ANNUAL REPORT 2007 - 2008

ConnectNow

CREATE THE NEXT WAVE

Tech Mahindra

IT Services and Telecom Solutions

Board of Directors

Board of Directors

Mr. Anand G. Mahindra – Chairman
Mr. Vineet Nayyar – Vice Chairman, Managing Director & CEO
Hon. Akash Paul
Mr. Al-Noor Ramji
Mr. Anupam Puri
Mr. Arun Seth
Mr. Bharat N. Doshi
Mr. Clive Goodwin
Mr. Paul Zuckerman
Dr. Raj Reddy
Mr. Ulhas N. Yargop
Mr. Paul Ringham (Alternate Director to Mr. Clive Goodwin)

Committees of Directors

Audit Sub-committee

Mr. Anupam Puri – Chairman upto 19th May 2008
Mr. Paul Zuckerman – Chairman w.e.f. 19th May 2008
Mr. Clive Goodwin
Dr. Raj Reddy

Compensation Committee

Hon. Akash Paul – Chairman
Mr. Anupam Puri w.e.f. 19th May 2008
Mr. Arun Seth
Mr. Paul Zuckerman w.e.f. 19th May 2008
Mr. Ulhas N. Yargop

Investor Grievances-cum-Share Transfer Committee

Mr. Ulhas N. Yargop – Chairman
Mr. Clive Goodwin
Mr. Vineet Nayyar

Assistant Company Secretary & Compliance Officer

Mr. Vikrant C. Gandhe

Registered Office

Gateway Building,
Apollo Bunder,
Mumbai – 400 001

Corporate Office

Sharada Centre,
Off. Karve Road,
Erandawane,
Pune - 411 004

Auditors

Deloitte Haskins & Sells,
Chartered Accountants

Bankers

Industrial Development Bank of India Ltd.
The Hongkong and Shanghai Banking Corporation Ltd.
State Bank of India
Kotak Mahindra Bank Ltd.
Punjab National Bank

Connecting teams across Tech Mahindra

"We must become the change we want to see"

- Mahatma Gandhi

Rapid progress in the field of communication technology has shrunk the world more than ever before. Distributed virtual teams performing specialized tasks are the order of the day and collaboration is the key. The ability to connect across functions, geographies and cultures and to be able to deliver collaboratively amidst fierce competition will become a key differentiator in the global market place. All collaboration starts with the most critical asset of any organization - people. Collaboration is not about technology but about mindsets; and at Tech Mahindra, this year, we launched ConnectNow - our focused initiative of collaboration among teams.

The program focuses on mentoring employees via interactive workshops and encouraging and empowering teams to see the big picture and to understand their role in it. This initiative will involve and educate our employees about the needs of our clients' customers, identify the touch points and channels for collaboration, coach them in productive communication styles and empower them to deliver an enhanced end- to - end customer experience.

ConnectNow demonstrates the key values of open communication, shared goals, trust, diversity, respect and accountability that Tech Mahindra stands for.

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Vice Chairman's Message

Vineet Nayyar
Vice Chairman,
Managing Director & CEO

Letter to the Shareholders

The year 2007-2008 has been a landmark year for Tech Mahindra in many ways. A year full of challenges and cheer, it has been one that has been marked by several distinctions.

The year saw us strengthening our relationship with our clients and partnering with them in their transformation and innovation journeys. Technology, Applications, Operations, Business Processes, Networks in isolation are but tools that when interconnected enable our clients to deliver a superior customer experience, and improve their own operating performance. Our industry has excelled in providing offshore application development & maintenance, BPO, and infrastructure management services with distinction over the past two decades. As we move into the core of our clients' business processes, our ability to integrate these offerings with innovative delivery and business models will be a key differentiator. 'ConnectNow'™ is our transformation initiative that enables our employees to think like our customers and what makes them successful, and then apply their unique talent, skills, and capability in a connected approach.

At a time when the industry is passing through tough times with mounting currency pressures, and overall global slowdown, we at Tech Mahindra are committed more than ever to deliver significant value to our customers and to our stakeholders. My belief is that the recent economic events are an opportunity for us to realign our business models and offer these differentiated solutions to our customers. There is an increased interest across our customer base for deriving the benefits of the global delivery model.

We have had a healthy growth in all the markets we serve. We added 24 clients during the year which we believe are the key to our growth in the future. We continue to focus on emerging markets and see a greater demand for telecom transformation, greenfield implementations and next generation services. We have been successful in enabling rapid realization of new products and services while delivering significant cost savings.

BT continues to be our key customer. We further strengthened this strategic partnership by signing a five year deal valued in excess of US$350 Million to provide Application Support & Maintenance for their business critical BSS and OSS applications and platforms. Such deals enable us to take a long term view on innovation and service excellence.

We have delivered well on the BT Global Services business transformation contract and we continue to be a key component of BT's growth strategy. Unique skills and capabilities developed while servicing this challenging contract will serve the company well as it positions itself as a business transformation partner in our next phase of evolution.

As we usher in a new year, I want to thank all our employees and their families for their unstinting support and dedication. They are truly the cornerstones of all our successes. I also take this opportunity to thank our customers who've entrusted us with their critical systems and all our share holders for your support and confidence in our company – my team and I assure you we are committed to do everything in our might to justify the faith reposed in us by all of you.

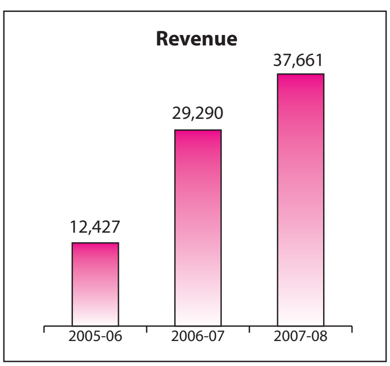
Sincerely,

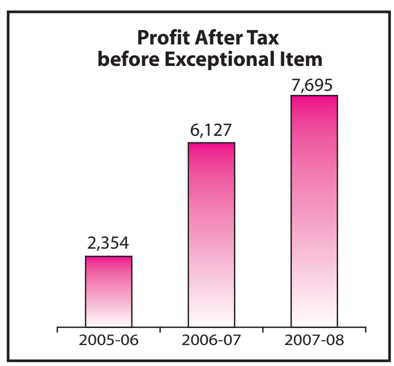
Vineet Nayyar
Vice Chairman, Managing Director & CEO

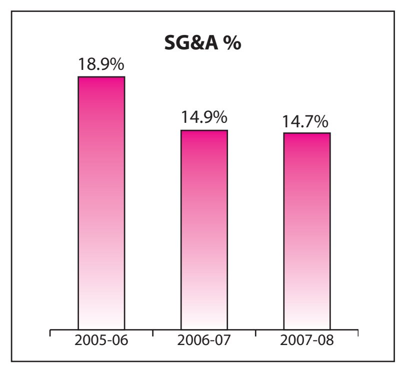
CONSOLIDATED FINANCIAL PERFORMANCE SNAPSHOT

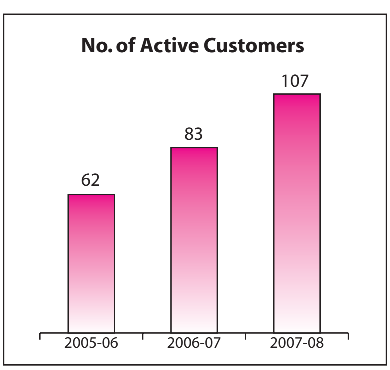
Particulars	2004		2005		2006		2007		2008	
	Rs. Mn	US$Mn	Rs. Mn	US$Mn	Rs. Mn	US$Mn	Rs. Mn	US$Mn	Rs. Mn	US$ Mn
Revenue	7,417	163.4	9,456	210.4	12,427	280.1	29,290	648.0	37,661	934.7
Total Income	7,565	166.7	9,542	212.2	12,767	287.7	29,350	649.5	38,705	960.8
EBIDTA (Operating Profit)*	798	17.6	1,350	30.2	2,679	60.2	7,384	163.3	8,257	205.3
PBT	720	15.9	1,115	24.9	2,621	58.9	6,867	152.0	8,443	210.1
PAT before exceptional item	637	14.0	1,024	22.8	2,354	52.9	6,127	135.6	7,695	191.5
PAT after exceptional item	637	14.0	1,024	22.8	2,354	52.9	1,215	24.3	3,299	81.7
EBIDTA Margin %	10.8%	10.8%	14.3%	14.3%	21.6%	21.6%	25.2%	25.2%	21.9%	21.9%
PAT Margin %*	8.6%	8.6%	10.8%	10.8%	18.9%	18.9%	20.9%	20.9%	20.4%	20.4%
Equity Capital	203	4.5	203	4.6	208	4.7	1,212	27.9	1,214	30.3
Net Worth	4,067	89.8	4,861	111.1	6,155	138.0	9,185	211.2	12,572	313.4
Net Block Incl CWIP	1,544	34.1	1,781	40.7	2,898	65.0	4,421	101.7	5,996	149.5
Current Assets	3,228	71.3	3,740	85.4	5,676	127.2	10,395	239.0	15,562	387.9
Current Liabilities & Provisions	1,241	27.4	1,906	43.5	4,036	90.5	6,435	148.0	9,268	231.0
Net Working Capital	1,987	43.9	1,834	41.9	1,640	36.8	3,960	91.0	6,294	156.9
Total Assets	5,309	117.2	6,767	154.6	10,191	228.4	15,869	364.9	22,251	554.6
Current Ratio	2.6	2.6	2.0	2.0	1.4	1.4	1.6	1.6	1.7	1.7
Total Assets Turnover	1.4	1.4	1.4	1.4	1.2	1.2	1.8	1.8	1.7	1.7
Fixed Assets Turnover	4.8	4.8	5.3	5.3	4.3	4.3	6.6	6.6	6.3	6.3
ROCE % *	18.3%	18.3%	25.0%	25.0%	47.6%	47.6%	88.7%	88.7%	75.8%	75.8%

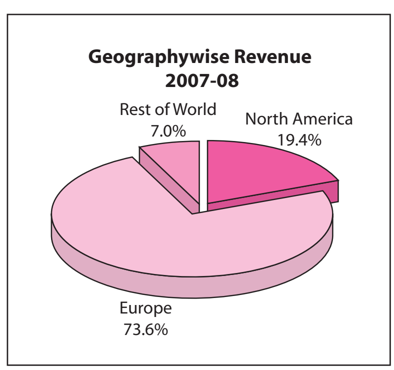
* Before exceptional item

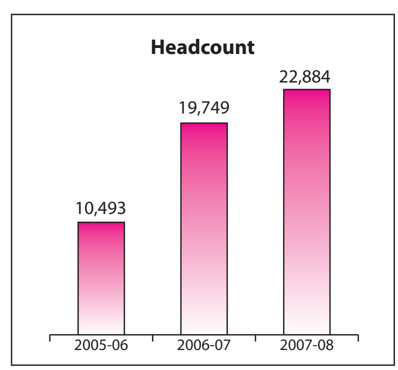












DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Twenty-first Annual Report together with the audited accounts of your Company for the year ended 31st March 2008.

FINANCIAL RESULTS **Rs. in Million**

For the year ended 31st March		**2008**	2007
Income		**37,023**	27,586
Profit before Depreciation and tax		**9,083**	6,980
Depreciation		**(736)**	(463)
Profit before tax		**8,347**	6,517
Provision for taxation		**(689)**	(615)
Profit after tax before non-recurring / exceptional items		**7,658**	5,902
Non-recurring / exceptional items		**(4,401)**	(5,250)
Profit for the year after tax and non-recurring / exceptional items		**3,257**	652
Provision in respect of earlier years written back		**165**	339
Balance brought forward from previous year		**4,261**	4,540
Profit available for appropriation		**7,683**	5,531
Dividend	– Interim (Paid)	**NIL**	(266)
	– Final (Proposed)	**(668)**	NIL
Tax on dividend	– On interim dividend	**NIL**	(37)
	– On final dividend	**(113)**	NIL
Transfer to General Reserve		**(1,700)**	(65)
Balance carried forward		**5,202**	5,163

DIVIDEND

Your Directors have recommended a dividend of 55% (Rs. 5.50 per share of face value of Rs. 10) for the financial year ended on 31st March 2008.

CHANGES IN SHARE CAPITAL

During the year under review, your Company allotted 146,168 shares of Rs. 10 each on the exercise of stock options under its various Employee Stock Option Plans which increased the number of issued, subscribed and paid-up equity shares from 121,216,701 to 121,362,869.

BUSINESS PERFORMANCE / FINANCIAL OVERVIEW

Your Company continues to excel in providing effective business solutions to its customers. Your Company's strategy of providing end to end solutions to leading telecom companies around the world by leveraging its telecom domain knowledge, excellence in technology and robust processes has resulted in strong growth in engagements of larger scale and scope. Your Company has emerged as an integrated service provider, combining its strength in the areas of Application Development and Maintenance, Infrastructure Management Services, IT Enabled Services, Business Process Management, Security Services and Business Intelligence Services.

During the year, your Company made significant progress in partnering customers in the networked IT solution space, helping Telecom Service Providers (TSPs) deliver services to enterprise customers. Substantial growth has been achieved in the billion dollar business transformation deal signed with BT last year. Your Company's ability to learn, delivery capability, domain expertise and project management capability has been greatly appreciated by the client.

In continuation with its efforts to enhance its leadership in the telecom domain, your Company continues to invest in developing competence in its chosen areas of focus. Your Company has made progress in delivering services for network solutions which form a significant area of spend by TSPs and cover traditional areas of network operations as well as new technologies such as WiMax and IPV6. These emerging businesses, in the opinion of your Company, have significant potential to scale up in the coming years.

Keeping in line with its strategy of expanding service offerings, your Company has significantly ramped up its BPO operations during the year under review. Your

Company offers focused BPO and KPO solutions in the areas of service provisioning, service activation, incident and problem management, contract management, market research, customer care and billing.

During the year under review, your Company has made good progress on its strategy to target multi-year deals with end to end ownership of customer systems and the Company processes. This initiative has helped the Company further its objective of long term partnership with the customers. The Company seeks to become an integral part of the customer's transformation journey by offering superior value propositions.

Your Company has been continuously pursuing growth opportunities in related industries where the strong capabilities acquired by your Company can be leveraged effectively. In the previous year, your Company has been successful in making inroads into the cable industry. Your Company continues to invest in strengthening its marketing infrastructure across geographies.

Your Company continued to see strong and profitable growth in the financial year 2007-08 across all markets driven by good performance in existing and new areas of business.

During the year under review, total income increased to Rs. 37,023 Million from Rs. 27,586 Million in the previous year, at a growth rate of 34%. On a consolidated level, total income increased to Rs. 38,705 Million from Rs. 29,350 Million in the previous year.

During the year, 77% revenue came from Europe, 17% came from USA and 6% came from Rest of the World (ROW). Your Company added 24 new clients across geographies, which include large global corporations.

The Profit before depreciation amounts to Rs. 9,083 Million (25% of revenue) as against Rs. 6,980 Million (25% of revenue) in the previous year.

Profit after tax, before exceptional items, has increased to Rs. 7,658 Million from Rs. 5,902 Million. On a consolidated level, profit after tax, before exceptional items, increased to Rs. 7,695 Million from Rs. 6,127 Million in the previous year, a growth of 26%.

During the year, your Company has entered into an agreement with a customer under which the Company has made an exclusivity payment of Rs. 4,401 Million to the customer. Accordingly, this payment has been disclosed as an exceptional item in the Profit and Loss account.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed analysis of your Company's performance is discussed in the Manaement Discussion and Analysis Report, which forms part of this Annual Report.

INITIAL PUBLIC OFFERING (IPO)

Pursuant to the Listing Agreement with the Stock Exchanges, given below is the utilisation statement of the funds raised through IPO:

Rs. in Million

Year	Projections	Actual
Fiscal 2007	842	281
Fiscal 2008	269	830
Total	1,111	1,111

AMALGAMATION OF SUBSIDIARIES

With a view to streamline the operations, it was considered appropriate to merge two of the wholly owned subsidiaries of your Company, namely, iPolicy Networks Limited and Tech Mahindra (R & D Services) Limited with your Company. Necessary approvals were obtained from the respective Boards of Directors and Shareholders after which petitions were filed with the jurisdictional High Courts. The Hon'ble High Court of Bombay, the Hon'ble High Court of Karnataka and the Hon'ble High Court of Delhi, at their hearings held on 28th March 2008, 3rd April 2008 and 4th April 2008 respectively have approved the Scheme of Amalgamation between iPolicy Networks Limited and Tech Mahindra (R & D Services) Limited with your Company. The necessary Orders of the Courts have been received and filed with the respective Registrar of Companies and effective 20th May 2008 iPolicy Networks Limited and Tech Mahindra (R & D Services) Limited stand dissolved without winding-up.

QUALITY

Your Company remains committed to the highest quality standards and has achieved several quality accreditations like ISO 9001:2000, ISO/IEC 20000-1:2005, ISO/IEC 27001:2005, SEI-CMMI Level 5 P-CMM Level 5 and SSE-CMM Level 3. These accreditations are a manifestation of the strength of your Company's processes and maturity of its system.

Your Company's Quality Management Group (QMG) is responsible for continuously improving business processes which are bench marked against the highest industry standards. Your Company's goal is to ensure greater customer satisfaction by improved quality, productivity and cycle time.

HUMAN RESOURCES

During the fiscal year 2007-08, your Company along with its subsidiaries made a net addition of 3,135 employees. The employee strength increased to 22,884 as at 31st March 2008, compared to 19,749 a year before, an increase of

16%. BPO services registered significant growth, almost doubling the headcount to 3,445 from 1,755, a year before.

Employee Learning and Development/Interface with Academia

The endeavour at your Company is to foster a competency driven organization and instill a culture of high performance.

Career enrichment is of key importance and the Education Services Group (ESG) at your Company actively involves itself in fostering a learning culture among all employees. Extending higher education opportunities for employees forms a core focus of the ESG and it coordinates post-graduate education programs from IIT Mumbai and BITS Pilani.

Along with technical know-how, your Company also ensures an all round development of its employees through its in-house soft skill training programs. The Behavioral training team handles mentoring, guidance and career outlining for all employees and is focused on facilitating organization-wide capability building through continuously enhancing the knowledge, skills and attitude.

Leadership Development

In order to strengthen organization capability, your Company continues to focus on developing talent through two unique programs the 'Global Leadership Cadre' (GLC) and the Management Trainee (MT) program which hires the best talent from top academic campuses and grooms them through a focused program to take up higher managerial and decision making responsibilities.

In addition, the Technical GLC program is offered to internal candidates who have been outstanding performers in their current assignments and have the potential to take up techno commercial roles at critical positions.

INFRASTRUCTURE

Your Company continued to invest in creating best in class facilities across the world in accordance with its business plans. Your Company is in final stages of completion of the first phase of its campus in Hinjewadi SEZ in Pune with 9,000 seats. During the year, your Company set up a development center at Belfast, Northern Ireland, having a seating capacity of 400 to provide end to end IT and BPO solutions to customers primarily in the European and US markets. A new development center with state of the art facilities was also opened in Chennai SEZ with a capacity of 1,400 seats.

SUBSIDIARY COMPANIES

During the year under review, Tech Mahindra (Malaysia) Sdn Bhd. and Tech Mahindra (Beijing) IT Services Limited became subsidiaries of your Company.

As on 31st March 2008, your Company has 11 subsidiaries and 2 step-down subsidiaries. There has not been any material change in the nature of the business of the subsidiaries. As already reported in the previous Annual Report, Tech Mahindra (R&D Services) Pte. Limited, Singapore, a dormant step-down subsidiary of your Company had applied for voluntary closure and was struck off the Register of Companies with effect from 8th April 2007.

As required under the Listing Agreements with the Stock Exchanges, the Consolidated Financial Statements of your Company and all its subsidiaries are attached. The Consolidated Financial Statements have been prepared in accordance with Accounting Standard AS 21, AS 23 and AS 27 issued by The Institute of Chartered Accountants of India and show the financial resources, assets, liabilities, income, profits and other details of your Company and its subsidiaries and associate companies as a single entity, after elimination of minority interest.

Your Company has been granted exemption for the year ended 31st March 2008 by the Ministry of Corporate Affairs vide its letter dated 12th March 2008 from attaching to its Balance Sheet, the individual Annual Reports of each of its subsidiaries. Documents of the subsidiaries will be submitted on request to any member wishing to peruse a copy, on receipt of such request by the Assistant Company Secretary of the Company. However, as directed by the Central Government, the financial details of the subsidiaries have been separately furnished forming part of this Annual Report. These documents will also be available for inspection by any member at the registered office of the Company and the office of the respective subsidiary companies during working hours upto the date of Annual General Meeting.

EMPLOYEE STOCK OPTION PLAN

Details required to be provided under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are set out in Annexure I to this Report.

CORPORATE SOCIAL RESPONSIBILITY

Your Company, as a responsible corporate entity, believes firmly in meeting its social responsibility towards the development of the underprivileged in today's society. The Tech Mahindra Foundation is the CSR arm of your Company. Your Company contributes 1% of its PAT every year to fund the CSR activities undertaken on its behalf by the Foundation. During the year 2007-08, the Tech Mahindra Foundation has made total donations of Rs. 30 Million to meet its charitable objectives. Your Company and its employees have added Rs. 84 Million to the corpus account which stands at Rs. 304 Million.

The Tech Mahindra Foundation believes in the power of education to bring about a transformation in the lives of the underprivileged, besides being the essential and critical element in national development. The Foundation has focused on bringing about positive changes in the area of education for the economically disadvantaged by developing partnerships with reputed NGOs who share the Foundation's vision. It also seeks out organizations which have effective vocational training programs to enable young people to advance towards a better economic future.

Some of the activities undertaken by the Foundation in association with its NGO partners include providing educational support to the children of waste pickers and construction workers and to children with various physical disabilities. The Foundation has supported organizations running educational centres for slum children and seeking to improve quality of education in municipal schools. It has encouraged its partners to pay special attention to the needs of the girl child.

The year under review saw the Foundation launching some innovative initiatives such as:

- setting up of an employability portal which will help towards personal development and training of persons with disability; the software will be developed by employees of your Company;
- development of an English language competence course for underprivileged school dropouts; and
- a scheme to improve education in Delhi Municipal schools by instituting a scheme to recognize and honour outstanding teachers (Shikshak Samman Scheme).

Your Company continued its policy of donating computer hardware to schools and charitable institutions.

During the year under review, your Company set up an educational Trust, "Mahindra Education Foundation", along with another company from the Mahindra Group for the purpose of setting up educational college campuses to improve the availability of qualified professionals for industry.

CORPORATE GOVERNANCE PHILOSOPHY

Your Company believes that Corporate Governance is a voluntary code of self-discipline. In line with this philosophy, it follows healthy Corporate Governance practices and reports to the shareholders the progress made on the various measures undertaken. Your Directors have reported the initiatives on Corporate Governance adopted by your Company which are included in the section 'Corporate Governance' in the Annual Report.

DIRECTORS

Mr. Bharat N. Doshi, Hon. Akash Paul and Mr. Arun Seth retire by rotation, and being eligible, offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 217(2AA) of the Companies Act, 1956, your Directors, based on the representation received from the Operating Management, and after due enquiry, confirm that:

i. in the preparation of the annual accounts, the applicable accounting standards have been followed;

ii. they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March 2008 and of the profit of the Company for the year ended on that date;

iii. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. the annual accounts have been prepared on a going concern basis.

AUDITORS

M/s. Deloitte Haskins & Sells, Chartered Accountants, the Auditors of your Company, hold office up to the conclusion of the forthcoming Annual General Meeting of the Company and have given their consent for re-appointment. The shareholders will be required to elect auditors for the current year and fix their remuneration. Your Company has received a written confirmation from M/s. Deloitte Haskins & Sells to the effect that their appointment, if made, would be in conformity with the limits prescribed in Section 224 of the Companies Act, 1956.The Board recommends the re-appointment of M/s. Deloitte Haskins & Sells as the Auditors of the Company.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

In view of the nature of activities that are being carried on by your Company, Rule 2A and 2B of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, concerning conservation of energy and technology absorption, respectively are not applicable to your Company. Your Company being a software solution provider requires minimal energy consumption and every endeavour has been made to ensure the optimal use of energy, avoid wastage and conserve energy as far as possible.

FOREIGN EXCHANGE EARNINGS AND OUTGO

The foreign exchange earnings of your Company during the year were Rs. 35,637 Million (Previous Year Rs. 27,381 Million), while the outgoings were Rs. 18,133 Million (Previous Year Rs. 16,340 Million).

PARTICULARS OF EMPLOYEES

Your Company had 510 employees who were in receipt of remuneration of not less than Rs. 2,400,000 during the year or Rs. 200,000 per month during any part of the said year. However, as per the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the Directors' Report being sent to the shareholders does not include this Annexure. Any shareholder interested in perusing a copy of the Annexure may write to the Assistant Company Secretary at the Registered Office / Corporate Office of the Company.

DEPOSITS AND LOANS/ADVANCES

Your Company has not accepted any deposits from the public or its employees during the year under review.

The particulars of loans/advances and investment in its own shares by listed companies, their subsidiaries, associates, etc., required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement are furnished separately.

AWARDS/RECOGNITION

Your Company continued its quest for excellence in its chosen area of business to emerge as a true global brand. Several awards and rankings continue to endorse your Company as a thought leader in telecom industry.

Awards for the year

- Selected in the Leaders Category in 'The 2008 Global Outsourcing 100'

  (IAOP's Annual Listing of the World's Best Outsourcing Service Providers)
- Winners of the 'Best Overall Recruiting & Staffing Organization of the Year Award' (RASBIC Awards 2008)
- Employer Branding Award in 'Innovation in the recruitment category'(RASBIC Awards 2008)
- Product Innovation Award for Enterprise DRM (Frost & Sullivan, Mar'08)
- Vertical Growth Leadership in Telecom Software (Frost & Sullivan, Mar'08)
- 'Excellence in Information Technology' (IT Peoples Award)

ACKNOWLEDGEMENTS

Your Directors gratefully acknowledge the contributions made by employees towards the success of your Company. Your Directors are also thankful for the co-operation and assistance received from its customers, vendors, bankers, STPI, regulatory and Governmental authorities in India and abroad and its shareholders.

For and on behalf of the Board

Mumbai
28th May 2008

Anand G. Mahindra
Chairman

Particulars of loans/advances and investment in its own shares by listed companies, their subsidiaries, associates, etc., required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement

Loans and advances in the nature of loans to subsidiaries:

Rs. in Million

Name of the Company	Balance as on 31st March 2008	Maximum outstanding during the year
Tech Mahindra (Americas) Inc.	100	218

Loans and advances in the nature of loans to associates, loans and advances in the nature of loans where there is no repayment schedule or repayment beyond seven years or no interest or interest below section 372A of the Companies Act, 1956 and loans and advances in the nature of loans to firms/companies in which directors are interested – Nil

Annexure I to the Directors' Report for the year ended 31st March 2008 in terms of clause 12.1 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

	ESOP 2000	ESOP 2004	ESOP 2006
Total options granted under the plan	3,779,850	10,219,860	5,357,305
a) Options granted during the year	Nil	Nil	72,000
b) The pricing formula	Under the scheme, all the options were granted prior to the listing of Company's shares. These options were granted, based on the annual valuation done by an independent chartered accountant.	Under the scheme, all the options were granted prior to the listing of Company's shares. These options were granted, based on the valuation done by an independent chartered accountant.	The options granted prior to the listing of Company's shares, were granted, based on the annual valuation done by an independent chartered accountant. The grants made post-listing of the Company's shares on Stock Exchanges have been made as per the latest available closing price on the Stock Exchange with highest trading volume, prior to the date of the meeting of the Compensation Committee in which options are granted.
c) Options vested	244,390	2,271,081	680,543
d) Options exercised	111,930	Nil	34,238
e) The total number of shares arising as a result of exercise of option	111,930	Nil	34,238
f) Options lapsed	6,620	Nil	Nil
g) Variation of terms of options	In the Annual General Meeting of the Company held on 20th July 2007, the Scheme was amended to include the provision for recovery of FBT from the employees.	In the Annual General Meeting of the Company held on 20th July 2007, the Scheme was amended to include the provision for recovery of FBT from the employees.	In the Annual General Meeting of the Company held on 20th July 2007, the Scheme was amended to include the provision for recovery of FBT from the employees.
h) Money realised by exercise of options	Rs. 8.07 Million	Nil	Rs. 3.42 Million
i) Total number of options in force	350,090	5,677,701	4,193,028
j) Employee wise details of options granted to			
i. Senior managerial personnel	Nil	Nil	Nil
ii. Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	Nil	Nil	Nil
iii. Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Nil	Mr. Vineet Nayyar : 3,406,620 Mr. C P Gurnani : 3,406,620 Mr. Sanjay Kalra : 3,406,620	Nil

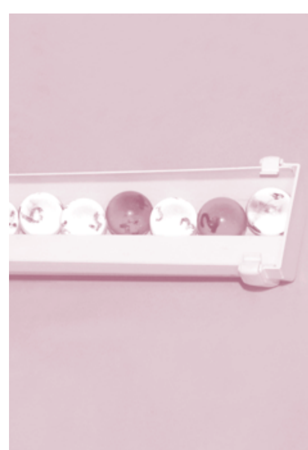
Annexure I to the Directors' Report for the year ended 31st March 2008 in terms of clause 12.1 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (Contd.)

	ESOP 2000	ESOP 2004	ESOP 2006		
k) Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'	Rs. 26.17	Rs. 26.17	Rs. 26.17		
l) Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed	The Company uses the intrinsic value-based method of accounting for stock options granted after 1st April 2005. Had the compensation cost for the Company's stock based compensation plan been determined in the manner consistent with the fair value approach, the Company's net income would be lower by Rs 32.48 Million and earnings per share (Basic) as reported would have been Rs 27.94	The Company uses the intrinsic value-based method of accounting for stock options granted after 1st April 2005. Had the compensation cost for the Company's stock based compensation plan been determined in the manner consistent with the fair value approach, the Company's net income would be lower by Rs 32.48 Million and earnings per share (Basic) as reported would have been Rs 27.94	The Company uses the intrinsic value-based method of accounting for stock options granted after 1st April 2005. Had the compensation cost for the Company's stock based compensation plan been determined in the manner consistent with the fair value approach, the Company's net income would be lower by Rs 32.48 Million and earnings per share (Basic) as reported would have been Rs 27.94		
m) Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	No options were granted during the year.	No options were granted during the year.	**Grant Date**	**9th May 2007**	**22nd January 2008**
			Exercise price (Rs.)	1,559.00	826
			Fair Value (Rs.)	606.78	190.61
n) A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information:	NA	NA	**Grant Date**	**9th May 2007**	**22nd January 2008**
i. risk-free interest rate				8.07%	7.52%
ii. expected life				4 years	4 years
iii. expected volatility				58.31%	52.25%
iv. expected dividends and				5.52%	7.68%
v. the price of the underlying share in market at the time of option grant.				1,544.25	706.25

Right First Time

Every time we buy a product, or a service, it is best when our expectations are met or exceeded. Large and complex "virtual" teams that pan across different countries, cultures and time zones make this possible for our clients.

ConnectNow enables diverse and dispersed teams to focus on a single objective – ensuring that our end customers receive the products and services that were committed to them: right first time, every time. ConnectNow empowers our teams to define and deliver end-to-end outcomes thereby enhancing customer experience.



MANAGEMENT DISCUSSION AND ANALYSIS

Industry structure, developments and Outlook

Overview

Tech Mahindra Limited is a leading provider of IT services and solutions to the global telecommunications industry. In fiscal 2007, it was ranked by NASSCOM as the sixth largest Indian IT services company in terms of export revenue. It was formed in 1986 as a joint venture between Mahindra and Mahindra Limited, one of the India's leading manufacturers of tractors and utility vehicles and British Telecommunications plc, one of the world's leading telecommunications company.

Global Telecom Market

Tech Mahindra's coverage spans the entire telecom ecosystem comprising Telecom Service Providers (TSP), Telecom Equipment Manufacturers (TEM) and Independent Software Vendors (ISV).

The size of the global telecom services market grew by an estimated 8.9% in 2007, reaching US$ 1.4 trillion. An independent research agency forecasts that the global telecom market will show a compound annual growth rate (CAGR) of 4.5% between 2008 and 2011, reaching US$ 1.7 trillion. The mobile services sector continues to enjoy brisk growth and since 2006, it has become larger than the fixed line services sector. It is estimated that the revenue from mobile services will top US$1 trillion by 2011.

The key feature in the service provider industry is the increased competition due to the emergence of larger number of players. Convergence of traditionally distinct channels like cable, internet service providers and telecom service providers has presented new challenges to the telecom service providers. New technology adoption has enabled bundling of voice, video, data and mobility services causing disruption of historical boundaries between the players in each of these markets.

IT spend in the Communications Industry

The communications industry is a significant contributor to the global spend on information technology services. According to an independent research agency, the worldwide IT spending by the communications vertical will reach US$ 315 billion in 2011 from US$ 275 billion in 2007. Out of this, IT services are expected to account for US$ 101 billion in 2011 from US$ 82 billion in 2007.

Due to increased competition in the segment, there are huge challenges for the traditional TSPs to maintain their revenue growth and profitability. The commoditization of voice as a service has resulted in voice becoming cheaper and declining voice revenue per subscriber. Newer value added services are being offered to attract new and retain existing customers.

To facilitate efficient launch of new services TSPs are looking to transform their systems and processes, reduce their operating expense, achieve greater efficiencies and faster time to market. This trend of telco transformation is expected to drive increased information technology spending by the service providers.

In response to the growing competitive pressures on the traditional voice revenue stream, more and more TSPs are looking at the enterprise segment as a growth area. TSPs are offering managed network services which help corporations realize the benefits of scale and optimization. This is one of the fastest growing segments for TSPs around the globe.

Opportunities

Rapid Adoption of Outsourcing

With mounting margin pressures and greater need for faster delivery of technology solutions, TSPs across the globe are adopting outsourcing at an increased pace. Outsourcing vendors, with their global delivery models, have demonstrated the ability to add value by offering quality solutions at a competitive price. Traditional industry challenges like data security and quality control have been overcome through adoption of international standards for the same. Because of these factors outsourcing today seems to be a viable option to most of the TSPs. While Tech Mahindra continues to increase its presence in TSPs favorable towards outsourcing, it is also expanding its footprint by targeting newer geographies and newer TSPs, which are yet to adopt outsourcing.

Dynamic Technology Landscape

The changing customer needs are driving the change in technology landscape. Providing innovative services to customers at a rapid pace, in a cost effective manner, is one of the biggest challenges faced by TSPs. TSPs today embark on transformation journeys to fulfill the objectives of faster time to market and cost effectiveness. Tech Mahindra with its focus on the telecom vertical has been investing in new technologies to position itself to take advantage of the changing landscape.

Emergence of New Players

Countries across the world are witnessing an increasing number of players in the TSP market. By enabling a favorable environment, governments are encouraging new roll outs in the TSP space. Due to the surge in competition, TSPs increasingly focus on cost efficiencies and product differentiation. Vendors with an ability to provide end-to-end solution to new entrants, benefit from this increased potential client base.

Tech Mahindra has successfully assisted new roll-outs across the world. With its comprehensive services portfolio, Tech Mahindra has the ability to service end-to-end needs of emerging telecom players.

Threats

Emerging low cost destinations such as China, Philippines and Indonesia

India remains the preferred offshore destination for IT Services for its cost effective solutions and huge talent pool. However several countries like China, Malaysia, Chile, Philippines, Singapore, Thailand and the Czech Republic are emerging as offshoring destinations due to their ability to provide low cost solutions as well.

Global IT service providers emerging as competitors through a growing Indian presence

Global IT service providers, most of them are fortune 500 companies, such as Accenture, EDS, CapGemini and IBM are expanding their presence in India and pose a challenge to home grown IT service companies with their global client relationships, deep pockets and domain knowledge.

Availability of skilled/trained manpower

A few other factors have diluted the Indian advantage – namely the expansion of global IT service and consulting companies in India. This has created significant pricing pressures and also created a strain on availability of skilled resources. While India has a large pool of trained and skilled resources, the demand has outpaced the supply leading to salary hikes and increased attrition. There is increased competition due to higher costs, skilled resources and wage inflation pressures.

Risks

Economic slowdown

The primary business of Tech Mahindra is the provision of IT services to the global telecommunications industry. Future revenue and profitability are dependent on growth in spending on IT services by companies in the telecommunications industry. This growth may not be sustained in future periods. IT spending by telecommunication companies will be impacted by the rate at which they increase their capital expenditures and operating expenditures to respond to growth in voice and data traffic and the commercial development of new services. If the clients' businesses do not grow in the markets in which they operate, in particular the United Kingdom and the United States, our clients may reduce their spending on the services and solutions we provide, which would have a material adverse effect on the business and prospects of the company.

High customer concentration

In fiscal 2008, our top five clients and top ten clients accounted for 83% and 89% of the revenue, respectively. As service providers increase in size and further consolidation takes place in the industry, it is possible that an even greater percentage of our revenue will be attributable to a smaller number of large service providers and the loss of any such client could have a material adverse effect on our revenue and profitability.

Ability to attract and retain talent

Our ability to develop new applications and attract new clients depends significantly on our ability to attract, train, motivate and retain highly qualified IT professionals. We face significant competition in hiring IT professionals, both in our university recruitment programs and in our lateral hiring. If we are unable to recruit talent or if our attrition rates increase, our ability to meet our client needs and win new clients will be constrained, we could lose market share and our business could be adversely affected.

Withdrawal of Tax benefits

Currently, we benefit from certain tax incentives under Section 10A of the Income Tax Act for the IT 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. 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 31st March 2010. To counter this, we plan to set up facilities in SEZ units at various locations as the units set up in SEZ area would also provide us with tax benefits similar to those in STPI. We have commenced operations at Chennai SEZ and more units are coming up at Chandigarh, Hinjewadi (Pune), Hyderabad, Jaipur and Bantala (Kolkata). There is no assurance 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 are terminated, our tax expense will materially increase, reducing our profitability.

Currency Exchange Risks

The exchange rate between the Indian rupee and the British pound and the rupee and the U.S. dollar has changed substantially in last year and may continue to fluctuate significantly in the future. During fiscal 2008, the value of the rupee against the British pound appreciated by approx 4.9% and the value of the rupee against the U.S. dollar appreciated by approx 10.8%.

Accordingly, our operating results have been and will continue to be impacted by fluctuations in the exchange rate between the Indian rupee and the British pound and the Indian rupee and the U.S. dollar, as well as exchange rates with other foreign currencies. Any strengthening of the Indian rupee against the British pound, the U.S. dollar or other foreign currencies could adversely affect our profitability.

Discussion on Financial Performance with respect to Operational Performance

Overview

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles (GAAP) in India.

The Consolidated financial statements have been prepared in compliance with the Accounting Standard AS 21, AS 23 and AS 27 issued by The Institute of Chartered Accountants of India (ICAI).

The discussions on financial performance in the Management Discussion and Analysis relate primarily to the stand alone accounts of Tech Mahindra Limited. Wherever it is appropriate, information pertaining to consolidated accounts for Tech Mahindra Limited is provided. For purposes of comparison with other firms in this industry as well as to see the positioning and impact that Tech Mahindra Limited has in the marketplace, it is essential to take the figures as reflected in the Consolidated Financial Statements.

A. FINANCIAL POSITION

1. Share Capital

The authorized share capital of the company is Rs. 1,750 Million, divided into 175 Million equity shares of Rs. 10/- each. The paid up share capital stands at Rs. 1,214 Million as on 31st March 2008 compared to Rs. 1,212 Million on 31st March 2007. The increase in paid up capital during the year is due to conversion of options into shares by employees under Employee Stock Option Plan.

2. Reserves and surplus

a) Share premium account

The addition to the share premium account of Rs. 10 Million during the year is due to the premium received on issue of 146,168 equity shares on exercise of option under stock option plans.

b) General reserve

General reserve stands at Rs. 2714 Million on 31st March 2008 compared to Rs. 1,014 Million on 31st March 2007. Rs. 1,700 Million has been transferred to general reserve from profit and loss account during the year.

c) Profit and loss account

The balance retained in the profit and loss account as of 31st March 2008 is Rs. 5,202 Million compared to Rs. 4,261 Million as of 31st March 2007.

3. Loan Funds

Loan funds as at 31st March 2008 stand at Rs. 950 Million of unsecured loans, compared to Rs. 490 Million in the previous year comprising of Rs. 390 Million of unsecured loans and Rs. 100 Million of secured loans.

4. Fixed Assets

The movement in Fixed Assets is shown in the table below-

Rs. in Million

As of 31st March	**2008**	**2007**
Gross Book Value		
Land - free-hold	82	82
- lease-hold	325	221
Buildings	1,411	1,411
Leasehold Improvements	279	84
Plant and machinery	999	739
Computer equipments	1,656	1,245
Furniture and fixtures	667	546
Vehicles		
- Leased	50	67
- Owned	36	33
Intangible assets	—	—
Total	**5,505**	**4,428**
Less: Accumulated depreciation & amortization	2,596	1,957
Net block	**2,909**	**2,471**
Add: Capital work-in-progress	1,385	546
Net fixed assets	**4,294**	**3,017**

The Net Block of Fixed Assets and Capital Work in Progress increased to Rs. 4,294 Million from Rs. 3,017 Million as at 31st March 2007. During the year, company incurred capital expenditure of Rs. 1,928 Million (previous year Rs. 1,700 Million). The major items of Capital Expenditure included Leasehold –land and improvements, Plant and Machinery, Computer equipment and Furniture & Fixtures besides amount spent on civil works for Hinjewadi, Pune campus.

5. Investments

The summary of company's investments is given below **Rs. in Million**

Investments	**As at 31st March 2008**	**As at 31st March 2007**
Investment in Subsidiaries	3,340	2,471
Investment in Mutual Funds	—	727
Total Investments	**3,340**	**3,198**
Less : Provision for diminution of value	354	366
Net Investments	**2,986**	**2,832**

I. Investment in Subsidiaries

The company had investment in the following subsidiaries

a) Tech Mahindra R&D Services Limited

Tech Mahindra R&D Services Limited (formerly known as Axes Technologies) was acquired in November 2005. TMR&D provides technology solutions to leading Telecom Equipment Manufacturers (TEM) in the areas of Research & Development (R&D), Product Engineering and Life Cycle Support. This acquisition has helped Tech Mahindra to strengthen its capabilities in the TEM (Telecom Equipment Manufacturer) segment. The board of the company (TML) has approved scheme of amalgamation for amalgamating TMR&D with itself, in its meeting dated 19th October 2007. As per the scheme, all the assets and liabilities of TMR&D would become the assets and liabilities of TML from the appointed date i.e. 1st April 2008. The jurisdictional High Courts of Mumbai and Karnataka have approved the schemes on 28th March 2008 and 3rd April 2008 respectively. The merger would result in operational synergies, enhance financial strength and rationalization of costs.

b) CanvasM Technologies Limited

CanvasM was set up as a joint venture between Tech Mahindra Limited and Motorola Cyprus Holding Limited in October 2006 with an objective to provide software services and solutions to wire line and wireless telecom service providers, cable companies, enterprise, media and broadcast companies, using SI expertise of Tech Mahindra and R&D investments of Motorola Cyprus. Tech Mahindra owns 80.1% of the shareholding while the balance 19.9% is held by Motorola Cyprus.

c) Tech Mahindra (Americas) Inc.

Tech Mahindra (Americas) inc. was incorporated in November 1993 to provide marketing support services for the USA and Canada region. It acts as a service provider for sales, marketing, onsite software development and other related services.

d) Tech Mahindra GmbH

Tech Mahindra GmbH was established in July 2001 to provide marketing support in central Europe region.

e) Tech Mahindra (Singapore) Pte. Limited

Tech Mahindra (Singapore) Pte. Limited is Tech Mahindra's representative in Singapore and acts as a service provider for sales, marketing, onsite software development and other related services.

f) Tech Mahindra (Thailand) Limited

Tech Mahindra (Thailand) Limited was established in August 2005 to strengthen its marketing infrastructure in Thailand.

g) PT Tech Mahindra Indonesia

PT Tech Mahindra Indonesia is Tech Mahindra's representative in Indonesia and acts as a service provider for sales, marketing, onsite software development and other related services.

h) iPolicy Networks Limited

Tech Mahindra acquired Noida based iPolicy Networks Limited (iPolicy) in January 2007 to complement Tech Mahindra's strong security services capabilities. The board of the company (TML) approved Scheme of amalgamation for amalgamating iPolicy with itself, in its meeting dated 19th October 2007. As per the scheme, all the assets and liabilities of iPolicy became the assets and liabilities of TML from 1st April 2008. The jurisdictional High Courts of Mumbai and Delhi have approved the schemes on 28th March 2008 and 4th April 2008 respectively. The merger would result in operational synergies, enhance financial strength and rationalization of costs.

i) Tech Mahindra Foundation

Tech Mahidndra Foundation was promoted by Tech Mahindra Limited as section 25 company with the objective of promoting social and charitable activities. TechM Foundation primarily concentrate on rendering assistance to the needy and under privileged people in the society.

j) Tech Mahindra (Beijing) IT Services Limited

Tech Mahindra (Beijing) IT Services Limited was established in December 2007 to strengthen its marketing capabilities in China.

k) Tech Mahindra (Malaysia) Sdn. Bhd.

Tech Mahindra (Malaysia) Sdn. Bhd. was established in May 2007 as Tech Mahindra's representative in Malaysia. It acts as a service provider for sales, marketing, onsite software development and other related services.

II. Investment in liquid mutual funds

The company has been investing in various mutual funds. These are typically investments in short-term funds to gainfully use the excess cash balance with the company. The investments as at 31st March 2008 were Rs. Nil compared to Rs. 727 Million as at 31st March 2007.

6. Deferred Tax Asset

Deferred tax asset remained unchanged at Rs. 14 Million as of 31st March 2008. Deferred tax asset represent timing differences in the financial and tax books arising from depreciation of assets, provision of debtors and leave encashment. company assesses the likelihood that the deferred tax asset will be recovered from future taxable income.

7. Sundry Debtors

Sundry debtors increased to Rs.10, 574 Million (net of provision for doubtful debts amounting to Rs. 80 Million) as of 31st March 2008 from Rs. 7,920 million (net of provision for doubtful debts amounting to Rs. 219 million) as of 31st March 2007. The increase is mainly on account of increase in volume of business. Debtor days as of 31st March 2008, (calculated based on per-day sales in the last quarter) were 98 days, compared to 84 days as of 31st March 2007. We continue to focus on reducing receivables period by improving our collection efforts.

8. Cash and Bank Balance

The bank balances in India include both Rupee accounts and foreign currency accounts. The bank balances in overseas current accounts are maintained to meet the expenditure of the overseas branches and overseas project-related expenditure.

Rs. in Million

As of 31st March	2008	2007
Bank balances in India & Overseas		
Current accounts	799	90
Deposit accounts	14	161
Unclaimed dividend account	1	1
Total cash and bank balances*	**814**	**252**

***** excluding unrealised (gain)/loss on foreign currency

9. Loans and Advances

Loans and advances as on 31st March 2008 were Rs. 3,477 Million (Rs. 1,596 Million as on 31st March 2007). Significant items of loans and advances include payments towards other deposits and foreign exchange gains.

10. Current Liabilities and Provisions

Current liabilities and provisions were Rs. 8,925 Million as of 31st March 2008 compared to Rs. 6,360 Million as of 31st March 2007. Liabilities and provisions increased mainly because of higher employee-related liabilities following increase in headcount.

B. RESULTS OF OPERATIONS

The following table sets forth certain income statement items as well as these items as a percentage of our total income for the periods indicated:

	Fiscal 2008		Fiscal 2007	
	Rs. in Million	**% of Revenue**	**Rs. in Million**	**% of Revenue**
INCOME				
Revenue from Services	36,047	100.0%	27,577	100.0%
Other Income	976		9	
Total Income	**37,023**		**27,586**	
EXPENDITURE				
Personnel	12,224	33.9%	8,445	30.6%
Operating and Other Expenses	15,616	43.3%	12,092	43.8%
Depreciation	736	2.1%	463	1.7%
Interest	100	0.3%	69	0.3%
Total Expenditure	**28,676**	**79.6%**	**21,069**	**76.4%**
Profit before tax and exceptional items	**8,347**	**23.2%**	**6,517**	**23.6%**
Provision for Taxation	(689)	1.9%	(615)	2.2%
Profit after taxation and before exceptional item	**7,658**	**21.3%**	**5,902**	**21.4%**
Exceptional items	(4,401)	12.3%	(5,250)	19.0%
Net profit for the year	**3,257**	9.0%	**652**	2.4%
Provision in respect of earlier year written back	165	0.5%	—	—
Excess provision for income-tax in respect of earlier period written back	—	—	339	1.2%
Profit available for appropriations	**3,422**	**9.5%**	**991**	**3.6%**

1. Revenue

The company derives revenue principally from technology services provided to clients in the telecommunications industry.

The revenue increased by 30.7% to Rs. 36,047 Million in fiscal 2008 from Rs. 27,577 Million in fiscal 2007. This reflected an increase in the number of clients served during the respective years as well as an increase in the amount of business from these clients. Revenue from Europe as a percentage of total revenue were 76.9% in fiscal 2008 compared to 77.1% in fiscal 2007. Revenue from the United States increased to 17.3% in fiscal 2008 from 15.0% in fiscal 2007 while the share of revenue attributable to the Rest of the World segment was 5.8% in fiscal 2008 compared to 7.9% in the previous year.

Consolidated Revenue

Consolidated Revenue for the fiscal 2008 stood at Rs. 37,661 Million compared to Rs. 29,290 Million last fiscal, a growth of 28.6%. Consolidated revenue grew at a CAGR of 58.5% over the last 3 years.

Consolidated revenue by Geography

Europe contributed 73.6% of the consolidated revenue in fiscal 2008 while Americas and Rest of the World contributed 19.4% and 7.0% respectively. The revenue share from Europe, Americas and Rest of the World in fiscal 2007 was 72.5%, 18.4% and 9.1% respectively.

Consolidated Revenue by Segment

For fiscal 2008, 89.2% of revenue came from TSP segment, 5.1% from TEM, 3.5% came from BPO segment while 2.2% from others. The revenue share in fiscal 2007 from TSP, TEM, BPO and Others segment was 91.3%, 6.3%, 0.2% and 2.2% respectively.

2. Other Income

Other income includes interest income, dividend income, profit on sale of current investments, foreign exchange gain/loss and sundry balances written back.

Interest income mainly consists of interest received on bank deposits. Dividend income includes dividend received on long term investments as well as that received on current investments. Exchange gain/loss consists of mainly realized or revaluation gain or loss on foreign currency transactions.

Other income is higher at Rs. 976 Million in fiscal 2008 compared to Rs. 9 Million in fiscal 2007. This was primarily due to high exchange gain of Rs. 765 Million in this fiscal.

3. Expenditure

Particulars	2007-08		2006-07		% Inc./(Dec.)
	Rs. in Million	% of Revenue	Rs. in Million	% of Revenue	
Personnel Cost	12,224	33.9%	8,445	30.6%	44.7%
Operating and Other Expenses	15,616	43.3%	12,092	43.8%	29.1%
Depreciation	736	2.1%	463	1.7%	59.0%
Interest	100	0.3%	69	0.3%	44.9%
Total Expenses	**28,676**	**79.6%**	**21,069**	**76.4%**	**36.1%**

Personnel cost includes salaries, wages and bonus, contribution to provident fund and other funds and staff welfare costs. The increase in personnel cost in absolute value is mainly due to increase in headcount and annual increments.

Operating and other expenses mainly include Subcontracting costs, Travelling expenses, Communication expenses, Rent, Software Packages and Repairs and Maintenance. The increase is due to increase in business volumes, increase in number of office locations in India and overseas and overall growth in business activity.

Increase in depreciation is mainly due to increase in investment in infrastructure and equipment to service our growing business.

The company incurred interest expense of Rs. 100 million during the year on borrowings.

4. Profit before tax

Profit before tax increased by 28.1% to Rs. 8,347 Million in fiscal 2008 from Rs. 6,517 Million in fiscal 2007. Profit before tax as a percentage of revenue was 23.2% in fiscal 2008 compared to 23.6% in fiscal 2007.

5. Income Taxes

The provision of current tax, deferred tax and fringe benefit tax for the year ended 31st March 2008 was Rs. 689 Million as compared to Rs. 615 Million in the previous year, a growth of 12%. As a percentage of revenue, provision for taxes reduced to 1.9% in fiscal 2008 from 2.2% in fiscal 2007. The effective tax rate in these years was 8.3% and 9.4% respectively.

6. Profit after tax before exceptional items

Profit after tax before exceptional items increased by 29.8% to Rs. 7,658 Million in fiscal 2008 from Rs. 5,902 Million in fiscal 2007. Profit after tax as a percentage of revenue was 21.2% in fiscal 2008 and 21.4% in fiscal 2007.

Consolidated PAT

Consolidated PAT before exceptional item and minority interest for the fiscal 2008 was Rs. 7,695

Million compared to Rs. 6,127 Million last fiscal, a growth of 25.6%. PAT as a percentage of revenue was 20.4% in fiscal 2008 compared to 20.9% in fiscal 2007.

7. **Exceptional items**

During the year, the company entered in to an agreement with a customer under which it will have exclusivity for 90 days in negotiating an engagement. As per the terms of the agreement the company has made an 'exclusivity' payment of Rs. 4,401 million to the customer which is unconditional, irrevocable and non refundable. Accordingly, this payment has been disclosed as an exceptional item in the Profit and Loss account. The project will be executed with a consortium partner who will bear part of the exclusivity payment. This payment from the consortium partner will be accounted when it is contractually firmed up.

C. CASH FLOW

The cash flow position for fiscal 2008 and fiscal 2007 is summarized in the table below

Particulars	Fiscal Year	
	2008	2007
	Rs. in Million	Rs. in Million
Net cash flow from operating activities*	2,097	32
Net cash flow from (used in) investing activities	(1,983)	(1,424)
Net cash flow from (used in) financing activities	356	1,191
Cash and cash equivalents at the beginning of the year	295	496
Cash and cash equivalents at the end of the year	765	295

* includes unrealized gain/(loss) on foreign currency

D. Internal Control Systems

The company maintains adequate internal control system, which provides, among other things, reasonable assurance of recording the transactions of its operations in all material aspects and of providing protection against significant misuse or loss of company's assets. The company uses an Enterprise Resource Planning (ERP) package, which enhances the internal control mechanism.

E. Material developments in human resources including number of people employed

During fiscal 2008, the company made substantial addition to human resources. The company had a net addition of 3,135 (previous year 9,256) employees mainly through campus recruitment in addition to lateral hiring. The global headcount of the company as on 31st March 2008 was 22,884, compared to 19,749 as on 31st March 2007, a growth of 15.9%. The company used various sources for attracting talent during the year. It hired Engineering Graduates and Science Graduates for technical positions whereas MBA's were recruited from premier management institutes such as IIM's, ISB, XLRI, London Business School etc for the future leadership positions.

The attrition rate for the year 2008 and 2007 was 29.6% and 20.7% respectively. The higher attrition in the year 2008 was primarily due to high attrition in the BPO business. The company has been working towards containing the attrition rate by continuously investing in learning and development programs for associates, competitive compensation, creating a compelling work environment, empowering associates at all levels as well as a well-structured reward and recognition mechanism.

The company believes in promoting and nurturing work environment which is conducive to the development and growth of an individual employee, by employing the best HR practices such as performance management, reward and recognition policy, leadership development program, succession planning, open work culture and effective employee communication.

Reduced cycle time

An enterprise wants success "faster", a consumer wants his service "faster", a creator wants his product in the market "faster". Corporations have to be nimble and agile to the ever changing demands of consumers and businesses. ConnectNow provides the right environment that fosters open communication within teams, reduces complexity and promotes rapid problem resolution to achieve Reduced Cycle Time in our clients' Business Processes.

CORPORATE GOVERNANCE REPORT

I. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

Your Company believes that Corporate Governance is a set of guidelines to help fulfill its responsibilities to all its stakeholders. It is a voluntary code of self-discipline to ensure that the company abides by high ethical standards. In line with this philosophy, your Company follows healthy Corporate Governance practices and reports the same to the shareholders. Although the Company's shares were listed on 28th August 2006, your Directors have been reporting the initiatives on Corporate Governance adopted by your Company for last 7 years.

II. BOARD OF DIRECTORS:

Your Company has a balanced mix of executive, non-executive and independent directors on the Board. The total strength of Board of Directors is eleven. Mr. Clive Goodwin, Director of the Company has appointed Mr. Paul Ringham as his alternate. Your Company has a Non-executive Chairman and the number of Independent Directors is four which is more than 1/3rd of the total number of Directors. The number of Non-Executive Directors is ten which is more than 50% of the total number of Directors. During the year under review, the composition of the Board was in conformity with Clause 49 of the Listing Agreement.

The Company is managed by the Vice Chairman, Managing Director & CEO and the Management Team. The Board reviews and approves strategy and oversees the performance to ensure that the long term objectives of enhancing stakeholder value are met.

The Independent Directors and the Senior Management have made disclosures to the Board confirming that there are no material financial and/or commercial transactions between them and the Company which could have potential conflict of interest with the Company at large.

The Board meets at least four times a year and the maximum gap between two meetings is not more than four months. During the year 2007-08, 4 meetings of the Board of Directors were held on 7th May 2007, 19th July 2007, 19th October 2007 and 22nd January 2008.

Agenda papers containing all necessary information / documents, are made available to the Board in advance to enable the Board to discharge its responsibilities effectively and take informed decisions. In some instances, documents are tabled at the meetings and the concerned manager also makes presentations to the Board or Committees.

The names and categories of the Directors on the Board, their attendance at the Board and the Annual General Meeting held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them in other companies as on 31st March 2008 is given below:

Sr. No.	Name	Category	No. of Board Meetings attended (Held = 4)	Attendance at the AGM held on 20th July 2007	Directorship in other Companies (*)	No. of Committee positions held in other public companies (**)	
						As Chairman	As Member
1	Mr. Anand G. Mahindra	Non-Executive Chairman	3	Yes	12	Nil	1
2	Mr. Vineet Nayyar	Vice Chairman, Managing Director & CEO	4	Yes	7	Nil	Nil
3	Hon. Akash Paul	Non-Executive, Independent	3	Yes	Nil	Nil	Nil
4	Mr. Al-Noor Ramji	Non-Executive	2	Yes	Nil	Nil	Nil
5	Mr. Anupam Puri	Non-Executive, Independent	4	Yes	3	Nil	Nil
6	Mr. Arun Seth	Non-Executive	2	Yes	2	Nil	Nil
7	Mr. Bharat N. Doshi	Non-Executive	3	Yes	10	2	2
8	Mr. Clive Goodwin	Non-Executive	3	Yes	Nil	Nil	Nil
9	Mr. Paul Zuckerman	Non-Executive, Independent	3	No	2	Nil	Nil
10	Dr. Raj Reddy	Non-Executive, Independent	4	Yes	1	Nil	Nil
11	Mr. Ulhas N. Yargop	Non-Executive	3	Yes	7	2	Nil
	Mr. Paul Ringham	Alternate to Mr. Clive Goodwin	Nil	No	Nil	Nil	Nil

(*) This does not include private companies, foreign companies and companies under Section 25 of the Companies Act, 1956

(**) Committees include Audit Committee and Investor Grievances Committee.

Necessary information as required by Annexure 1A to Clause 49 of the Listing agreement is placed before the Board.

Directors seeking re-appointment : Mr. Bharat N. Doshi, Hon. Akash Paul and Mr. Arun Seth retire by rotation and being eligible, have offered themselves for re-appointment. As required by clause 49 (G)(i) of the Listing Agreement, details of Directors seeking re-appointment are setout at the end of this Report.

Code of Conduct

All the Directors and senior management personnel have affirmed compliance with the Code of Conduct/Ethics as approved and adopted by the Board of Directors and a declaration to that effect signed by the Managing Director and CEO is attached and forms part of this report.

Insider Trading Policy

In compliance with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 1992, (as amended from time to time) and to preserve the confidentiality and prevent misuse of unpublished price sensitive information, the Company has adopted an Insider Trading Policy for Directors and specified employees of the Company, relating to dealing in the shares of the Company.

This policy also provides for periodical disclosures from employees as well as pre-clearance of transactions by such persons.

III. COMMITTEES OF THE BOARD:

In compliance with the Listing Agreements (both mandatory and non-mandatory) and the SEBI Regulations, the Board has constituted a set of committees with specific terms of reference and scope to deal with specified matters expediently. The details of the committees constituted by the Board are given below:

A. AUDIT SUB-COMMITTEE:

The Audit Sub-Committee of the Board of Directors has been constituted in line with the provisions of Section 292A of the Companies Act, 1956, read with Clause 49 of the Listing Agreement. The Committee meets at least four times a year and the maximum gap between two meetings is not more than four months.

1. The composition of the Audit Sub-Committee and particulars of meetings attended by the members is as below:

Four meetings of the Audit sub-committee were held during the Financial Year 2007-08. The meetings were held on 6th May 2007, 19th July 2007, 18th October 2007 and 22nd January 2008.

The details of the number of Audit Sub-Committee meetings attended by its members are given below:

Name of Director	Category	Number of Audit sub-committee meetings attended (Held = 4)
Mr. Anupam Puri, Chairman	Non-Executive, Independent	4
Mr. Clive Goodwin	Non-Executive	4*
Dr. Raj Reddy	Non-Executive, Independent	4
Mr. Paul Zuckerman	Non-Executive, Independent	3

***** participated in one meeting through teleconference

The necessary quorum was present at all the meetings.

2. Recommendations of the committee:

All the recommendations of the Audit Sub-committee were accepted by the Board of Directors.

3. Brief terms of reference:

The terms of reference of this Committee are very wide. Besides having access to all the required information from within the Company, the Committee can obtain external professional advice whenever required. The Committee acts as a link between the Statutory and the Internal Auditors and the Board of Directors of the Company. It is authorised to select and establish accounting policies, review reports of the Statutory and the Internal Auditors and meet with them to discuss their findings, suggestions and other related matters. The Committee is empowered to review the remuneration payable to the Statutory Auditors and to recommend a change in Auditors, if felt necessary. It is also empowered to review Financial Statements and investments of unlisted subsidiary companies, Management Discussion & Analysis and material individual transactions with related parties not in normal course of business or which are not on an arm's length basis. Generally all items listed in Clause 49 II (D) of the Listing Agreement are covered in the terms of reference. The Audit Sub-Committee has been granted powers as prescribed under Clause 49 II (C).

The Meetings of the Audit Committee are, generally, also attended by the Vice Chairman, Managing Director & CEO, President – International Affairs, President – Strategic Initiatives, Chief Financial Officer (CFO), the Statutory Auditors and the Internal Auditor.

The Chairman of the Committee, Mr. Anupam Puri was present at the Annual General Meeting of the Company held on 20th July 2007.

The Assistant Company Secretary is the Secretary to the Committee.

Necessary information as required by Clause 49 II (E) of the Listing Agreement is reviewed by the Audit Sub-Committee.

B. COMPENSATION (REMUNERATION) COMMITTEE:

1. The composition of the Compensation Committee and particulars of meetings attended by the members is as below :

Three meetings of the Compensation Committee were held during the Financial Year 2007-08. The meetings were held on 19th July 2007, 2nd November 2007 and 22nd January 2008.

The details of the number of Compensation Committee meetings attended by its members are given below:

Name of Director	Category	Number of Compensation Committee meetings attended (Held = 3)
Hon. Akash Paul, Chairman	Non-Executive, Independent	2
Mr. Arun Seth	Non-Executive	3
Mr. Ulhas N. Yargop	Non-Executive	3

The necessary quorum was present at all the meetings.

2. Brief terms of reference:

The Compensation committee was constituted for the purpose of determining the terms and conditions including the remuneration payable to Managing Director of the Company as well as the Employee Stock Option Plans (ESOPs) of the Company.

3. Remuneration Policy:

While deciding on the remuneration for Directors, the Board and Compensation Committee (Committee) considers the performance of the Company, the current trends in the industry, the qualification of the appointee(s), their experience, past performance and other relevant factors. The Board / Committee regularly keeps track of the market trends in terms of compensation levels and practices in relevant industries through participation in structured surveys. This information is used to review the Company's remuneration policies.

4. Compensation of Directors:

i. Remuneration to Non-Executive Directors:

Our Non-Executive Directors are entitled to sitting fees and/ or commission and actual expenses for attending the Board/ Committee meetings. Presently, we do not pay sitting fees to our Directors. The eligible Non-Executive

Directors are paid commission upto a maximum of 1% of the net profits of the Company, as specifically computed for this purpose. A commission of Rs. 17.83 Million has been provided as payable to the eligible Non-Executive Directors in the accounts of the current year. The number of stock options granted till date to the Non-Executive Directors and the commission of Rs. 9.63 Million (provided in the accounts for the year ended 31st March 2007), paid to them during the year is as under:

Sr. No.	Name of Non-Executive Director	Commission for FY 2007, paid during the current year	Stock options granted till date
1.	Mr. Anand G. Mahindra	N. A.	N. A.
2.	Hon. Akash Paul	2,471,090	30,000
3.	Mr. Al-Noor Ramji	Nil	20,000
4.	Mr. Anupam Puri	2,385,880	25,000
5.	Mr. Arun Seth	Nil	25,000*
6.	Mr. Bharat N. Doshi	N. A.	20,000
7.	Mr. Clive Goodwin	Nil	25,000
8.	Mr. Paul Zuckerman	2,300,670	20,000
9.	Dr. Raj Reddy	2,471,090	30,000
10.	Mr. Ulhas N. Yargop	Nil	35,000
	Total	**9,628,730**	**230,000**

All Directors except Mr. Paul Zuckerman have been granted stock options under ESOP 2000. Mr. Paul Zuckerman has been granted stock options under ESOP 2006.

All these options are granted prior to the listing of Company's shares, based on the annual valuation by an independent chartered accountant. Under ESOP 2000, options vest over a period of three years in the ratio of 33%, 33% and 34%. Under ESOP 2006, options vest over five years in the ratio of 10%, 15%, 20%, 25% and 30%.

** 5000 options lapsed pursuant to his resignation from the Board in his earlier appointment.*

ii. Remuneration paid / payable to Managing Director for the year ended 31st March 2008:

Remuneration to Managing Director is fixed by the Compensation Committee and thereafter approved by the shareholders at a General Meeting.

Following is the remuneration paid / payable to the Managing Director during the year ended 31st March 2008:

Director	Salary	Company's contribution to Provident Fund	Benefits, perquisites & allowances	Commission	Total	Contract Period	No. of options (under ESOP 2004)
	Rs. in Million						
Mr. Vineet Nayyar, Vice Chairman, Managing Director & CEO	15.99	0.82	0.29	6.35	23.45	17th January 2005 to 16th January 2010	3,406,620

5. Details of Equity Shares of the Company held by the Directors as on 31st March 2008:

Sr. No.	Name of Director	No. of Shares held	% to total paid-up Capital
1	Mr. Anand G. Mahindra	47,138	0.04
2	Mr. Vineet Nayyar	1,215,608	1.00
3	Hon. Akash Paul	7,685	0.01
4	Mr. Anupam Puri	11,670	0.01
5	Mr. Arun Seth	2,712	0.00
6	Mr. Bharat N. Doshi	15,501	0.01
7	Dr. Raj Reddy	10,000	0.01
8	Mr. Ulhas N. Yargop	25,010	0.02
	Total	1,335,324	1.10

Except above, no other director holds any shares of the Company.

C. INVESTOR GRIEVANCES-CUM-SHARE TRANSFER COMMITTEE:

The Board of Directors constituted the Investor Grievances-cum-Share Transfer Committee of the Board in its meeting held on 4th May 2006. Mr. Ulhas N. Yargop, a Non-Executive Director is the Chairman of the Committee. Mr. Vineet Nayyar and Mr. Clive Goodwin are the other members of the Committee. Mr. Vikrant C. Gandhe, Assistant Company Secretary is the Compliance Officer. The Committee held its meetings over audio and reviewed the status of investor complaints during the year and passed circular resolutions on 15th June 2007, 25th October 2007, 13th December 2007 and 15th February 2008 for transfer of shares / issue of duplicate share certificates etc.

Terms of reference : The Investor Grievances-cum-Share Transfer Committee looks into redressal of shareholder and investor complaints, issue of duplicate/ consolidated share certificates, allotment and listing of shares and review of cases for refusal of transfer/ transmission of shares and debentures and reference to statutory and regulatory authorities.

The Company also has an Investor Relations Department focused on servicing the needs of the investors, analysts, brokers and the general public. The status of complaints received and resolved during the year is as under:

Opening balance of the number of Shareholders' complaints as on 1st April 2007	Number of Shareholders' complaints/requests received during the year	Number of Shareholders' complaints/requests disposed during the year	Number of Shareholders' complaints/requests pending as on 31st March 2008
Nil	552	552	Nil

Number of Complaints received during the year as a percentage of total number of members as on 31st March 2008 is 0.34%.

D. EXECUTIVE COMMITTEE (a voluntary initiative of the Company) :

The Committee was formed to deal with urgent matters in the event circumstances arise requiring immediate action of the Board of Directors before a meeting of the Board could be convened. The Committee also approves the making of loans and investments in accordance with the guidelines prescribed by the Board.

Mr. Vineet Nayyar is the Chairman of the Committee. Mr. Ulhas N. Yargop and Mr. Clive Goodwin are the other Members of the Committee.

E. SHARE ALLOTMENT COMMITTEE (a voluntary initiative of the Company) :

The Committee was formed to enable exercise and allotment of shares under ESOP on a monthly basis instead of approving this quarterly in the Board Meetings. Mr. Vineet Nayyar is the Chairman of the Committee. Mr. Ulhas N. Yargop and Mr. Clive Goodwin are the other Members of the Committee.

IV. SUBSIDIARY COMPANIES:

Clause 49 defines a material non-listed Indian subsidiary as an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year. Under this definition, the Company does not have any material non-listed Indian subsidiary during the year under review.

V. GENERAL BODY MEETINGS:

The details of the last three Annual General Meetings of the Company and the Special Resolutions passed thereat are as under:

Year	Location of AGM	Date	Time	Special Resolutions passed
2005	Oberoi Estate Gardens, Chandivali, Andheri (E), Mumbai 400 072	19th July 2005	2.30 p.m.	1. Authority to the Board to issue shares under Employee Stock Option Plan as required under Section 81(1A) of the Companies Act,1956 2. Increase in Authorised Share Capital from Rs. 250 Million to Rs. 300 Million and consequential amendments to the Memorandum and Articles of Association of the Company.
2006	Mahindra Towers, Worli, Mumbai 400 018	18th July 2006	2.30 p.m.	N. A.
2007	Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020	20th July 2007	3.00 p.m.	To amend Employee Stock Option Plans (ESOPs) to recover from the employees, Fringe Benefit Tax (FBT) in respect of any grant, vesting or exercise of stock options under the Schemes on or after 1st April 2007

None of the Special Resolutions passed last year required Postal Ballot. No resolution is proposed to be passed through postal ballot.

VI. DISCLOSURES:

i) There have been no materially significant transactions, pecuniary transactions or relationships between the Company and directors, management, subsidiary or related parties except those disclosed in the financial statements for the year ended 31st March 2008.

ii) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the period from 28th August 2006 (date of listing of the Company's equity shares) to 31st March 2008 : Nil.

iii) No personnel has been denied access to the Audit Sub-Committee.

iv) The Company has complied with the mandatory requirements of Clause 49.

v) The Company has complied with the following non-mandatory requirements as prescribed in Annexure I D to Clause 49 of the Listing Agreement with the Stock Exchanges :

(a) The Company has set up a Compensation Committee long before it got listed. Please see the para on Compensation Committee for details.

(b) The financial statements of the Company are unqualified.

VII. COMMUNICATION OF RESULTS:

- The Company has 159,978 Shareholders as on 31st March 2008. The main channel of communication to the shareholders is through the annual report which includes inter alia, the Directors' report, the report on the Corporate Governance and the quarterly and annual audited financial results advertisements.
- The website of the Company www.techmahindra.com acts as the primary source of information regarding the operations of the Company.

  The quarterly, half-yearly and annual results of the Company are published in leading newspapers in India which include Business Standard, Economic Times and Maharashtra Times. The results are also displayed on the Company's website www.techmahindra.com. Official Press Releases made by the Company from time to time are also displayed on the website. A Fact sheet providing a gist of the quarterly, half yearly and annual results of the Company is displayed on the Company's website. The Company was regularly posting information relating to its financial results and shareholding pattern on the SEBI EDIFAR website at www.sebiedifar.nic.in upto quarter ended 30th September 2007 and thereafter on Corporate Filing and Dissemination system (CFDS) viz. www.corpfiling.co.in.

- A Management Discussion and Analysis forms part of this Annual Report.

VIII. GENERAL SHAREHOLDER INFORMATION:

1. **Annual General Meeting:**

Date	Tuesday, 22nd July 2008
Time	3.00 P.M.
Venue	Birla Matushri Sabhagar,19, New Marine Lines, Mumbai – 400 020

2. **Financial year: The financial year is 1st April to 31st March.**

Financial Calendar:

Tentative schedule (subject to change)	Likely Board Meeting schedule
Financial reporting for the quarter ending 30th June 2008	Second fortnight of July 2008
Financial reporting for the quarter ending 30th September 2008	Second fortnight of October 2008
Financial reporting for the quarter ending 31st December 2008	Second fortnight of January 2009
Financial reporting for the quarter ending 31st March 2009	First fortnight of May 2009
Annual General Meeting for the year ending 31st March 2009	Second fortnight of July 2009

3. **Book Closure / Record date for the purpose of dividend:** 19th July 2008 to 22nd July 2008 (both days inclusive) for the purpose of Annual General Meeting and for payment of dividend.

4. **Listing on Stock Exchanges:** The Company's equity shares are listed on The National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE).

   Listing Fee for 2008-09 has been paid in full for both the stock exchanges.

5. **Stock Code:**

   National Stock Exchange of India Limited - TECHM

   Bombay Stock Exchange Limited - 532755

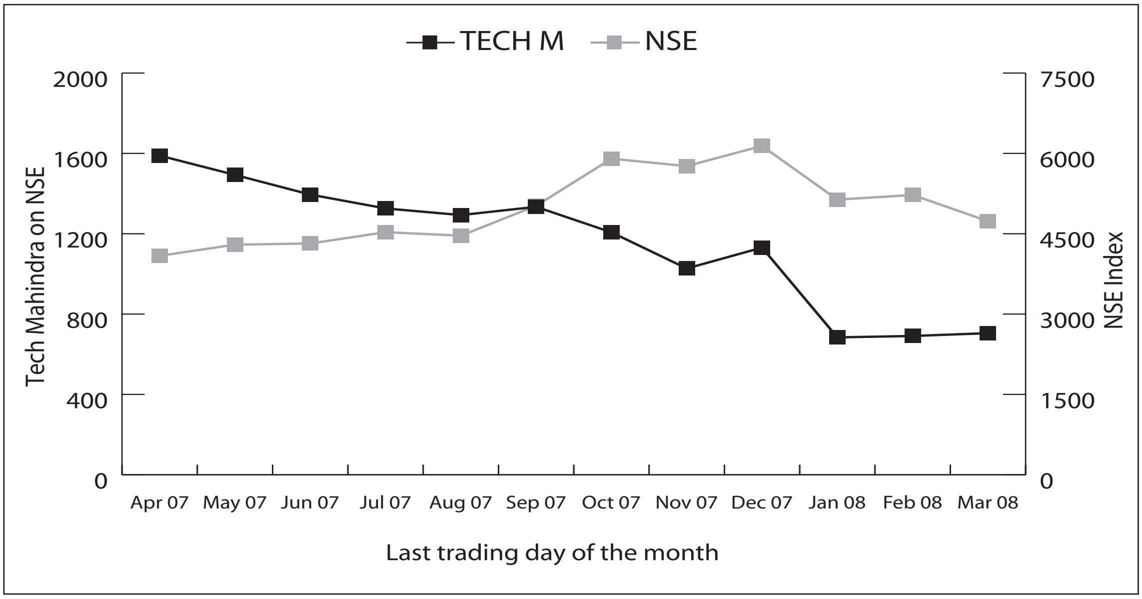
6. **Demat International Security Identification Number (ISIN) in NSDL and CDSL for equity shares:** INE669C01028

7. **Market Price Data : High, Low during each month in last financial year:**

Month	Equity Shares			
	NSE		BSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2007	1,609.95	1,329.00	1,616.00	1,331.00
May 2007	1,728.80	1,460.00	1,687.00	1,462.00
June 2007	1,562.00	1,391.00	1,562.70	1,390.00
July 2007	1,548.70	1,315.00	1,547.95	1,318.00
August 2007	1,350.00	1,027.70	1,320.10	1,177.00
September 2007	1,371.95	1,255.00	1,371.90	1,255.00
October 2007	1,550.00	1,201.05	1,550.00	1,201.00
November 2007	1,219.95	970.00	1,222.00	974.00
December 2007	1,240.00	921.00	1,248.00	1,023.00
January 2008	1,159.75	575.00	1,150.00	615.00
February 2008	814.00	652.70	814.00	661.00
March 2008	746.00	605.00	747.00	614.80

8. Performance in comparison to broad-based indices such as BSE Sensex, CRISIL index etc.:

The performance of the Company's shares relative to the NSE (NIFTY) Index is given in the chart below:



9. Registrar and Transfer Agents:

Share transfer, dividend payment and all other investor related matters are attended to and processed by our Registrar and Transfer Agents :

Intime Spectrum Registry Limited
Block No. 202, 2nd Floor,
Akshay Complex,
Near Ganesh Temple,
Off Dhole Patil Road,
Pune 411 001

Tel No. +91 20 2605 3503, 2605 1629, 6520 3395,
Fax: +91 20 2605 3503
Contact Person : Mr. Bhagavant Sawant
Email address: bhagavant.sawant@intimespectrum.com

10. Share Transfer System:

The Company's shares are covered under the compulsory dematerialization list and are transferable through the depository system. Shares sent for transfer in physical form are registered and returned within a period of thirty days from the date of receipt of the documents, provided the documents are valid and complete in all respects.

11. Distribution of shareholding as on 31st March 2008:

No. of Equity Shares held	Shareholders		Equity shares held	
	No. of Shareholders	% to Total	No. of shares	% to Total
001 - 250	155,999	97.51	4,571,351	3.77
251 - 500	2,022	1.26	748,447	0.62
501 - 1,000	947	0.59	710,894	0.59
1,001 - 2,000	527	0.33	749,104	0.62
2,001 - 3,000	157	0.10	383,729	0.32
3,001 - 4,000	68	0.04	240,916	0.20
4,001 - 5,000	54	0.03	248,610	0.20
5,001 - 10,000	93	0.06	682,689	0.56
10,001 & above	111	0.07	113,027,129	93.13
Total	**159,978**	**100.00**	**121,362,869**	**100.00**

Shareholding Pattern as on 31st March 2008

Category	No. of shares held	% to Total
Promoters holdings	101,424,813	83.57
Public Share holding:		
Mutual Funds	2,539,819	2.09
Banks, Financial Institutions & others	193,024	0.16
Insurance Companies	2,029,505	1.67
Foreign Institutional Investors	1,564,380	1.29
Bodies Corporate	2,299,282	1.89
NRI/Foreign Nationals	504,019	0.42
Indian Public	10,808,027	8.91
Total	**121,362,869**	**100.00**

12. Dematerialization of shares and liquidity:

91.44 % of the total equity share capital of the Company is held in a dematerialized form with National Securities Depository Limited and Central Depository Services (India) Limited as on 31st March 2008. The market lot is one share as the trading in equity shares of the Company is permitted only in dematerialized form. Other than the capital which is locked post IPO for the specified periods, the stock is highly liquid.

The scrip has also been included in F&O segment by the National Stock Exchange of India Limited with effect from 6th September 2007.

13. Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity:

As on 31st March 2008, the Company did not have any outstanding GDRs/ADRs/Warrants or any Convertible instruments (excluding ESOPs).

14. Plant Locations:

The Company is in software business and does not require any manufacturing plants but it has software development centres in India and abroad. The addresses of the global development centres / offices of the Company are given elsewhere in the annual report.

15. Address for correspondence :

Shareholders' Correspondence: Shareholders may correspond with –

i) Registrar & Transfer Agents for all matters relating to transfer / dematerialization of shares, payment of dividend, IPO refunds / demat credits at :

Intime Spectrum Registry Limited
Block No. 202, 2nd Floor,
Akshay Complex,
Near Ganesh Temple
Off Dhole Patil Road
Pune 411 001

Tel No. +91 20 2605 3503, 2605 1629, 6520 3395,
Fax: +91 20 2605 3503
Contact Person : Mr. Bhagavant Sawant
Email address: bhagavant.sawant@intimespectrum.com

ii) Respective Depository Participants for shares held in demat mode.

iii) For all investor related matters.

Mr. Vikrant C. Gandhe,
Assistant Company Secretary,
Tech Mahindra Limited,
Sharada Centre, Erandawane,
Pune 411 004, INDIA.

Tel No. +91 20 6601 8100
Email address: investor.relations@techmahindra.com

DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT PURSUANT TO CLAUSE 49 (IV) (G) (I)

Particulars	Mr. Bharat N. Doshi	Hon. Akash Paul	Mr. Arun Seth
Date of Birth	12th June 1949	20th December 1957	19th November 1951
Date of Appointment	6th June 1997	23rd October 2000	14th February 2005
Qualifications	FCA, FCS, LL.M	Bachelor of Science, MBA	BE, MBA
Brief Profile and expertise in specific functional areas	**Mr. Bharat N. Doshi**, an Indian national, is a Non-Executive Director of the Company. He is a fellow member of both, the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India and has a Master's Degree in Law from the University of Bombay. He has participated in the Program for Management Development at the Harvard Business School. In August 1992, Mr. Bharat N. Doshi joined the Board of Mahindra & Mahindra Limited as Executive Director in charge of Finance & Accounts, Corporate Affairs and Information Technology. He was the President of the Trade & Financial Services Sector from December 1994 to October 2007. Mr. Bharat N. Doshi is presently designated as Executive Director and Group Chief Financial Officer (Group CFO), Mahindra & Mahindra Limited. Mr. Bharat N. Doshi is actively involved with the work of several Chambers of Commerce and Industry in India. He was a member of the Managing Committee of Bombay Chamber of Commerce & Industry ("BCCI") from May 2005 to May 2007. He was also a member of the Advisory Board and Think Tank of the BCCI Trust for Economic Management Studies. He was the Chairman of Expert Committee on Economic Affairs of BCCI during 1996-97. He was the Convenor of the BCCI "Think Tank", constituted as a special body to support the Chamber's initiatives on policy issues. He was a founding member and member of the Governing Council of Indian Association of Corporate CFOs and Treasurers (InAct). He is on the Board of Governors of the Mahindra United World College of India. He was a Member of the Governing Council of Indian Institute of Management, Kozhikode, from September 1997 to March 2008. He was a member of the High Powered Expert Committee constituted by the Ministry of Finance, Government of India, on Making Mumbai an International Financial Centre and is a member of the SEBI (Securities and Exchange Board of India) Committee on Disclosures and Accounting Standards (SCODA). Mr. Bharat N. Doshi has been elected as Vice President of Bombay Chamber of Commerce & Industry (BCCI) for the year 2008-09. Mr. Bharat N. Doshi was adjudged 'India's Best CFO' by the leading business fortnightly "Business Today" (India Today Group Publication) in April 2005. He was also conferred the 'CFO of the Year' Award, honouring financial excellence, instituted by IMA India, an associate of The Economist Group, in December 2005. In November 2007, Bharat N. Doshi was honoured with the *prestigious CNBC CFO of the Year 2007 award.*	**Hon. Akash Paul**, a British national, is a Non-Executive Independent Director of the Company. He holds an MBA degree from Massachusetts Institute of Technology and a Bachelor of Science degree in Chemical Engineering and Economics from Carnegie-Mellon University. He has been with the Caparo Group, a steel and engineering company, one of the UK's largest private companies. He has an interest in education and sits on the School of Engineering, Dean's Advisory Council at Carnegie-Mellon University and the Dean's Advisory Council at the Sloan School of Management, MIT.	**Mr. Arun Seth**, an Indian national, is a Non-Executive Director of the Company. He is an alumnus of the Indian Institute of Technology, Kanpur and the Indian Institute of Management, Kolkata. Having over 30 years of experience in the Information & Communication Technology industry, Mr. Seth is currently the Chairman of BT India Pvt. Ltd. and looks after the interests of BT Group in India for its offshoring activities. He is on the Executive Committee of NASSCOM and is a regular speaker at seminars relating to telecom and IT. He is an independent director in Acme Telepower Ltd. Mr. Seth has an active interest in humanitarian and educational activities and serves on the Board of the Indian Institute of Management, Lucknow as well as the Board of Governors of Helpage India, a charity that works for senior citizens.
Directorships held in other public companies (excluding foreign companies)	10	Nil	Nil
Memberships/Chairmanships of committees of other public companies (includes only Audit, and Shareholders/Investors Grievance Committee)	Membership : 2 Chairmanship: 2	Nil	Nil
No. of shares held in the Company	15,501	7,685	2,712

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT

As required by Clause 49 I (D) (ii) of the Listing Agreement, this is to confirm that the Company has adopted a Code of Conduct for all Board Members and Senior Management of the Company. The Code is available on the Company's web site.

I confirm that the Company has in respect of the financial year ended 31st March 2008, received from the senior management team of the Company and the Members of the Board, a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team comprises of employees in the President and Executive Vice President cadre as on 31st March 2008 and Chief Financial Officer of the Company.

For Tech Mahindra Limited

Vineet Nayyar
Vice Chairman, Managing Director & CEO

12th May 2008

CERTIFICATE

To the Members of Tech Mahindra Limited

We have examined the compliance of the conditions of Corporate Governance by Tech Mahindra Limited for the year ended on March 31, 2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

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

For Deloitte Haskins & Sells
Chartered Accountants

Hemant M. Joshi
Partner
Membership No. 38019

Place: Pune
Date: 21st May, 2008

Financial Statements of Tech Mahindra Limited

AUDITORS' REPORT

To the Members of Tech Mahindra Limited

1. We have audited the attached Balance Sheet of **TECH MAHINDRA LIMITED** as at March 31, 2008, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. As required by Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further, to our comments in the Annexure referred to in paragraph 3 above, we report that:

   a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;

   c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   d) In our opinion the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

   e) On the basis of written representations received from the directors as on 31st March, 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2008 from being appointed as a director in terms of clause (g) of sub- section (1) of section 274 of the Companies Act, 1956; and

   f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      i) in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2008;

      ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and

      iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Deloitte Haskins & Sells
Chartered Accountants

Hemant M. Joshi
Partner
Membership No. 38019

Pune,
Dated: 21st May, 2008

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph 3 of our report of even date)

i) The nature of the Company's activities are such that clauses (xiii) and (xiv) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company for the year.

ii) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) As explained to us, the fixed assets are physically verified by the management according to a phased programme designed to cover all the items at reasonable intervals, having regard to the size of the company and the nature of its assets. Pursuant to the programme, the major portion of these fixed assets have been physically verified by the management during the year and no material discrepancies were noted on such verification.

(c) The fixed assets disposed off during the year, in our opinion, do not constitute substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

iii) The activities of the Company and the nature of its business do not involve use of inventory. Accordingly, clause (ii) of the Companies (Auditor's Report) Order, 2003 is not applicable.

iv) In our opinion and according to the information and explanations given to us, the Company has not granted or taken any loan, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of Sub Clauses (b), (c), (d), (f) and (g), of Clause 4 (iii) of Companies (Auditor's Report) Order, 2003 are not applicable to the company.

v) In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and nature of its business with regard to purchase of fixed assets and sale of services. The activities of the Company do not involve purchase of inventory and sale of goods. During the course of our audit we have not observed any continuing failure to correct major weaknesses in the internal control system.

vi) According to the information and explanations given to us, we are of the opinion that there are no contracts or arrangements that need to be entered into the register referred to in Section 301 of the Companies Act, 1956. Accordingly, the provisions of Sub Clauses (a) and (b) of Clause 4 (v) of Companies (Auditor's Report) Order, 2003 are not applicable to the company.

vii) The Company has not accepted any deposits from the public to which the provisions of the Sections 58(A) and 58(AA) of the Companies Act, 1956 and the rules framed there under apply.

viii) In our opinion, the company has an internal audit system commensurate with the size of the Company and nature of its business.

ix) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act. Therefore the provisions of clause (viii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.

x) According to information and explanations given to us in respect of statutory and other dues:

(a) The company has been *generally regular* in depositing undisputed statutory dues in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance (ESI), Income-tax, Sales-tax, Wealth tax, Service tax, Custom duty, cess and any other material statutory dues with the appropriate authorities during the year.

(b) According to the information and explanations given to us, undisputed amounts payable in respect of service tax dues of Rs. 51.79 million were in arrears, as at March 31, 2008 for a period of more than six months from the date they became payable.

(c) According to information and explanations given to us there are no dues of Sales tax / Income-tax / Customs duty / wealth tax / Service tax / excise duty and cess, which have not been deposited with the appropriate authorities on account of any dispute, except in following cases:

Forum where dispute is pending	Nature of dues	Amount (Rs. in Million)	Financial Year to which amount relates
Income tax Appellate Tribunal	Corporate tax	3.90	1997-1998
Income tax Appellate Tribunal	Corporate tax	27.10	1998-1999
Income tax Appellate Tribunal	Corporate tax	6.39	1999-2000
Income tax Appellate Tribunal	Corporate tax	48.34	2001-2002
Commissioner of Income tax (Appeals)	Corporate tax	72.27	2003-2004
Assistant Commissioner of Sales Tax, Mumbai	Sales Tax	0.86	April 2000 to March 2001

xi) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

xii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. There are no dues payable to financial institutions or debenture holders.

xiii) According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.

xiv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

xv) The Company has not availed any term loans during the year.

xvi) According to information and explanations given to us and on an overall examination of the Balance Sheet of the Company, funds raised on short term basis have, prima facie, not been used during the year for long term investment.

xvii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.

xviii) In our opinion and according to the information and explanations given to us, the Company has not issued any secured debentures during the period covered by our audit. Accordingly, the provisions of clause 4 (xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

xix) The management has disclosed the end use of money raised by public issue and the same has been verified by us.

xx) According to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For Deloitte Haskins & Sells
Chartered Accountants

Hemant M. Joshi
Partner
Membership No. 38019

Pune,
Dated: 21st May, 2008

BALANCE SHEET AS AT MARCH 31, 2008

Rs. in Million

	Schedule	As at March 31, 2008	As at March 31, 2007
SOURCES OF FUNDS:			
SHAREHOLDERS' FUNDS:			
Share Capital	I	**1,214**	1,212
Share Application Money		**-**	1
Reserves and Surplus	II	**11,070**	7,568
		12,284	8,781
LOAN FUNDS:	III		
Secured Loan		**-**	100
Unsecured Loan		**950**	390
		950	490
		13,234	9,271
APPLICATION OF FUNDS:			
FIXED ASSETS:	IV		
Gross Block		**5,505**	4,428
Less: Depreciation		**2,596**	1,957
Net Block		**2,909**	2,471
Capital Work-in-Progress, including Advances		**1,385**	546
		4,294	3,017
INVESTMENTS:	V	**2,986**	2,832
DEFERRED TAX ASSET (NET): (Refer note 23 (a) to schedule XIII)		**14**	14
CURRENT ASSETS, LOANS AND ADVANCES:	VI		
Sundry Debtors		**10,574**	7,920
Cash and Bank balances		**814**	252
Loans and Advances		**3,477**	1,596
		14,865	9,768
Less: CURRENT LIABILITIES AND PROVISIONS:			
Liabilities	VII	**6,341**	4,967
Provisions	VIII	**2,584**	1,393
		8,925	6,360
Net Current Assets		**5,940**	3,408
		13,234	9,271
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:	XIII		

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

For Tech Mahindra Limited

Anand G. Mahindra
Chairman

Vineet Nayyar
Vice Chairman, Managing Director & CEO

Hon. Akash Paul
Director

Al-Noor Ramji
Director

Bharat Doshi
Director

Hemant M. Joshi
Partner

Clive Goodwin
Director

Dr. Raj Reddy
Director

Ulhas N. Yargop
Director

Vikrant Gandhe
Asst. Company Secretary

Pune, Dated: 21st May, 2008

Boston, Dated: May 19, 2008

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

Rs. in Million except earning per share

	Schedule	Year ended March 31, 2008	Year ended March 31, 2007
INCOME:			
Income from operations		**36,047**	27,577
Other Income	IX	**976**	9
Total Income		**37,023**	27,586
EXPENDITURE:			
Personnel	X	**12,224**	8,445
Operating and other expenses	XI	**15,616**	12,092
Depreciation	IV	**736**	463
Interest	XII	**100**	69
		28,676	21,069
PROFIT BEFORE TAX AND EXCEPTIONAL ITEM		**8,347**	6,517
Provision for Taxation			
- Current tax (Refer note 29 of schedule XIII)		**(620)**	(573)
- Deferred tax		**-**	9
- Fringe benefit tax		**(69)**	(51)
PROFIT AFTER TAX AND BEFORE EXCEPTIONAL ITEM		**7,658**	5,902
Exceptional item (Refer note 12 of schedule XIII)		**4,401**	5,250
NET PROFIT FOR THE YEAR		**3,257**	652
Provision in respect of earlier year written back (Refer note 11 of schedule XIII)		**165**	-
Excess provision for income-tax in respect of earlier year written back (Refer note 23 (b) of schedule XIII)		**-**	339
Balance brought forward from previous year		**4,261**	4,540
Balance available for appropriation		**7,683**	5,531
Interim Dividend - I		**-**	(90)
Interim Dividend - II		**-**	(176)
Final Dividend		**(668)**	**-**
Dividend Tax		**(113)**	(37)
Transfer to General Reserve		**(1,700)**	(65)
Balance carried to Balance Sheet		**5,202**	5,163
Earning Per Share (Refer note 27 of schedule XIII)			
Before exceptional item			
- Basic		**64.49**	54.24
- Diluted		**59.84**	47.84
After exceptional item			
- Basic		**28.21**	8.62
- Diluted		**26.17**	7.60
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	XIII		

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

Hemant M. Joshi
Partner

Pune, Dated: 21st May, 2008

For Tech Mahindra Limited

Anand G. Mahindra
Chairman

Vineet Nayyar
Vice Chairman, Managing Director & CEO

Hon. Akash Paul
Director

Al-Noor Ramji
Director

Bharat Doshi
Director

Clive Goodwin
Director

Dr. Raj Reddy
Director

Ulhas N. Yargop
Director

Vikrant Gandhe
Asst. Company Secretary

Boston, Dated: May 19, 2008

CASH FLOW FOR THE YEAR ENDED MARCH 31, 2008

Rs. in Million

	Particulars		Year Ended March 31, 2008	Year Ended March 31, 2007
A.	**Cash flow from operating activities:**			
	Net profit before taxation and exceptional item	**8,347**		6,517
	Less: Exceptional item	**(4,401)**		(5,250)
	Add: Provision in respect of earlier year written back	**165**		-
	Net profit before taxation and after exceptional item		**4,111**	1,267
	Adjustments for:			
	Depreciation	**736**		463
	Loss on sale of fixed assets (net)	**4**		2
	Provision in respect of earlier year written back	**(165)**		-
	Interest expense	**100**		69
	Decrease in fair value of current investment	**-**		-
	Exchange Loss/(Gain) (net)	**(88)**		62
	Exchange Loss/(Gain) on mark to market on Hedges (Refer note 1(j) (c) of schedule XIII)	**(184)**		-
	Dividend from current investments	**(34)**		(56)
	Interest income	**(38)**		(88)
	Profit on sale of current investments	**(22)**		(15)
			309	437
	Operating profit before working capital changes		**4,420**	1,704
	Adjustments for:			
	Trade and other receivables	**(3,068)**		(4,630)
	Trade and other payables	**1,714**		3,161
			(1,354)	(1,469)
	Cash generated from operations before tax		**3,066**	235
	Income taxes paid	**(969)**		(203)
			(969)	(203)
	Net cash from/(used in) operating activities		**2,097**	32
B.	**Cash flow from investing activities:**			
	Purchase of fixed assets	**(1,928)**		(1,700)
	Purchase of current investments	**(2,268)**		(5,214)
	Acquisition/Investments in subsidiaries (Refer note 5,6,7,8 and 9 of schedule XIII)	**(870)**		(276)
	Sale of current investments	**3,017**		5,620
	Sale of fixed assets	**3**		2
	Interest received	**38**		88
	Dividend received on current investments	**25**		56
	Net cash from/(used in) investing activities		**(1,983)**	(1,424)

CASH FLOW FOR THE YEAR ENDED MARCH 31, 2008 (Contd.)

Rs. in Million

	Particulars		Year Ended March 31, 2008	Year Ended March 31, 2007
C.	**Cash flow from financing activities:**			
	Proceeds from issue of shares (including securities premium)	**10**		950
	Issue of equity shares	**-**		1,163
	Share application money	**-**		1
	Dividend (including dividend tax paid)	**-**		(1,347)
	Payment of principal on car lease	**(14)**		-
	Proceeds from borrowing	**460**		491
	Interest paid	**(100)**		(67)
	Net cash from/(used in) financing activities		**356**	1,191
	Net increase/(decrease) in cash and cash equivalents (A+B+C)		**470**	(201)
	Cash and cash equivalents at the beginning of the year		**295**	496
	Cash and cash equivalents at the end of the year		**765**	295

Notes:

1. Components of cash and cash equivalents includes cash, bank balances in current and deposit accounts as disclosed under schedule VI (b) of the accounts.
2. Purchase of fixed assets are stated inclusive of movements of capital work-in-progress between the commencement and end of the year and are considered as part of investing activity.

		March 31, 2008	March 31, 2007
3.	Cash and cash equivalents :		
	Cash and Bank balances	**814**	252
	Unrealised (Gain)/Loss on foreign currency cash and cash equivalents	**(49)**	43
	Total cash and cash equivalents	**765**	295

4. Cash and cash equivalents include equity share application money of **Rs. Nil** (previous year: Rs. 1 million) and unclaimed dividend of **Rs. 1 million** (previous year: Rs. 1 million)

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

Hemant M. Joshi
Partner

Pune, Dated: 21st May, 2008

For Tech Mahindra Limited

Anand G. Mahindra
Chairman

Vineet Nayyar
Vice Chairman, Managing Director & CEO

Hon. Akash Paul
Director

Al-Noor Ramji
Director

Bharat Doshi
Director

Clive Goodwin
Director

Dr. Raj Reddy
Director

Ulhas N. Yargop
Director

Vikrant Gandhe
Asst. Company Secretary

Boston, Dated: May 19, 2008

Schedules forming part of the Balance Sheet

	As at March 31, 2008	As at March 31, 2007
		Rs. in Million
Schedule I		
SHARE CAPITAL:		
Authorised:		
175,000,000 (previous year: 175,000,000) Equity shares of Rs. 10/- (previous year: Rs. 10/-) each	**1,750**	1,750
	1,750	1,750
Issued, subscribed and paid up:		
121,362,869 (previous year: 121,216,701) Equity shares of Rs. 10/- (previous year: Rs. 10/-) each fully paid up	**1,214**	1,212
	1,214	1,212

Notes:

1. Out of the above 9,931,638 (previous year: 9,931,638) Equity share of Rs. 10/- (previous year: Rs. 10/- paid up) each fully paid up are held by Mahindra BT Investment Company (Mauritius) Limited, a subsidiary of Mahindra and Mahindra Limited and 53,776,252 (previous year: 53,776,252) Equity share of Rs. 10/- each (previous year: Rs. 10/- each) are held by Mahindra & Mahindra Limited, the ultimate holding company.
2. The above includes 51,000,100 and 25,000,000 Equity shares originally of Rs. 2/- each issued as fully paid up bonus shares by capitalisation of balance of Profit and Loss account and General Reserve, respectively.
3. The above includes 90,148,459 Equity shares of Rs. 10/- each allotted as fully paid up bonus shares by way of capitalisation of Profit and Loss account (Refer note 4 of schedule XIII).
4. The above includes 5 Equity shares of Rs. 2/- each consolidated into 1 Equity share of Rs. 10/- each (Refer note 4 of schedule XIII).
5. Refer note 21 of schedule XIII for stock options.

Schedules forming part of the Balance Sheet

			Rs. in Million
		As at March 31, 2008	As at March 31, 2007
Schedule II			
RESERVES AND SURPLUS:			
General Reserve:			
As per last Balance Sheet	**1,014**		949
Add: Transfer from Profit and Loss account	**1,700**		65
		2,714	1,014
Securities Premium:			
As per last Balance Sheet	**2,293**		283
Add: Received during the year	**10**		2,010
		2,303	2,293
Profit/(Loss) on cash flow Hedges (Refer note 1(j) (c) of schedule XIII)		**851**	-
Balance in Profit and Loss Account	**5,202**		5,163
Less: Capitalised on issue of Bonus shares (Refer note 4 of schedule XIII)	**-**		902
		5,202	4,261
		11,070	7,568
Schedule III			
LOAN FUNDS:			
Secured Loan:			
Cash credit from bank (Refer note 1 and 2 below)		**-**	100
		-	100
Note:			
1. Loan from bank is secured by way of hypothecation of current assets including book debts			
2. Net of current account balance of Rs. Nil (previous year: Rs. 112 Million) as per sweep facility with the bank			
Unsecured Loans:			
Overdraft from bank		**300**	-
Inter-corporate deposit from subsidiary company		**650**	390
		950	390

Schedules forming part of the Balance Sheet

Schedule IV

FIXED ASSETS:

Rs. in Million

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
Description of assets	**Cost as at April 01, 2007**	**Additions during the year**	**Deductions during the year**	**Cost as at March 31, 2008**	**Upto March 31, 2007**	**For the year**	**Deductions during the year**	**Upto March 31, 2008**	**As at March 31, 2008**	**As at March 31, 2007**
Leased Assets:										
Vehicles	67	-	17	**50**	38	13	12	**39**	**11**	29
(Refer note 19 of schedule XIII)										
Other Assets:										
Freehold Land	82	-	-	**82**	-	-	-	**-**	**82**	82
Leasehold Land	221	104	-	**325**	1	3	-	**4**	**321**	220
Leasehold Improvements	84	195	-	**279**	6	55	-	**61**	**218**	78
Office Building/Premises	1,411	-	-	**1,411**	509	94	-	**603**	**808**	902
Computers	1,245	491	80	**1,656**	728	333	80	**981**	**675**	517
Plant and Machinery	739	261	1	**999**	331	136	1	**466**	**533**	408
Furniture and Fixtures	546	126	5	**667**	333	91	4	**420**	**247**	213
Vehicles	33	4	1	**36**	11	11	0	**22**	**14**	22
Total	**4,428**	**1,181**	**104**	**5,505**	**1,957**	**736**	**97**	**2,596**	**2,909**	**2,471**
Previous year	3,070	1,369	11	4,428	1,501	463	7	1,957		
Capital Work-in-Progress (includes capital advances **Rs. 1,382 Million** (previous year: Rs. 517 Million))									1,385	546
								Total	**4,294**	3,017

Note: Fixed assets include certain leased vehicles aggregating to **Rs. 14 Million** (previous year: Rs. 38 Million) (at cost) on which vendors have a lien.

Schedules forming part of the Balance Sheet

Rs. in Million

		As at March 31, 2008	As at March 31, 2007
Schedule V			
INVESTMENTS:			
Long Term (Unquoted - at cost)			
Trade:			
In Subsidiary Companies:			
375,000 Ordinary shares of US$ 1 each fully paid up of Tech Mahindra (Americas) Inc.	**12**		12
Less: Provision for diminution (Refer note 11 of schedule XIII)	**-**		12
		12	-
3 Shares of Euro 25,000, 50,000 and 500,000 each, fully paid up of Tech Mahindra GmbH (Refer note 1 below)	**389**		389
Less: Provision for diminution (Refer note 11 of schedule XIII)	**354**		354
		35	35
5,000 Equity shares of Singapore $ 10 each fully paid up of Tech Mahindra (Singapore) Pte Ltd.		**1**	1
9,206,700 Equity shares (previous year: 9,205,100) of Tech Mahindra (R & D Services) Limited of Rs. 5/- each fully paid up (Refer note 5 of schedule XIII)		**1,910**	1,889
50,000 Equity shares of Tech Mahindra (Thailand) Limited of THB 100 each fully paid up		**6**	6
50,000 Equity shares of Tech Mahindra Foundation of Rs.10/- each fully paid up		**1**	1
500,000 Equity shares of PT Tech Mahindra Indonesia of US $ 1 each fully paid up		**22**	22
4,619,631 Equity shares (previous year: 4,005) of CanvasM Technologies Limited of Rs. 100/- each fully paid up (Refer note 7 of schedule XIII)		**462**	-
19,536,940 Equity shares (previous year: 17,136,940) of iPolicy Networks Limited of Rs. 10/- each fully paid up (Refer note 6 of schedule XIII)		**530**	151
312,820 Equity shares (previous year: Nil) of Tech Mahindra Malaysia SDN. BHD. of Ringet 1 each fully paid up (Refer note 8 of schedule XIII)		**4**	-
Investment in Tech Mahindra (Beijing) IT Services Limited (Refer note 9 of schedule XIII)		**3**	-
		2,986	2,105

Schedules forming part of the Balance Sheet

Rs. in Million

	As at March 31, 2008	As at March 31, 2007
Schedule V (Contd.)		
Current Investments (Unquoted - at lower of cost or fair value)		
Non Trade:		
Nil (previous year: 15,000,000.00) units of Rs. Nil (previous year: Rs. 10.00) each of Birla Mutual Fund-FTP-Quarterly-Series 8-Dividend-Payout	-	150
Nil (previous year: 11,533,845.61) units of Rs. Nil (previous year: Rs. 10.02) each of Birla Mutual Fund-Cash Plus-Institutional Prem. Weekly Dividend -Reinvestment (Cost: previous year Rs. 116 million)	-	116
Nil (previous year: 5,000,000.00) units of Rs. Nil (previous year: Rs. 10.00) each of HSBC Mutual Fund - Fixed Maturity Plan	-	50
Nil (previous year: 10,233,630.44) units of Rs. Nil (previous year: Rs. 10.00) each of J M Mutual Fund - FMP Series IV Quarterly Plan Dividend Plan	-	102
Nil (previous year: 5,000,000.00) units of Rs. Nil (previous year: Rs. 10.00) each of Kotak Mutual Fund - FMP Growth	-	50
Nil (previous year: 5,402,783.71) units of Rs. Nil (previous year: Rs. 10.44) each of Reliance Mutual Fund - Short Term Fund -Retail Plan - Dividend Option	-	56
Nil (previous year: 5,000,000.00) units of Rs. Nil (previous year: Rs. 9.99) each of Reliance Fixed Tenor Fund Growth Plan [Cost: Rs. Nil (previous year: Rs. 50 Million)]	-	50

Rs. in Million

Schedule V (Contd.)

		As at March 31, 2008	As at March 31, 2007
Nil (previous year: 5,084,276.05) units of Rs. Nil (previous year: Rs. 10.00) each of Chola FMP series-6 Quarterly plan - 3-Dividend	**-**		51
Nil (previous year: 5,000,000.00) units of Rs. Nil (previous year: Rs. 9.98) each of Grindlays - FMP -16 month (Cost : previous year: Rs. 50 Million)	**-**		50
Nil (previous year: 5,235,028.52) units of Rs. Nil (previous year: Rs. 10.00) each of ABN AMRO Mutual Fund - FTP Series 4 Quarterly Plan Dividend on Maturity	**-**		52
		-	727
		2,986	2,832

Note:

1. Includes **Rs. 360 Million** (previous year: Rs. 360 Million) invested towards capital reserve of the company in accordance with the German Commercial Code.
2. The above “non trade” investments made during previous year are out of proceeds of public issue (Refer note 25 of schedule XIII).
3. Refer note 30 of schedule XIII for details of investment purchased and sold during the year.

Schedules forming part of the Balance Sheet

			Rs. in Million
		As at March 31, 2008	As at March 31, 2007
Schedule VI			
CURRENT ASSETS, LOANS AND ADVANCES:			
Current Assets:			
(a) Sundry Debtors * :			
(Unsecured)			
Debts outstanding for a period exceeding six months			
: considered good **		**1,155**	626
: considered doubtful		**80**	66
		1,235	692
Other debts, considered good ***		**9,419**	7,294
: considered doubtful		**-**	153
		10,654	8,139
Less: Provision (Refer note 11 of schedule XIII)		**80**	219
		10,574	7,920
* Debtors include on account of unbilled revenue aggregating to **Rs. 3,121 Million** (previous year: Rs. 1,868 Million)			
** Net of advances aggregating to **Rs. 98 Million** (previous year: Rs. 179 Million) pending adjustments with invoices			
*** Net of advances aggregating to **Rs. 159 Million** (previous year: Rs. 1,598 Million) pending adjustments with invoices			
(b) Cash and Bank Balances:			
Balance with scheduled banks : (i) In Current Accounts	**782**		90
(ii) In Fixed Deposit Accounts	**14**		161
Balance with other banks:			
with Commonwealth Bank of Australia			
In Current Accounts @	**18**		1
		814	252
@ Maximum balance outstanding during the year : **Rs. 18 Million** (previous year: Rs. 8 Million)			
(c) Loans and Advances:			
(Unsecured, considered good unless otherwise stated)			
Loans to Subsidiaries		**100**	218
Advance to Subsidiary		**-**	27
Bills of Exchange (considered doubtful)	**-**		5
Less: Provision	**-**		5
		-	-
Advances recoverable in cash or in kind or for value to be received - considered good	**1,900**		1,023
- considered doubtful	**10**		6
	1,910		1,029
Less: Provision	**10**		6
		1,900	1,023
Fair values of foreign exchange forward and currency option contracts (Refer note 1(j) (c) of schedule XIII)		**1,036**	151
Advance Taxes (net of provisions)		**441**	177
		3,477	1,596
		14,865	9,768

Schedules forming part of the Balance Sheet

	As at March 31, 2008	As at March 31, 2007
		Rs. in Million
Schedule VII		
CURRENT LIABILITIES:		
(a) Sundry Creditors:		
Total outstanding dues to Micro, Medium and Small enterprises (Refer note 28 of schedule XIII)	**-**	-
Total outstanding dues of Creditors other than Micro, Medium and Small enterprises *	**5,091**	4,215
* includes -		
Rs. 249 Million (previous year: Rs. 293 Million) due to Tech Mahindra (Americas) Inc. USA, a subsidiary company.		
Rs. 110 Million (previous year: Rs. 169 Million) due to Tech Mahindra GmbH, a subsidiary company.		
Rs. 49 Million (previous year: Rs.102 Million) due to Tech Mahindra (Singapore) Pte. Ltd., a subsidiary company.		
Rs. Nil (previous year: Rs. 4 Million) due to Tech Mahindra (R&D Services) Limited, a subsidiary company.		
Rs. 1 Million (previous year: Rs. 40 Million) due to Tech Mahindra (Thailand) Limited, a subsidiary company.		
Rs. 2 Million (previous year: Rs. Nil) due to Tech Mahindra (Malaysia) SDN. BHD., a subsidiary company.		
Rs. 4 Million (previous year: Rs. Nil) due to CanvasM Technologies Limited, a subsidiary company.		
Rs. 1 Million (previous year: Rs. Nil) due to iPolicy Networks Limited, a subsidiary company.		
(b) Other Liabilities	**1,249**	751
(c) Unclaimed Dividend	**1**	1
	6,341	4,967
Schedule VIII		
PROVISIONS:		
Provision for taxation (net of advance taxes)	**793**	810
Provision for Fringe benefit tax (net of advance taxes)	**6**	5
Proposed Dividend	**668**	-
Provision for Dividend tax	**113**	-
Provision for Gratuity (Refer note 13 of schedule XIII)	**454**	266
Provision for Leave Encashment (Refer note 13 of schedule XIII)	**550**	312
	2,584	1,393

Schedules forming part of the Profit and Loss Account

			Rs. in Million
		Year ended March 31, 2008	Year ended March 31, 2007
Schedule IX			
OTHER INCOME:			
Interest on:			
Deposits with banks [Tax deducted at source **Rs. 1 Million** (previous year: Rs. 4 Million)]	**26**		40
Income tax refund (refer note 23 (b) of schedule XIII)	**-**		37
Others [Tax deducted at source **Rs. 2 Million** (previous year: Rs. Nil)]	**12**		12
		38	89
Dividend received on current investments (non trade)		**34**	56
Profit on sale of current investments (non trade) (Net)		**22**	14
Exchange fluctuations (Net)		**765**	(155)
Sundry balances written back		**89**	-
Miscellaneous income [Tax deducted at source **Rs. 1 Million** (previous year: Rs. Nil)]		**28**	5
		976	9
Schedule X			
PERSONNEL:			
Salaries, wages and bonus		**10,695**	7,518
Contribution to provident and other funds		**883**	534
Staff welfare		**646**	393
		12,224	8,445

Schedules forming part of the Profit and Loss Account

			Rs. in Million
		Year ended March 31, 2008	Year ended March 31, 2007
Schedule XI			
OPERATING AND OTHER EXPENSES:			
Power		**278**	148
Rent		**759**	368
Rates and taxes		**34**	19
Communication expenses		**766**	501
Traveling expenses [Net of recoveries **Rs. 55 Million** (previous year: Rs.189 Million)]		**4,845**	3,273
Recruitment expenses		**75**	111
Hire charges		**183**	171
Sub-contracting costs		**6,938**	5,564
Repairs and maintenance :			
Buildings (including leased premises)	**26**		20
Machinery	**50**		34
Others	**103**		59
		179	113
Insurance		**97**	72
Professional and legal fees		**149**	198
Software packages (Refer note 1 (i) of schedule XIII)		**307**	816
Project transition cost		**233**	-
Training		**164**	121
Advertising, marketing and selling expenses		**34**	29
Commission on income from service		**169**	221
Loss on sale of fixed assets (net)		**4**	2
Provision for doubtful debts		**14**	39
Provision for doubtful advances		**4**	3
Advances/bad debts written off		**21**	7
Donations		**76**	59
Miscellaneous expenses (Refer note 14 of schedule XIII)		**287**	257
		15,616	12,092
Schedule XII			
INTEREST:			
Interest on			
- Cash credit/Overdraft		**62**	61
- Inter-corporate deposit		**38**	8
		100	69

Schedules forming part of the Balance Sheet and Profit and Loss Account

Schedule XIII

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2008

1. Significant accounting policies:

(a) Basis for preparation of accounts:

The accounts have been prepared to comply in all material aspects with applicable accounting principles in India, the Accounting Standards and the relevant provisions of the Companies Act, 1956.

(b) Use of Estimates:

The preparation of financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reported year. Differences between the actual results and estimates are recognised in the year in which the results are known/materialised.

(c) Fixed Assets:

Fixed assets are stated at cost less depreciation. Costs comprise of purchase price and attributable costs, if any.

(d) Leases:

Assets taken on lease are accounted for as fixed assets in accordance with Accounting Standard 19 on "Leases", (AS-19).

(i) Finance lease:

Assets taken on finance lease are accounted for as fixed assets at fair value. Lease payments are apportioned between finance charge and reduction of outstanding liability.

(ii) Operating lease:

Assets taken on lease under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognised as expenses on accrual basis in accordance with the respective lease agreements.

(e) Depreciation on Fixed Assets:

(i) The Company computes depreciation for all fixed assets including for assets taken on lease using the straight-line method based on estimated useful lives. Depreciation is charged on a pro-rata basis for assets purchased or sold during the year. Management's estimate of the useful life of fixed assets is as follows:

Buildings	15 years
Computers	3 years
Plant and machinery	3-5 years
Furniture and fixtures	5 years
Vehicles	3-5 years

(ii) Leasehold land is amortised over the period of lease.

(iii) Leasehold improvements are amortised over the period of lease.

(f) Impairment of Assets:

At the end of each year, the company determines whether a provision should be made for impairment loss on assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard 28 on "Impairment of Assets". Where the recoverable amount of any asset is lower than its carrying amount, a provision for impairment loss on assets is made for the difference. Recoverable amount is the higher of an assets net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

Reversal of impairment loss if any, is recognised immediately as income in the profit and loss account.

(g) Investments:

Current investments are carried at lower of cost and fair value. Long term investments are carried at cost. Provision is made to recognise a decline other than temporary in the carrying amount of long term investment.

(h) Revenue recognition:

Revenue from software services and business process outsourcing services include revenue earned from services performed on 'time and material' basis, time bound fixed price engagements and system integration projects.

The related revenue is recognized as and when services are performed. Income from services performed by the Company pending receipt of purchase orders from customers, which are invoiced subsequently on receipt thereof, are recognized as unbilled revenue.

Unbilled revenue is recognised at month closing rate. On receipt of POs, the amounts are billed to the customer & the revenue is booked at the prevailing rate.

The Company also performs time bound fixed price engagements, under which revenue is recognized using the proportionate completion method of accounting, unless work completed cannot be reasonably estimated. Provision for estimated losses, if any on uncompleted contracts are recorded in the year in which such losses become probable based on the current contract estimates.

Dividend income is recognized when the Company's right to receive dividend is established. Interest income is recognized on time proportion basis.

(i) Expenditure:

The cost of software purchased for use in software development and services is charged to cost of revenues in the year of acquisition.

(j) a) Foreign currency transactions:

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the year-end rates. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of monetary items at the end of the year is recognised as income or expense, as the case may be.

Any premium or discount arising at the inception of the forward exchange contract is recognized as income or expense over the life of the contract, except in the case where the contract is designated as a cash flow hedge.

b) Derivative instruments and hedge accounting:

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The Company designates these as cash flow hedges applying the recognition and measurements principles set out in the Accounting Standard 30 " Financial Instruments: Recognition and Measurements"(AS-30).

The use of foreign currency forward contracts is governed by the Company's policies approved by the board of directors, which provide written principles on the use of such financial derivatives consistent with the Company's risk management strategy. The Company does not use derivative financial instruments for speculative purposes.

Foreign currency forward contract derivative instruments are initially measured at fair value and are remeasured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognized directly in reserves and the ineffective portion is recognized immediately in profit and loss account.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the profit and loss account as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in reserves is transferred to profit and loss account.

c) Exchange Gain/(Loss) (Net) accounted during the year:

The Company enters into foreign exchange forward contracts to off set the foreign currency risk arising from the amounts denominated in currencies other than the Indian Rupee. The counter party to the

Company's foreign currency forward contracts is generally a bank.

Pending the issue of an accounting standard under Indian GAAP to cover forward exchange contracts entered into to hedge foreign currency risk of a firm commitment or highly probable forecast transactions, the exchange differences arising on such contracts upto March 31, 2007 were recognized in the statement of profit or loss in the reporting year.

Effective April 1, 2007, the Company has designated the outstanding forward exchange contracts as cash flow hedges. Changes in the fair value of effective forward exchange contract are recognized directly in reserves and the ineffective portion is recognized immediately in profit and loss account.

Consequent to this change in accounting for such contracts, the profit for the year ended March 31, 2008 is lower by **Rs. 851 Million** and reserves and surplus are higher by **Rs. 851 Million**.

(k) Employee Retirement Benefits:

a) Gratuity :

The Company provides for gratuity, a defined retirement benefit plan covering eligible employees. The gratuity plan provides for a lump sum payment to employees at retirement, death, incapacitation or termination of the employment based on the respective employee's salary and the tenure of the employment. Liabilities with regard to a gratuity plan are determined based on the actuarial valuation carried out by independent actuary as at the balance sheet date.

b) Provident fund :

The eligible employees of the Company are entitled to receive the benefits of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently at 12% of the basic salary). The contributions as specified under the law are paid to the Regional Provident Fund Commissioner by the Company.

c) Compensated absences:

The Company provides for the encashment of leave subject to certain company's criteria. The employees are entitled to accumulate leave subject to certain limits, for future encashment or availment. The liability is provided based on the number of days of unavailed leave at each balance sheet date on the basis of an independent actuarial valuation.

Actuarial gains and losses are recognised in full in the profit and loss account for the year in which they occur.

(l) Borrowing costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.

(m) Taxation:

Tax expense comprises of current tax, deferred tax and fringe benefit tax. Current tax and Deferred tax are accounted for in accordance with Accounting Standard 22 on "Accounting For Taxes on Income", (AS-22). Current tax is measured at the amount expected to be paid to/recovered from the tax authorities, using the applicable tax rates.

Minimum alternative tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability is considered as an asset if there is convincing evidence that the Company will pay normal tax after the tax holiday period. Accordingly, it is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably. Deferred tax assets and liabilities are recognised for future tax consequences attributable to timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent years and are measured using relevant enacted tax rates. The carrying amount of deferred tax assets at each balance sheet date is reduced to the extent that it is no longer reasonably certain that sufficient future taxable income will be available against which the deferred tax asset can be realized.

Fringe benefit tax is recognized in accordance with the relevant provisions of the Income-tax Act, 1961 and the Guidance Note on Fringe Benefits Tax issued by the Institute of Chartered Accountants of India (ICAI).

Tax on distributed profits payable in accordance with the provisions of the Income-tax Act, 1961 is disclosed in accordance with the Guidance Note on Accounting for Corporate Dividend Tax issued by the ICAI.

(n) Contingent liabilities:

These, if any, are disclosed in the notes on accounts. Provision is made in the accounts if it becomes probable that any outflow of resources embodying economic benefits will be required to settle the obligation arising out of past events.

Notes on Accounts:

2. The estimated amount of contracts remaining to be executed on capital account (Net of capital advances), and not provided for as at March 31, 2008 **Rs. 1,378 Million** (previous year: Rs. 1,291 Million).

3. Contingent Liabilities:

   i) The Company has received demand notices from Income Tax authorities resulting in a contingent liability of **Rs. 158 Million** (previous year: Rs. 100 Million). This is mainly on account of disallowance of software maintenance activity, deduction under section 80HHE amounting to **Rs. 37 Million** and a further sum of **Rs. 121 Million** relating to Section 10A. The Company has appealed before Appellate Authorities and is hopeful of succeeding in the same.

   ii) The Company has received demand notice from Sales Tax authority for **Rs. 1 Million** (previous year: Nil) towards purchases made from unregistered dealers for the financial year 2000-01.The Company has filed appeal against the same.

   iii) Bank Guarantees outstanding **Rs.160 Million** (previous year: Rs. 224 Million).

4. During the previous year, pursuant to the resolution passed by the shareholders at the Extra Ordinary General Meeting held on June 1, 2006, the Company consolidated its share capital from 112,685,573 equity shares of Rs.2/- each into 22,537,114 equity shares of Rs.10/- each.

   Further, during the previous year the Company has issued **90,148,459** equity shares of Rs. 10/- each as bonus shares at the rate of 4 shares for each share held as at June 1, 2006, aggregating to **Rs.902 Million** by way of capitalization from the balance of profit and loss account.

5. During the year ended March 31, 2006, the Company had acquired Tech Mahindra (R&D services) Limited (TMRDL) vide Share Purchase Agreement dated November 15, 2005, for a initial consideration of Rs. 1,755 Million (including stamp duty). As a result, TMRDL and its two wholly owned subsidiaries have become subsidiary / step subsidiaries of the Company with effect from the date of acquisition i.e. November 28, 2005.

   During the year, the company has acquired additional 1,600 shares at total consideration of Rs. 0.30 Million and the same has been accounted as additional investment.

   The terms of purchase also provide for payment of contingent consideration to all the selling shareholders, payable over three years i.e. up to March 31, 2008 and calculated based on achievement of specific targets. The contingent consideration is payable in cash and cannot exceed **Rs. 641 Million.**

   The consideration so payable would be accounted in the books of account in the year of achieving the milestones under the agreement. Accordingly **Rs. 16 Million** (previous year: Rs. 101 Million) has been accounted for during the year as additional cost of acquisition, in accordance with the terms of agreement and **Rs. 5 Million** has been accounted as additional consideration due to revision in management estimates made in the previous year. The total earn out payment amounts to **Rs.155 Million**.

6. During the previous year, the Company had acquired entire shareholding of iPolicy Networks Limited (formerly known as iPolicy Networks Private Limited) vide Share Purchase Agreement dated January 18, 2007 for a consideration of Rs. 29 Million. As a result, iPolicy Networks Limited has become a wholly owned subsidiary of the Company with effect from the date of acquisition.

   During the year, the Company has made an additional investment of **Rs. 381 Million** (previous year: Rs. 120 Million) after the acquisition.

7. During the year, the Company has made investment of **Rs. 462 Million** in CanvasM Technologies Limited. The Company holds 80.10 percent shareholding of CanvasM Technologies Limited.

8. During the year, the Company has made investment of **Rs. 4 Million** in Tech Mahindra (Malaysia) SDN. BHD.

As a result, Tech Mahindra (Malaysia) SDN. BHD. has become a wholly owned subsidiary of the Company with effect from the date of this investment.

9. During the year, the Company has made investment of **Rs.3 Million** in Tech Mahindra (Beijing) IT Services Limited, (TMCHN). As a result, TMCHN has become a wholly owned subsidiary of the Company with effect from the date of this investment.

10. The board of the Company (TML) has approved Scheme of amalgamation for amalgamating Tech Mahindra (R & D Services) Limited and iPolicy Networks Limited, it's wholly owned subsidiary companies with itself, in its meeting dated October 19, 2007. As per the Scheme, all the assets and liabilities of both the Transferor Companies would become the assets and liabilities of TML from the appointed date viz., April 1, 2008. The jurisdictional High Courts of Mumbai, Delhi & Karnataka have approved the Schemes on March 28, 2008, April 04, 2008 and April 03, 2008 respectively. The mergers would result in operational synergies, enhance financial strength and rationalization of costs.

11. The Company holds investments (unquoted) in two subsidiaries, viz., Tech Mahindra (Americas) Inc.(TMA), Tech Mahindra GmbH (TMGMBH) aggregating to **Rs. 12 Million** and **Rs. 389 Million** respectively (Refer note 1 of Schedule V), which are held as strategic long-term investments.

    The Company had made provision in the year ended March 31, 2005, to the extent of accumulated losses in TMA, aggregating to **Rs. 12 Million** towards diminution in the value of investments and **Rs.153 Million** towards debts recoverable from TMA.

    As per the latest available audited accounts of TMA as at March 31, 2008, the subsidiary has become profitable and its net worth has become positive. Similarly debtors recoverable from TMA have been reduced substantially to **Rs. 26 Million**. TMA has growth plans and is expected to earn profits in subsequent years as well. In view of this the provision made earlier are no longer required and accordingly the Company has reversed the provision of **Rs. 165 Million** made earlier and the same has been disclosed as a provision in respect of earlier year written back in profit and loss account.

    The Company had made provision in the year ended March 31, 2005, to the extent of accumulated losses in TMGMBH aggregating to **Rs. 354 Million** towards diminution in the value of its investments. While TMGMBH has started earning profits from financial year 2006 onwards, the net worth of TMGMBH is still substantially eroded as per the latest available audited accounts of TMGMBH at March 31, 2008. In view of this no change in provision is required.

12. During the year, the Company has entered in to an agreement with a customer under which it will have exclusivity for 90 days in negotiating an engagement.

    As per the terms of the agreement the company has made an 'exclusivity' payment of **Rs. 4401 million** to the customer which is unconditional, irrevocable and non-refundable. Accordingly, this payment has been disclosed as an exceptional item in the profit and loss account.

    The project will be executed with a consortium partner who will bear part of the 'exclusivity payment'. The payment from consortium partner will be accounted when it is contractually firmed up.

    During the previous year, the Company had entered into Global Sourcing Agreement relating to the development of a global sourcing model for strategic outsourcing services, with a customer for a term of five years.

    As per the terms of agreement, the Company had made an upfront payment of Rs. 5,250 Million to the customer which was unconditional, irrevocable and non-refundable. Accordingly, this payment had been disclosed as an exceptional item in the previous year profit and loss account.

13. The revised Accounting Standard 15 on "Employee Benefits", (AS-15), is adopted by the company with effect from April 1, 2006.

The disclosure as required under AS 15 regarding the Company's gratuity plan is as follows:

Rs. in Million

Particulars	**March 31, 2008**	March 31, 2007
Projected benefit obligation, beginning of the year	266	185
Service cost	153	101
Interest cost	27	16
Actuarial Loss/(Gain)	22	(23)
Benefits paid	(14)	(13)
Projected benefit obligation, end of the year	**454**	266

The Company's gratuity plan is not funded and the liability is provided for in the books of account.

Rs. in Million

Particulars	**March 31, 2008**	March 31, 2007
Service cost	153	101
Interest cost	27	16
Amortisation of actuarial Loss/(Gain)	22	(23)
Net periodic gratuity cost	**202**	94
Assumptions:		
Discount rate	7.75%	8.00 %
Rate of increase in compensation levels of covered employees	8.00%	7.75 %

The disclosure as required under AS 15 regarding the Company's leave encashment is as follows:

Rs. in Million

Particulars	**March 31, 2008**	**March 31, 2007**
Projected benefit obligation, beginning of the year	272	204
Service cost	85	68
Interest cost	24	16
Actuarial Loss	152	19
Past service cost (vested)	7	-
Benefits paid	(58)	(35)
Projected benefit obligation, end of the year	**482**	272

The Company's leave encashment liability is not funded and is provided for in the books of account.

Rs. in Million

Particulars	**March 31, 2008**	March 31, 2007
Service cost	85	68
Interest cost	24	16
Amortisation of past service cost (vested)	7	-
Amortisation of actuarial loss	152	19
Net periodic leave encashment cost	**268**	103

The Company has in addition to above accounted for short term leave encashment and provident fund contribution amounting to **Rs. 68 Million** (previous year: Rs. 40 Million).

14. Payment to Auditors (Including Service Tax):

Rs. in Million

Particulars	**March 31, 2008**	March 31, 2007
1. Audit Fees	4	2
2. As advisor or in any other capacity in respect of taxation matters etc.	-	1
3. In any other manner for certification and IPO work etc.	2	6
Total	**6**	9

15. (a) Value of Imports on C.I.F. Basis:

Rs. in Million

Particulars	**March 31, 2008**	March 31, 2007
Capital goods [includes **Rs. 171 Million** (previous year: Rs.15 Million) towards assets purchased in UK office]	**453**	234

(b) Expenditure in Foreign Currency:

Rs. in Million

Particulars	**March 31, 2008**	March 31, 2007
Professional fees	106	151
Subcontracting cost	6,507	4,862
Traveling expenses	3,569	2,887
Salaries	2,235	1,969
Software packages	501	596
Exclusivity payment / Upfront discount	4,401	5,250
Others [including UK Corporation Tax **Rs.203 Million** (previous year: Rs. 166 Million)]	814	625
Total	**18,133**	16,340

16. Remittance in foreign currency on account of dividends to non-resident shareholders:

Number of Shareholders		Number of Equity Shares	Amount remitted Rs. in Million	Dividend relating to year ended
2007-2008				
Nil	-	**Nil**	**Nil**	-
2006-2007				
Nine	Final	53,485,923	180	March 31, 2006
Nine	Interim – 1	53,610,263	43	March 31, 2007
One thousand two hundred four	Interim – 2	48,071,389	72	March 31, 2007
Nine	Interim – 4	53,485,923	216	March 31, 2006

17. Earnings in foreign currency:

Rs. in Million

Particulars	**March 31, 2008**	March 31, 2007
Income from services	35,593	27,352
Interest on deposits with banks	22	19
Interest on loan to subsidiaries	6	10
Other income	16	-

18. Managerial remuneration paid to Managing Director, Executive Director and non-Executive Directors:

Rs. in Million

Particulars	**March 31, 2008**	March 31, 2007
Managerial remuneration	17	17
Commission	24	17
Total	**41**	34

The above remuneration excludes provision for gratuity and leave encashment since these are based on actuarial valuation done on an overall Company basis.

Computation of Net Profit in accordance with Section 309(5) of the Companies Act, 1956, for the year ended March 31, 2008.

Rs. in Million

Particulars		**March 31, 2008**	March 31, 2007
Profit before tax and after exceptional items as per profit and loss account		3,946	1,267
Add:			
Depreciation charged in the accounts	736		463
Loss on sale of assets as per section 349 of the Companies Act, 1956 (Net)	4		2
Director's remuneration	41		34
Provision for doubtful debts and advances	18		42
		799	541
		4,745	1,808
Less:			
Loss on sale of assets as per books	4		2
Profit on sale of investments	22		14
Depreciation u/s 350 of the Companies Act, 1956	736		463
		762	479
Total		**3,983**	1,329
Commission payable to the Managing Director and Executive Director.		**6**	7
Commission payable to non-Executive Directors		**18**	10

19. Assets acquired on lease:

The Company has acquired vehicles on lease, the fair value of which aggregates to **Rs. 50 Million** (previous year: Rs.67 Million). As per AS 19, the Company has capitalised the said vehicles at their fair values as the leases are in the nature of finance leases as defined in AS 19. Lease payments are apportioned between finance charge and deduction of outstanding liabilities. The details of lease rentals payable in future are as follows:

Rs. in Million

Particulars	**Not later than 1 year**	**Later than 1 year not later than 5 years**
Minimum lease rentals payable (previous year: Rs. 13 Million and Rs. 4 Million respectively)	4	-
Present value of lease rentals payable (previous year: Rs. 12 Million and Rs. 4 Million respectively)	4	-

The Company has taken vehicles on operating lease for a period of three to four years. The lease rentals recognized in the profit and loss account for the year are **Rs. 8 Million** (previous year: Rs. 1 Million). The future lease payments of operating lease are as follows:

Rs. in Million

Particulars	**Not later than 1 year**	**Later than 1 year not later than 5 years**
Minimum lease rentals payable (previous year: Rs. 1 Million and Rs. 3 Million respectively)	11	18

20. With the focus on customers in the Telecom Service Providers (TSP) and TEM segments of the telecom vertical, the Company has reorganised its management structure to cater to the Company's business segments. Consequently, the Company is of the view that as per the requirements of Accounting Standard 17 on 'Segment Reporting' (AS-17), the primary segment of the Company is business segment by category of customers in the TSP, TEM, Business Process Outsourcing (BPO) and Other sectors and the secondary segment is the geographical segment by location of its customers.

The Accounting principles consistently used in the preparation of the financial statements are also applied to record income and expenditure in the individual segments. There are no inter-segment transactions during the year.

A. **PRIMARY SEGMENTS**

For the year ended March 31, 2008

Rs. in Million

PARTICULARS	**TELECOM SERVICE PROVIDER**	**TELECOM EQUIPMENT MANUFACTURER**	**BUSINESS PROCESS OUTSOURCING**	**OTHERS**	**TOTAL**
Revenues	32,892	1,060	1,297	798	36,047
Less: Direct expenses	20,919	830	807	556	23,112
Segmental Operating Results	**11,973**	**230**	**490**	**242**	**12,935**
Less: Unallocable expenses					
Depreciation					736
Interest					100
Other unallocable expenses					4,728
Total unallocable expenses					**5,564**
Operating income					**7,371**
Add: Other income					976
Net Profit before taxes & exceptional item					**8,347**
Less: Provision for taxation					
Current tax					(620)
Deferred tax					-
Fringe benefit tax					(69)
Net Profit after taxes & before exceptional item					**7,658**
Exceptional item					(4,401)
Net Profit for the year					**3,257**
Provision in respect of earlier year written back					165
Net Profit					**3,422**

Segregation of assets, liabilities, depreciation and other non-cash expenses into various primary segments has not been done as the assets are used interchangeably between segments and Company is of the view that it is not practical to reasonably allocate liabilities and other non-cash expenses to individual segments and an adhoc allocation will not be meaningful.

B. **SECONDARY SEGMENTS:**

Revenues from secondary segments are as under:

Rs. in Million

Sector	
Europe	27,718
USA	6,228
Rest of World	2,101
Total	**36,047**

Segregation of assets into secondary segments has not been done as the assets are used interchangeably between segments. Consequently the carrying amounts of assets by location of assets are not given.

A. **PRIMARY SEGMENTS**

For the year ended March 31, 2007

Rs. in Million

PARTICULARS	**TELECOM SERVICE PROVIDER**	**TELECOM EQUIPMENT MANUFACTURER**	**BUSINESS PROCESS OUTSOURCING**	**OTHERS**	**TOTAL**
Revenues	26,183	600	141	653	27,577
Less: Direct expenses	15,797	483	156	483	16,919
Segmental Operating Income	**10,386**	**117**	**(15)**	**170**	**10,658**
Less: Unallocable expenses					
Depreciation					463
Interest					69
Other unallocable expenses					3,618
Total unallocable expenses					**4,150**
Operating income					**6,508**
Add: Other income					9
Net Profit before taxes & exceptional item					**6,517**
Less: Provision for taxation					
Current tax					(573)
Deferred tax					9
Fringe benefit tax					(51)
Net Profit after taxes & before exceptional item					**5,902**
Exceptional item					(5,250)
Net profit for the year					**652**
Excess provision for income-tax in respect of earlier years written back (Refer note 24 (b) below)					339
Net profit					**991**

Segregation of assets, liabilities, depreciation and other non-cash expenses into various primary segments has not been done as the assets are used interchangeably between segments and Company is of the view that it is not practical to reasonably allocate liabilities and other non-cash expenses to individual segments and an adhoc allocation will not be meaningful.

B. **SECONDARY SEGMENTS:**

Revenues from secondary segments are as under:

Sector	**Rs. in Million**
Europe	21,278
USA	4,126
Rest of World	2,173
Total	**27,577**

Segregation of assets into secondary segments has not been done as the assets are used interchangeably between segments. Consequently the carrying amounts of assets by location of assets are not given.

21. (A) The Company has instituted " Employee Stock Option Plan 2000" (ESOP) for its employees and Directors. For this purpose it had created a trust viz. MBT ESOP Trust. In terms of the said Plan, the trust has granted options to the employees and directors in form of warrant which vest at the rate of 33.33% on each successive anniversary of the grant date. The options can be exercised over a period of 5 years from the date of grant. Each warrant carries with it the right to purchase one equity share of the Company at the exercise price determined by the trust on the basis of fair value of the equity shares at the time of grant.

The details of the options are as under:

Particulars	March 31, 2008	March 31, 2007
Options outstanding at the beginning of the year	**489,120**	1,220,000
Options granted during the year	**-**	-
Options lapsed during the year	**6,620**	18,480
Options cancelled during the year	**20,480**	37,860
Options exercised during the year	**111,930**	674,540
Options outstanding at the end of the year	**350,090**	489,120

Out of the options outstanding at the end of year, **244,390** (previous year: 100,420) (Net of exercised & lapsed) options have vested, which have not been exercised.

(B) The Company has instituted "Employee Stock Option Plan 2004" (ESOP 2004) for its employees. In terms of the said Plan, the compensation committee has granted options to employees of the Company. The options are divided into upfront options and performance options. The upfront options are divided into three sets which will entitle holders to subscribe to option shares at the end of first year, second year and third year. The vesting of the performance options will be decided by the compensation Committee based on the performance of employees.

Particulars	March 31, 2008	March 31, 2007
Options outstanding at the beginning of the year	**5,677,701**	10,219,860
Options granted during the year	**-**	-
Options lapsed during the year	**-**	-
Options cancelled during the year	**-**	-
Options exercised during the year	**-**	4,542,159
Options outstanding at the end of the year	**5,677,701**	5,677,701

Out of the options outstanding at the end of the year, there are **2,271,081** (previous year: Nil) (Net of exercised & lapsed) vested options which have not been exercised.

(C) The Company has instituted "Employee Stock Option Plan 2006 "(ESOP 2006) for the employees and directors of TML and its subsidiary companies. In terms of the said plan, the compensation committee has granted options to the employees of the Company. The vesting of the options is 10% , 15%, 20%, 25%,and 30 % of total options granted after 12, 24, 36, 48 and 60 months, respectively from the date of grant. The maximum exercise period is 7 years from the date of grant.

The details of the options are as under:

Particulars	March 31, 2008	March 31, 2007
Options outstanding at the beginning of the year	**4,493,116**	4,612,380
Options granted during the year	**72,000**	656,625
Options lapsed during the year	**-**	-
Options cancelled during the year	**337,850**	402,890
Options exercised during the year	**34,238**	372,999
Options outstanding at the end of the year	**4,193,028**	4,493,116
Weighted average share price of the above options on the date of the exercise	**Rs. 83**	Rs. 83

Out of the options outstanding at the end of the year, **680,543** (previous year: 56,456) (Net of exercised & lapsed) options have vested which have not been exercised.

(D) The Company uses the intrinsic value-based method of accounting for stock options granted after April 1, 2005. Had the compensation cost for the Company's stock based compensation plan been determined in the manner consistent with the fair value approach, the Company's net income would be lower by **Rs. 32 Million** (previous year: Rs. 10 Million) and earnings per share as reported would be lower as indicated below:

Rs. in Million except earning per share

Particulars	**March 31, 2008**	March 31, 2007
Net profit after tax and before exceptional item (As reported)	**7,658**	5,902
Less: Exceptional items	**(4,401)**	(5,250)
Net profit for the year	**3,257**	652
Add: Provision in respect of earlier year written back	**165**	-
Add: Excess provision for income-tax in respect of earlier year written back	**-**	339
Net Profit	**3,422**	991
Less: Total stock-based employee compensation expense determined under fair value base method	**32**	10
Adjusted net profit	**3,390**	981
Basic earnings per share (in Rs.)		
- As reported	**28.21**	8.62
- Adjusted	**27.94**	8.53
Diluted earnings per share (in Rs.)		
- As reported	**26.17**	7.60
- Adjusted	**25.93**	7.52
The fair value of each warrant is estimated on the date of grant based on the following assumptions:		
Dividend yield (%)	**6.60**	6.89
Expected life	**5 years**	5 years
Risk free interest rate (%)	**7.83**	7.72
Volatility (%)	**55.28**	62.69

22. As required under Accounting Standard 18 "Related Party Disclosures" (AS-18), following are details of transactions during the year with the related parties of the Company as defined in AS 18:

(a) List of Related Parties and Relationships

Name of Related Party	**Relation**
Mahindra & Mahindra Ltd.	Holding Company
British Telecommunications, plc.	Promoter holding more than 20% stake
Tech Mahindra (Americas) Inc, USA	100% subsidiary company
Tech Mahindra GmbH	100% Subsidiary company
Tech Mahindra (Singapore) Pte Ltd.	100% Subsidiary company
Tech Mahindra (R & D Services) Ltd.	100% Subsidiary company
Tech Mahindra (Thailand) Ltd.	100% Subsidiary company
PT Tech Mahindra Indonesia	100% Subsidiary company
CanvasM Technologies Ltd.	80.10% Subsidiary company
iPolicy Networks Ltd.	100% Subsidiary company
CanvasM (Americas) Inc.	80.10% Subsidiary company
Tech Mahindra (Malaysia) Sdn. Bhd	100% Subsidiary company
Tech Mahindra (Beijing) IT Services Ltd.	100% Subsidiary company
Tech Mahindra (R & D Services) Inc.	100% Subsidiary company
Tech Mahindra Foundation	100% Subsidiary company
Mahindra Engineering and Chemical Products Ltd.	Fellow Subsidiary Company
Mahindra Engineering Design and Development Company Ltd.	Fellow Subsidiary Company
Bristlecone India Ltd.	Fellow Subsidiary Company
Mahindra World City (Jaipur) Ltd.	Fellow Subsidiary Company
Mr. Vineet Nayyar Vice Chairman, Managing Director and Chief Executive Officer	Key Management Personnel

(b) Related Party Transactions for year ended March 31, 2008

Rs. in Million

Transactions	Promoter Companies	Subsidiary Companies	Fellow Subsidiary Companies	*Key Management Personnel
Reimbursement of Expenses (Net)-Paid/(Receipt)	(92) [(348)]	128 [(276)]	- -	- -
Income from Services & Management Fees	24,060 [19,001]	901 [1,387]	3 [3]	- -
Paid for Services Received	71 [(24)]	- -	- -	- -
Project Transition Cost	233 [-]	- -	- -	- -
Interest on Loan Given	- [-]	10 [10]	- [-]	- [-]
Interest on Loan Taken	- [-]	38 [8]	- [-]	- [-]
Sub-contracting Cost	- [-]	3,635 [3,213]	8 [21]	- [-]
Dividend Paid	- [1143]	- [-]	- [-]	- [1]
Investment	- [-]	849 [276]	- [-]	- [-]
Loan Given	- [-]	170 [-]	- [-]	- [-]
Loan Given-Repaid	- [-]	270 [-]	- [-]	- [-]
Loan received	- [-]	860 [390]	- [-]	- [-]
Loan Received-Repaid	- [-]	600 [-]	- [-]	- [-]
Salary and Perquisites	- [-]	- [-]	- [-]	24 [24]
Donation	- [-]	76 [56]	- [-]	- [-]
Stock Options	[-] [-]	[-] [-]	[-] [-]	[-]* [-]
Rent Paid/Payable	- [-]	6 [6]	- [-]	[-] [-]
Rent Received/Receivable	- [-]	4 [1]	- [-]	- [-]
Deposit Paid	- [-]	- [10]	- [-]	- [-]
Deposit Received	- [-]	15 [-]	- [-]	- [-]
Purchase of Fixed Asset	17 [9]	2 [-]	- [-]	- [-]
Advance Given	- [-]	- [4]	57 [-]	- [-]
Payment for Exclusivity / Upfront Discount	4,401 [5,250]	- [-]	- [-]	- [-]
Debit / (Credit) balances (Net) (inclusive of unbilled) outstanding as on March 31, 2008	6,904 [5,349]	345 [236]	57 [1]	- [-]

Figures in brackets "[ ]"are for previous year.

* Options exercised during the year are for **Nil** (previous year: 1,514,053) equity shares and options granted and outstanding as at year end are **1,892,567** (previous year: 1,892,567).

Out of the above items transactions with Promoter companies, Subsidiary Companies, Fellow Subsidiaries and Key Management Personnel in the excess of 10% of the total related party transactions are as under:

Rs. in Million

Transactions		**Year ended March 31, 2008**	Year ended March 31, 2007
Reimbursement of Expenses (Net) - Paid/(Receipt)			
Promoter Companies			
- British Telecommunications, Plc.	(109)		(359)
- Mahindra & Mahindra Ltd.	16		-
		(93)	(359)
Subsidiary Companies			
- Tech Mahindra (Americas) Inc.	(193)		(211)
- Tech Mahindra (R & D Services) Ltd.	47		-
- Tech Mahindra (R & D Services) Inc.	55		-
- CanvasM Technologies Ltd.	(14)		-
		(105)	(211)
Income from Services			
Promoter Companies			
- British Telecommunications, Plc.		**24,024**	18,982
Paid for Services Received			
Promoter Companies			
- Mahindra & Mahindra Ltd.		**71**	24
Project transition cost			
Promoter Companies			
- British Telecommunications, Plc.		**233**	-
Subcontracting Cost			
Subsidiary Companies			
- Tech Mahindra (Americas) Inc.	2,875		2,292
- Tech Mahindra GmbH.	370		350
- Tech Mahindra Singapore Pte Ltd.	-		502
		3,245	3,144
Dividend Paid			
Promoter Companies			
- Mahindra & Mahindra Ltd.		**-**	634
- British Telecommunications, Plc.		**-**	474
Donation			
- Tech Mahindra Foundation.		**76**	56
Investment			
Subsidiary Companies			
- PT Tech Mahindra Indonesia.	-		22
- CanvasM Technologies Ltd.	462		-
- iPolicy Networks Ltd.	381		150
- Tech Mahindra (R & D Services) Ltd.	-		101
		843	273
Loan Given			
Subsidiary Companies			
- iPolicy Networks Ltd.	100		-
- PT Tech Mahindra Indonesia	71		102
- Tech Mahindra (Americas) Inc.	-		-
		171	102
Loan Given-Repaid			
Subsidiary Companies			
- iPolicy Networks Ltd.	(100)		
- PT Tech Mahindra Indonesia	(71)		(102)
- Tech Mahindra (Americas) Inc.	(100)		
		(271)	(102)

Rs. in Million

Transactions		**Year ended March 31, 2008**	Year ended March 31, 2007
Loan Received/Receivable			
Subsidiary Companies			
- Tech Mahindra (R & D Services) Ltd.		**860**	(390)
Loan Received-Repaid			
Subsidiary Companies			
- Tech Mahindra (R & D Services) Ltd.		**600**	-
Deposit Paid			
Subsidiary Companies			
- Tech Mahindra (R & D Services) Ltd.		**-**	10
Deposit Received			
Subsidiary Companies			
- CanvasM Technologies Ltd.		**15**	-
Interest Received/Receivable			
Subsidiary Companies			
- Tech Mahindra (Americas) Inc.	6		9
- iPolicy Networks Ltd.	4		-
- PT Tech Mahindra Indonesia	-		-
		10	9
Interest Paid/Payable			
Subsidiary Companies			
- Tech Mahindra (R & D Services) Ltd.		**38**	8
Rent Paid/Payable			
Subsidiary Companies			
- Tech Mahindra (R & D Services) Ltd.		**6**	6
Rent Received/Receivables			
Subsidiary Companies			
CanvasM Technologies Ltd.		**4**	1
Fellow Subsidiary Company			
- Mahindra World City (Jaipur) Ltd		**57**	-
Advances Given			
Subsidiary Companies			
- Tech Mahindra (R & D Services) Ltd.		**-**	4
Purchase of Fixed Assets			
Promoter Companies			
- Mahindra & Mahindra Ltd.		**-**	9
- British Telecommunications, Plc		**16**	-
Exclusivity payment /Upfront Discount			
Promoter Companies			
- British Telecommunications, plc.		**4,401**	5,250
Salary and Perquisites			
Key Management Personnel			
- Mr. Vineet Nayyar		**24**	24

Other related parties of the Company are as under:

• First Choice Wheels Ltd. (Earlier known as Automartindia Ltd.)	Fellow Subsidiary
• Bristlecone Ltd.	Fellow Subsidiary
• Bristlecone Inc.	Fellow Subsidiary
• Mahindra Consulting Engineers Ltd.	Fellow Subsidiary
• Mahindra-BT Investment Company (Mauritius) Ltd.	Holding company
• Bristlecone GmbH	Fellow Subsidiary
• Bristlecone Singapore Pte. Ltd.	Fellow Subsidiary
• Mahindra (China) Tractor Company Ltd.	Fellow Subsidiary
• Mahindra Europe s.r.l.	Fellow Subsidiary
• Mahindra Gujarat Tractor Ltd.	Fellow Subsidiary
• Mahindra Holdings & Finance Ltd.	Fellow Subsidiary
• Mahindra Holidays & Resorts India Ltd.	Fellow Subsidiary
• Mahindra Holidays & Resorts (USA) Inc.	Fellow Subsidiary
• Mahindra Insurance Brokers Ltd.	Fellow Subsidiary
• Mahindra Intertrade Ltd.	Fellow Subsidiary
• Bristlecone UK Ltd.	Fellow Subsidiary
• Mahindra International Ltd.	Fellow Subsidiary
• Mahindra Logisoft Business Solutions Ltd.	Fellow Subsidiary
• Mahindra Middleeast Electrical Steel Service Centre (FZE)	Fellow Subsidiary
• Mahindra & Mahindra Financial Services Ltd.	Fellow Subsidiary
• Mahindra & Mahindra South Africa (Pty) Ltd.	Fellow Subsidiary
• Mahindra Overseas Investment Company (Mauritius) Ltd.	Fellow Subsidiary
• Mahindra Renault Pvt. Ltd.	Fellow Subsidiary
• Mahindra Steel Service Centre Ltd.	Fellow Subsidiary
• Mahindra Shubhlabh Services Ltd.	Fellow Subsidiary
• Mahindra SAR Transmission Pvt. Ltd.	Fellow Subsidiary
• Mahindra USA Inc.	Fellow Subsidiary
• Mahindra Ugine Steel Company Ltd.	Fellow Subsidiary
• NBS International Ltd.	Fellow Subsidiary
• Stokes Group Ltd.	Fellow Subsidiary
• Jensand Ltd.	Fellow Subsidiary
• Stokes Forgings Dudley Ltd.	Fellow Subsidiary
• Stokes Forgings Ltd.	Fellow Subsidiary
• Plexion Technologies (UK) Ltd.	Fellow Subsidiary
• Plexion Technologies GmbH	Fellow Subsidiary
• Plexion Technologies Incorporated	Fellow Subsidiary
• Mahindra Forgings International Ltd.	Fellow Subsidiary
• Mahindra Forgings Global Ltd.	Fellow Subsidiary
• Gesenkschmiede Schneider GmbH	Fellow Subsidiary
• Falkenroth Umformtechnik GmbH	Fellow Subsidiary
• Jeco-Jellinghaus GmbH	Fellow Subsidiary
• Mahindra Forgings Europe AG	Fellow Subsidiary
• Mahindra Hinoday Industries Ltd.	Fellow Subsidiary
• Schöneweiss & Co. GmbH	Fellow Subsidiary
• Mahindra Life Space Developers Ltd.	Fellow Subsidiary
• Mahindra Infrastructure Developers Ltd.	Fellow Subsidiary
• Mahindra Integrated Township Ltd.	Fellow Subsidiary
• Mahindra World City Developers Ltd.	Fellow Subsidiary
• Mahindra World City (Maharashtra) Ltd.	Fellow Subsidiary
• MHR Hotel Management GmbH	Fellow Subsidiary
• Bristlecone (Malaysia) Sdn Bhd	Fellow Subsidiary
• Mahindra Automotive Ltd.	Fellow Subsidiary
• Mahindra Castings Private Ltd.	Fellow Subsidiary
• Mahindra Forgings Ltd.	Fellow Subsidiary
• Mahindra Hotels and Residences India Ltd.	Fellow Subsidiary
• Mahindra Holdings Ltd.	Fellow Subsidiary
• Mahindra Logistics Ltd.	Fellow Subsidiary
• Mahindra Rural Housing Finance Ltd.	Fellow Subsidiary
• Mahindra Retail Private Ltd.	Fellow Subsidiary
• Mahindra Technology Park Ltd.	Fellow Subsidiary
• Punjab Tractors Ltd.	Fellow Subsidiary
• Mahindra Residential Developers Ltd.	Fellow Subsidiary
• Mahindra Aerospace Pvt. Ltd.	Fellow Subsidiary
• Heritage Bird (M) Sdn Bhd	Fellow Subsidiary
• Mahindra First Choice Services Ltd.	Fellow Subsidiary
• Mahindra Graphic Research Design srl	Fellow Subsidiary
• Mahindra Navistar Engines Private Ltd.	Fellow Subsidiary

There have been no transactions with the aforesaid companies during the year.

23. (a) The tax effect of significant timing differences that has resulted in deferred tax assets and liabilities are given below:

Rs. in Million

Particulars	**March 31, 2008**	March 31, 2007
a) Deferred tax liability:		
Depreciation	**(1)**	(1)
b) Deferred tax asset:		
Gratuity, Leave Encashment etc.	**14**	11
Doubtful Debts	**1**	4
Total Deferred Tax Asset (Net)	**14**	14

(b) Consequent to completion of Income-tax assessments by the tax authorities in the United Kingdom for the financial years 2001-02, 2002-03 and 2003-04 the Company has received tax refunds aggregating to Rs.321 Million (including interest aggregating to Rs.37 Million) in previous year. Accordingly, in previous year the excess provision for Income-tax relating to the aforesaid years has been written back to the profit and loss account and the interest received is disclosed under Other Income.

24. Exchange Gain/(Loss)(Net) accounted during the year:

(a) The Company enters into foreign Exchange Forward Contracts and Currency Option Contracts to offset the foreign currency risk arising from the amounts denominated in currencies other than the Indian rupee. The counter party to the Company's foreign currency Forward Contracts and Currency Option Contracts is generally a bank. These contracts are entered into to hedge the foreign currency risks of firm commitments. Forward Exchange Contracts and Currency Option Contracts in UK Pound exposure are split into two parts, which are GBP to USD and USD to INR.

(b) The following are the outstanding GBP:USD Currency Exchange Contracts entered into by the company which have been designated as Cash Flow Hedges as on March 31, 2008:

Type of cover	**Amount outstanding at year end in Foreign currency (in Million)**	**Fair Value Gain/(Loss) (Rs. in Million)**	**Amount outstanding at year end (Rs. in Million)**	**Exposure to Buy/Sell**
Forward	GBP 36 (previous year: Nil)	26 (previous year: Nil)	2,865 (previous year: Nil)	Sell
Option	GBP 292 (previous year: Nil)	920 (previous year: Nil)	23,217 (previous year: Nil)	Sell

(c) The following are the outstanding USD:INR Currency Exchange Contracts entered into by the company which have been designated as Cash Flow Hedges as on March 31, 2008:

Type of cover	**Amount outstanding at year end in Foreign currency (in Million)**	**Fair Value Gain/(Loss) (Rs in Million)**	**Amount outstanding at year end (Rs. in Million)**	**Exposure to Buy/ Sell**
Forward	USD 318 (previous year: Nil)	(141) (previous year: Nil)	12,738 (previous year: Nil)	Sell
Option	USD 539 (previous year: Nil)	46 (previous year: Nil)	21,625 (previous year: Nil)	Sell

The movement in hedging reserve during period ended March 31, 2008 for derivatives designated as Cash Flow Hedges is as follows:

Particulars	**Year ended March 31, 2008**	Year ended March 31, 2007
Balance at the beginning of the year	**-**	-
Gain/(Loss) transferred to income statement on occurrence of forecasted hedge transaction	**-**	-
Changes in the fair value of effective portion of outstanding cash flow derivative	**851**	-
Net derivative Gain/(Loss) related to discounted cash flow hedge	**-**	-
Balance at the end of the year	**851**	-

(d) In addition to the above cash flow hedges, the Company has few outstanding Foreign Exchange Forward Contracts and Currency Options Contracts aggregating to **Rs. 10,630 Million** (previous year: Rs. 20,851 Million) whose fair value showed a gain of **Rs. 184 Million** (previous year: Rs. 151 Million), which do not qualify for hedge accounting and accordingly these are accounted as derivative instruments at fair value with changes in fair value recorded in the profit and loss account.

(e) The year end foreign currency exposures that have not been specifically hedged by a derivative instrument or otherwise are given below:

Amounts receivable in foreign currency on account of the following:

Particulars	**Rs. in Million**	**Foreign currency in Million**			
		Current Year		Previous Year	
Debtors	3,272 (previous year: 1481)	GBP	34	GBP	-
		AUD	3	AUD	-
		CAD	2	CAD	-
		EUR	4	EUR	3
		NZD	3	NZD	-
		SGD	1	SGD	5
		THB	0	THB	23
		USD	-	USD	25
		PHP	27	PHP	-
		MYR	1	MYR	-
Loans and advances	16 (previous year: 229)	USD	-	USD	5
		AUD	0	AUD	-
		NZD	0	NZD	-
		SGD	0	SGD	-
		TWD	0	TWD	0
		CAD	0	CAD	-
		EUR	1	EUR	0
Cash/Bank balances (Net)	265 (previous year: 99)	USD	4	USD	-
		AUD	1	AUD	-
		NZD	1	NZD	-
		TWD	15	TWD	39
		PHP	13	PHP	-
		CAD	0	CAD	-
		EUR	0	EUR	-

Amounts payable in foreign currency on account of the following:

Particulars	Rs. in Million	Foreign currency in Million			
		Current Year		Previous Year	
Creditors (Net)	672 (previous year: 796)	EUR	2	EUR	3
		GBP	4	GBP	1
		SGD	2	SGD	4
		THB	1	THB	32
		USD	4	USD	8
		MYR	0	MYR	-
		PHP	0	PHP	-
		CNY	0	CNY	-
		AUD	0	AUD	-
Other current liabilities (Net)	733 previous year: 566)	GBP	9	GBP	7
		USD	-	USD	0

(f) Exchange Gain/(Loss)(Net) accounted during the year:

Rs. in Million

Particulars	**March 31, 2008**	March 31, 2007
Others	**765**	(155)

25. The public issue of the Company's Equity Shares consisting of a fresh issue of 3,186,480 Equity Shares by the Company and an offer for sale of 9,559,520 Equity Shares, by certain existing Shareholders was made pursuant to a prospectus dated August 11, 2006. The Equity Shares were issued for cash at a price of Rs.365 per Equity Share (including a securities premium of Rs.355 per Equity Share).

The statement of proceeds from the public issue and utilisation thereof is as under:

Particulars	**No. of shares**	**Price**	**Rs. in Million**
Proceeds received after payment to selling shareholders	**3,186,480**	**365**	**1,163**
Less : Expenses (Net) relating to the issue after recovery from the selling shareholders :			
Professional fees			**35**
Advertising expenses			**8**
Rates and taxes			**1**
Miscellaneous expenses			**1**
Printing and stationery			**4**
Traveling expenses			**3**
Net Proceeds			**1,111**
Deployment up to March 31, 2008			
Used for the capitailsation work at Hinjewadi			**1,111**
Total			**1,111**

26. Particulars of loans/advances and investment in its own shares by listed companies, their subsidiaries, Associates, etc, required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement

Loans and advances in the nature of loans to subsidiaries and investment in subsidiaries:

Rs. in Million

Name of the Company	**Balance as on March 31, 2008**	**Maximum outstanding During the year**	**Investment in subsidiary**
- Tech Mahindra (Americas) Inc.	100 [218]	218 [234]	- [-]
- PT Tech Mahindra Indonesia	- [-]	35 [102]	- [22]
iPolicy Networks Ltd.	- [-]	94 [-]	381 [150]
Tech Mahindra (R & D Services) Ltd.	- [-]	- [-]	21 [101]
CanvasM Technologies Ltd.	- [-]	- [-]	462 [-]
Tech Mahindra (Malaysia) SDN. BHD	- [-]	- [-]	4 [-]
Tech Mahindra (Beijing) IT Services Ltd.	- [-]	- [-]	3 [-]

Figures in brackets "[ ]" indicate previous year figures.

There are no loans and advances in the nature of loans to associates, loans and advances in the nature of loans where there is no repayment schedule or repayment beyond seven years or no interest or interest under section 372A of the Companies Act, 1956 and loans and advances in the nature of loans to firms/companies in which directors are interested.

27. Earning Per Share is calculated as follows:

Rs. in Million except earning per share

Particulars	**Year ended March 31, 2008**	Year ended March 31, 2007
Profit after taxation and before exceptional item	**7,658**	5,902
Less: Exceptional items	**4,401**	5,250
Profit after taxation and exceptional item	**3,257**	652
Add: Provision in respect of earlier year written back	**165**	-
Add: Excess provision for tax in respect of earlier year written back	**-**	339
Net Profit attributable to shareholders	**3,422**	991
Equity Shares outstanding as at the year end (in nos.)	121,362,869	121,216,701
Weighted average Equity Shares outstanding as at the year end (in nos.)	121,292,103	115,071,417
Weighted average number of Equity Shares used as denominator for calculating Basic Earnings Per Share	**121,292,103**	115,071,417
Add: <u>Diluted number of Shares</u>		
ESOP outstanding at the end of the year.	9,427,640	15,381,480
Number of Equity Shares used as denominator for calculating Diluted Earnings Per Share	**130,719,743**	130,452,897
Nominal Value per Equity Share (in Rs.)	10.00	10.00
Earning Per Share		
Before exceptional item.		
Earnings Per Share (Basic) (in Rs.)	64.49	54.24
Earnings Per Share (Diluted) (in Rs.)	59.84	47.84
After exceptional item		
Earnings Per Share (Basic) (in Rs.)	28.21	8.62
Earnings Per Share (Diluted) (in Rs.)	26.17	7.60

28. Based on the information available with the Company, no creditors have been identified as "supplier" within the meaning of " Micro, Small and Medium Enterprises Development (MSMED) Act 2006".

29. Current tax includes taxes for foreign branches amounting to **Rs. 190 Million** (previous year: Rs. 128 Million)

30. Details of Investments purchased and sold during the year:

TYPE OF FUND	March 31, 2008 Units	March 31, 2008 Cost Rs. in Million
ICICI PRUDENTIAL MUTUAL FUND:		
28 ICICI Prudential's Flexible Income Plan	14,229,879	150
ABN AMRO MUTUAL FUND:		
ABN AMRO Flexible Short Term Plan Ser. B Qtly Div - Reinvested	5,235,029	52
ABN AMRO Money Plus Institutional Weekly Dividend	5,240,770	52
BIRLA SUNLIFE MUTUAL FUND:		
Birla Sun Life Liquid Plus - Institutional Daily Dividend – Reinvestment	39,972,818	400
Birla Sun Life Liquid Plus – Institutional - Weekly Dividend- Reinvested	4,712,065	47
DBS CHOLA MUTUAL FUND:		
DBS Chola FMP - Series 7 (Quarterly Plan - 4) - Dividend	5,085,445	51
DSP MERRILL LYNCH MUTUAL FUND:		
DSP Merrill Lynch Liquid Plus Institutional Plan - Daily Dividend	399,780	400
GRINDLAYS MUTUAL FUND:		
Grindlays Cash Fund - Institutional Plan B - Daily Dividend	5,173,225	55
Grindlays Floating Rate Fund - LT Institutional Plan B - Weekly Dividend	5,476,371	55
HSBC MUTUAL FUND:		
HSBC Liquid Plus - Institutional Plus - Weekly Dividend	5,406,969	54
JM MUTUAL FUND:		
JM Fixed Maturity fund - Series V - Quarterly Plan 4 - Institutional Dividend Plan	10,370,469	104
JM Fixed Maturity Fund - Series V - Quarterly Plan 4 - Institutional Dividend Plan	10,569,489	106
JM Money Manager Fund - Super Plus Plan - Weekly Dividend	10,682,893	107
KOTAK MUTUAL FUND:		
Kotak Flexi Debt Scheme - Quarterly Dividend	5,354,364	55
Kotak Flexi Debt Scheme Daily Dividend	44,860,484	450
Kotak Liquid (Institutional Premium) - Daily Divided	4,470,643	55
RELIANCE MUTUAL FUND:		
Reliance Liquid Plus Fund - Institutional Tenor Fund Plan A - Growth Plan	49,941	50

11. Previous year's figures have been regrouped wherever necessary, to confirm to the current year's classification.

Signatures to Schedules I to XIII

For Deloitte Haskins & Sells
Chartered Accountants

For Tech Mahindra Limited

Anand G. Mahindra
Chairman

Vineet Nayyar
Vice Chairman, Managing Director & CEO

Hon. Akash Paul
Director

Al-Noor Ramji
Director

Bharat Doshi
Director

Hemant M. Joshi
Partner

Clive Goodwin
Director

Dr. Raj Reddy
Director

Ulhas N. Yargop
Director

Vikrant Gandhe
Asst. Company Secretary

Pune, Dated:

Boston, Dated: May 19, 2008

BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE:

I. Registration Details

Registration No. 41370 — State Code 11

Balance sheet date 31 03 2008 (Date Month Year)

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue: NIL	Rights Issue: NIL
Bonus Issue: NIL	Private Placements: NIL
ESOP Allotment: 1462	

III. Position of mobilisation and deployment of funds (Amount in Rs. Thousands)

Total Liabilities (Including shareholder's fund): 22159260	Total Assets: 22159260

Sources of Funds:

Paid-up Capital: 1213943	Reserves & Surplus: 11007070
Secured Loans: NIL	Unsecured Loans: 950000

Application of Funds:

Net Fixed Assets: 4294210	Investments: 2986248
Net Current Assets: 5939338	Deferred Tax Asset: 14217
Accumulated Losses: NIL	Misc. Expenditure: NIL

IV. Performance of Company (Amount in Rs. Thousands)

Turnover (Sales and other income): 37022893	Total Expenditure (Excluding exceptional item): 28676133
Profit/(Loss) before tax: 8346760	Profit/(Loss) after tax: 7657375
Earnings per share (Before exceptional item) in Rs. (Refer to note 27 above): 64.49	Dividend Rate %: 55
Earnings per share (After exceptional item) in Rs. (Refer to note 27 above): 28.21	

V. Generic names of three principal products/services of Company (as per monetary terms)

Item Code (ITC Code) 852490

Product Description COMPUTER SOFTWARE SERVICES

For Tech Mahindra Limited

Anand G. Mahindra
Chairman

Vineet Nayyar
Vice Chairman, Managing Director & CEO

Hon. Akash Paul
Director

Al-Noor Ramji
Director

Bharat Doshi
Director

Clive Goodwin
Director

Dr. Raj Reddy
Director

Ulhas N. Yargop
Director

Vikrant Gandhe
Asst. Company Secretary

Boston, Dated: May 19, 2008

Statement pursuant to Section 212 of the Companies Act, 1956 relating to subsidiary companies.

Particulars	Names of the Subsidiary Companies													
	Tech Mahindra (Americas) Inc.	Tech Mahindra GmbH	Tech Mahindra (Singapore) Pte Limited	Tech Mahindra (Thailand) Limited	Tech Mahindra Foundation	Tech Mahindra (R & D Services) Limited	Tech Mahindra (R&D Services) Inc.	Tech Mahindra (R&D Services) Pte Limited	Pt Tech Mahindra Indonesia	CanvasM Technologies Limited	CanvasM Americas Inc.	iPolicy Networks Limited	Tech Mahindra (Malaysia) SDN. BHD	Tech Mahindra (Beijing) IT Services Limited
The Financial Year of the Subsidairy ended on	March 31, 2008	March 31, 2008	March 31, 2008	March 31, 2008	March 31, 2008	March 31, 2008	March 31, 2008	March 31, 2008	March 31, 2008	March 31, 2008	March 31, 2008	March 31, 2008	March 31, 2008	March 31, 2008
	US $	Euro	SGD	THB	INR	INR	US $	SGD	US $	INR	US $	INR	RM	RMB
Number of shares of the subsidairy company held by Tech Mahindra Limited at the above date														
Equity	375,000	3	5,000	50,000	50,000	9,206,700	500,000	-	500,000	4,619,631	80.10	19,536,940	312,820	469,340
Extent of holding	100%	100%	100%	100%	100%	100%	100%	-	100%	80.10%	80.10%	100%	100%	100%
The net Aggregate of profits/losses of the Subsidiary company for its financial year so far as they concern the members of Tech Mahindra Limited														
a) Dealt with in the accounts of Tech Mahindra for the Year ended March 31, 2008														
b) Not dealt with in the accounts of Tech Mahindra for the Year ended March 31, 2008	2,598,974	350,528	494,354	4,207,795	-	(60,238,158)	246,903	-	276,312	8,329,319	36,266	(40,698,452)	37,953	(443,023)
The Net Aggregate of profits/losses of the Subsidiary company for its previous financial year so far as they concern the members of Tech Mahindra Limited														
a) Dealt with in the accounts of Tech Mahindra for the Year ended March 31, 2007														
b) Not dealt with in the accounts of Tech Mahindra for the Year ended March 31, 2007	1,578,202	350,163	969,809	3,490,928	8,458,399	93,056,048	234,176	1,331	844,976	3,470,571	-	(113,339,980)	-	-

For Tech Mahindra Limited

Anand G. Mahindra
Chairman

Vineet Nayyar
Vice Chairman, Managing Director & CEO

Hon. Akash Paul
Director

Al-Noor Ramji
Director

Bharat Doshi
Director

Clive Goodwin
Director

Dr. Raj Reddy
Director

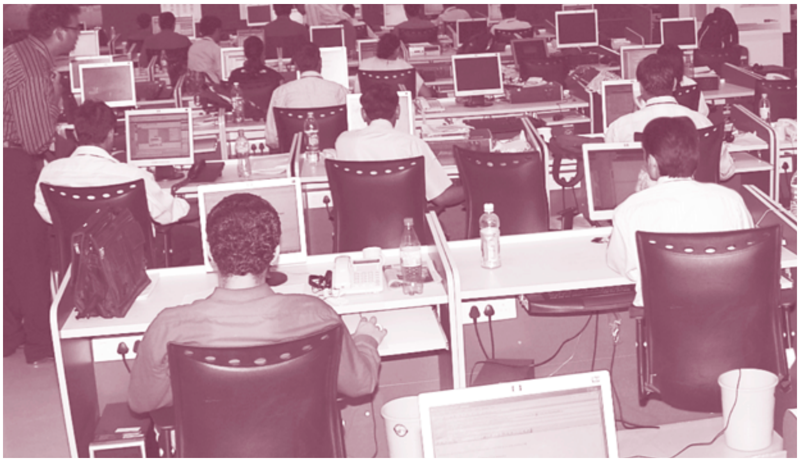
Ulhas N. Yargop
Director

Vikrant Gandhe
Asst. Company Secretary

Boston, Dated: May 19, 2008

Co- locate and collaborate

ConnectNow encourages a collaborative work culture that enables teams to share knowledge, ideas and thoughts. Through a sound network of processes and expertise, collaborative working reduces rework, facilitates agile deliveries, drives innovation and improves customer orientation.Our Co-location center in Pune is an example of collaborative working with partner vendors who service a common customer.



Auditors' Report

To the Board of Directors of Tech Mahindra Limited

1. We have audited the attached Consolidated Balance Sheet of **TECH MAHINDRA LIMITED** and its subsidiaries as at March 31, 2008, and also the Consolidated Profit and Loss account for the year ended on that date and the Consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. We did not audit the financial statements of the subsidiaries, whose financial statements reflect total assets of Rs. 832 million as at March 31, 2008 total revenues of Rs. 2,089 million for the year ended March 31, 2008 and net cash outflows of Rs. 40 million for the year ended March 31, 2008. These financial statements and other financial information have been subjected to audit by other auditors whose reports have been furnished to us and our opinion is based solely on the reports of other auditors.

4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21 on, Consolidated Financial Statements, notified under the Companies (Accounting Standards) Rules, 2006 (the rules).

5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanation given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) in the case of the Consolidated Balance Sheet, of the state of affairs of Tech Mahindra Limited and its subsidiaries as at March 31, 2008;

   (b) in the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date; and

   (c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Deloitte Haskins and Sells
Chartered Accountants

Hemant M. Joshi
Partner
Membership No. 38019

Pune,
Dated: 21st May, 2008

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2008

Rs. in Million

		Schedule	As at March 31, 2008	As at March 31, 2007
I.	**SOURCES OF FUNDS:**			
	SHAREHOLDERS' FUNDS:			
	Share Capital	I	**1,214**	1,212
	Share Application Money		**-**	1
	Reserves and Surplus	II	**11,358**	7,972
			12,572	9,185
	Minority Interest		**111**	116
	LOAN FUNDS:	III		
	Secured Loan		**-**	100
	Unsecured Loan		**300**	33
			300	133
			12,983	9,434
II.	**APPLICATION OF FUNDS:**			
	FIXED ASSETS:	IV		
	Gross Block		**7,457**	6,245
	Less: Depreciation		**3,101**	2,403
	Net Block		**4,356**	3,842
	Capital Work-in-Progress, including Advances		**1,640**	579
			5,996	4,421
	INVESTMENTS:	V	**633**	979
	DEFERRED TAX ASSET (NET):		**60**	74
	(Refer note 14 (a) of schedule XIII)			
	CURRENT ASSETS, LOANS AND ADVANCES:	VI		
	Inventory		**17**	11
	Sundry Debtors		**10,965**	8,216
	Cash and Bank balances		**976**	631
	Loans and Advances		**3,604**	1,537
			15,562	10,395
	Less: CURRENT LIABILITIES AND PROVISIONS:			
	Liabilities	VII	**6,505**	4,899
	Provisions	VIII	**2,763**	1,536
			9,268	6,435
	Net Current Assets		**6,294**	3,960
			12,983	9,434
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS		XIII		

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

Hemant M. Joshi
Partner

Pune, Dated: 21st May, 2008

For Tech Mahindra Limited

Anand G. Mahindra
Chairman

Vineet Nayyar
Vice Chairman, Managing Director & CEO

Hon. Akash Paul
Director

Al-Noor Ramji
Director

Bharat Doshi
Director

Clive Goodwin
Director

Dr. Raj Reddy
Director

Ulhas N. Yargop
Director

Vikrant Gandhe
Asst. Company Secretary

Boston, Dated: May 19, 2008

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

Rs. in Million except earnings per share

	Schedule	Year ended March 31, 2008	Year ended March 31, 2007
INCOME:			
Income from operations		**37,661**	29,290
Other Income	IX	**1,044**	60
Total Income		**38,705**	29,350
EXPENDITURE:			
Personnel	X	**15,599**	11,134
Operating and Other expenses	XI	**13,805**	10,773
Depreciation	IV	**796**	515
Interest	XII	**62**	61
		30,262	22,483
PROFIT BEFORE TAX, MINORITY INTEREST AND EXCEPTIONAL ITEM		**8,443**	6,867
Provision for Taxation			
- Current tax		**(689)**	(648)
- Deferred tax		**15**	(36)
- Fringe benefit tax		**(74)**	(56)
PROFIT AFTER TAX AND BEFORE MINORITY INTEREST AND EXCEPTIONAL ITEM		**7,695**	6,127
Exceptional item (Refer note 8 of schedule XIII)		**4,401**	5,250
Minority Interest Share in (Profit)/Loss		5	(1)
NET PROFIT FOR THE YEAR		3,299	876
Excess Provision for income-tax in respect of earlier year written back (Refer note 14 (b) of schedule XIII)		**-**	339
Balance brought forward from previous year		**4,644**	4,699
Balance available for appropriation		**7,943**	5,914
Interim Dividend - I		**-**	(90)
Interim Dividend - II		**-**	(176)
Final Dividend		**(668)**	-
Dividend Tax		**(113)**	(37)
Transfer to General Reserve		**(1,700)**	(65)
Balance Carried to Balance Sheet		**5,462**	5,546
Earning Per Share (Refer note 17 of schedule XIII)			
Before exceptional item (in Rs.)			
- Basic		**63.49**	56.18
- Diluted		**58.91**	49.56
After exceptional item (in Rs.)			
- Basic		**27.20**	10.56
- Diluted		**25.24**	9.32
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	XIII		

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

Hemant M. Joshi
Partner

Pune, Dated: 21st May, 2008

For Tech Mahindra Limited

Anand G. Mahindra
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Ulhas N. Yargop
Director

Vikrant Gandhe
Asst. Company Secretary

Boston, Dated: May 19, 2008

CONSOLIDATED CASH FLOW FOR THE YEAR ENDED MARCH 31, 2008

Rs. in Million

	Particulars		Year Ended March 31, 2008	Year Ended March 31, 2007
A.	**Cash flow from operating activities:**			
	Net profit before taxation and exceptional item	**8,443**		6,867
	Less:			
	Exceptional item	**(4,401)**		(5,250)
			4,042	1,617
	Adjustments for:			
	Depreciation	**796**		515
	Loss on sale of fixed assets, (net)	**4**		2
	Interest expense	**62**		61
	Decrease in fair value of current investment	**-**		-
	Exchange Loss/(Gain) (Net)	**(251)**		63
	Currency translation adjustment	**7**		5
	Dividend from current investments	**(70)**		(66)
	Interest income	**(46)**		(88)
	Profit on sale of current investments	**(43)**		(14)
			459	478
	Operating profit before working capital changes		**4,501**	2,095
	Adjustments for:			
	Trade and other receivables	**(3,589)**		(4,716)
	Trade and other payables	**2,033**		3,282
			(1,556)	(1,434)
	Cash generated from operations before tax		**2,945**	661
	Income taxes paid	**(999)**		(324)
			(999)	(324)
	Net cash from/(used in) operating activities		**1,946**	337
B.	**Cash flow from investing activities:**			
	Additional consideration on acquisition of subsidiary	**98**		-
	Purchase of fixed assets	**(2,394)**		(1,941)
	Acquisition of business (net of cash)	**-**		10
	Purchase of current investments	**(5,021)**		(6,147)
	Sale of current investments	**5,410**		6,687
	Sale of fixed assets	**3**		3
	Interest received	**48**		80
	Dividend on current investments received	**61**		66
	Net cash from/(used in) investing activities		**(1,795)**	(1,242)

CONSOLIDATED CASH FLOW FOR THE YEAR ENDED MARCH 31, 2008 (Contd.)

Rs. in Million

	Particulars		**As at March 31, 2008**	As at March 31, 2007
C.	**Cash flow from financing activities:**			
	Proceeds from issue of shares (including securities premium)	**11**		951
	Issue of equity shares	**-**		1,163
	Dividend (including dividend tax paid)	**-**		(1,347)
	Payment of principal on car lease	**(14)**		-
	Proceeds from borrowing	**167**		133
	Interest paid	**(62)**		(61)
	Net cash from/(used in) financing activities		**102**	839
	Net increase/(decrease) in cash and cash equivalents (A+B+C)		**253**	(66)
	Cash and cash equivalents at the beginning of the period		**674**	740
	Cash and cash equivalents at the end of the period		**927**	674

Notes:

1. Components of cash and cash equivalents include cash, bank balances in current and deposit accounts as disclosed under schedule VI (b) of the accounts.
2. Purchase of fixed assets are stated inclusive of movements of capital work-in-progress between the commencement and end of the year and are considered as part of investing activity.

		March 31, 2008	March 31, 2007
3.	Cash and cash equivalents:		
	Cash and Bank balances	**976**	631
	Unrealised (Gain)/Loss on foreign currency cash and cash equivalents	**(49)**	43
	Total cash and cash equivalents	**927**	674

4. Cash and cash equivalents include equity share application money of **Rs. Nil** (previous year Rs. 1 million) and unclaimed dividend of **Rs. 1 million** (previous year Rs. 1 million).

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

Hemant M. Joshi
Partner

Pune, Dated: 21st May, 2008

For Tech Mahindra Limited

Anand G. Mahindra
Chairman

Vineet Nayyar
Vice Chairman, Managing Director & CEO

Hon. Akash Paul
Director

Al-Noor Ramji
Director

Bharat Doshi
Director

Clive Goodwin
Director

Dr. Raj Reddy
Director

Ulhas N. Yargop
Director

Vikrant Gandhe
Asst. Company Secretary

Boston, Dated: May 19, 2008

Schedules forming part of the Consolidated Balance Sheet

		Rs. in Million
	As at March 31, 2008	As at March 31, 2007
Schedule I		
SHARE CAPITAL:		
Authorised :		
175,000,000 (previous year: 175,000,000) Equity Shares of Rs.10/- (previous year: Rs. 10/-) each	**1,750**	1,750
	1,750	1,750
Issued subscribed and paid up:		
121,362,869 (previous year: 121,216,701) Equity Shares of Rs. 10/- (previous year Rs.10/-) each fully paid-up	**1,214**	1,212
	1,214	1,212

Notes:

1. Out of the above 9,931,638 (previous year: 9,931,638) Equity Shares of Rs. 10/- (previous year: Rs. 10/- paid-up) each fully paid-up are held by Mahindra BT Investment Company (Mauritius) Limited, a subsidiary of Mahindra and Mahindra Limited and 53,776,252 (previous year: 53,776,252) Equity Shares of Rs. 10/- each (previous year: Rs. 10/- each) are held by Mahindra & Mahindra Limited, the ultimate holding company.
2. The above includes 51,000,100 and 25,000,000 Equity Shares originally of Rs. 2/- each issued as fully paid-up bonus shares by capitalisation of balance of profit and loss account and general reserve, respectively.
3. The above includes 90,148,459 Equity Shares of Rs. 10/- each allotted as fully paid-up bonus shares by way of capitalisation of profit and loss account (Refer note 5 of schedule XIII).
4. The above includes 5 Equity Shares of Rs. 2/- each consolidated into 1 Equity Share of Rs. 10/- each (Refer note 5 of schedule XIII)
5. Refer note 12 of schedule XIII for stock options.

Schedules forming part of the Consolidated Balance Sheet

Rs. in Million

		As at March 31, 2008	As at March 31, 2007
Schedule II			
RESERVES AND SURPLUS:			
General Reserve:			
As per last Balance Sheet	**1,014**		949
Add: Transfer from Profit and Loss Account	**1,700**		65
		2,714	1,014
Securities Premium:			
As per last Balance Sheet	**2,293**		283
Add: Received during the year	**10**		2,010
		2,303	2,293
Currency Translation Reserve			
As per last Balance Sheet	**21**		17
Addition during the year	**7**		4
		28	21
Profit/(Loss) on cash flow Hedges (Refer note 1(I) (iii) of schedule XIII)		**851**	-
Balance in Profit and Loss Account	**5,462**		5,546
Less: Capitalised on issue of Bonus shares (Refer note 5 of schedule XIII)	**-**		902
		5,462	4,644
		11,358	7,972
Schedule III			
LOAN FUNDS:			
Secured Loan:			
- Cash Credit from bank (Refer note 1 and 2 below)		**-**	100
		-	100
Note:			
1. Loan from bank is secured by way of hypothecation of current assets including book debts			
2. Net of current account balance of Rs. Nil (previous year: Rs. 112 Million) as per sweep facility with the bank			
Unsecured Loan:			
Overdraft from bank		**300**	33
		300	33

Schedules forming part of the Consolidated Balance Sheet

Schedule IV

FIXED ASSETS:

Rs. in Million

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
Description of Assets	**Cost as at April 01, 2007**	**Additions during the year**	**Deductions during the year**	**Cost as at March 31, 2008**	**Upto March 31, 2007**	**For the year**	**Deductions during the year**	**Upto March 31, 2008**	**As at March 31, 2008**	**As at March 31, 2007**
Goodwill on consolidation	1,009	21	**-**	**1,030**	-	-	-	**-**	**1,030**	1,009
Leased Assets:										
Vehicles	67	-	17	**50**	38	13	12	39	**11**	29
(Refer note 10 of schedule XIII)										
Other Assets:										
Freehold Land	174	-	-	**174**	-	-	-	-	**174**	174
Leasehold Land	221	210	-	**431**	1	5	-	6	**425**	220
Leasehold Improvements	83	195	-	**278**	6	54	-	60	**218**	77
Office Building/Premises	1,598	-	-	**1,598**	578	107	-	685	**913**	1,020
Computers	1,414	500	80	**1,834**	849	356	79	1,126	**708**	565
Plant and Machinery	879	262	2	**1,139**	461	141	2	600	**539**	418
Furniture and Fixtures	682	126	5	**803**	449	98	4	543	**260**	233
Vehicles	42	3	1	**44**	18	11	1	28	**16**	24
Intangible Assets:										
Intellectual property rights	76	-	-	**76**	3	11	-	14	**62**	73
(Refer note 19 of schedule XIII)										
Total	**6,245**	**1,317**	**105**	**7,457**	**2,403**	**796**	**98**	**3,101**	**4,356**	3,842
Previous year	4,580	1,687	22	6,245	1,905	515	17	2,403		
Capital Work-in-Progress (include capital advances **Rs. 1,635 Million**)#(previous year: Rs. 544 Million)									1,640	579
								Total	**5,996**	4,421

Note: 1) Fixed Assets include certain leased vehicles aggregating to **Rs.14 Million** (previous year: Rs.38 Million) (at cost) on which vendors have a lien.

\# 2) Includes capital advance of **Rs. 254 Million** (previous year: Rs. Nil) paid towards purchase of leasehold land and building constructed on it and inclusive of plant and machinery (property) under an auction through Debt Recovery Tribunal (DRT), New Delhi. The owner of the property has filed an appeal before The Hon'ble Debt Recovery Appeallate Tribunal (DRAT) against the auction. DRAT vide its order dated October 9, 2007, has directed that the auction can proceed but the confirmation of the sale shall be subject to further orders by DRAT.

Schedules forming part of the Consolidated Balance Sheet

			Rs. in Million
		As at March 31, 2008	As at March 31, 2007
Schedule V			
INVESTMENTS:			
Long Term (Unquoted - at cost)			
Trade:			
In Subsidiary Companies:			
50,000 Equity Shares of Tech Mahindra Foundation of Rs. 10/- each fully paid-up	**1**		1
		1	1
Current Investments (Unquoted - at lower of cost or fair value)			
Non Trade:			
3,071.620 (previous year: 5,244.32) units of Rs.1,000.60 (previous year: Rs. 1,000.38) each of DSP Merrill Lynch Liquidity Plus Insitiutional Plan-daily dividend	**3**		5
50,544.739 (previous year: Nil) units of Rs. 1,001.59 (previous year: Rs. Nil) each of DSPML Liquidity Plus Institutional Plan-weekly dividend	**51**		-
Nil (previous year: 200,000.00) units of Rs. Nil (previous year: Rs. 1,000.00) each of DSP Merrill Lynch - Fixed Term Plan series 3A growth	**-**		200
Nil (previous year: 4,600,000.00) units of Rs. Nil (previous year: Rs. 10.00 each) TATA Fixed Horizon Fund Series III	**-**		46
Nil (previous year: 15,000,000.00) units of Rs. Nil (previous year: Rs. 10.00) each of Birla Mutual Fund -FTP-Quarterly-Series 8 -Dividend- Payout	**-**		150
Nil (previous year: 11,533,845.61) units of Rs. Nil (previous year: Rs. 10.02) each of Birla Mutual Fund - Cash Plus-Institutional.Prem.Weekly Dividend-Reinvestment [(Cost previous year: Rs. 116 million)]	**-**		116
Nil (previous year: 5,000,000.00) units of Rs. Nil (previous year: Rs. 10.00) each of HSBC Mutual Fund - Fixed Maturity Plan	**-**		50
Nil (previous year: 10,233,630.44) units of Rs. Nil (previous year: Rs. 10.00) each of J M Mutual Fund- FMP Series IV Quarterly Dividend Plan	**-**		102
Nil (previous year: 5,000,000.00) units of Rs. Nil (previous year: Rs. 10.00) each of Kotak FMP Growth	**-**		50
Nil (previous year: 5,402,783.71) units of Rs. Nil (previous year: Rs. 10.44) each of Reliance Mutual Fund- Short Term fund-Retail Plan-Dividend Option	**-**		56

Schedules forming part of the Consolidated Balance Sheet

Rs. in Million

		As at March 31, 2008	As at March 31, 2007
Schedule V (Contd.)			
Nil (previous year: 5,000,000.00) units of Rs. Nil (previous year: Rs. 9.99) each of Reliance Fixed Tenor Fund Growth Plan [(Cost Rs. Nil (previous year: Rs. 50 Million)]	-		50
Nil (previous year: 5,084,276.05) units of Rs. Nil (previous year: Rs. 10.00) each of Chola FMP series-6 Quarterly plan-3 -Dividend	-		51
Nil (previous year: 5,000,000.00) units of Rs. Nil (previous year: Rs. 9.98) each of Grindlays - FMP-16 month Plan A-Growth [(Cost Rs. Nil (previous year: Rs. 50 Million)]	-		50
1,122,894.45 (previous year: Nil) units of Rs. 10.56 each of ICICI Prudential Flexible Income Plan-dividend weekly	12		-
18,811,010 (previous year: Nil) units of Rs. 10.00 each of Birla Sun Life FTP - INSTL - Series AN Growth	188		-
1,179,151.034 (previous year: Nil) units of Rs. 10.03 each of HSBC Liquid Plus Institutional Plus-weekly dividend	12		-
15,647,449 (previous year: Nil) units of Rs. 10.00 each (previous year: Rs. Nil each) of Kotak Flexi Debt Scheme - Daily Dividend	157		-
15,500,000 (previous year: Nil) units of Rs. 10.00 each (previous year: Rs. Nil) of Standard Chartered Fixed Maturity Plan	155		-
2,752,230 (previous year: Nil) units of Rs. 10.02 each (previous year: Rs. NIL) of Birla Sunlife Liquid Plus Fund	27		-
2,750,662 (previous year: Nil) units of Rs. 10.03 each (previous year: Rs. Nil) of Kotak Mutual Fund - Flexi debt scheme	27		-
Nil (previous year: 5,235,028.52) units of Rs. Nil (previous year: Rs. 10.00) each of ABN AMRO Mutual Fund - FTP Series 4 Quarterly Plan Dividend on Maturity	-		52
		632	978
		633	979

Note:

1. The above "non trade" investments made during previous year are out of proceeds of public issue (Refer note 16 of schedule XIII)
2. Refer note no 18 of schedule XIII for details of investment purchase and sold during the year

Schedules forming part of the Consolidated Balance Sheet

Rs in Million

		As at March 31, 2008	As at March 31, 2007
Schedule VI			
CURRENT ASSETS, LOANS AND ADVANCES:			
Current Assets:			
(a) Inventory			
Finished Goods (Software product)		**17**	11
(b) Sundry Debtors * :			
(Unsecured)			
Debts outstanding for a period exceeding six months:			
: considered good **		**1,153**	502
: considered doubtful		**92**	69
		1,245	571
Other debts, considered good ***		**9,813**	7,714
: considered doubtful		**2**	-
		11,060	8,285
Less: Provision		**95**	69
		10,965	8,216
* Debtors include on account of unbilled revenue aggregating to **Rs. 3,189 Million** (previous year: Rs. 1,898 Million)			
** Net of advances aggregating to **Rs. 98 Million** (previous year: Rs. 179 Million) pending adjustments with invoices			
*** Net of advances aggregating to **Rs. 169 Million** (previous year: Rs. 1,609 Million) pending adjustments with invoices			
(c) Cash and Bank balances:			
Balance with scheduled banks			
(i) In Current Accounts	**822**		237
(ii) In Fixed Deposit Accounts	**37**		343
Balance with other banks:			
(i) In Current Accounts	**117**		51
		976	631
(d) Loans and Advances:			
(Unsecured, considered good unless otherwise stated)			
Bills of Exchange (considered doubtful)	**-**		5
Less: Provision	**-**		5
		-	-
Advances recoverable in cash or in kind or for value to be received - considered good	**2,121**		1,158
- considered doubtful	**10**		6
	2,131		1,164
Less: Provision	**10**		6
		2,121	1,158
Fair value of foreign exchange forward and option contracts (Refer note 1(l) (iii) of schedule XIII)		**1,036**	151
Advance Taxes (net of provisions)		**447**	228
		3,604	1,537
		15,562	10,395

Schedules forming part of the Consolidated Balance Sheet

		Rs. in Million
	As at March 31, 2008	As at March 31, 2007
Schedule VII		
CURRENT LIABILITIES:		
(a) Sundry Creditors:		
Total outstanding dues to Micro, Medium and Small enterprises	**-**	-
Total outstanding dues of Creditors other than Micro, Medium and Small enterprises	**5,119**	4,135
(b) Other Liabilities:	**1,385**	763
(c) Unclaimed Dividend:	**1**	1
	6,505	4,899
Schedule VIII		
PROVISIONS:		
Provision for taxation (net of advance taxes)	**795**	837
Provision for Fringe benefit tax (net of advance taxes)	**6**	10
Proposed Dividend	**668**	-
Provision for Dividend tax	**113**	-
Provision for Gratuity (Refer note 9 of schedule XIII)	**491**	288
Provision for Leave Encashment (Refer note 9 of schedule XIII)	**690**	401
	2,763	1,536

Schedules forming part of the Consolidated Profit and Loss Account

		Year ended March 31, 2008	Year ended March 31, 2007
			Rs. in Million
Schedule IX			
OTHER INCOME:			
Interest on:			
Deposits with banks [Tax deducted at source **Rs. 4 Million** (previous year: Rs. 19 Million)]	**43**		49
Income tax refund (Refer note 14 (b) of schedule XIII)	-		37
Others [Tax deducted at source **Rs. 1 Million** (previous year: Rs. Nil)]	**3**		2
		46	88
Dividend received on current investments (non trade)		**70**	66
Profit on sale of current investments (non trade) (Net)		**43**	14
Exchange fluctuations (Net)		**767**	(114)
Sundry balances written back		**89**	-
Miscellaneous income		**29**	6
		1,044	60
Schedule X			
PERSONNEL:			
Salaries, wages and bonus		**13,672**	9,924
Contribution to provident and other funds		**1,100**	696
Staff welfare		**827**	514
		15,599	11,134

Schedules forming part of the Consolidated Profit and Loss Account

Rs. in Million

		Year Ended March 31, 2008	Year Ended March 31, 2007
Schedule XI			
OPERATING AND OTHER EXPENSES:			
Power		**330**	208
Rent		**790**	417
Rates and taxes		**40**	24
Communication expenses		**825**	542
Travelling expenses		**5,062**	3,559
Recruitment expenses		**84**	121
Hire charges		**191**	181
Sub-contracting costs		**3,899**	2,793
Repairs and maintenance:			
Buildings (including leased premises)	**29**		20
Machinery	**63**		46
Others	**111**		61
		203	127
Insurance		**126**	98
Professional and legal fees		**397**	495
Software packages		**751**	1,388
Project transition cost		**233**	-
Training		**168**	126
Advertising, marketing and selling expenses		**37**	31
Commission on income from service		**169**	221
Loss on sale of fixed assets (net)		**4**	2
Provision for doubtful debts		**26**	39
Provision for doubtful advances		**4**	3
Advances/bad debts written off		**26**	9
Donations		**76**	59
Miscellaneous expenses		**364**	330
		13,805	10,773
Schedule XII			
INTEREST:			
Interest on			
Cash credit/Overdraft		**62**	61
		62	61

Schedules forming part of the Consolidated Balance Sheet and Profit and Loss Account

Schedule XIII

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FORMING PART OF CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2008

1. Significant accounting policies:

(a) Basis for preparation of accounts:

The accompanying Consolidated Financial Statements of Tech Mahindra Limited (TML) ("the holding company") and its subsidiaries are prepared under the historical cost convention in accordance with the generally accepted accounting principles applicable in India (Indian GAAP), the provisions of the Companies Act, 1956 and the Accounting Standards to the extent possible in the same format as that adopted by the holding company for its separate financial statements.

The financial statements of the subsidiaries used in the consolidation are drawn up to the same reporting date as that of the holding company namely March 31, 2008.

(b) Principles of consolidation:

The financial statements of the holding company and its subsidiaries have been consolidated on a line by line basis by adding together the book value of like items of assets, liabilities, income, expenses, after eliminating intra – group transactions and any unrealized gain or losses on the balances remaining within the group in accordance with the Accounting Standard 21 on "Consolidated Financial Statements" (AS-21).

The financial statements of the holding company and its subsidiaries have been consolidated using uniform accounting policies for like transaction and other events in similar circumstances.

The excess of cost of investments in the subsidiary company/s over the share of the equity of the subsidiary company/s at the date on which the investment in the subsidiary company/s is made is recognized as 'Goodwill on Consolidation' and is grouped with fixed assets in the Consolidated Financial Statements.

Alternatively, where the share of equity in the subsidiary company/s as on the date of investment is in excess of cost of the investment, it is recognized as 'Capital Reserve' and grouped with 'Reserves and Surplus', in the Consolidated Financial Statements.

Minority interest in the net assets of the consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made in the subsidiary company/s and further movements in their share in the equity, subsequent to the dates of investments. Minority interest also includes share application money received from minority shareholders. The losses in subsidiary/s attributable to the minority shareholder are recognized to the extent of their interest in the equity of the subsidiary/s.

(c) Use of Estimates:

The preparation of Consolidated Financial Statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reported year. Differences between the actual results and estimates are recognised in the year in which the results are known/ materialised.

(d) Fixed Assets:

Fixed assets are stated at cost less depreciation. Costs comprise purchase price and attributable costs, if any.

(e) Leases:

Assets taken on lease by TML are accounted for as fixed assets in accordance with Accounting Standard 19 on "Leases", (AS-19).

(i) Finance Lease

Assets taken on finance lease are accounted for as fixed assets at fair value. Lease payments are apportioned between finance charge and reduction of outstanding liability.

(ii) Operating Lease

Assets taken on lease under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognised as expenses on accrual basis in accordance with the respective lease agreements.

(f) Depreciation/Amortisation of Fixed Assets:

(i) Depreciation for all fixed assets including for assets taken on lease is computed using the straight-line method based on estimated useful lives. Depreciation is charged on a pro-rata basis for assets purchased or sold during the year. Management's estimate of the useful life of fixed assets is as follows:

Buildings	15 years
Computers	3-4 years
Plant and machinery	3-5 years
Furniture and fixtures	5 years
Vehicles	3-5 years

(ii) Leasehold land is amortised over the period of lease.

(iii) Leasehold improvements are amortised over the period of lease.

(iv) Intellectual property rights are amortised over a period of seven years.

(g) Impairment of Assets:

At the end of the year, each company determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard 28 on "Impairment of Assets". Where the recoverable amount of any fixed asset is lower than its carrying amount, a provision for impairment loss on fixed assets is made for the difference. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

Reversal of impairment loss if any, is recognised immediately as income in the profit and loss account.

(h) Investments:

Current investments are carried at lower of cost and fair value. Long term investments are carried at cost. Provision is made to recognise a decline other than temporary in the carrying amount of long term investments.

(i) Inventories :

Valued at the lower of the cost and net realisable value. Cost is determined on First - In - First - Out basis.

(j) Revenue recognition:

Revenue from software services and business process outsourcing services include revenue earned from services performed on 'time and material' basis, time bound fixed price engagements and system integration projects.

The related revenue is recognized as and when services are performed. Income from services performed by TML pending receipt of purchase orders from customers, which are invoiced subsequently on receipt thereof, are recognized as unbilled revenue.

The Companies also perform time bound fixed price engagements, under which revenue is recognized using the proportionate completion method of accounting, unless work completed cannot be reasonably estimated. Provision for estimated losses, if any on uncompleted contracts are recorded in the year in which such losses become probable based on the current contract estimates. In respect of iPolicy Networks Limited revenue of sale of software and hardware products are recognised at the point of dispatch to the customer.

Unbilled revenue is recognised at month closing rate. On receipt of POs, the amounts are billed to the customer & the revenue is booked at the prevailing rate.

Dividend income is recognized when the Company's right to receive dividend is established. Interest income is recognized on time proportion basis.

(k) Expenditure:

The cost of software purchased for use in software development and services is charged to cost of revenues in the year of acquisition.

(l) (i) Foreign currency transactions:

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the year-end rates. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of monetary items at the end of the year is recognised as income or expense, as the case may be.

Any premium or discount arising at the inception of the forward exchange contract is recognized as income or expense over the life of the contract, except in the case where the contract is designated as a cash flow hedge.

(ii) Derivative instruments and hedge accounting:

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The Company designates these as cash flow hedges applying the recognition and measurements principles set out in the Accounting Standard 30 "Financial Instruments: Recognition and Measurements" (AS-30).

The use of foreign currency forward contracts is governed by the Company's policies approved by the board of directors, which provide written principles on the use of such financial derivatives consistent with the Company's risk management strategy. The Company does not use derivative financial instruments for speculative purposes.

Foreign currency forward contract derivative instruments are initially measured at fair value and are remeasured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognized directly in reserves and the ineffective portion is recognized immediately in profit and loss account.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the profit and loss account as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in reserves is transferred to profit and loss account.

(iii) Accounting for Exchange Gain/(Loss):

The Company enters into foreign exchange forward contracts to off set the foreign currency risk arising from the amounts denominated in currencies other than the Indian Rupee. The counter party to the Company's foreign currency forward contracts is generally a bank.

Pending the issue of an accounting standard under Indian GAAP to cover forward exchange contracts entered into to hedge foreign currency risk of a firm commitment or highly probable forecast transactions, the exchange differences arising on such contracts up to 31st March, 2007 were recognized in the statement of profit or loss in the reporting year.

Effective 1st April, 2007, the Company has designated the outstanding forward exchange contracts as cash flow hedges. Changes in the fair value of effective forward exchange contract are recognized directly in reserves and the ineffective portion is recognized immediately in profit and loss account.

Consequent to this change in accounting for such contracts, the profit for the year ended March 31, 2008 is lower by **Rs. 851 Million** and reserves and surplus are higher by **Rs. 851 Million**.

(m) Translation and Accounting of Financial Statement of Foreign subsidiaries:

The financial statements are translated to Indian Rupees in accordance with the guidance issued by the ICAI in the background material to AS 21 as follows:

(a) All income and expenses are translated at the moving average rate of exchange prevailing during the year.

(b) Assets and liabilities are translated at the closing rate on the balance sheet date.

(c) Share capital is translated at historical rate.

(d) The resulting exchange differences are accumulated in currency translation reserve.

(n) Employee Retirement Benefits:

(a) Gratuity:

The Company provides for gratuity, a defined retirement benefit plan covering eligible employees. The gratuity plan provides for a lump sum payment to employees at retirement, death, incapacitation or termination of the employment based on the respective employee's salary and the tenure of the employment. Liabilities with regard to a gratuity plan are determined based on the actuarial valuation carried out by an independent actuary as of the balance sheet date for TML and its Indian subsidiaries.

In respect of a subsidiary, viz., Tech Mahindra (R&D Services) Limited where the gratuity liability is funded, liability towards gratuity is provided for shortfall, if any, between accrued liabilities as determined on actuarial valuation and fund balance. (Refer note 9 below).

(b) Provident fund:

The eligible employees of TML and its Indian subsidiaries are entitled to receive the benefits of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently at 12% of the basic salary). The contributions as specified under the law are paid to the Regional Provident Fund Commissioner by the Company.

(c) Compensated absences:

The Company provides for the encashment of leave subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment or availment. The liability is provided based on the number of days of unavailed leave at balance sheet date on the basis of an independent actuarial valuation for TML and its Indian subsidiaries. Whereas provision for encashment of unavailed leave on retirement is made on actual basis for Tech Mahindra (Americas) Inc.(TMA), Tech Mahindra GmbH(TMGMBH) and Tech Mahindra (Singapore) Pte. Ltd.(TMSL), TML does not expect the difference on account of varying methods to be material (Refer note 9 below).

Actuarial gains and losses are recognised in full in the profit and loss account for the year in which they occur.

(o) Borrowing costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.

(p) Taxation:

Tax expense comprises of current tax, deferred tax and fringe benefit tax. Current tax is measured at the amount expected to be paid to/recovered from the tax authorities, based on estimated tax liability computed after taking credit for allowances and exemption in accordance with the local tax laws existing in the respective countries.

Minimum alternative tax (MAT) paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability is considered as an asset if there is convincing evidence that the Company will pay normal tax after the tax holiday year. Accordingly, it is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

Deferred tax assets and liabilities are recognised for future tax consequences attributable to timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent years and are measured using relevant enacted tax rates. The carrying amount of deferred tax assets at each balance sheet date is reduced to the extent that it is no longer reasonably certain that sufficient future taxable income will be available against which the deferred tax asset can be realized.

Fringe benefit tax is recognized in accordance with the relevant provisions of the Income-tax Act, 1961 and the Guidance Note on Fringe Benefits Tax issued by the ICAI.

Tax on distributed profits payable in accordance with the provisions of the Income-tax Act, 1961 is disclosed in accordance with the Guidance Note on Accounting for Corporate Dividend Tax issued by the ICAI.

(q) Contingent Liabilities:

These, if any, are disclosed in the notes on accounts. Provision is made in the accounts if it becomes probable that any outflow of resources embodying economic benefits will be required to settle the obligation arising out of past events.

Notes on Accounts:

2. (a) The consolidated financial statements present the consolidated accounts of TML, which consists of the accounts of the holding company and of the following subsidiaries:

Name of the Subsidiary Company	Country of incorporation	Extent of Holding (%) as on March 31, 2008
Tech Mahindra (Americas) Inc.	United States of America	100 %
Tech Mahindra GmbH	Germany	100 %
Tech Mahindra (Singapore) Pte. Ltd.	Singapore	100 %
Tech Mahindra (Thailand) Limited	Thailand	100%
Tech Mahindra (R & D Services) Limited (TMRDL) and its following subsidiary: a) Tech Mahindra (R & D Services) Inc.	India United States of America	100% 100%
PT Tech Mahindra Indonesia	Indonesia	100%
CanvasM Technologies Limited and its following subsidiary: a) CanvasM Technologies Inc.	India United States of America	80.10% 80.10%
iPolicy Networks Limited	India	100%
Tech Mahindra (Malaysia) SDN. BHD	Malaysia	100%
Tech Mahindra (Beijing) IT Services Limited	China	100%

(b) TML has an investment in a subsidiary company viz. Tech Mahindra Foundation (TMF). TMF has been incorporated primarily for charitable purposes, where in, the profits will be applied for promoting its objects. Accordingly, the accounts of TMF are not consolidated in these financial statements, since TML will not derive any economic benefits from its investments in TMF.

3. The estimated amount of contracts remaining to be executed on capital account, (net of capital advances) and not provided for as at March 31, 2008 for TML **Rs. 1,378 Million** (previous year: Rs. 1,291 Million).

4. Contingent liabilities:

(i) TML and its subsidiary TMRDL has received notices from Income Tax authorities resulting in a contingent liability of **Rs.158 Million** and **Rs. 1 Million** (previous year: Rs. 100 Million and Rs. 1 million respectively). TML demand is on account of disallowance of software maintenance activity and deduction under section 80HHE amounting to **Rs. 37 Million** and a further sum of **Rs. 121 Million** relating to section 10A. TML has appealed before Appellate authorities and is hopeful of succeeding in the same.

(ii) TML has received demand notice from Sales Tax authority for **Rs. 1 Million** (previous year: Rs. Nil) towards purchases made from unregistered dealers for the financial year 2000-01. The company has filed appeal against the same.

(iii) Bank Guarantees outstanding for TML and its subsidiaries TMRDL and TMSL are **Rs. 160 Million, Rs. 20 Million and Rs. 6 Million** respectively (previous year: Rs. 224 Million, Rs. 20 Million and Rs. Nil respectively).

(iv) Claims from statutory authorities for TMRDL is **Rs. 2 Million** (Provident Fund) (previous year: Rs 2 Million) and **Rs. 7 Million** (Service Tax) (previous year: Rs. Nil).

5. During the previous year, pursuant to the resolution passed by the shareholders at the Extra Ordinary General Meeting held on June 01, 2006, TML consolidated its share capital from 112,685,573 equity shares of Rs. 2/- each into 22,537,114 equity shares of Rs. 10/- each.

Further, during the previous year TML has issued 90,148,459 equity shares of Rs. 10/- each as bonus shares at the rate of 4 shares for each share held as at June 01, 2006, aggregating to Rs. 902 Million by way of capitalization from the balance of profit and loss account.

6. TML acquired Tech Mahindra (R&D services) Limited on November 28, 2005. The terms of purchase provides for payment of contingent consideration to all the selling shareholders, payable over three years and calculated based on achievement of specific targets. The contingent consideration is payable in cash and cannot exceed **Rs. 641 Million.**

The consideration so payable would be accounted in the books of account in the year of achieving the milestones under the agreement. Accordingly **Rs. 16 Million** (previous year: Rs. 101 Million) has been accounted for during the year as additional cost of acquisition, in accordance with the terms of agreement and **Rs. 5 Million** has been accounted as additional consideration due to revision in management estimates made in the previous year. The total earn out payment amounts to **Rs.154 Million**.

Further, the goodwill arising on additional 1,600 shares of TMRDL acquired during the year aggregating to **Rs. 0.06 Million** has also been added to the goodwill.

7. During the previous year, TML has acquired entire shareholding of iPolicy Networks Limited (iPolicy) (formerly known as iPolicy Networks Private Limited) vide Share Purchase Agreement dated January 18, 2007 for a consideration of **Rs. 29 Million**. As a result iPolicy has become wholly owned subsidiary of the holding company with effect from the date of acquisition. The company has made additional investment of **Rs. 381 Million** (previous year: Rs 120 Million) after the acquisition.

   During the previous year, the excess of the above cost to TML over its share of the equity in iPolicy at the date on which investment was made aggregating to **Rs. 41 Million** has been added to the goodwill on consolidation under fixed assets.

   During the year the company has paid an additional amount of **Rs. 0.03 Million** due to revision in the acquisition cost computation. The above additional cost of **Rs. 0.03 Million**, being the excess of cost to TML over its share of the equity in iPolicy has been added to the goodwill on consolidation under fixed assets.

8. During the year, TML has entered in to an agreement with a customer under which it will have exclusivity for 90 days in negotiating an engagement.

   As per the terms of the agreement TML has made an 'exclusivity' payment of **Rs. 4,401 Million** to the customer which is unconditional, irrevocable and non refundable. Accordingly, this payment has been disclosed as an exceptional item in the profit and loss account.

   The project will be executed with a consortium partner who will bear part of the 'exclusivity payment'. The payment from consortium partner will be accounted when it is contractually firmed up.

   During the previous year, TML had entered into Global Sourcing Agreement relating to the development of a global sourcing model for strategic outsourcing services, with a customer for a term of five years.

   As per the terms of agreement, TML had made an upfront payment of Rs. 5,250 Million to the customer, which is unconditional, irrevocable and non-refundable. Accordingly, this payment had been disclosed as an exceptional item in the previous year profit and loss account.

9. The revised Accounting Standard 15 on "Employee Benefits", (AS-15) has been adopted by the company with effect from April 1, 2006.

   (i) The disclosure as required under AS 15 regarding the employees retirement benefits plan for gratuity is as follows:

   (a) TML, iPolicy and CanvasM:

Rs. in Million

Particulars	**March 31, 2008**	March 31, 2007
Projected benefit obligation, beginning of the year	276	191
Service cost	155	103
Interest cost	28	16
Actuarial (Gain)/Loss	24	(21)
Benefits paid	(15)	(14)
Projected benefit obligation, end of the year	**468**	275

The gratuity plan is not funded and the liability is provided for in the books of account.

Rs. in Million

Particulars	**March 31, 2008**	March 31, 2007
Net periodic gratuity cost		
Service cost	155	103
Interest cost	28	16
Amortisation of actuarial (Gain)/Loss	24	(21)
Net periodic gratuity cost	**207**	98

Assumptions:		
Discount rate	7.75%	8.00%
Rate of increase in compensation levels of covered employees	8.00%	7.75%

(c) TMRDL:

Rs. in Million

Particulars	**March 31, 2008**	March 31, 2007
Projected benefit obligation, beginning of the year	41	29
Service cost	7	6
Interest cost	4	3
Actuarial loss	6	5
Benefits paid	(4)	(2)
Projected benefit obligation, end of the year	**54**	41
Defined benefit obligation liability as at the balance sheet date is wholly funded by the company		
Change in plan assets		
Fair Value of Assets beginning of the year	28	29
Contributions by employer	3	—
Expected return on assets	3	3
Actuarial Gain/(Loss)	1	(2)
Benefits paid	(4)	(2)
Projected fair value of assets, end of the year	**31**	28
Gratuity cost for the year		
Service cost	7	6
Interest cost	4	3
Expected return on assets	(3)	(3)
Amortisation of Actuarial Gain /(Loss)	4	7
Net periodic gratuity cost	**13**	13

Assumptions:		
Discount rate	7.75%	8.00%
Rate of increase in compensation levels of covered employees	7.75%	7.50%

(ii) The disclosure as required under AS 15 regarding the employees retirement benefits plan for leave encashment is as follows:

(a) Disclosure:

Rs. in Million

Particulars	**March 31, 2008**	March 31, 2007
Projected benefit obligation, beginning of the year	313	232
Service cost	91	74
Interest cost	27	18
Actuarial loss	164	30
Past service cost (vested)	9	—
Benefits paid	(65)	(41)
Projected benefit obligation, end of the year	**539**	313

The leave encashment liability is not funded and is provided for in the books of account.

Rs. in Million

Particulars	**March 31, 2008**	March 31, 2007
Net periodic leave encashment cost		
Service cost	91	74
Interest cost	27	18
Amortisation of actuarial loss	164	30
Past service cost (vested)	9	—
Net periodic leave encashment cost	**291**	**122**

Assumptions:		
Discount rate	7.75%	8.00%
Rate of increase in compensation levels of covered employees for TML	8.00%	7.75%

(b) The Company has in addition to above accounted for short term leave encashment and provident fund contribution amounting to **Rs. 77 Million** (previous year: Rs. 89 Million).

10. Assets acquired/given on lease:

(i) Finance lease:

TML has acquired vehicles on lease, the fair value of which aggregates to **Rs. 50 Million** (previous year: Rs. 67 Million). As per Accounting Standard 19 (AS-19) on Leases, the Company has capitalized the said vehicles at their fair value as the leases are in the nature of finance leases as defined in (AS-19). Lease payments are apportioned between finance charge and deduction of outstanding liabilities. The details of lease rentals payable in future are as follows:

Rs. in Million

	Not later than 1 year	**Later than 1 year not later than 5 years**
Minimum lease rentals payable (previous year: Rs. 13 Million and Rs. 4 Million respectively)	**4**	**—**
Present value of lease rentals payable (previous year: Rs. 12 Million and Rs 4 Million respectively)	**4**	**—**

(ii) Operating lease:

(A) The assets taken on operating lease are as detailed below:

(i) TML has taken vehicles on operating lease for a period of three to four years. The lease rentals recognised in the profit and loss account for the year is **Rs. 8 Million** (previous year: Rs. 1 Million).

The future lease payments of operating lease are as follows:

Rs. in Million

	Not later than 1 year	**Later than 1 year not later than 5 years**
Minimum lease rentals payable (previous year: Rs. 1 Million and Rs. 3 Million respectively)	**11**	**18**

(ii) TMRDL has taken on lease various residential/commercial premises for cancelable period of 1 year to 3 years. These agreements are normally renewed on expiry.

Lease rentals recognized in the statement of profit and loss account in respect of the above operating lease is **Rs. 11 Million** (previous year: Rs. 12 Million).

(iii) Tech Mahindra (R&D) Inc. USA has taken office space and vehicles on operating lease. The lease rentals recognised in the profit and loss account for the year is **Rs. 4 Million** (previous year: Rs. 4 Million). The future lease payments of operating lease are as follows

Rs. in Million

	Not later than 1 year		Later than 1 year not later than 5 years	
	Office space	**Vehicles**	**Office space**	**Vehicles**
Minimum lease rentals payable	8 [8]	— [1]	11 [20]	— [1]

Figures in bracket "[ ]" indicate previous year figures

(iv) TMA has taken office space on operating lease. The lease rentals recognized in the profit and loss account for the year is **Rs. 5 Million** (previous year: Rs. 3 Million). The future lease payments of operating lease are as follows:

Rs. in Million

	Not later than 1 year	Later than 1 year not later than 5 years
Minimum lease rentals payable (previous year: Rs. 4 Million and Rs. Nil respectively)	**1**	**—**

(v) TMTL has taken office premises on operating lease. The lease rentals recognized in the profit and loss account for the period is **Rs. 1 Million** (previous year: Rs. 1 Million). The future lease payments of operating lease are as follows:

Rs. in Million

	Not later than 1 year	Later than 1 year not later than 5 years
Minimum lease rentals payable (previous year: Rs. 1 Million and Rs. 3 Million)	**1**	**—**

(vi) TMGMBH has taken office space on operating lease. The future lease payments of operating lease are as follows:

Rs. in Million

	Not later than 1 year	Later than 1 year not later than 5 years
Minimum lease rentals payable (previous year: Rs. 1 Million and Rs. Nil respectively)	**3**	**—**

(vii) TMSL has taken office space on operating lease. The lease rentals recognized in the profit and loss account for the year is **Rs. 8 Million** (previous year: Rs. 7 Million). The future lease payments of operating lease are as follows:

Rs. in Million

	Not later than 1 year	Later than 1 year not later than 5 years
Minimum lease rentals payable (previous year: Rs. 7 Million and Rs. 6 Million respectively)	**7**	**2**

(viii) CanvasM Technologies Ltd is a lessee under various operating leases. Rental expense for operating leases for the year ended March 31, 2008 **Rs. 3 Million** (previous year: Rs. 1 Million). The company has not executed any non-cancelable operating leases.

(B) The assets given by the TMRDL on operating lease are as detailed below:

Rs. in Million

Description of Asset	Gross carrying amount March 31, 2008	Accumulated depreciation April 1, 2007	Depreciation for the year
Building – Block C in Hosur Road, Bangalore.	**50** [50]	**14** [11]	**3** [3]

Figures in bracket "[ ]" indicate previous year figures.

The above operating lease is for a cancelable period of 3 years which is renewal by mutual consent.

There is no contingent rent.

11. With the focus on customers in the Telecom Service Providers (TSP) and TEM segments of the telecom vertical, TML has reorganised its management structure to cater to its business segments. Consequently TML is of the view that as per the requirements of Accounting Standard 17 on "Segment Reporting" (AS-17), the primary segment of TML is business segment by category of customers in the TSP, TEM, Business process outsourcing (BPO) and other sectors and the secondary segment is the geographical segment by location of its customers.

The Accounting principles consistently used in the preparation of the financial statements are also applied to record income and expenditure in the individual segments. There are no inter-segment transactions during the year.

A. **PRIMARY SEGMENTS**

For the year ended March 31, 2008 **Rs. in Million**

Particulars	TELECOM SERVICE PROVIDER	TELECOM EQUIPMENT MANUFACTURER	BUSINESS PROCESS OUTSOURCING	OTHERS	TOTAL
Revenues	33,612	1,937	1,296	816	37,661
Less : Direct expenses	20,792	1,655	807	600	23,854
Segmental Operating Results	12,820	282	489	216	13,807
Less : Unallocable expenses					
Depreciation					796
Interest					62
Other unallocable expenses					5,550
Total unallocable expenses					**6,408**
Operating income					**7,399**
Add : Other income					1,044
Net Profit before tax and exceptional item					**8,443**
Less : Provision for taxation					
Current tax					(689)
Deferred tax					15
Fringe benefit tax					(74)
Net Profit after tax & before Minority Interest and exceptional item					**7,695**
Exceptional item					(4,401)
Minority Interest					5
Net Profit for the year					**3,299**

Segregation of assets, liabilities, depreciation and other non-cash expenses into various primary segments has not been done as the assets are used interchangeably between segments and TML is of the view that it is not practical to reasonably allocate liabilities and other non-cash expenses to individual segments and an adhoc allocation will not be meaningful.

B. **SECONDARY SEGMENTS:**

Revenues from secondary segments are as under:

Rs. in Million

Sector	
Europe	27,733
USA	7,300
Rest of World	2,268
Total	**37,661**

Segregation of assets into secondary segments has not been done as the assets are used interchangeably between segments. Consequently the carrying amounts of assets by location of assets are not given.

A. **PRIMARY SEGMENTS :**

For the year ended March 31, 2007 **Rs. in Million**

Particulars	TELECOM SERVICE PROVIDER	TELECOM EQUIPMENT MANUFACTURER	BUSINESS PROCESS OUTSOURCING	OTHERS	TOTAL
Revenues	26,664	1,832	141	653	29,290
Less: Direct expenses	15,707	1,190	156	483	17,536
Segmental Operating Income	**10,957**	**642**	**(15)**	**170**	**11,754**
Less: Unallocable expenses					
Depreciation					515
Interst					61
Other unallocable expenses					4,371
Total unallocable expenses					**4,947**
Operating Income					**6,807**
Add: Other income					60
Net Profit before tax and exceptional item					**6,867**
Less: Provision for taxation					
Current tax					(648)
Deferred tax					(36)
Fringe benefit tax					(56)
Net Profit before Minority Interest and exceptional item					**6,127**
Exceptional item					(5,250)
Minority interest					1
Net Profit for the year					**876**
Excess provision for income-tax in respect of earlier years written back (Refer note 14 (b) below)					339
Net profit					**1,215**

Segregation of assets, liabilities, depreciation and other non-cash expenses into various primary segments has not been done as the assets are used interchangeably between segments and TML is of the view that it is not practical to reasonably allocate liabilities and other non-cash expenses to individual segments and an adhoc allocation will not be meaningful.

B. **SECONDARY SEGMENTS:**

Revenues from secondary segments are as under:

Rs. in Million

Sector	
Europe	21,237
USA	5,370
Rest of World	2,683
Total	**29,290**

Segregation of assets into secondary segments has not been done as the assets are used interchangeably between segments. Consequently the carrying amounts of assets by location of assets are not given.

12. (A) TML has instituted " Employee Stock Option Plan 2000" (ESOP) for its employees and directors. For this purpose it had created a trust viz. MBT ESOP trust. In terms of the said Plan, the trust has Granted options to the employees and directors in form of warrant which vest at the rate of 33.33% on each successive anniversary of the grant date. The options can be exercised over a period of 5 years from the date of grant. Each warrant carries with it the right to purchase one equity share of the Company at the exercise price determined by the trust on the basis of fair value of the equity shares at the time of grant.

The details of the options are as under:

Particulars	**March 31, 2008**	March 31, 2007
Options outstanding at the beginning of the year	**489,120**	1,220,000
Options granted during the year	**-**	-
Options lapsed during the year	**6,620**	18,480
Options cancelled during the year	**20,480**	37,860
Options exercised during the year	**111,930**	674,540
Options outstanding at the end of the year	**350,090**	489,120

Out of the options outstanding at the end of year, **244,390** (previous year: 100,420) (Net of exercised & lapsed) options have vested, which have not been exercised.

(B) TML has instituted " Employee Stock Option Plan 2004" (ESOP 2004) for its employees. In terms of the said Plan, the compensation committee has granted options to employees of the Company. The options are divided into upfront options and performance options. The upfront options are divided into three sets which will entitle holders to subscribe to option shares at the end of first year, second year and third year. The vesting of the performance options will be decided by the compensation committee based on the performance of employees.

Particulars	**March 31, 2008**	March 31, 2007
Options outstanding at the beginning of the year	**5,677,701**	10,219,860
Options granted during the year	**-**	-
Options lapsed during the year	**-**	-
Options cancelled during the year	**-**	-
Options exercised during the year	**-**	4,542,159
Options outstanding at the end of the year	**5,677,701**	5,677,701

Out of the options outstanding at the end of the year, there are **2,271,081** (previous year: Nil) (Net of exercised & lapsed) vested options which have not been exercised.

(C) TML has instituted "Employee Stock Option Plan 2006 "(ESOP 2006) for its employees and directors and its subsidiary companies. In terms of the said plan, the compensation committee has granted options to the employees of the Company. The vesting of the options is 10%, 15%, 20%, 25%, and 30% of total options granted after 12, 24, 36, 48 and 60 months, respectively from the date of grant. The maximum exercise period is 7 years from the date of grant.

The details of the options are as under:

Particulars	**March 31, 2008**	March 31, 2007
Options outstanding at the beginning of the year	**4,493,116**	4,612,380
Options granted during the year	**72,000**	656,625
Options lapsed during the year	**-**	-
Options cancelled during the year	**337,850**	402,890
Options exercised during the year	**34,238**	372,999
Options outstanding at the end of the year	**4,193,028**	4,493,116
Weighted average share price of the above options on the date of the exercise	**Rs. 83**	Rs. 83

Out of the options outstanding at the end of the year, **680,543** (previous year: 56,456) (Net of exercised & lapsed) options have vested which have not been exercised.

(D) The Company uses the intrinsic value-based method of accounting for stock options granted after April 1, 2005. Had the compensation cost for the Company's stock based compensation plan been determined in the manner consistent with the fair value approach, the Company's net income would be lower by **Rs. 32 Million** (previous year: Rs. 10 Million) and earnings per share as reported would be lower as indicated below:

Rs. in Million except earning per share

Particulars	**March 31, 2008**	March 31, 2007
Net profit after tax and before exceptional item	**7,695**	6,127
Less : Exceptional item	**(4,401)**	(5,250)
Minority Interest	**5**	(1)
Net profit for the year	**3,299**	876
Add : Excess provision for income-tax in respect of earlier year written back	**-**	339
Net Profit	**3,299**	1,215
Less : Total stock-based employee compensation expense determined under fair value base method	**32**	10
Adjusted net profit	**3,267**	1,205
Basic earnings per share (in Rs.)		
- As reported	**27.20**	10.56
- Adjusted	**26.93**	10.47
Diluted earnings per share (in Rs.)		
- As reported	**25.24**	9.32
- Adjusted	**24.99**	9.23
The fair value of each warrant is estimated on the date of grant based on the following assumptions:		
Dividend yield (%)	**6.60**	6.89
Expected life	**5 years**	5 years
Risk free interest rate (%)	**7.83**	7.72
Volatility (%)	**55.28**	62.69

13. As required under Accounting Standard 18 "Related Party Disclosures" (AS-18), following are details of transactions during the year with the related parties of the Company as defined in AS 18:

(a) List of Related Parties and Relationships

Name of Related Party	**Relation**
Mahindra & Mahindra Ltd. British Telecommunications, plc.	Holding Company Promoter holding more than 20% stake
Tech Mahindra Foundation	100% Subsidiary company
Mahindra Engineering and Chemical Products Ltd. Mahindra Engineering Design and Development Company Ltd. Bristlecone India Ltd. Mahindra World City (Jaipur) Ltd	Fellow Subsidiary Company Fellow Subsidiary Company Fellow Subsidiary Company Fellow Subsidiary Company
Mr. Vineet Nayyar Vice Chairman, Managing Director and Chief Executive Officer	Key Management Personnel

(b) Related Party Transactions for year ended March 31, 2008

Rs. in Million

Transactions	**Promoter Companies**	**Subsidiary Company**	**Fellow Subsidiary Companies**	**Key Management Personnel**
Reimbursement of Expenses (Net)-Paid/(Receipt)	(92) [(348)]	- [-]	- [-]	- [-]
Income from Services & Management Fees	24,060 [19,001]	- [-]	3 [3]	- [-]
Paid for Services Received	71 [(24)]	- [-]	- [-]	- [-]
Project Transition Cost	233 [-]	- [-]	- [-]	- [-]
Sub-contracting cost	- [-]	- [-]	8 [21]	- [-]
Dividend Paid	- [1,143]	- [-]	- [-]	- [1]
Salary and Perquisites	- [-]	- [-]	- [-]	24 [24]
Donation	- [-]	76 [56]	- [-]	- [-]
Stock options	- [-]	- [-]	- [-]	-* [-]
Purchase of Fixed Asset	17 [9]	- [-]	- [-]	- [-]
Advance Given	- [-]	- [-]	57 [-]	- [-]
Exclusivity Payment/ [Upfront Payment]	4,401 [5,250]	- [-]	- [-]	- [-]
Debit / (Credit) balances (Net) (inclusive of unbilled) outstanding as on March 31, 2008	6,904 [5,349]	- [-]	57 [1]	- [-]

Figures in brackets "[ ]"are for previous year.

*Options exercised during the year are for **Nil** (previous year: 1,514,053) equity shares and options granted and outstanding as at year end are **1,892,567** (previous year: 1,892,567).

Out of the above items transactions with Promoter Companies, Subsidiary Company, Fellow Subsidiary Companies and Key Management Personnel in the excess of 10% of the total related party transactions are as under:

Rs. in Million

Transactions	**Year ended March31,2008**	Year ended March31,2007
Reimbursement of Expenses (Net) - Paid/(Receipt)		
Promoter Companies		
- British Telecommunications, Plc.	**(109)**	(359)
Income from Services		
Promoter Companies		
- British Telecommunications, Plc.	**24,024**	18,982
Paid for Services Received		
Promoter Companies		
- Mahindra & Mahindra Ltd.	**71**	24
Project Transition Cost		
Promoter Companies		
- British Telecommunications, Plc.	**233**	-
Dividend Paid		
Promoter Companies		
- Mahindra & Mahindra Ltd.	**-**	634
- British Telecommunications, Plc.	**-**	474
Donation		
Subsidiary Company		
- Tech Mahindra Foundation.	**76**	56
Advance Given		
Fellow Subsidiary Company		
- Mahindra World City (Jaipur) Ltd	**57**	-
Purchase of Fixed Assets		
Promoter Companies		
- Mahindra & Mahindra Ltd.	**-**	9
- British Telecommunications, Plc	**16**	-
Exclusivity Payment/ Upfront Payment		
Promoter Companies		
- British Telecommunications, plc.	**4,401**	5,250
Salary and Perquisites		
Key Management Personnel		
- Mr. Vineet Nayyar	**24**	24
Subcontracting Cost		
Fellow Subsidiary Company		
- Bristlecone India Limited	**8**	-

There have been no transactions with the following companies during the year

• First Choice Wheels Ltd (Earlier known as Automartindia Ltd.)	Fellow Subsidiary
• Bristlecone Ltd.	Fellow Subsidiary
• Bristlecone Inc.	Fellow Subsidiary
• Mahindra Consulting Engineers Ltd.	Fellow Subsidiary
• Mahindra-BT Investment Company (Mauritius) Ltd.	Holding company
• Bristlecone GmbH	Fellow Subsidiary
• Bristlecone Singapore Pte. Ltd.	Fellow Subsidiary
• Mahindra (China) Tractor Company Ltd.	Fellow Subsidiary
• Mahindra Europe s.r.l.	Fellow Subsidiary
• Mahindra Gujarat Tractor Ltd.	Fellow Subsidiary
• Mahindra Holdings & Finance Ltd.	Fellow Subsidiary
• Mahindra Holidays & Resorts India Ltd.	Fellow Subsidiary
• Mahindra Holidays & Resorts (USA) Inc.	Fellow Subsidiary
• Mahindra Insurance Brokers Ltd.	Fellow Subsidiary
• Mahindra Intertrade Ltd.	Fellow Subsidiary
• Bristlecone UK Ltd.	Fellow Subsidiary
• Mahindra International Ltd.	Fellow Subsidiary
• Mahindra Logisoft Business Solutions Ltd.	Fellow Subsidiary
• Mahindra Middleeast Electrical Steel Service Centre (FZE)	Fellow Subsidiary
• Mahindra & Mahindra Financial Services Ltd.	Fellow Subsidiary
• Mahindra & Mahindra South Africa (Pty) Ltd.	Fellow Subsidiary
• Mahindra Overseas Investment Company (Mauritius) Ltd.	Fellow Subsidiary
• Mahindra Renault Pvt. Ltd.	Fellow Subsidiary
• Mahindra Steel Service Centre Ltd.	Fellow Subsidiary
• Mahindra Shubhlabh Services Ltd.	Fellow Subsidiary
• Mahindra SAR Transmission Pvt Ltd.	Fellow Subsidiary
• Mahindra USA Inc.	Fellow Subsidiary
• Mahindra Ugine Steel Company Ltd.	Fellow Subsidiary
• NBS International Ltd.	Fellow Subsidiary
• Stokes Group Ltd.	Fellow Subsidiary
• Jensand Ltd.	Fellow Subsidiary
• Stokes Forgings Dudley Ltd.	Fellow Subsidiary
• Stokes Forgings Ltd.	Fellow Subsidiary

• Plexion Technologies (UK) Ltd.	Fellow Subsidiary
• Plexion Technologies GmbH	Fellow Subsidiary
• Plexion Technologies Incorporated	Fellow Subsidiary
• Mahindra Forgings International Ltd.	Fellow Subsidiary
• Mahindra Forgings Global Ltd.	Fellow Subsidiary
• Gesenkschmiede Schneider GmbH	Fellow Subsidiary
• Falkenroth Umformtechnik GmbH	Fellow Subsidiary
• Jeco-Jellinghaus GmbH	Fellow Subsidiary
• Mahindra Forgings Europe AG	Fellow Subsidiary
• Mahindra Hinoday Industries Ltd.	Fellow Subsidiary
• Schöneweiss & Co. GmbH	Fellow Subsidiary
• Mahindra Life Space Developers Ltd.	Fellow Subsidiary
• Mahindra Infrastructure Developers Ltd.	Fellow Subsidiary
• Mahindra Integrated Township Ltd.	Fellow Subsidiary
• Mahindra World City Developers Ltd.	Fellow Subsidiary
• Mahindra World City (Maharashtra) Ltd.	Fellow Subsidiary
• MHR Hotel Management GmbH	Fellow Subsidiary
• Bristlecone (Malaysia) SDN. BHD	Fellow Subsidiary
• Mahindra Automotive Ltd.	Fellow Subsidiary
• Mahindra Castings Private Ltd.	Fellow Subsidiary
• Mahindra Forgings Ltd.	Fellow Subsidiary
• Mahindra Hotels and Residences India Ltd.	Fellow Subsidiary
• Mahindra Holdings Ltd.	Fellow Subsidiary
• Mahindra Logistics Ltd.	Fellow Subsidiary
• Mahindra Rural Housing Finance Ltd.	Fellow Subsidiary
• Mahindra Retail Private Ltd.	Fellow Subsidiary
• Mahindra Technology Park Ltd.	Fellow Subsidiary
• Punjab Tractors Ltd.	Fellow Subsidiary
• Mahindra Residential Developers Ltd.	Fellow Subsidiary
• Mahindra Aerospace Pvt Ltd.	Fellow Subsidiary
• Heritage Bird (M) Sdn Bhd	Fellow Subsidiary
• Mahindra First Choice Services Ltd.	Fellow Subsidiary
• Mahindra Graphic Research Design s.r.l.	Fellow Subsidiary
• Mahindra Navistar Engines Private Ltd.	Fellow Subsidiary

14. (a) The tax effect of significant timing differences that has resulted in deferred tax assets and liabilities are given below:

Rs. in Million

Particulars	March 31, 2008	March 31, 2007
(a) Deferred tax liability:		
Depreciation	**(2)**	(1)
(b) Deferred tax asset:		
Gratuity, Leave Encashment	**24**	10
Doubtful Debts/Others	**6**	4
Carry forward of Net operating losses of a subsidiary	**32**	61
Total Deferred Tax Asset (Net)	**60**	74

(b) Consequent to completion of Income-tax assessments by the tax authorities in the United Kingdom for the financial years 2001-02, 2002-03 and 2003-04 TML has received tax refunds aggregating to Rs. 321 Million (including interest aggregating to Rs. 37 Million) in the previous year. Accordingly, in previous year the excess provision for Income-tax relating to the aforesaid years has been written back to the profit and loss account and the interest received is disclosed under Other Income.

15. Exchange Gain/(Loss) (Net) accounted during the year:

(a) The Company enters into foreign Exchange Forward Contracts and Currency Option Contracts to offset the foreign currency risk arising from the amounts denominated in currencies other than the Indian rupee. The counter party to the Company's foreign currency forward contracts and Currency Option Contracts is generally a bank. These contracts are entered into to hedge the foreign currency risks of firm commitments. Forward Exchange Contracts and Currency Option Contracts in GBP exposure are split into two legs, which are GBP to USD and USD to INR.

(b) The following are the outstanding GBP : USD Currency Exchange Contracts entered into by the company which have been designated as Cash Flow Hedges as on March 31, 2008:

Type of cover	Amount outstanding at year end in Foreign currency (in Million)	Fair Value Gain/(Loss) (Rs. in Million)	Amount outstanding at year end (Rs. In Million)	Exposure to Buy/ Sell
Forward	GBP 36 (previous year: Nil)	26 (previous year: Nil)	2,865 (previous year: Nil)	Sell
Option	GBP 292 (previous year: Nil)	920 (previous year: Nil)	23,217 (previous year: Nil)	Sell

(c) The following are the outstanding USD : INR Currency Exchange Contracts entered into by the company which have been designated as Cash Flow Hedges as on March 31, 2008:

Type of cover	Amount outstanding at year end in Foreign currency (in Million)	Fair Value Gain/(Loss) (Rs. in Million)	Amount outstanding at year end (Rs. In Million)	Exposure to Buy/ Sell
Forward	USD 318 (previous year: Nil)	(141) (previous year: Nil)	12,738 (previous year: Nil)	Sell
Option	USD 539 (previous year: Nil)	46 (previous year: Nil)	21,625 (previous year: Nil)	Sell

The movement in hedging reserve during the year ended March 31, 2008 for derivatives designated as Cash Flow Hedges is as follows:

Particulars	**March 31, 2008**	March 31, 2007
Balance at the beginning of the year	**-**	-
Gain/(Loss) transferred to income statement on occurrence of forecasted hedge transaction	**-**	-
Changes in the fair value of effective portion of outstanding cash flow derivative	**851**	-
Net derivative Gain/(Loss) related to discounted cash flow hedge	**-**	-
Balance at the end of the year	**851**	-

(d) In addition to the above cash flow hedges, the Company has few outstanding foreign exchange forward contracts and currency options contracts aggregating to **Rs. 10,662 Million** (previous year: Rs. 21,149 Million) whose fair value showed a gain of **Rs. 170 Million** (previous year: Rs. 151 Million), which do not qualify for hedge accounting and accordingly these are accounted as derivative instruments at fair value with changes in fair value recorded in the profit and loss account.

(e) The year end foreign currency exposures that have not been specifically hedged by a derivative instrument or otherwise are given below:

Amounts receivable in foreign currency on account of the following

Particulars	**Rs. in Million**	**Foreign currency in Million**			
		Current year		Previous year	
Debtors	3,227 (previous year: 883)	GBP AUD CAD EUR NZD USD PHP	34 3 2 3 3 - 27	GBP AUD CAD EUR NZD USD PHP	- - - 1 0 18 -
Loans and advances	16 (previous year: 12)	AUD USD CAD EUR NZD SGD TWD CNY	0 0 0 0 0 0 0 0	AUD USD CAD EUR NZD SGD TWD CNY	0 0 - 0 - - 0 -
Cash/Bank balances (Net)	270 (previous year: 99)	USD AUD NZD TWD PHP CAD EURO	4 1 1 15 13 0 0	USD AUD NZD TWD PHP CAD EURO	0 0 0 39 - - 0

Amounts payable in foreign currency on account of the following

Particulars	**Rs. in Million**	**Foreign currency in Million**			
		Current year		Previous year	
Creditors (Net)	351 (previous year: 188)	EUR GBP SGD THB USD MYR PHP CNY AUD	0 4 0 0 - - 0 0 0	EUR GBP SGD THB USD MYR PHP CNY AUD	0 1 - - 2 - - - 0
Other current liabilities (Net)	733 (previous year: 566)	GBP	9	GBP	7

(f) Exchange Gain/(Loss) (Net) accounted during the year:

Rs. in Million

Particulars	**March 31, 2008**	March 31, 2007
Others	**767**	(114)

16. During the previous year the public issue of TML's Equity Shares consisting of a fresh issue of 3,186,480 Equity Shares by TML and an offer for sale of 9,559,520 Equity Shares, by certain existing Shareholders of TML was made pursuant to a prospectus dated August 11, 2006. The Equity Shares were issued for cash at a price of Rs. 365 per Equity Share (including a securities premium of Rs. 355 per Equity Share).

The statement of proceeds from the public issue and utilisation thereof is as under:

Particulars	**No of shares**	**Price**	**Rs. in Million**
Proceeds received after payment to selling shareholders	**3,186,480**	**365**	**1,163**
Less : Expenses (Net) relating to the issue after recovery from the selling shareholders :			
Professional fees			**35**
Advertising expenses			**8**
Rates and taxes			**1**
Miscellaneous expenses			**1**
Printing and stationery			**4**
Traveling expenses			**3**
Net Proceeds			**1,111**
Deployment up to March 31, 2008			
Used for the capitailsation work for Hinjewadi			**1,111**
Total			**1,111**

17. Earning Per Share is calculated as follows:

Rs. in Million except earning per share

Particulars	Year ended March 31, 2008	Year ended March 31, 2007
Net Profit after tax and before exceptional item	**7,695**	6,127
Less: Exceptional Item	**(4,401)**	(5,250)
Profit after tax and exceptional item	**3,294**	877
Less: Minority Interest	**5**	1
Add: Excess provision for tax in respect of earlier years written back	**-**	339
Net Profit attributable to Shareholders	**3,299**	1,215
Equity Shares outstanding as at the year end (in Nos.)	121,362,869	121,216,701
Weighted average Equity Shares outstanding as at the year end (in Nos.)	121,292,103	115,071,417
Weighted average number of Equity Shares used as denominator for calculating Basic Earnings Per Share	**121,292,103**	115,071,417
Add: Diluted number of Shares		
ESOP outstanding at the end of the year	9,427,640	15,381,480
Weighted average number of Equity Shares used as denominator for calculating Diluted Earnings Per Share	**130,719,743**	130,452,897
Nominal Value per Equity Share (in Rs.)	10.00	10.00
Earning per share		
Before exceptional item		
Earnings Per Share (Basic) (in Rs.)	63.49	56.18
Earnings Per Share (Diluted) (in Rs.)	58.91	49.56
After exceptional item		
Earnings Per Share (Basic) (in Rs.)	27.20	10.56
Earnings Per Share (Diluted) (in Rs.)	25.24	9.32

18. Details of Investments purchased and sold during the year by the TML & its subsidiaries

TYPE OF FUND	March 31, 2008	
	Units	Cost Rs in Million
ICICI PRUDENTIAL MUTUAL FUND:		
28 ICICI Prudential's Flexible Income Plan	14,229,879	150
ABN AMRO MUTUAL FUND:		
ABN AMRO Flexible Short Term Plan Ser. B Qtly Div - Reinvested	5,235,029	52
ABN AMRO Money Plus Institutional Weekly Dividend	20,717,076	207
ABN Amro Flexi Debt Fund - Regular Weekly Dividend	15,078,001	151
BIRLA SUNLIFE MUTUAL FUND:		
Birla Sun Life Liquid Plus - Institutional Daily Dividend – Reinvestment	39,972,818	400
Birla Sun Life Liquid Plus – Institutional - Weekly Dividend- Reinvested	4,712,065	47
Birla Sun Life Liquid Plus - Instl - Weekly Dividend - Reinvestment	20,782,981	208
DBS CHOLA MUTUAL FUND:		
DBS Chola FMP - Series 7 (Quarterly Plan - 4) - Dividend	5,085,445	51
DSP MERRILL LYNCH MUTUAL FUND:		
DSP Merrill Lynch Liquid Plus Institutional Plan - Daily Dividend	399,780	400
GRINDLAYS MUTUAL FUND:		
Grindlays Cash Fund - Institutional Plan B - Daily Dividend	5,173,225	55
Grindlays Floating Rate Fund - LT Institutional Plan B - Weekly Dividend	5,476,371	55
HSBC MUTUAL FUND:		
HSBC Liquid Plus - Institutional Plus - Weekly Dividend	5,406,969	54
JM MUTUAL FUND:		
JM Fixed Maturity fund - Series V - Quarterly Plan 4 - Institutional Dividend Plan	10,370,469	104
JM Fixed Maturity Fund - Series VI - Quarterly Plan 4 - Institutional Dividend Plan	10,569,489	106
JM Money Manager Fund - Super Plus Plan - Weekly Dividend	10,682,893	107
KOTAK MUTUAL FUND:		
Kotak Flexi Debt Scheme - Quarterly Dividend	5,354,364	55
Kotak Flexi Debt Scheme Daily Dividend	44,860,484	450
Kotak Liquid (Institutional Premium) - Daily Divided	4,470,643	55
RELIANCE MUTUAL FUND:		
Reliance Liquid Plus Fund - Institutional Tenor Fund Plan A - Growth Plan	49,941	50

19. During the previous year one of the subsidiary viz., iPolicy, entered into an "Intellectual Property Asset Purchase Agreement" (the agreement) with iPolicy Networks Inc., on January 23, 2007. Pursuant to the above agreement along with ancillary agreements, the said subsidiary has acquired certain Copyright, Patent, Inventions and Trademark etc. as specified in the agreements (collectively referred as Intellectual Property Rights) for Rs. 76 Million. The consideration payable has been deposited in an Escrow Account with a bank pursuant to the Escrow Agreement dated January 22, 2007 and the amount will be released to iPolicy Networks Inc., on satisfaction of certain conditions/ clarifications, as stipulated in the agreement.

20. Previous years figures have been regrouped wherever necessary, to conform to the current period's classification.

Signatures to Schedules I to XIII

As per our attached report of even date

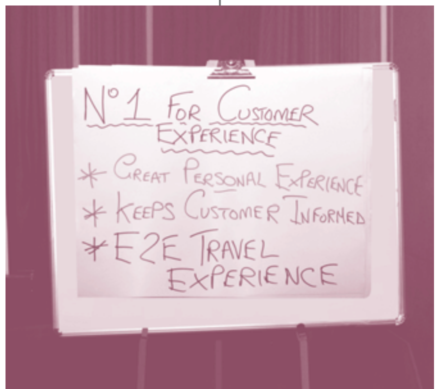
For Deloitte Haskins & Sells Chartered Accountants	**For Tech Mahindra Limited**		
	Anand G. Mahindra Chairman	Vineet Nayyar Vice Chairman, Managing Director & CEO	
	Hon. Akash Paul Director	Al-Noor Ramji Director	Bharat Doshi Director
Hemant M. Joshi Partner	Clive Goodwin Director	Dr. Raj Reddy Director	Ulhas N. Yargop Director
			Vikrant Gandhe Asst. Company Secretary
Pune, Dated: 21st May, 2008	Boston, Dated: May 19, 2008		

Statement pursuant to exemption received under Section 212(8) of the Companies Act, 1956 relating to subsidiary companies

Rs. in Million

Sr. No.	Name of the Subsidiary Company	Country	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investment other than investment in Subsidiary	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend
1	Tech Mahindra (Americas) Inc.	USA	USD	40.12	15.05	47.73	388.00	325.23	-	2,859.75	155.79	51.52	104.27	-
2	Tech Mahindra GmbH	Germany	EURO	63.12	36.29	85.78	199.21	162.91	-	641.31	22.13	-	22.13	-
3	Tech Mahindra (Singapore) Pte. Limited	Singapore	SGD	29.06	1.45	50.25	79.85	28.15	-	299.00	16.76	(2.39)	19.15	-
4	Tech Mahindra (Thailand) Limited	Thailand	THB	1.27	0.64	3.32	18.78	9.11	-	101.32	5.35	-	5.35	-
5	Tech Mahindra (R&D Services) Limited	India	INR	1.00	46.03	975.90	1,226.37	204.43	77.62	875.56	(70.50)	(10.26)	(60.24)	-
6	Tech Mahindra (R&D Services) Inc.	USA	USD	40.12	0.20	53.48	63.59	10.74	-	253.39	15.40	5.50	9.90	-
7	Tech Mahindra Foundation	India	INR	1.00	0.50	303.85	304.35	0.02	-	21.47	(8.35)	-	(8.35)	-
8	PT Tech Mahindra Indonesia	Indonesia	USD	40.12	20.06	44.62	301.28	236.60	-	627.23	16.92	6.20	10.72	-
9	CanvasM Technologies Limited	India	INR	1.00	576.73	-	94.33	40.06	-	166.45	(21.20)	3.14	(24.34)	-
10	CanvasM (Americas) Inc.	USA	USD	40.12	0.00	1.45	121.93	120.47	-	321.49	1.82	0.37	1.45	-
11	iPolicy Networks Limited *	India	INR	1.00	552.18	0.50	95.84	131.84	55.17	167.42	(40.29)	0.41	(40.70)	-
12	Tech Mahindra (Malaysia) SDN. BHD	Malaysia	RM	12.51	3.91	0.47	10.30	6.12	-	21.18	0.47	-	0.47	-
13	Tech Mahindra (Beijing) IT Services Ltd.	China	CNY	5.61	2.63	2.44	1.73	1.58	-	0.00	2.44	-	0.00	-

* Capital includes share application money



Improved customer experience

'Customer experience' is the vital differentiator that will help organizations succeed in the coming years. As our customers strive to supply superior customer experience, our teams across the world enable them to remain best in class. Through an integrated approach towards solving business problems, our process, operations and technology teams make it possible for our customers to meet and exceed market and customer expectations.

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