetings shall be held in every year.

b) The Managing Director may, at any time summon a meeting of the Board and the Managing Director or a Secretary or a person authorised in this behalf on the requisition of Director shall at any time summon a meeting of the Board. Notice in writing of every meeting of the Board shall be given to every Director for the time being in India, and at his usual address in India to every other Director.

120 *Quorum:*

The quorum for a meeting of the Board shall be one-third of its total strength (any fraction contained in that one-third being rounded off as one) or two Directors whichever is higher, provided that where at any time the number of interested Directors is equal to or exceeds two-thirds of total strength, the number of remaining Directors, that is to say the number of Directors who are not interested, present at the meeting being not less than two, shall be the quorum during such time, The total strength of the Board shall mean the number of Directors actually holding office as Directors on the date of the resolution or meeting, that is to say, the total strength of Board after deducting therefrom the number of Directors, if any, whose places are vacant at the time.

121 *Questions how decided:*

a) Save as otherwise expressly provided in the Act, a meeting of the Board for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the Regulations of the Company for the time being vested in or exercisable by the Directors generally and all questions arising at any meeting of the Board shall be decided by a majority of the Board.

b) In case of an equality of votes, the Chairman shall have second or casting vote in addition to his vote as Director.

122 *Right of continuing Directors when there is no quorum:*

The continuing Directors may act notwithstanding any vacancy in the Board but if and so long as their number is reduced below three, the continuing Directors or Director may act for the purpose of increasing the number of Directors to three or of summoning a General Meeting of the Company but for no other purpose.

123 *Election of Chairman of Board:*

a) The Board may elect a Chairman of its meeting and determine the period for which he is to hold office.

b) If no such Chairman is elected or at any meeting the Chairman is not present within five minutes after the time appointed for holding the meeting the Directors present may choose one among themselves to b the Chairman of the Meeting.

124 *Delegation of Powers:*

a) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such members of its body as it thinks fit.

b) Any committee so formed shall, in the exercise of the power so delegated conform to any regulations that may be imposed on it by the Board.

125 *Election of Chairman of Committee:*

a) If the Chairman of the Board is a member of the Committee, he shall preside over all meetings of the Committee, if the Chairman is not a member thereof, the committee may elect a Chairman of its meeting. If no such Chairman is elected or if at any meeting the Chairman is not present within five minutes after the time appointed for holding the meeting, the members present may choose one among themselves to be the Chairman of the Meeting.

b) The quorum of a committee may be fixed by the Board of Directors. ..

126 *Questions how determined:*

a) A committee may meet and adjourn as it thinks proper.

b) Questions arising at any meeting of a committee shall be determined by the sole member of the committee or by a majority of votes as the members present as the case may be and in case of an equality of vote the Chairman shall have a second or casting vote, in addition to his vote as a member of the committee.

127 *Validity of acts done by Board or a Committee:*

All acts done by any meeting of the Board, of a committee thereof, or by any person acting as a Director shall notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such Directors or of any person acting as aforesaid or that they or any of them were disqualified be as valid as if even such Director or such person has been duly appointed and was qualified to be a Director.

128 *Resolution by Circulation:*

Save as otherwise expressly provided in the Act, a resolution in writing circulated in draft together with the necessary papers, if any, to all the Directors or to all the members of the committee then in India, not being less in number than the quorum fixed of the meeting of the Board or the Committee, as the case may be and to all other Directors or members at their usual address in India and approved by such of the Directors as are then in India or by a majority of such of them as are entitled to vote at the resolution shall be valid and effectual as it had been a resolution duly passed at a meeting of he Board or committee duly convened and held.

129 a) The Board of Directors may from time to time but with such consent of the Company in General Meeting as may be required under the Act raise any moneys or sums of money for the purpose of the Company provided that the moneys to be borrowed by the Company apart from temporary loans obtained from the Company's bankers in the ordinary course of business shall not, without the sanction of the Company at a General Meeting, exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specifies purpose and in particular, but subject to the provisions of Section 292 of the Act, the Board may from time to time at their discretion raise or borrow or secure the payment of any such sum of money for the purpose of the Company, by the issue of debentures, perpetual or otherwise, including debenture convertible into shares of this or any other Company or perpetual annuities and to secure any such money so borrowed, raised or received mortgage, pledge or charge the whole or any part of the property, assets or revenue of the Company present or future, including its uncalled capital by special assignment or otherwise or to transfer or convey the same absolutely or in trust and to give the lenders powers of sale and other powers as may be expedient and to purchase, redeem or pay off any such securities.

Provided that every resolution passed by the Company in General Meeting in relation to the exercise of the power to borrow as stated shall specify the total amount upto which moneys may be borrowed by the Board Directors.

b) The Directors may by resolution at a meeting of the Board delegate the above power to borrow money otherwise than on debentures to a committee of Directors or the Managing Director, if any, within the limits prescribed.

c) Subject to provisions of the above sub-clause, the Directors may, from time to time, at their discretion, raise or borrow or secure the repayment of any sum or sums of money for the purposes of the Company, at such time and in such manner and upon such terms and conditions in all respects as they think, fit and in particular, by promissory notes or by receiving deposits and advances with or without security or by the issue of bonds, perpetual or redeemable debentures (both present and future) including its uncalled capital for the time being or by mortgaging or charging or pledging any lands, buildings, goods or other property and securities of the Company, or by such other means as they may seem expedient.

d) To the extent permitted under the applicable law and subject to compliance with the requirements thereof, the Directors shall be empowered to grant loans to such entities at such terms as they may deem to be appropriate and the same shall be in the interests of the Company.

130 *Assignment of debentures:*

Such debentures, debenture-stock, bonds or other securities may be assignable free from any equities between the Company and the person to whom the same may be issued.

131 *Terms of Issue of Debentures:*

Any such debentures, debenture stock, or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawings, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors or otherwise, Debentures with a right of conversion into or allotment of shares shall be issued only with the sanction of the Company in a General Meeting by a Special Resolution.

132 *Debenture Directors:*

Any Trust Deed for securing debentures or debenture stock may if so arranged provide for the appointment from time to time by the trustee thereof or by the holders of debentures or debenture stock of some person to be a Director of the Company and may empower such trustee or holders of debentures or debenture stock from time to time to remove any Directors so appointed. A Director appointed under this Article is herein referred to as a "Debenture Director" and the Debenture Director means a Director for the time being in office under this Article. A Debenture Director shall not be bound to hold any qualification shares, not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provisions as may be arranged between the Company and the Trustees and all such provision shall have effect notwithstanding any of the other provisions herein contained.

133 *Nominee Directors:*

a) So long as any moneys remain owing by the Company to any All India Financial Institutions, State Financial Corporation or any financial institution owned or controlled by the Central Government or State Government or any Non Banking Financial Company controlled by the Reserve Bank of India or any such Company from whom the Company has borrowed for the purpose of carrying on its objects or each of the above has granted any loans / or subscribes to the Debentures of the Company or so long as any of the aforementioned companies of financial institutions holds or continues to hold debentures /shares in the Company as a result of underwritng or by direct subscription or private placement or so long as any liability of the Company arising out of any guarantee furnished on behalf of the Company remains outstanding, and if the loan or other agreement with such corporation so provides, the corporation shall have a right to appoint from time to time any person or persons as a Director or Directors whole- time or non whole- time (which Director or Director/s is/are hereinafter referred to as "Nominee Directors/s) on the Board of the Company and to remove from such office any person or person so appointed and to appoint any person or persons in his /their place(s).

b) The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s. At the option of the Corporation such Nominee Director/s shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.

The Nominee Director/s so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation or so long as they holds or continues to hold Debentures/shares in the Company as result of underwriting or by direct subscription or private placement or the liability of the Company arising out of the Guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said power shall vacate such office immediately on the moneys owing by the Company to the Corporation are paid off or they ceasing to hold Debentures/Shares in the Company or on the satisfaction of the liability of the Company arising out of the guarantee furnished.

c) The Nominee Director/s appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and of the Meetings of the Committee of which Nominee Director/s is//are member/s as also the minutes of such Meetings. The Corporation shall also be entitled to receive all such notices and minutes.

d) The Company shall pay the Nominee Director/s sitting fees and expenses to which the other Directors of the Company are entitled, but if any other fees commission, monies or remuneration in any form is payable to the Directors of the Company the fees, commission, monies and remuneration in relation to such Nominee Director/s shall accrue to the nominee appointer and same shall accordingly be paid by the Company directly to the Corporation.

e) Provided that the sitting fees, in relation to such Nominee Director/s shall also accrue to the appointer and same shall accordingly be paid by the Company directly to the appointer. .

134 *Register of Charges:*

The Directors shall cause a proper register to be kept, in accordance with the Act, of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of the Act in regard to the registration of mortgages and charges therein specified.

135 *Subsequent assigns of uncalled capital:*

Where any uncalled capital of the Company is charged, all persons taking any subsequent charge thereon shall take the same, subject to such prior charges and shall not be entitled to obtain priority over such prior charge.

136 *Charge in favour of Director for Indemnity:*

If the Director or any person, shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed any mortgage, charge or security over or affecting the whole or part of the assets of the Company by way of indemnity to secure the Directors or other persons so becoming liable as aforesaid from any loss in respect of such liability.

137 *Powers to be exercised by Board only by Meeting:*

a) The Board of Directors shall exercise the following powers on behalf of the Company and the said powers shall be exercised only by resolution passed at the meeting of the Board:
   (i) Power to make calls on shareholders in respect of moneys unpaid on their shares;
   (ii) Power to issue debentures;
   (iii) Power to borrow money otherwise than on debentures:
   (iv) Power to invest the funds of the Company;
   (v) Power to make loans.

b) The Board of Directors may by a meeting delegate to any committee or the Directors or to the Managing Director the powers specified in sub clauses (iii), (iv) and (v) above.

c) Every resolution delegating the power set out in sub clause (iii) above shall specify the total amount upto which moneys may be borrowed by the said delegate.

d) Every resolution delegating the power referred to in sub-clause (iv) above shall specify the total amount, upto which the fund may invested and the nature of the investments which may be made by the delegate.

e) Every resolution delegating the power referred to in sub-clause (v) above shall specify the total amount upto which the loans may be made by the delegate, the purposes for which the loans may be made and the maximum amount of loans which may be made for each such purpose in individual cases.

MANAGING DIRECTOR(S)/ WHOLE-TIME DIRECTOR(S)

138 a) The Board may from time to time and with such sanction of the Central Government as may be required by the Act, appoint one or more of the Directors to the office of the Managing Director or whole-time Directors.

b) The Directors may from time to time resolve that there shall be either one or more Managing Directors or Whole time Directors.

c) In the event of any vacancy arising in the office of a Managing Director or Whole-time Director, the vacancy shall be filled by the Board of Directors subject to the approval of the members.

e) If a Managing Director or whole time Director ceases to hold office as Director, he shall ipso facto and immediately cease to be Managing Director/whole time Director.

f) The Managing Director or whole time Director shall not be liable to retirement by rotation as long as he holds office as Managing Director or whole-time Director.

139 *Powers and duties of Managing Director or whole-time Director:*

The Managing Director/Whole-time Director shall subject to the supervision, control and direction of the Board and subject to the provisions of the Act, exercise such powers as are exercisable under these presents by the Board of Directors, as they may think fit and confer such power for such time and to be exercised as they may think expedient and they may confer such power either collaterally with or to the exclusion of any such substitution for all or any of the powers of the Board of Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any such powers. The Managing Directors/ whole time Directors may exercise all the powers entrusted to them by the Board of Directors in accordance with the Board's direction.

140 *Remuneration of Managing Directors/whole time Directors:*

Subject to the provisions of the Act and subject to such sanction of Central Government\Financial Institutions as may be required for the purpose, the Managing Directors\whole-time Directors shall receive such remuneration (whether by way of salary commission or participation in profits or partly in one way and partly in another) as the Company in General Meeting may from time to time determine.

141 *Reimbursement of expenses:*

The Managing Directors\whole-time Directors shall be entitled to charge and be paid for all actual expenses, if any, which they may incur for or in connection with the business of the Company. They shall be entitled to appoint part time employees in connection with the management of the affairs of the Company and shall be entitled to be paid by the Company any remuneration that they may pay to such part time employees.

142 *Business to be carried on by Managing Directors/ Whole time Directors:*

(a) The Managing Directors\whole-time shall have subject to the supervision, control and discretion of the broad, the management of the whole of the business of the Company and of all its affairs and shall exercise all powers and perform all duties in relation to the Management of the affairs and transactions of Company, except such powers and such duties as are required by law or by these presents to be exercised or done by the Company in General Meeting or by Board of Directors and also subject to such conditions or restriction imposed by the Act or by these presents.

(b) Without prejudice to the generally of the foregoing and subject to the supervision and control of the Board of Directors, the business of the Company shall be carried on by the Managing Director/ Whole time Director and he shall have all the powers except those which are by law or by these presents or by any resolution of the Board required to be done by the Company in General Meeting or by the Board.

(c) The Board may, from time to time delegate to the Managing Director or Whole time Director such powers and duties and subject to such limitations and conditions as they may deem fit. The Board may from time to time revoke, withdraw, alter or vary all or any of the powers conferred on the Managing Director or Whole time Director by the Board or by these presents.

CAPITALISATION OF PROFITS

157 *Capitalisation of Profits:*

a) The Company in General Meeting, may, on recommendation of the Board resolve:

(i) That it is desirable to capitalize any part of the amount for the time being standing to the credit of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution; and

(ii) That such sum be accordingly set free for distribution in the manner specified in the sub-clause (b) amongst the members who would have been entitled thereto if distributed by way of dividend and in the same proportion.

b) The sum aforesaid shall not be paid in cash but shall be applied, either in or towards:

(i) Paying up any amounts for the time being unpaid on shares held by such members respectively

(ii) Paying up in full, unissued share of the Company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportions aforesaid; or

(iii) Partly in the way specified in sub-clause (i) and partly that specified in sub clause (ii).

c) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.

d) A share premium account and a capital redemption reserve account may, only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.

158 *Power of Directors for declaration of bonus issue:*

a) Whenever such a resolution as aforesaid shall have been passed, the Board shall:

(i) make all appropriations and applications of the undivided profits resolved to be capitalized thereby and all allotments and issues of fully paid shares, if any, and

(ii) generally do all acts and things required to give effect thereto.

b) The Board shall have full power:

(i) to make such provisions, by the issue of fractional certificates or by payments in cash or otherwise as it thinks fit, in the case of shares or debentures becoming distributable in fraction; and also

(ii) to authorize any person, on behalf of all the members entitled thereto, to enter into an agreement with the Company providing for the allotment to such members , credited as fully paid up, of any further shares or debentures to which they may be entitled upon such capitalization or (as the case may require) for the payment of by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to the capitalised of the amounts or any parts of the amounts remaining unpaid on the shares.

c) Any agreement made under such authority shall be effective and binding on all such members.

ACCOUNTS

159 *Books of Account to be kept:*

a) The Board of Directors shall cause true accounts to be kept of all sums of money received and expended by the Company and the matters in respect of which such receipts and expenditure takes place, of all sales and purchases of goods by the Company, and of the assets, credits and liabilities of the Company.

b) If the Company shall have a Branch Office, whether in or outside India, proper books of account relating to the transactions effected at the office shall be kept at that office, and proper summarized returns made upto date at intervals of not more than three months, shall be sent by Branch Office to the Company at its registered office or to such other place in India, as the Board thinks fit where the main books of the Company are kept.

c) All the aforesaid books shall give a fair and true view of the affairs of the Company or of its Branch Office, as the case may be with respect to the matters aforesaid, and explain its transactions.

160 *Where Books of accounts to be kept:*

The Books of Account shall be kept at the Registered Office or at such other place in India as the Directors think fit.

161 *Inspection by Members:*

No member (not being a Director) shall have any right of inspecting any account or books or documents of the Company except as conferred by statute.

162 *Boards Report to be attached to Balance Sheet:*

a) Every Balance Sheet laid before the Company in General Meeting shall have attached to it a report by the Board of Directors with respect to the state of the Company's affairs, the amounts if any, which it proposes to carry to any Reserves in such Balance Sheet; and the amount, if any which it recommends to be paid by way of dividend, material changes and commitments, if any, effecting the financial positions of the Company which have occurred between the end of the financial year of the Company to which the Balance Sheet related and the date of report.

b) The report shall, so far as it is material for the appreciation of the state of the Company's affairs by its members and will not in the Board's opinion be harmful to the business of the Company or any of its subsidiaries deal with any changes which have occurred during the financial year in the nature of the Company's business, or in the Company's subsidiaries or in nature of the business carried on by them and generally in the classes of business in which the Company has an interest.

c) The Boards Report shall also include a statement showing the name of every employee of the Company who was in receipt of such sum as remuneration as may be prescribed by the Act or the Central Government from time to time during the year to which the Report pertains.

d) The Board shall also give the fullest information and explanation it its report in cases falling under the proviso to Section 222 on every reservation, qualification or adverse remark contained in the auditors Report.

e) The Board shall have the right to charge any person being a Director with a duty of seeing that the provisions of sub-clauses (1) to (3) of this Article are complied with.

SERVICE OF DOCUMENTS AND NOTICE

167 *How -Document is to be served on members :*

a) A document (which expression for this purpose shall be deemed to have included and include any summons, notice requisition, process order, judgment or any other document in relation to or in winding up of the Company) may be served or sent to the Company on or to any member either personally or by sending it by post to his registered address or (if he has no registered address in India) to the address, if any, within India supplied by him to the Company for the service of notice to him.

b) All notices shall, with respect to any registered share to which persons are entitled jointly, be given to whichever of such persons is named first in the Register and the notice so given shall be sufficient notice to all the holders of such share.

c) Where a document is sent by post:

(i) Service thereof shall be deemed to be effected by properly addressing, paying and posting a letter containing the notice provided that where a member has intimated to the Company in advance that documents should be sent to him under a certificate of posting or by registered post without acknowledgement due and has deposited with the Company a sum sufficient to defray expenses of doing so, service of the documents shall not be deemed to be effected unless it is sent in the manner intimated by the member, and

(ii) Unless the contrary is provided, such service shall be deemed to have been effected

a. In the case of a notice of a meeting, at the expiration of forty-eight hours the letter containing the notice is posted; and

b. In any other case, at the time at which the letter would be delivered in ordinary course of post.

168 *Members to notify address in India:*

Each registered holder of shares from time to time notify in writing to the Company such place in India to be registered as his address and such registered place of address shall for all purposes be deemed to be his place or residence.

169 *Service on members having no registered address:*

If a member has no registered address in India, and has not supplied to the Company and address within India, for the giving of the notices to him, a document advertised in a newspaper circulating in the neighborhood of Registered Office of the Company shall be deemed to be duly served to him on the day of which the advertisement appears.

170 *Service on persons acquiring shares on death or insolvency of members:*

A document may be served by the Company on the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a prepaid letter addressed to them by name or by the title or representatives of the deceased, assignees of the insolvent by any like description at the address (if any) in India supplied for the purpose by the persons claiming to be so entitled , or (until such an address has been so supplied) by serving the document in any manner in which the same might have been served as if the death or insolvency had not occurred.

171 *Persons entitled to notice of General Meetings:*

Subject to the provisions of the Act and these Articles, notice of General Meeting shall be given:

(i) To the members of the Company as provided by these presents

(ii) To the persons entitled to a share in consequence of the death or insolvency of a member.

(iii) To the Auditors for the time being of the Company; in the manner authorized by as in the case of any member or members of the Company.

172 *Notice by advertisement:*

Subject to the provisions of the Act any document required to be served or sent by the Company on or to the members, or any of them and not expressly provided for by these presents, shall be deemed to be duly served or sent if advertised in a newspaper circulating in the District in which the Registered Office is situated.

173 *Members bound by document given to previous holders:*

Every person, who by the operation of law, transfer or other means whatsoever, shall become entitled to any shares shall be bound by every document in respect of such share which, previously to his name and address being entered in the register, shall have been duly served on or sent to the person from whom he derived his title to such share.

174 Any notice to be given by the Company shall be signed by the Managing Director or by such Director or Officer as the Directors may appoint. The signature to any notice to be given by the Company may be written or printed or lithographed.

WINDING UP

176 *Application of assets:*

Subject to the provisions of the Act as to preferential payment the assets of the Company shall, on its winding up, be applied in satisfaction of its liabilities pari passu and, subject to such application shall be distributed among the members according to their rights and interests in the Company.

177 *Division of assets of the Company in specie among members:*

If the Company shall be wound up whether voluntarily or otherwise, the liquidators may with sanction of a special resolution divide among the contributories in specie or kind any part of the assets of the Company and any with like sanction vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories of any of them, as the liquidators with the like sanction shall think fit, in case any share to be divided as aforesaid involve as liability to calls or otherwise any persons entitled under such division to any of the said shares may within ten days after the passing of the special resolution by notice in writing, direct the liquidators to sell his proportion and pay them the net proceeds, and the liquidators shall, if practicable, act accordingly.

INDEMNITY AND RESPONSIBILITY

178 *Director's and others' right to indemnity:*

a) Subject to the provisions of the Act, the Managing Director and every Director, Manager, Secretary and other Officer or Employee of the Company shall be indemnified by the Company against any liability and it shall be the duty of Directors, out of the funds of the Company to pay, all costs and losses and expenses (including traveling expenses) which any such Director, Officer or Employee may incur or become liable to by reason of any contract entered into or act or deed done by him as such Managing Director, Director, Officer or Employee or in any way in the discharge of his duties.

b) Subject as aforesaid the Managing Director and every Director, Manager, Secretary or other Officer or Employee of the Company shall be indemnified against any liability incurred by them or in defending any proceeding whether civil or criminal in which judgment is given in their or his favour or in which he is acquitted or discharged or in connection with any application under Sec. 633 of the Act in which relief is given to him by the Court.

179 *Not responsible for acts of others:*

a) Subject to the provisions of Sec. 201 of the Act no Director or other Officer of the Company shall be liable for the acts, receipt, neglects or defaults of any other Director or Officer, or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Director for or on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency, or tortuous act of any person, Company or Corporation, with whom any moneys, securities or effects shall be entrusted or deposited or for any loss occasioned by any error of judgment or over sight in his part or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of his office of in relation thereto, unless the same happens through his own wilful act or default.

b) Without prejudice to the generality foregoing it is hereby expressly declared that any filing fee payable or any document required to be filed with Register of Companies in respect of any act done or required to be done by any Director or other Officer by reason of his holding the said office, shall be paid and borne by the Company.

PART II

182 **OVERRIDING EFFECT AND INTERPRETATION**

(i) Subject to the requirements of applicable Law, in the event of any conflict between the provisions of Articles 1 to 181 and Articles 182 to 190, the provisions of Articles 182 to 190 shall apply.

(ii) Unless the context otherwise requires, words or expressions contained in Articles 182 to 190 shall have the meaning as provided below. Provided that any terms and expressions used but not defined specifically in Articles 182 to 190 shall have the same meaning as ascribed to them in Articles 1 to 181 or in the Act or any statutory modification thereof. Other terms may be defined elsewhere in the text of these Articles and, unless otherwise indicated, shall have such meaning throughout these Articles.

183 **FURTHER ALLOTMENT OF SHARES**

a) New Shares.

All further issue of New Shares shall be in compliance with the provisions of this Article 183.

b) Pre-emptive Rights.

Subject to the provisions of Section 81 of the Act and in accordance with the provisions of Article 12 hereof, the parties to the Shareholders Agreement shall ensure that any New Share offered or issued by the Company shall be offered on terms and conditions which are identical to all Specified Members then holding Shares of the Company in proportion to their then existing shareholding in the Company. Any Shareholder's acceptance of such offer to subscribe for New Shares may be conditional upon receipt of any required third party approvals or approvals of any Governmental Authorities (the same to be specified by such accepting Shareholder), which Indian approvals the Company shall use its best efforts to obtain (unless such approval is not within the control of the Company).

c) Subscription by Affiliate.

Any Specified Member can nominate an Affiliate to subscribe for the New Shares offered to such Specified Member pursuant to Article 183 (b) above, provided that (i) such Affiliate first agrees in writing to be bound by the terms of the Shareholders Agreement, as such terms were applicable to the Specified Member which was originally entitled to the New Shares so subscribed, and (ii) this Article 183 (c) shall be applicable to such Affiliate as if the Specified Member which was originally entitled to subscribe for the New Shares had acquired the New Shares from the Company and transferred them to such Affiliate.

d) Any New Share not subscribed by the Specified Member in accordance with Article 183(c) above may be offered to any third party.

184 **SHARE TRANSFER RESTRICTIONS**

a) *Transfers to Affiliates.*

Any Specified Member may transfer any or all of its Shares to any of its Affiliates if such transfer or assignment is made on the express condition (agreed to in writing by such Affiliate for the benefit of each party to the Shareholders Agreement) that in the event of such an Affiliate ceasing to remain an Affiliate of the party to the Shareholders Agreement which was originally holding the Shares so transferred (the "Original Party"), the Shares so transferred to such an Affiliate and any further Shares acquired or allotted to it as a result of such transfer, shall automatically, ipso facto, stand transferred to the name of the Original Party, subject to compliance with necessary legal and regulatory requirements, such that however pending such compliance the Original Party shall be deemed as an agent of the erstwhile Affiliate and shall control the voting rights and other rights and obligations under the Shareholders Agreement and shall be bound by the provisions of the Shareholders Agreement while acting in its capacity as an agent of such Affiliate.

b) *Tag-Along Rights.*

(i) Except as otherwise agreed at a Board meeting with the unanimous affirmative approval of the Directors nominated by the Qualified Investors, if a Founder (the "Prospective Transferor") desires to directly or indirectly, sell, transfer, assign, dispose of, or otherwise transfer the legal or beneficial ownership or economic benefits in, (collectively, "Transfer") any of its Shares to third parties, other than an Affiliate (such a third party, a "Third Party Purchaser"), and provided that, as a consequence of such Transfer either (i) the Founders cease to hold at least 26% of the share capital of the Company (including all transfers thereafter) or (ii) the Founders (in the aggregate) are no longer the single largest shareholders in the Company or (iii) the management and policies of the Company are no longer determined by the Founders, then, the Prospective Transferor shall offer each Investor an opportunity of concurrently selling to the prospective Third Party Purchaser(s), at the price set forth in Article 184 (b)(iii) below (the "Investor Price"), a number of Shares equal to up to all of its Shares.

(ii) On the Investors agreeing to transfer their Shares in the Company to the Third Party Purchaser, under this Article, the Prospective Transferor shall be bound to ensure that, and shall not sell its Shares unless (and the Company shall not register the transfer of such Shares unless), the Third Party Purchaser also purchases all of the Shares offered by the Investors in accordance with this Article 184 (b) at the Investor Price.

(iii) The Investor Price shall be identical to the price of the sale to the Third Party Purchaser by the Founder of its Shares and the Investor transferring its Shares to the Third Party Purchaser shall not be required to make any representations and warranties in connection with such transfer other than with respect to its title to the Shares transferred.

c) Article 184 (b) shall not apply to any non-negotiated sale of shares by the Founders on a recognized stock exchange in India at the prevailing market price.

d) *Cooperation*

The parties to the Shareholders Agreement agree that the Company and the Founders shall extend all necessary help to the Investors/its concerned Affiliate or any other third party nominated by the Investors/its concerned Affiliate to evaluate the business and arrive at a proper valuation of the business for the purpose of determining the value of the Shares in the Company held by the Investors.

e) *Additional Restrictions.*

(i) The SPV shall not, and each SPV Shareholder shall cause the SPV not to, without having obtained the prior written permission of each Investor and of the Founders, permit any change in its shareholding pattern (including without limitation by way of issue of new SPV Shares or interests) legal or ultimate beneficial ownership management and/or control.

(ii) Refusal to Transfer

The Company shall not:

(a) transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of the Shareholders Agreement; or

(b) treat as owner of such Shares or accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares shall have been so transferred.

185 **EXIT OPTIONS**

Registration Right.

In addition to any other exit option which an Investor may have, each of the Investors shall be granted the registration rights mutually agreed between the parties, annexed with the Shareholders Agreement. Such rights shall terminate four (4) years after the completion of an initial public offering of the shares of the Company in a relevant jurisdiction. Any rights granted under this Article shall be subject to all applicable Indian Laws, provided that the parties shall take all actions which may be necessary or desirable in order to adhere to such rights in accordance with Indian Laws.

186 **MANAGEMENT OF THE COMPANY**

a) *The Board.*

The business of the Company shall be managed by and shall be under the direction and supervision of the Board, which may exercise all such powers of the Company and do all lawful acts and things that are not by the Act, the Articles, the Memorandum or the Shareholders Agreement specifically directed or required to be exercised or undertaken by the Members.

b) *Directors.*

(i) Composition of the Board.

Notwithstanding anything contained in these Articles, the Company's Board shall be comprised of no more than 12 (twelve) directors, of which (i) Walden, so long as it is a Qualified Investor, shall be entitled to nominate 1 (one) Director (a "Walden Director"), (ii) GTV, so long as it is a Qualified Investor, shall be entitled to nominate 1 (one) Director (a "GTV Director"), (iii) CIPEF III, so long as it is a Qualified Investor, shall be entitled to nominate 1 (one) (a "CIPEF III Director") and (iv) the Founders shall be entitled to nominate 2 (two) Directors (each, a "Founder Director"), such Founder Directors to be selected by a proportional vote amongst the Founders, provided that each Qualified Investor shall have been consulted as to the identity of each Founder Director prior to the nomination of such Director. The right to nominate a Director pursuant to this Article 186(b)(i) shall include the right to remove and replace such Director. The Board shall also appoint the balance independent directors in accordance with the applicable listing norms.

i. Each of the GTV Director, the Walden Director and the CIPEF III Director appointed pursuant to this Article 186(b)(i) shall be appointed by direct nomination by the party entitled to nominate such Director and the appointment of such Director shall not require any approval or ratification of the Board or of the Members.

ii. In the case of the death or resignation of a Director or if a Director otherwise vacates his office prior to the completion of his term, the party by whom such Director was originally nominated shall have the right to nominate another person in place thereof by filling of a casual vacancy or in such other manner as may be appropriate.

iii. The removal or replacement of the Directors appointed pursuant to this Article 186(b)(i) shall not require the prior approval or ratification of the Board or of the Members.

iv. If necessary, each party shall, and shall cause the Directors nominated at its request to, promptly take all actions necessary, and exercise its voting rights as necessary, to implement the nomination (or, at the request of the shareholders nominating such director, the removal) of any Director nominated by the parties according to this Article 186 (b)(i).

v. No Director shall be required to hold any qualification Shares.

(ii) Term of Office.

Notwithstanding anything contained in these Articles, if a party has stated in writing at the time it nominated a Director that such Director has been nominated by a party by virtue of any office of employment or relationship by or with such party, then in the event of such employment or relationship ceasing to exist, the Director shall have deemed to have vacated his office automatically and the party which had nominated such Director shall be entitled to nominate any other person as a Director.

(iii) External Directors.

Notwithstanding anything contained in these Articles:

i. The Board shall and the parties shall cause their Directors to endeavor to appoint up to five industry expert(s) or eminent persons as external non-executive directors. The determination of the compensation and emoluments (in cash, shares or otherwise) to be granted to any such non-executive director shall be done accordance with all applicable Laws.

ii. The Directors shall have the power, at any time and from time to time, to appoint any person as Director in addition to the existing Directors so that the total number of Directors shall not exceed the number fixed for Directors in the Articles of Association of the Company. Any Director so appointed shall hold office until the following Annual General Meeting but shall be eligible thereat for election as Director.

c) *Observer*

Notwithstanding anything contained in these Articles, so long as CIPEF III is a Qualified Investor, if it has not exercised its right to nominate a Director or if, for any reason, no CIPEF III Director is on the Board, CIPEF III shall have the right to appoint one observer (the "Observer") who shall be entitled to attend all meetings of the Board and all meetings of any committee of the Board of which a Director nominated by CIPEF III would be entitled to be a member.

d) *Notice for Board Meetings.*

At least fourteen (14) days written notice shall be given to each of the Directors and to the Observer, if any, of any meeting of the Board provided always that a shorter period of notice may be given by mutual consent expressed in writing. Such written notice shall be given at the usual address of the Director in India and in case of Directors not ordinarily residing in India or currently out of India, the same shall be given at such address (in India or outside India) as notified by the concerned Director as a valid address for the service of notices for the time being. A copy of any document to be reviewed and discussed at such meeting shall accompany such notice unless otherwise agreed by the parties in writing.

e) *Agenda.*

Every notice convening a meeting of the Board shall set out the agenda in full and in sufficient details of the business to be transacted thereat and no item or business shall be transacted at such meeting unless the same has been stated in full and in sufficient details in the notice convening the meeting.

f) *Alternate Directors.*

Notwithstanding anything contained in Article 103, in the event of any Director being or likely to be absent for a period of at least three (3) months from the State in which the meetings of the Board of Directors is scheduled to be held, the party by whom such Director was originally nominated may nominate an alternate Director to the Board, in which case the parties to the Shareholders Agreement shall ensure that the Board immediately appoints that person as an alternate Director to such Director. The parties will not permit an alternate Director to be appointed by the Board unless the Board has received a written request to do so from the party that had originally nominated the absent Director.

g) *Replacement of Nominee Directors.*

In the case of the death or resignation of a Director or a Director otherwise vacates his office prior to the completion of his term, the party by whom such Director was originally nominated shall have the right to nominate another person in place thereof and the parties to the Shareholders Agreement shall, if so required, endeavor to procure the Board to appoint such nominee as a Director by filling of a casual vacancy or in such other manner as may be appropriate.

h) The parties to the Shareholders Agreement shall exercise all their rights and powers to effectuate and uphold the terms of the Shareholders Agreement.

187 **IMPLEMENTATION**

a) Exercise of Voting Rights.

The parties to the Shareholders Agreement shall cause their authorized representative at the meetings of the Shareholders of the Company in a manner necessary so as to give effect to the terms of the Shareholders Agreement, and to do and perform all acts, deeds and things as may be reasonably necessary or expedient to give effect to the terms of the Shareholders Agreement.

b) Undertaking.

The Company, the Founders and the SPV Shareholders, jointly and severally warrant and undertake not to enter into any arrangement, agreement or understanding which will directly or indirectly violate the provisions of the Shareholders Agreement, dilute all or any of the rights of the Investors under the Shareholders Agreement, decrease or diminish any of the obligation of the Founders and the SPV Shareholders and/or vest in favour of or grant to any other person any right or benefit not vested or granted to or in favour of the Investors and/or superior, derogatory or inimical to any right or benefit vested or granted to or in favor of the Investors, without the prior written approval of each Investor.

c) SPV Shareholders.

Anjan Lahiri, Kamran Ozair and Scott Staples and the SPV shall be deemed as shareholders of the Company notwithstanding the fact that all shares to be acquired and held by Anjan Lahiri, Kamran Ozair, and Scott Staples shall be acquired and held by the SPV, for which express and limited purpose the SPV has been formed. The rights and obligations of Anjan Lahiri, Kamran Ozair and Scott Staples shall be exercised and performed by Anjan Lahiri, Kamran Ozair and Scott Staples in their individual capacity and, jointly and severally, with the SPV.

188 **OTHER INFORMATION**

a) *Various Information Rights.*

(i) The Company shall provide to any of CIPEF III and Walden, from time to time, such additional information regarding the Company or any Affiliate as such Investor may reasonably request, including any information or reports (a) required by reason of reporting or regulatory requirements to which such Investor is subject or (b) which it is obligated to have available regarding taxation matters. The Company shall promptly furnish to such Investor, at the request of the concerned Investor, information reasonably requested to enable such Investor or its investors to comply with any applicable tax reporting requirements (including, without limitation, any reporting requirement applicable to such Investor as a result of such Investor having made a QEF Election for the Company and/or any of its Affiliates) with respect to the acquisition, ownership, or disposition of, and income attributable to, any Shares held by such Investor, including, without, limitation, such information as may be reasonably requested by such Investor to complete United States federal, state or local income tax returns, to make a QEF Election, or to provide such information to its investors, including, without limitation, with respect to the Company's status as a CFC, FPHC or PFIC. The Company hereby undertakes to keep, for so long as may be reasonably requested by such Investor, such documentation supporting such tax-related information supplied to such Investor as provided herein.

(ii) Each Founder shall promptly notify each of CIPEF III and Walden if such Founder becomes a United States person, as such term is defined in Section 7701(a) of the Code and each Founder shall promptly notify each of CIPEF III and Walden if such Founder owns more than 20% of the Shares owned by the Founders.

(iii) Upon request by any of CIPEF III and Walden, the Company shall use reasonable commercial efforts to determine the tax residence of its shareholders and to obtain such other information about its shareholders (such as their classification for US tax purposes) as such Investor may reasonably request to determine whether the Company is a CFC or an FPHC.

(iv) For the purpose of this Article, the following terms shall have the following meaning:

"CFC" means a "controlled foreign corporation" within the meaning of Section 957 of the Code.
"FPHC" means a "foreign personal holding company" within the meaning of section 552 of the Code.
"PFIC" means a "passive foreign investment company" within the meaning of Section 1295 of the Code.
"QEF Election" means an election made under Section 1295 of the Code.

b) *Qualified Investors.*

The Company shall notify each Investor, if any other Investor ceases to be a Qualified Investor.

189. TERM & TERMINATION

Articles 182-188 (both inclusive) shall expire at the end of four (4) years from the date of initial public offering.

190. MODIFICATION

Part II of the Articles shall not be altered, modified or supplemented except with the prior written approval of the parties to the Shareholders Agreement.

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following Contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These Contracts, copies of which have been attached to the copy of this Red Herring Prospectus, delivered to the Registrar of Companies, Karnataka for registration and also the documents for inspection referred to hereunder, may be inspected at the registered office/corporate office of our Company from 10.00 am to 4.00 pm on working days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

Material Contracts to the Issue

1. Letters of appointment dated December 9, 2006 to the BRLMs from our Company appointing them as the BRLMs.
2. Memorandum of Understanding amongst our Company, the BRLMs, the CBRLM and the LM dated December 9, 2006.
3. Memorandum of Understanding between our Company and Registrar to the Issue, dated January 22, 2007.

Material Documents

1. Our Memorandum and Articles of Association as amended from time to time.
2. Our certification of incorporation.
3. Board resolutions in relation to the Issue.
4. Shareholders' resolutions in relation to the Issue.
5. Remuneration letters dated July 3, 2006 of our whole time Directors, Company policy and employment letter of Ashok Soota dated August 7, 1999 and of Subroto Bagchi dated August 9, 1999.
6. Summary Statements of Assets and Liabilities and Summary Statement of Profits and Losses, as Restated and Cash Flows, as Restated, under Indian GAAP as at and for the Years Ended March 31, 2006, 2005, 2004, 2003 and 2002 and for the nine months ended December 31, 2006, audited by BSR & Associates, Chartered Accountants and their audit report on the same, dated January 22, 2007.
7. Statement of Tax Benefits from BSR & Associates, Chartered Accountants dated January 22, 2007 – Auditor's Report on possible Income-tax benefits available to the Company and its shareholders.
8. Copies of annual reports of our Company for the years ended March 31, 2002, 2003, 2004, 2005 and 2006.
9. Consent of BSR & Associates, our Auditors for inclusion of their reports on restated financial statements and auditors report on audited financial statements in the form and context in which they appear in the Red Herring Prospectus.
10. General powers of attorney executed by our Directors in favour of person(s) for signing and making necessary changes to this Red Herring Prospectus and other related documents.
11. Consents of Bankers to the Company, BRLMs, CBRLM, LM, Syndicate Members, Registrar to the Issue, Escrow Collection Bank(s), Bankers to the Issue, Domestic Legal Counsel to the Company, Domestic Legal Counsel to the BRLMs, International Legal Counsel to the BRLMs, Directors of the Company, Company Secretary and Compliance Officer, as referred to, in their respective capacities.

12. Initial listing applications dated December 14, 2006 filed with BSE and NSE
13. In-principle listing approval dated December 26, 2006 and December 26, 2006 from BSE and NSE respectively
14. Tripartite Agreement between NSDL, our Company and the Registrar to the Issue dated January 25, 2007
15. Tripartite Agreement between CDSL, our Company and the Registrar to the Issue dated January 17 2007
16. Due diligence certificate dated December 11, 2006 to SEBI from the BRLMs.
17. SEBI interim observation letter no. CFD/DIL/ISSUES/82985/006 dated December 22, 2006 and observation letter No. CFD/DIL/SM/84752/2007 dated January 19, 2007.
18. Amended and Restated Shareholders' Agreement dated November 15, 2006 and First Amendment to the Amended and Restated Shareholders' Agreement dated December 5, 2006.
19. Memorandum of Understanding dated December 21, 2006 executed with Ascendas Mahindra IT Park Limited.
20. Application dated December 27, 2006 to the Development Commissioner, MEPZ Special Economic Zone, Chennai.
21. Certificate from Aditya & Vishwas, Chartered Accountants dated January 22, 2007
22. Statutory Auditors' Report for the year ended March 31, 2005 and March 31, 2006 dated August 23, 2005 and September 5, 2006 respectively.

Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes

DECLARATION

We, the Directors of the Company, certify that all relevant provisions of the Companies Act, 1956, and the guidelines issued by the GoI or the guidelines issued by Securities and Exchange Board of India, applicable, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules made thereunder or guidelines issued, as the case may be, and that all approvals and permissions required to carry on our business have been obtained, are currently valid and have been complied with. We further certify that all the statements in this Red Herring Prospectus are true and correct.

Signed by the Directors of our Company

Dr. Albert Hieronimus

Ashok Soota

George Scalise

Lip Bu Tan

Mark Runacres

N.Vittal

R. Srinivasan

Subroto Bagchi

V. G. Siddhartha

Vivek Kalra

Signed by the Chief Financial Officer and Company Secretary

Rostow Ravanan

Date: January 29, 2007

Place: Bangalore