CREATE THE NEXT WAVE

Tech Mahindra
IT Services and Telecom Solutions

ANNUAL REPORT 2008-2009

SIX BUSINESS PILLARS OF SUCCESS

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. M. Damodaran
(Additional Director w.e.f. 22nd July 2008)

Mr. B. H. Wani
(Additional Director w.e.f. 30th March 2009)

Mr. Ravindra Kulkarni
(Additional Director w.e.f. 30th March 2009)

Mr. Paul Ringham
(Alternate Director to Mr. Clive Goodwin)

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

Committees of Directors

Audit Committee

- Mr. Anupam Puri - Chairman
- Mr. Clive Goodwin
- Mr. Paul Zuckerman
- Dr. Raj Reddy
- Mr. M. Damodaran (w.e.f. 22nd July 2008)
- Mr. Ulhas N. Yargop (w.e.f. 21st October 2008)

Compensation Committee

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

Investor Grievances-cum-Share Transfer Committee

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

Executive Committee

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

Securities Allotment Committee

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

Bankers

IDBI Bank
HSBC Bank
State Bank of India
Kotak Mahindra Bank
Punjab National Bank

Auditors

Deloitte, Haskins & Sells
Chartered Accountants

Success through six pillars

We continue our relentless focus on telecom this year too. Our deep communications industry expertise, world-class management talent and a de-risked business model has helped us establish our leadership status in telecom.

'Success through Six Pillars' is our mantra for the year as we focus on six core domains in telecom: IT Applications, Network Services, Value Added Services, Security, Business Process Outsourcing and Infrastructure Managed Services. These pillars collectively or in combination offer our customers enhanced value propositions: improved customer experience, higher operational efficiency, lower time to market and increased revenue streams.

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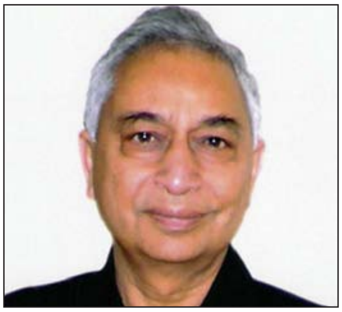
Vice Chairman's Message



Vineet Nayyar
Vice Chairman,
Managing Director & CEO

The year 2008-09 will possibly be known as a year in which long standing beliefs were broken and business strategies were put to test. In the widespread slowdown globally, most business were impacted and some of them no longer exist. I am happy to say that Tech Mahindra has been able to turn in a reasonable showing inspite of the economic events and has emerged out of this as a strong, resilient company.

This year saw us make good progress along our defined growth path. We consolidated our leadership position in telecom outsourcing in the Indian IT space. Our service offerings continued to find traction in the marketplace. We achieved this through a constant focus on customers and their evolving need for innovative solutions to their business problems. Our understanding of their business has helped us assist our customers in their goals of faster time to market and improved efficiency. These solutions have been built by us on a bedrock of engineering excellence and a keen understanding of the business processes.

We continued to make investments towards better integration of technology, applications, operations and business processes in our solutions. These are targeted towards the growing customer need for a partner who can take end to end ownership of complex integrated business processes. Our ability to integrate our various service lines in applications, BPO and infrastructure management is emerging as a differentiated offering.

A key event which has impacted our financial performance adversely this year has been currency volatility. The appreciation of the US Dollar against the British Pound has put significant pressure on our reported numbers. However, in constant currency terms, we have had good growth in all the markets we serve. This growth has come across the spectrum of developed and emerging markets. We see greater demand going forward for greenfield implementation in emerging markets. The market for transformation and next generation rollouts has been affected due to the slowdown, however we see it reviving as the economy revives.

Post our financial year end, we have acquired a major stake in Satyam Computer Services Limited, through a competitive process run by the government appointed Board of Satyam. With this acquisition, Tech Mahindra is well positioned to be a leader in the broader IT services space, serving a wide array of industry verticals like banking and financial services, manufacturing, energy and utilities in addition to telecom.

As we enter the next year, I want to thank all of our employees for their efforts in making Tech Mahindra a market leader in its space. Our customers who have supported us in this tough business environment are true partners in our journey towards achieving our long term goals. Lastly I want to thank our shareholders for their support and cooperation.

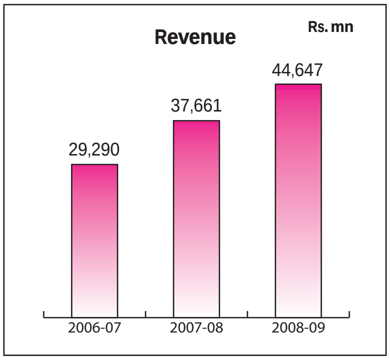
Sincerely,

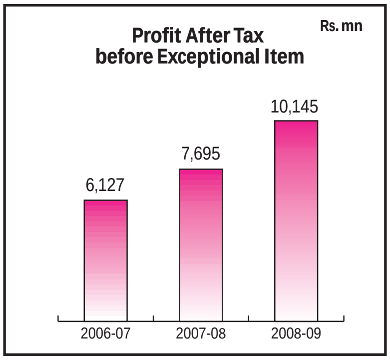
Vineet Nayyar
Vice Chairman, Managing Director & CEO

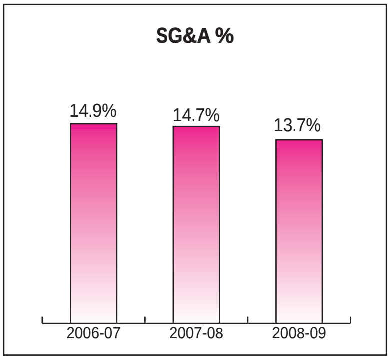
CONSOLIDATED FINANCIAL PERFORMANCE HIGHLIGHTS

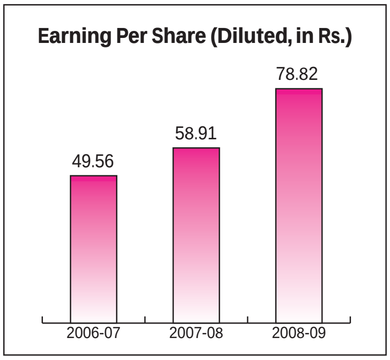
Particulars	FY0405		FY0506		FY0607		FY0708		FY0809	
	Rs. Mn	US$Mn	Rs. Mn	US$Mn	Rs. Mn	US$Mn	Rs. Mn	US$ Mn	Rs. Mn	US$ Mn
Revenue	9,456	210.4	12,399	280.1	29,290	648.0	37,661	934.7	44,647	984.9
Total Income	9,542	212.2	12,767	287.7	29,350	649.5	38,705	960.8	44,269	977.0
EBIDTA (Operating Profit)	1,350	30.2	2,651	59.9	7,384	163.3	8,257	205.3	12,824	281.9
PBT	1,115	24.9	2,621	58.9	6,867	152.0	8,443	210.1	11,325	249.4
PAT before exceptional item	1,024	22.8	2,354	52.9	6,127	135.6	7,695	191.5	10,145	223.6
PAT after exceptional item	1,024	22.8	2,354	52.9	1,215	24.3	3,299	81.7	10,145	223.6
EBIDTA Margin %	14.3%	14.3%	21.4%	21.4%	25.2%	25.2%	21.9%	21.9%	28.7%	28.7%
PAT Margin %*	10.8%	10.9%	18.9%	18.9%	20.9%	20.9%	20.4%	20.4%	22.7%	22.7%
Equity Capital	203	4.6	208	4.7	1,212	27.9	1,214	30.3	1,217	24.0
Net Worth	4,861	111.1	6,155	138.0	9,185	211.2	12,572	313.4	19,434	383.2
Net Block Incl CWIP	1,781	40.7	2,898	65.0	4,421	101.7	5,996	149.5	6,522	128.6
Current Assets	3,740	85.4	5,676	127.0	10,395	239.0	15,562	387.9	17,370	342.5
Current Liabilities & Provisions	1,906	43.5	4,036	90.5	6,435	148.0	9,268	231.0	8,888	175.2
Net Working Capital	1,834	41.9	1,640	36.8	3,960	91.0	6,294	156.9	8,482	167.2
Total Assets	6,767	154.6	10,191	228.4	15,869	364.9	22,251	554.6	28,434	560.6
Current Ratio	2.0	2.0	1.4	1.4	1.6	1.6	1.7	1.7	2.0	2.0
ROCE % *	25.0%	25.0%	47.6%	47.6%	88.7%	88.7%	75.8%	75.8%	69.8%	69.8%
EPS (Diluted, in Rs. and US$) *	9.0	0.2	18.7	0.4	49.6	1.0	58.9	1.5	78.8	1.7

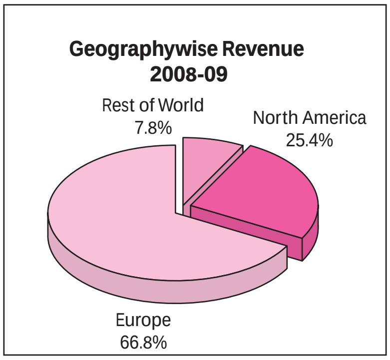
* Before exceptional item

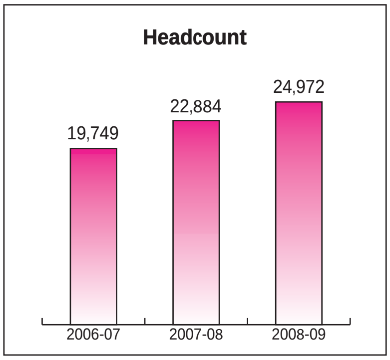












DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Twenty-second Annual Report together with the audited accounts of your Company for the year ended 31st March 2009.

FINANCIAL RESULTS **Rs. in Million**

For the year ended 31st March		2009	2008
Income		**43,153**	37,023
Profit before depreciation and tax		**11,980**	9,083
Depreciation		**(1,074)**	(736)
Profit before tax		**10,905**	8,347
Provision for taxation		**(1,039)**	(689)
Profit after tax before non-recurring / exceptional items		**9,866**	7,658
Non-recurring / exceptional items		**-**	(4,401)
Profit for the year after tax and non-recurring / exceptional items		**9,866**	3,257
Provision in respect of earlier years written back		**-**	165
Balance brought forward from previous year		**5,202**	4,261
Profit available for appropriation		**15,068**	7,683
Dividend	– Final (paid for the year 2007-08)*	**(1)**	-
	– Interim (Paid)	**(487)**	-
	– Final (Proposed)	**-**	(668)
Tax on dividend	– On interim dividend	**(83)**	-
	– On final dividend	**-**	(113)
Transfer to General Reserve		**(1,000)**	(1,700)
Balance carried forward		**13,497**	5,202

* In respect of equity shares allotted pursuant to ESOP, after 31st March 2008 and before the record date.

DIVIDEND

During the year, your Directors declared interim dividend @ 40%, i.e. Rs. 4 per equity share of Rs. 10 each on 21st October 2008. Your Directors recommend that the same be treated as final dividend for the year.

The Interim Dividend of Rs. 4 per equity share has been paid to the Shareholders, whose names appeared in the Register of Members as on 29th October 2008, the Record Date fixed for this purpose.

The amount so distributed together with tax on distributed profit amounted to Rs. 570 Million as against Rs. 781 Million for the previous year.

CHANGES IN SHARE CAPITAL

During the year under review, your Company allotted 370,765 equity shares of face value Rs. 10 each on the exercise of stock options under its various Employee Stock Option Plans and consequently the number of issued, subscribed and paid-up equity shares has increased from 121,362,869 equity shares to 121,733,634 equity shares of Rs.10 each aggregating to Rs.1,217,336,340.

BUSINESS PERFORMANCE / FINANCIAL OVERVIEW

Your Company is a leading provider of integrated services to the global telecom ecosystem. Your Company's capabilities span across Business Support Systems (BSS), Operations Support Systems (OSS), Network Design & Engineering, Next Generation Networks, Mobility, Security Consulting, Testing, and other areas.

Your Company's solutions portfolio includes Consulting, Application Development & Management, Network Services, Solution Integration, Product Engineering, Managed Services, Remote Infrastructure Management and BPO. Your Company continues to provide best shore solutions to its customers, thereby delivering value while maintaining the highest quality standards.

Your Company's initiatives towards improving customer focus have progressed well in the previous year. Your Company continued to delight its customers with its domain expertise as well as its ability to deliver and manage end to end solutions. Your Company has been able to propose new and innovative solutions to its existing and prospective customers which would help them in the current challenging economic conditions. Your Company has made substantial progress as a preferred provider of services to greenfield operators globally.

Your Company has been investing into its sales and marketing and has increased its geographic spread. These investments will hold your Company in good stead in these difficult times.

Your Company continued to see strong and profitable growth in the Financial Year 2008-09 across all markets driven by good performance in existing and new areas of business.

During the year under review, total income increased to Rs.43,153 Million from Rs.37,023 Million in the previous year, registering a growth rate of 17%. On a consolidated level, total income increased to Rs. 44,269 Million from Rs. 38,705 Million in the previous year, a growth of 14%.

During the year, 68% of your Company's revenue came from Europe, 25% came from USA and 7% came from Rest of the World (ROW).

The Profit before depreciation amounts to Rs. 11,980 Million (27% of revenue) as against Rs. 9,083 Million (25% of revenue) in the previous year.

Profit after tax, before exceptional items, has increased to Rs. 9,866 Million from Rs. 7,658 Million. At a consolidated level, profit after tax, before exceptional items, increased to Rs. 10,146 Million from Rs. 7,695 Million in the previous year, a growth of 32%.

RECENT MATERIAL CHANGES

Your Directors wish to apprise the members about the current status in the matter of Satyam Computer Services Limited (Satyam).

Members may be aware, Satyam's founder and the then Chairman, Mr. B. Ramalinga Raju, submitted a letter to the then Board of Directors informing them that the Company's accounts were falsified over a period of several years. This letter was also copied to the Chairman of Securities and Exchange Board of India (SEBI) and the Stock Exchanges where equity shares of Satyam are listed.

In light of Mr. Raju's statements, the Government of India filed a petition before the Company Law Board (CLB) to suspend Satyam's then-existing Board of Directors and appointed Government nominees on the Board of Satyam.

After receiving necessary approvals from CLB and SEBI, the Board of Satyam invited an Expression of Interest on 13th March 2009 from prospective Investors to participate in the bidding process for acquisition of a controlling stake in Satyam.

Satyam is the fourth largest Indian IT software and services company with a well-diversified client base spread across BFSI, manufacturing, retail, transport, logistics, telecom, media, healthcare and pharma etc. It has operations in more than 65 countries and development centers in 28 cities located in 14 countries, 20 of which are outside India. The announcement of the bid presented a unique strategic opportunity to your Company to catapult itself to the next level of growth for the following reasons :

- Diversify across customers, verticals, geographies and technology offerings
- Minimal overlaps in terms of target industry segments and clients
- Likely synergy benefits
- Ability to sell a wide range of services to your Company's existing customers
- Common support and control systems – reduction in operating expenses

Your Company, therefore, decided to participate in the Satyam bidding process, through its wholly owned subsidiary, Venturbay Consultants Private Limited (Venturbay), at Rs. 58 per share. Venturbay was declared as the highest bidder on 13th April 2009 and as the winning bidder post the CLB approval on 16th April 2009.

Venturbay deposited a sum of Rs. 29,107 Million in the Escrow Account to cover the cost of 31% preferential issue by Satyam and a 20% open offer. On 5th May 2009, the Board of Directors of Satyam allotted 302,764,327 shares of Satyam to Venturbay, representing 31% of its share capital. On 6th May 2009, Venturbay as the 'Acquirer' and your Company as the 'Person Acting in Concert' filed the draft Letter of Offer with SEBI for acquiring upto 20% of the expanded share capital of Satyam. On 27th May 2009, the Board of Satyam appointed four nominee directors of Venturbay, Mr. Vineet Nayyar, Mr. C. P. Gurnani, Mr. Sanjay Kalra and Mr. Ulhas N. Yargop (collectively, the "Venturbay Directors"), to the Board of Directors of Satyam. Mr. Vineet Nayyar has been designated as Whole-time Director of Satyam, effective 1st June 2009.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

AMALGAMATION OF SUBSIDIARIES

As reported in the previous Annual Report, iPolicy Networks Limited and Tech Mahindra (R & D Services) Limited merged with your Company and effective 20th May 2008, iPolicy Networks Limited and Tech Mahindra (R & D Services) Limited stand dissolved without winding-up. The Appointed date i.e. the date from which the provisions of the Scheme of Amalgamation came into operation was 1st April 2008.

With this amalgamation, Tech Mahindra (R&D Services) Inc., which was a step down subsidiary of your Company through

Tech Mahindra (R&D Services) Limited became a direct subsidiary of your Company.

With a view to streamline the US operations, Tech Mahindra (R&D Services) Inc. was merged with Tech Mahindra (Americas) Inc. w.e.f. 1st July 2008.

QUALITY

In the Financial Year 2008-09, your Company's passion towards quality has helped in achieving another quality accreditation i.e. SEI-CMMI L5 v1.2, in addition to other accreditations like ISO 9001:2000, ISO/IEC 20000-1:2005, ISO/IEC 27001:2005, SEI-CMMI Level 5 v1.1, P-CMM Level 5 and SSE-CMM Level 3. Your Company is the third in the world to have been appraised for SSE-CMM Level 3.

Processes in your Company are designed to develop solutions that meet client specifications in accordance with statutory and other industry-wide standards. Continuous improvement in these processes is a way of life with a goal of ensuring greater customer satisfaction by improved quality, productivity and cycle time.

HUMAN RESOURCES

During the Financial Year 2008-09, your Company along with its subsidiaries made a net addition of 2,088 employees to its workforce. The employee strength was 24,972 as at 31st March 2009, as compared to 22,884 a year before, registering an increase of 9%. BPO services also registered a growth of 9% as the headcount went up to 3,769 from 3,445, a year before.

Employee Learning and Development/Interface with Academia

Your Company believes in human potential and invests in the growth and development of individuals with its on-going training and other developmental initiatives.

Every year, your Company hires bright engineers from across the country. In order to align them with the Company's culture and values and at the same time bring them at par with the required telecom domain knowledge, in-depth and exhaustive 14 weeks induction training is conducted.

Complementing this, your Company runs 'earn while you learn' programs for science graduates who are enrolled for the MS program in Telecommunications and Software Engineering, in collaboration with BITS, Pilani, which is partially and in some cases 100% sponsored by your Company.

In order to help employees define their learning path which is in-line with the technology area, client and role they are associated with, your Company has crafted QUEST, a learning framework. It allows online end-to-end management of learning paths which includes, creating new learning paths, assigning of trainings, courseware deployment and online examinations. To complement the on-line learning, employees across the globe are provided with online training courses and virtual sessions.

Your Company also provides learning assistance to its employees who aspire to undertake higher education and have tie-ups for Distance Education Programs with Indian Institute of Technology (IIT), Bombay, Birla Institute of Technology (BITS), Pilani and University College of London, UK.

Due to business requirements and out of personal career aspirations, many employees do wish to undertake various technology certifications. To help employees with the same, your Company has an enterprise level partnership with M/s Promatric which provides in-house testing centers enabling employees to undertake certification examinations at their convenience and as per required standards.

Leadership Development

Your Company believes in nurturing talent, motivating indigenous innovation and promoting leadership development.

To bring in fresh ideas and young talent, your Company has been running the Global Leadership Cadre (GLC) program for the past three years selecting management graduates from premier Business Institutes across the globe and also technical specialists from within the organization. These highly talented participants have shown very low learning curve and your Company has been able to provide them faster career progression, thereby creating a pool for leadership.

To compliment the GLC program, your Company has also introduced Management Training program where management graduates from various Business Schools across India are hired and groomed for future GLC roles.

For middle managers, your Company has associated with XLRI Jamshedpur for a one month residential Management Development Program giving them an overview of all aspects of management.

For senior management, your Company conducted Entrepreneurship training programs in association with IIM-C, India and also participated in similar programs that have been organized by Mahindra & Mahindra Limited, the holding company in association with Michigan University, US.

SUBSIDIARY COMPANIES

During the year, your Company acquired the entire share capital of Venturbay Consultants Private Limited (Venturbay). Consequently, w.e.f. 19th March 2009, Venturbay became a wholly owned subsidiary of your Company.

As on 31st March 2009, your Company has 11 subsidiaries, including one step-down subsidiary. There has not been any material change in the nature of the business of the subsidiaries. As reported in the previous Annual Report, iPolicy Networks Limited and Tech Mahindra (R & D Services) Limited merged with your Company and effective 20th May 2008, iPolicy Networks Limited and Tech Mahindra (R & D Services) Limited stand dissolved without being wound - up.

With this amalgamation, Tech Mahindra (R&D Services) Inc., which was a step down subsidiary of your Company through Tech Mahindra (R&D Services) Limited became a direct subsidiary of your Company.

With a view to streamline the US operations, Tech Mahindra (R&D Services) Inc. was merged with Tech Mahindra (Americas) Inc. w.e.f. 1st July 2008.

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 Standards 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 2009 by the Ministry of Corporate Affairs vide its letter dated 20th March 2009 from attaching to its Balance Sheet, the copy of the Balance Sheet, Profit and Loss Account, Reports of the Board of Directors and Auditors of each of its subsidiaries. Since Venturbay became a subsidiary after this application, your Company re-applied to the Ministry seeking exemption from attaching the aforesaid documents in respect of Venturbay with the Balance Sheet of your Company, which was approved by the Ministry vide its letter dated 20th May 2009. 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 the Annual General Meeting. 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 at the Registered Office / Corporate Office of the Company.

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 (CSR)

Your Company continues to demonstrate its deep commitment to social responsibility. It contributes 1% of its profit after tax (PAT) every year to fund its CSR activities, most of which are undertaken on its behalf by the Tech Mahindra Foundation.

During the year under review, your Company has donated Rs. 90.12 Million to Tech Mahindra Foundation. The Foundation works to give concrete expression to your Company's keenness to make a meaningful and sustainable contribution to the well-being of the less fortunate members of our society. Tech Mahindra Foundation is very focused in its approach and concentrates its endeavours on providing quality education and vocational skills to vulnerable sections of the community.

During the year under review, the Foundation selected several new not-for-profit organizations spread over Pune, Mumbai, Noida, Delhi and Bangalore. It now works with 45 NGOs enabling it to reach out to many more children, with special attention to the educational needs of such vulnerable sections as girls from economically disadvantaged minority families.

As far as vocational training is concerned, the Foundation has made a special effort to link up with organizations making innovative use of technology to reach out to the needs of the physically, particularly visually challenged.

Last year, the Foundation had reported the launch of the initiative to honour outstanding teachers and principals working in the Municipal schools of Delhi. These were selected through a rigorous and independent process. Mr. Keshub Mahindra, Chairman of Mahindra & Mahindra Limited distributed the awards to 20 principals on 22nd February 2009 at a ceremony attended by the Municipal Commissioner of Delhi.

Your Company also supported the Bihar Flood Relief program launched by Mahindra group by donating Rs. 5 Million. The employees of your Company also contributed Rs. 9.79 Million towards Bihar Flood Relief. Your Company also supports the Nanhi Kali program run by the K. C. Mahindra Education Trust.

An increasing number of your Company employees is volunteering their free time to help partner NGOs of the Foundation. Your Company in collaboration with the Foundation has finalized a policy for Employee Social Responsibility Options. This initiative has been undertaken to give employees an avenue for participation in CSR going beyond the activities of the Foundation. Under this initiative, employees would be invited to present proposals for supporting NGOs/charitable organizations working in the fields of education, health, environment and child welfare. Your Company will provide financial aid to these organizations.

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 in the section 'Corporate Governance' in the Annual Report.

DIRECTORS

Mr. Anupam Puri, Dr. Raj Reddy and Mr. Paul Zuckerman retire by rotation and being eligible, offer themselves for re-appointment.

Mr. M. Damodaran, ex-Chairman of SEBI, Mr. Ravindra Kulkarni and Mr. B. H. Wani, both eminent corporate lawyers were appointed as Additional Directors during the year. They hold office upto the date of the ensuing Annual General Meeting.

The Company has received Notices from Members under Section 257(1) of the Companies Act, 1956, alongwith the requisite amount of deposit, signifying their intention to propose the candidatures of Mr. M Damodaran, Mr. Ravindra Kulkarni and Mr. B. H. Wani as Directors of the Company, at the forthcoming Annual General Meeting.

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 2009 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, Chartered Accountants 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, Chartered Accountants 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, Rules 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. 42,792 Million (Previous Year Rs. 35,637 Million), while the outgoings were Rs. 15,554 Million (Previous Year Rs. 18,133 Million).

PARTICULARS OF EMPLOYEES

Your Company had 630 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

- In the Leaders Category in 'The 2009 Global Outsourcing 100' (IAOP's Annual Listing of the World's Best Outsourcing Service Providers)
- Amity Corporate Excellence Award 2009
- Deloitte Technology Fast 500 APAC 2008
- Deloitte Technology Fast 50 India 2008
- The 'Best Overall Recruiting & Staffing Organization of the Year Award' (RASBIC Awards 2009)
- Award for Managing Health at Work (Employer Branding Awards 2008-2009)
- Award for Excellence in Training (Employer Branding Awards 2008-2009)
- BusinessWeek Award for Asia's Best Performing Companies, 2008
- Ranked 2nd in Telecom Software providers of India by Voice & Data, 2008 (V&D 100 Ranking)
- "Growth Excellence Award" by Frost & Sullivan, 2008
- 6th Largest Software Services Company in India (NASSCOM 2008)
- 10th Largest IT-BPO Employers, FY 07-08 (NASSCOM 2008)
- CanvasM won the award for "Best Start-up Company" at Mobile Content Awards & Conference 2008 (MCA08).
- Award in "Largest Revenue Category" of "IT and ITeS (excluding Hardware) Sector" by D&B – ECGC Indian Exporters Excellence Awards, 2008.
- Ranked 12th Largest TOMS vendor by Gartner in "Market Share: Telecoms Operations Management Systems – Worldwide, 2006-2007" April 2008
- "Best Billing Solution" Category at "Billing and OSS World (B/OSS) Excellence Awards 2008", April 2008
- The Brand Leadership Award by the Asia Brand Congress, 2008

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 — Anand G. Mahindra
Date : 27th May 2009 — 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 2009 [as on 31st March 2008]		Maximum outstanding during the year [during the previous year]	
Tech Mahindra (Americas) Inc.	**-**	[100]	**110**	[218]
PT Tech Mahindra Indonesia	**25**	[-]	**55**	[35]
iPolicy Networks Limited	**-**	[-]	**-**	[94]

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 2009 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	5,609,805
a) Options granted during the year	Nil	Nil	2,52,500
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 as of 31st March 2009	2,53,360	4,996,377	11,88,133
d) Options exercised during the year	96,070	Nil	274,695
e) The total number of shares arising as a result of exercise of option	96,070	Nil	274,695
f) Options lapsed during the year	Nil	Nil	Nil
g) Variation of terms of options during the year	In the Compensation Committee meeting of the Company held on 19th May 2008, the Scheme was amended to include the provision for recovery of FBT from the employees of holding / subsidiary companies and forward it to the concerned employer company.	Nil	In the Compensation Committee meeting of the Company held on 19th May 2008, the Scheme was amended to include the provision for recovery of FBT from the employees of holding / subsidiary companies and forward it to the concerned employer company.
h) Money realised by exercise of options during the year	Rs. 7.61 Million	Nil	Rs. 23.39 Million
i) Total number of options in force as of 31st March 2009	2,53,360	5,677,701	37,36,868
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. 76.66	Rs. 76.66	Rs. 76.66				
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 4 Million and earnings per share (Basic) would have been Rs. 81.08	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 4 Million and earnings per share (Basic) would have been Rs. 81.08	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 4 Million and earnings per share (Basic) would have been Rs. 81.08				
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**	**19-05-08**	**21-07-08**	**20-10-08**	**23-01-09**
			Exercise price (Rs.)	957	668	344	230
			Fair Value (Rs.)	291.15	240.57	133.07	69.48
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		**19-05-08**	**21-07-08**	**20-10-08**	**23-01-09**
				7.85%	9.34%	7.65%	5.72%
i. risk-free interest rate,				5.3 years	5.3 years	5.3 years	5.3 years
ii. expected life,				52.82%	52.73%	55.45%	58.70%
iii. expected volatility,				7.68%	6.48%	6.48%	6.48%
iv. expected dividends, and							
v. the price of the underlying share in market at the time of option grant.				956.70	680.80	367.50	209.30

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 2008, 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 India's largest industrial conglomerates, and British Telecommunications plc, one of the world's leading Telecommunications Company.

Current environment and global telecom market

The year 2008-09 has been marred by economic recession, collapse of various large financial institutions, and record losses being reported by large corporates worldwide. It has been a year of volatility and uncertainty leading to an economic downturn that has had widespread impact across the world.

However, the Telecom segment, though not immune to these recessionary pressures, is still expected to grow. According to an independent research agency, the size of the global telecom services market grew by an estimated 5.7% in 2008, reaching US$ 1.34 trillion. It is expected that managed services and unified communications will lead to steady growth during the year. Managed network services, which accounts for 20% of the business services market, is expected to grow to 30% of the market by 2012. The Telecom Service Providers (TSPs) will face challenges due to reducing legacy revenues, and will have to invest in new avenues of growth like broadband. New business models will proliferate as new players such as cable Multiple System Operator's (MSO's) and virtual network operators offer Voice over Internet Protocol (VoIP) services impacting the traditional telecommunication services market. Similarly, Telecom Equipment Manufacturers (TEMs) could see some rationalization of budgets on their products and platforms. Corporations will spend more time and effort in trying to strike a balance between investment to drive growth and being competitive and efficient.

IT spend in the Communications Industry

According to an independent research agency, the worldwide IT spending in communication vertical will be driven by software services and managed services, etc. The worldwide IT spending by the communications vertical will reach US $ 426.6 billion in 2012 from US $ 368.3 billion in the current year. Out of this, IT services are expected to account for US$128.9 billion in 2012 from US$ 108.1 billion in 2008. Short-term cost reduction propositions including outsourcing will remain attractive, to achieve reduced fixed cost. To attract higher ARPU and new customers as well as retain existing customers, TSPs are in the process of transforming their systems, processes and networks to reduce operating cost, achieve better efficiencies and faster time to market.

The Middle East and Africa, Latin America and emerging markets in Asia/Pacific will continue to grow mobile and consumer fixed services, seeking to cut other spending in preference.

OPPORTUNITIES

Legacy to Next Generation IT transformation

Service providers around the globe, on the back of dropping legacy revenues and high cost, are looking to transform their legacy platforms into next generation platforms. This will enable them to optimize their product portfolio, and rationalize the costs associated with running the systems. These transformation initiatives, will lead to outsourcing opportunities.

Diversification

Telecom companies are diversifying into non traditional business areas for expansion of services. This could provide additional opportunities for outsourcing partners to provide increased services and saving opportunities to these companies.

Greenfield Operators in Emerging Markets

Emerging markets are hubs for investments in this downturn due to the low costs and growing market potential.. These greenfield operators require faster time to market as well as packaged and ready to use IT platforms.

This would provide an opportunity for end to end outsourcing vendors.

THREATS

Consumer Fixed Line Service and Enterprise Fixed line Service will see reductions

Consumer fixed-service spending will see further reductions because of mobile substitution in developed markets and pre substitution in emerging ones. Enterprise fixed services will be hurt by a downturn in the small and midsize business sector; remote office closures, this reduced demand could impact IT spend in TSPs.

Mature Markets may see the maximum impact of the economic crisis

Mature markets will be the hardest hit and most of the work would be outsourced to low cost markets for cost benefits. In this trend IT services and solution providers based out of emerging markets would be benefitted more as TSPs in the mature markets would look to lower cost solutions to achieve their objectives of cost efficiency as well as transformation.

Global IT companies posing challenge with growing India presence

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

Emergence of other low cost destinations

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 off-shoring destinations due to their ability to provide low cost solutions. First movers into these countries will gain competitive advantage and an ability to differentiate their service offering.

RISKS

Continued recessionary pressures going into 2009

Independent research agencies predict GDP growth forecasts for 2009 in US and Europe to be negative and APAC, MEA to see a slowdown. Growth is forecasted in the second half of 2009 onwards. Recessionary pressures for a longer period may have a negative effect to our top-line since we are dependent on our clients who are impacted by such slowdowns.

High customer concentration

In fiscal 2009, Revenues from Top 3, Top 5, and Top 10 clients account for 75%, 81% and 87% respectively and the loss of these clients could have a material adverse impact on our revenue and profitability.

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. 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.

Exchange rate 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 2009, the value of the rupee against the British pound appreciated by approx 8% and the value of the rupee against the U.S. dollar depreciated by approx 27%. 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.

ACQUISITION OF SATYAM COMPUTER SERVICES LIMITED

TechM participated in the global competitive bidding process launched by Satyam Board in March 2009 & in April 09 emerged as the highest bidder for acquiring 51% stake in Satyam computers. It is a major milestone in the journey of the Company as this acquisition would catapult the Company and make it a leading IT Company with geographical, vertical & customer diversification.

Opportunities

The acquisition will put Tech Mahindra in a significantly higher playing field. From being a niche-player with business only from telecom service providers, it will now get exposure to the other major verticals such as BFSI, Manufacturing, and Retail.

Challenges

Since most of Satyam's customers will be new to Tech Mahindra, Tech Mahindra could face some initial challenges to maintain and grow the existing relationships with some of Satyam's clients. Given the size of Satyam, there could be some challenges in consolidating the operations, making it profitable and streamlining the processes in both the companies.

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 Standards AS 21, AS 23 and AS 27 issued by the Institute of Chartered Accountants of India (ICAI).

The discussion 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 purpose 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. 1,217 Million as on 31st March 2009 compared to Rs. 1,214 Million on 31st March 2008. 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. 27 Million during the year is due to the premium received on issue of 370,765 equity shares on exercise of option under stock option plan.

b) General reserve

General reserve stands at Rs. 2,251 Million on 31st March 2009 compared to Rs. 2,714 Million on 31st March 2008. Rs. 550 Million has been transferred to general reserve from profit and loss account during the year and Rs. 1,013 Million has been transferred on amalgamation.

c) Profit and loss account

The balance retained in the profit and loss account as of 31st March 2009 is Rs. 13,947 Million compared to Rs. 5,201 Million as of 31st March 2008.

3. Loan Funds

There are no Loan funds as at 31st March 2009 compared to Rs. 950 Million (unsecured loan) in the previous year.

4. Fixed Assets

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

Rs. in Million

As of 31st March	**2009**	**2008**
Gross Book Value		
Land - free-hold	173	82
- lease-hold	436	325
Buildings	2,995	1,411
Leasehold Improvements	357	281
Plant and machinery	1,799	999
Computer equipments	2,049	1,659
Furniture and fixtures	1,024	661
Vehicles		
Leased	6	48
Owned	47	39
Intangible assets	76	0
Total	**8,962**	**5,505**
Less: Accumulated depreciation & amortization	4,061	2,596
Net block	**4,901**	**2,909**
Add: Capital work-in-progress	1,541	1,385
Net fixed assets	**6,442**	**4,294**

The Net Block of Fixed Assets and Capital Work in Progress increased to Rs. 6,442 Million from Rs. 4,294 Million as at 31st March 2008.

During the year, Company incurred capital expenditure of Rs. 2,415 Million (previous year Rs. 1,928 Million). The major items of Capital Expenditure included Leasehold–land and improvements, Plant and Machinery, Computer equipment and Furniture & Fixtures including amount spent on Hinjewadi, Pune campus.

5. Investments

The summary of Company's investments is given below -

Rs. in Million

Investments	**As at 31st March 2009**	**As at 31st March 2008**
Investment in Subsidiaries	905	3,340
Investment (others)	85	-
Investment in Mutual Funds	3,899	-
Total Investments	**4,889**	**3,340**
Less : Provision for diminution of value	354	354
Net Investments	**4,535**	**2,986**

I. Investment in Subsidiaries

The Company had investment in the following subsidiaries

a) 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.

b) 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 for North America.

c) Tech Mahindra GmbH

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

d) 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 in Singapore.

e) Tech Mahindra (Thailand) Limited

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

f) 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.

g) Tech Mahindra Foundation

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

h) Tech Mahindra (Beijing) IT Services Limited

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

i) 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.

j) Venturbay Consultants Private Limited (VCPL)

VCPL became wholly owned subsidiary of the Company as on 19th March 2009. It was acquired to act as a special purpose vehicle (SPV) to bid for the acquisition of Satyam Computer Services

Limited (Satyam). It emerged as the highest and successful bidder in the global competitive bidding process and has since acquired 31% shares of Satyam.

Tech Mahindra (R&D Services) Limited (TMRDL) and iPolicy Networks Limited (iPolicy) merged with the Company during the year and effective 20th May 2008, TMRDL and iPolicy stand dissolved without winding-up. The appointed date for this merger was 1st April 2008.

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 2009 were Rs. 3,899 Million compared to Nil as at 31st March 2008.

6. Deferred Tax Asset

Deferred tax asset as at 31st March 2009 was at Rs. 155 Million as compared to Rs. 14 Million as of 31st March 2008. Deferred tax assets 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 decreased to Rs. 8,545 Million (net of provision for doubtful debts amounting to Rs. 69 Million) as of 31st March 2009 from Rs. 10,574 million (net of provision for doubtful debts amounting to Rs. 80 million) as of 31st March 2008. Debtor days as of 31st March 2009, (calculated based on per-day sales in the last quarter) were 79 days, compared to 98 days as of 31st March 2008. 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	2009	2008
Bank balances in India & Overseas		
Current accounts	4,945	799
Deposit accounts	17	14
Unclaimed dividend account	—	1
Total cash and bank balances*	**4,961**	**814**

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

9. Loans and Advances

Loans and advances as on 31st March 2009 were Rs. 2,867 Million compared to Rs. 3,477 Million as on 31st March 2008.

10. Current Liabilities and Provisions

Current liabilities and provisions were Rs. 8,708 Million as of 31st March 2009 compared to Rs. 8,925 Million as of 31st March 2008.

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 2009		Fiscal 2008	
	Rs. in Million	% of Revenue	Rs. in Million	% of Revenue
INCOME				
Revenue from Services	43,578	100.0%	36,047	100.0%
Other Income	(425)		976	
Total Income	**43,153**		**37,023**	

	Fiscal 2009		Fiscal 2008	
	Rs. in Million	% of Revenue	Rs. in Million	% of Revenue
EXPENDITURE				
Personnel Cost	14,197	32.6%	12,224	33.9%
Operating and Other Expenses	16,952	38.9%	15,616	43.3%
Depreciation	1,074	2.5%	736	2.0%
Interest	25	0.1%	100	0.3%
Total Expenditure	**32,248**	**74.0%**	**28,676**	**79.6%**
Profit before tax and exceptional items	**10,905**	**25.0%**	**8,347**	**23.2%**
Provision for Taxation	(1,039)	2.4%	(689)	1.9%
Profit after taxation and before exceptional item	**9,866**	**22.6%**	**7,658**	**21.2%**
Exceptional items	-	-	(4,401)	12.2%
Net profit for the year	**9,866**	22.6%	**3,257**	9.0%
Provision in respect of earlier year written back	-	-	165	0.5%
Net Profit	**9,866**	**22.6%**	**3,422**	**9.5%**

1. **Revenue**

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

The revenue increased by 20.9% to Rs. 43,578 Million in fiscal 2009 from Rs. 36,047 Million in fiscal 2008. 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 was 68.3% in fiscal 2009 compared to 76.9% in fiscal 2008. Revenue from the Americas increased to 25.0% in fiscal 2009 from 17.3% in fiscal 2008 while the share of revenue attributable to the Rest of the World segment was 6.7% in fiscal 2009 compared to 5.8% in the previous year.

Consolidated Revenue

Consolidated Revenue for the fiscal 2009 stood at Rs. 44,647 Million compared to Rs. 37,661 Million last fiscal, a growth of 18.5%. Consolidated revenue grew at a CAGR of 23.5% over the last 3 years.

Consolidated revenue by Geography

Europe contributed 66.8% of the consolidated revenue in fiscal 2009 while Americas and Rest of the World contributed 25.4% and 7.8% respectively. The revenue share from Europe, Americas and Rest of the World in fiscal 2008 was 73.6%, 19.4% and 7.0% respectively.

Consolidated Revenue by Segment

For fiscal 2009, 86.8% of revenue came from TSP segment, 5.4% from TEM, 5.6% came from BPO segment while 2.2% from others. The revenue share in fiscal 2008 from TSP, TEM, BPO and Others segment was 89.2%, 5.1%, 3.5% 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 mark to market gain/loss on ineffective hedges, realized gain/loss and revaluation gain/loss on translation of foreign currency assets and liabilities.

Other income is at Rs. (425) Million in fiscal 2009 compared to Rs. 976 Million in fiscal 2008. This was primarily due to exchange loss of Rs. 731 Million in this fiscal.

3. Expenditure

Particulars	FY 2008-09		FY 2007-08		%Inc/(Dec)
	Rs. in Million	% of Revenue	Rs. in Million	% of Revenue	
Personnel Cost	14,197	32.6%	12,224	33.9%	16.1%
Operating and Other Expenses	16,952	38.9%	15,616	43.3%	8.6%
Depreciation	1,074	2.5%	736	2.0%	45.9%
Interest	25	0.1%	100	0.3%	(75.1%)
Total Expenses	**32,248**	**74.0%**	**28,676**	**79.6%**	**12.5%**

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, Repairs and Maintenance, Office establishment costs, Software Packages and Professional fess. 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. 25 Million in fiscal 2009 on borrowings as compared to Rs. 100 Million in fiscal 2008.

4. Profit before tax

Profit before tax increased by 30.7% to Rs. 10,905 Million in fiscal 2009 from Rs. 8,347 Million in fiscal 2008. Profit before tax as a percentage of revenue was 25.0% in fiscal 2009 compared to 23.2% in fiscal 2008.

5. Income taxes

The provision of current tax, deferred tax and fringe benefit tax for the year ended 31st March 2009 was Rs. 1,039 Million as compared to Rs. 689 Million in the previous year, a growth of 50.7%. As a percentage of revenue, provision for taxes increased to 2.4% in fiscal 2009 from 1.9% in fiscal 2008. The effective tax rate in these years was 9.5% and 8.3% respectively.

6. Profit after tax before exceptional items

Profit after tax before exceptional items increased by 28.8% to Rs. 9,866 Million in fiscal 2009 from Rs. 7,658 Million in fiscal 2008. Profit after tax as a percentage of revenue was 22.6% in fiscal 2009 and 21.2% in fiscal 2008.

Consolidated PAT

Consolidated PAT before exceptional item and minority interest for the fiscal 2009 was Rs. 10,145 Million compared to Rs. 7,695 Million last fiscal, a growth of 31.8%. PAT as a percentage of revenue was 22.7% in fiscal 2009 compared to 20.4% in fiscal 2008.

C. CASH FLOW

The cash flow position for fiscal 2009 and fiscal 2008 is summarized in the table below

Rs. in Million

Particulars	Fiscal	
	2009	2008
Net cash flow from operating activities*	12,003	2,097
Net cash flow from (used in) investing activities	(6,204)	(1,983)
Net cash flow from (used in) financing activities	(1,645)	356
Cash and cash equivalents at the beginning of the year	765	295
Cash and cash equivalents at the end of the year	4,954	765

* 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

Despite economic slowdown, Company continued to make addition to its human resources during fiscal 2009. The Company had a net addition of 2,088 (previous year 3,135) employees mainly through campus recruitment in addition to lateral hiring. The global headcount of the Company as on 31st March 2009 was 24,972 compared to 22,884 as on 31st March 2008, a growth of 9.1%. 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 IT attrition rate for the year 2009 and 2008 was 18.7% and 24.7% respectively. 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.

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 the last 8 years.

II. BOARD OF DIRECTORS:

Your Company has a balanced mix of eminent executive, non-executive and independent directors on the Board. The total strength of Board of Directors is fourteen. Your Company has a Non-executive Chairman who is from the Promoter Group and the number of independent directors is seven which is half of the total strength of the Board as required by the amended provisions of the Listing agreement. The number of Non-Executive Directors is thirteen which is more than 50% of the total number of Directors.

As mandated by clause 49 of the Listing Agreement, none of the Directors is a member of more than ten Board level committees nor is any of them a Chairman of more than five committees in which they are members.

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 Directors of the Company are not inter-se related to each other.

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 2008-09, 6 meetings of the Board of Directors were held on 19th May 2008, 21st July 2008, 21st October 2008, 23rd January 2009, 29th January 2009 and 19th March 2009.

Agenda papers for Board Meetings 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 its 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 2009 are given below:

Sr. No.	Name	Category	No. of Board Meetings attended (Held = 6)	Attendance at the AGM held on 22nd July 2008	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	5[1]	Yes	11	Nil	1
2.	Hon. Akash Paul	Non-Executive, Independent	4	Yes	Nil	Nil	Nil
3.	Mr. Al-Noor Ramji	Non-Executive	2[2]	No	Nil	Nil	Nil
4.	Mr. Anupam Puri	Non-Executive, Independent	3[1]	No	4	Nil	Nil
5.	Mr. Arun Seth	Non-Executive	4	Yes	2	Nil	1
6.	Mr. Bharat N. Doshi	Non-Executive	6	Yes	8	2	1
7.	Mr. B.H. Wani	Non-Executive, Independent	N.A.	N.A.	1	Nil	1
8.	Mr. Clive Goodwin	Non-Executive	4[2]	Yes	Nil	Nil	Nil
9.	Mr. M. Damodaran	Non-Executive, Independent	2[2]	N.A.	3	Nil	Nil
10.	Mr. Paul Zuckerman	Non-Executive, Independent	4[1]	Yes	2	Nil	1
11.	Dr. Raj Reddy	Non-Executive, Independent	4[2]	Yes	Nil	Nil	Nil
12.	Mr. Ravindra Kulkarni	Non-Executive, Independent	N.A.	N.A.	8	2	5
13.	Mr. Vineet Nayyar	Vice Chairman, Managing Director & CEO	5[1]	Yes	4	Nil	Nil
14.	Mr. Ulhas N. Yargop	Non-Executive	6	Yes	6	2	1
	Mr. Paul Ringham	Alternate to Mr. Clive Goodwin	0[2]	No	Nil	Nil	Nil

1 In addition, participated in one meeting through teleconference
2 In addition, participated in two meetings through teleconference
(*) This does not include private companies, foreign companies and companies under Section 25 of the Companies Act, 1956
(**) Committees considered are Audit Committee and Investor Grievances Committee, excluding that of Tech Mahindra Limited

Necessary information as required by Annexure 1A to Clause 49 of the Listing agreement is placed before the Board. During the year, three independent directors namely Mr. M. Damodaran, Mr. Ravindra Kulkarni and Mr. B. H. Wani were inducted as Additional Directors on the Board.

Directors seeking appointment/re-appointment : Mr. Anupam Puri, Mr. Paul Zuckerman and Dr. Raj Reddy retire by rotation and being eligible, have offered themselves for re-appointment. Mr. M. Damodaran, Mr. B. H. Wani and Mr. Ravindra Kulkarni were appointed as Additional Directors during the year and hold office upto the date of the ensuing Annual General Meeting. As required by clause 49 IV(G)(i) of the Listing Agreement, details of Directors seeking appointment/re-appointment are set out at the end of this Report.

CEO / CFO Certification

As required under Clause 49 V of the Listing Agreement with the Stock Exchanges, the Vice Chairman, Managing Director & CEO and the Chief Financial Officer of the Company have certified to the Board regarding Financial Statements for the year ended 31st March 2009.

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.

Policy for prohibition of Insider Trading

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 a policy for prohibition of Insider Trading 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. RISK MANAGEMENT:

Your Company has a well-defined risk management framework in place. The risk management framework adopted by the Company is discussed in detail in the Management Discussion and Analysis section of this Annual Report. Your Company has established procedures to peridocally place before the Board, the risk assessment and minimisation procedures being followed by the Company and steps taken by it to mitigate these risks.

IV. 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 COMMITTEE:

The Audit 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 Committee and particulars of meetings attended by the members is as below:

Four meetings of the Audit committee were held during the Financial Year 2008-09. The meetings were held on 17th May 2008, 21st July 2008, 20th October 2008 and 23rd January 2009.

During the year, Mr. Paul Zuckerman was appointed as Chairman of the Audit Committee with effect from 19th May 2008 for a period of six months. Mr. Anupam Puri took over as the Chairman of the Audit Committee from 19th November 2008 onwards.

During the year, Mr. M. Damodaran was inducted on the Committee with effect from 22nd July 2008 and Mr. Ulhas N. Yargop was inducted on 21st October 2008.

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

Name of Director	Category	Number of Audit Committee meetings attended (Held = 4)
Mr. Anupam Puri, Chairman (1st April 2008 to 18th May 2008 and 19th November 2008 onwards)	Non-Executive, Independent	2
Mr. Clive Goodwin	Non-Executive	3
Mr. M. Damodaran (with effect from 22nd July 2008)	Non-Executive, Independent	2
Mr. Paul Zuckerman (Chairman from 19th May 2008 to 18th November 2008)	Non-Executive, Independent	4
Dr. Raj Reddy	Non-Executive, Independent	4
Mr. Ulhas N. Yargop (with effect from 21st October 2008)	Non Executive	1

The necessary quorum was present at all the meetings.

2. Recommendations of the committee:

All the recommendations of the Audit 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 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 and 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 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.

Mr. Paul Zuckerman, the then Chairman of the Committee, was present at the Annual General Meeting of the Company held on 22nd July 2008.

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 Committee.

B. COMPENSATION (REMUNERATION) COMMITTEE:

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

Four meetings of the Compensation Committee were held during the Financial Year 2008-09. The meetings were held on 19th May 2008, 21st July 2008, 20th October 2008 and 23rd January 2009.

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

Name of Director	Category	Number of Compensation Committee meetings attended (Held =4)
Hon. Akash Paul, Chairman	Non-Executive, Independent	4
Mr. Anupam Puri (with effect from 19th May 2008)	Non-Executive, Independent	2
Mr. Arun Seth	Non-Executive	2*
Mr. Paul Zuckerman (with effect from 19th May 2008)	Non-Executive, Independent	3
Mr. Ulhas N. Yargop	Non-Executive	4

***** In addition, participated in one meeting through teleconference

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 consider the performance of the Company, the current trends in the industry, the qualifications 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:

Your Non-Executive Directors are entitled to sitting fees and/or commission and reimbursement of actual expenses for attending the Board/Committee meetings. Presently, the Company does not pay sitting fees to its Directors. The eligible Non-Executive Directors are paid commission upto a maximum of 1% of the net profits of the Company, as specifically computed in line with the provisions of the Companies Act,1956 for this purpose. An amount of Rs. 21.30 Million towards commission 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. 17.83 Million (provided in the accounts for the year ended 31st March 2008), paid to them during the year is as under:

Sr. No.	Name of Non-Executive Director	Commission for FY 2008, paid during the current year (Rs.)	Stock options granted till date
1.	Mr. Anand G. Mahindra	N.A.	N.A.
2.	Hon. Akash Paul	2,228,240	30,000
3.	Mr. Al-Noor Ramji	2,148,660	20,000
4.	Mr. Anupam Puri	2,307,820	25,000
5.	Mr. Arun Seth	2,148,660	25,000*
6.	Mr. Bharat N. Doshi	N.A.	20,000
7.	Mr. B. H. Wani	N.A.	N.A.
8.	Mr. Clive Goodwin	2,228,240	25,000
9.	Mr. M. Damodaran	N.A.	20,000
10.	Mr. Paul Zuckerman	2,228,240	20,000
11.	Dr. Raj Reddy	2,307,820	30,000
12.	Mr. Ravindra Kulkarni	N.A.	N.A.
13.	Mr. Ulhas N. Yargop	2,228,240	35,000
	Total	17,825,920	250,000

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

All these options (except those granted to Mr. M. Damodaran) are granted prior to the listing of Company's shares, based on the annual valuation by an independent chartered accountant. The options granted to Mr. M. Damodaran during Financial Year 2008-09 were in line with the provisions of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. 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%.

** 5,000 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 2009:

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 2009:

Rs. in Million						Contract Period/ Notice Period	No. of options (under ESOP 2004)
Director	**Salary**	**Company's contribution to Provident Fund**	**Benefits, perquisites & allowances**	**Commission**	**Total**		
Mr. Vineet Nayyar, Vice Chairman, Managing Director & CEO	15.91	0.82	0.32	6.35	23.40	17th January 2005 to 16th January 2010 / Notice period is 3 months	3,406,620

5. Details of Equity Shares of the Company held by the Directors as on 31st March 2009 are as below:

Sr. No.	Name of Director	No. of shares held	% to total paid-up Capital
1.	Mr. Anand G. Mahindra	47,138	0.04
2.	Hon. Akash Paul	14,355	0.01
3.	Mr. Anupam Puri	25,000	0.02
4.	Mr. Arun Seth	2,712	0.00
5.	Mr. Bharat N. Doshi	18,831	0.02
6.	Dr. Raj Reddy	10,000	0.01
7.	Mr. Ravindra Kulkarni	1,037	0.00
8.	Mr. Vineet Nayyar	1,215,608	0.99
9.	Mr. Vineet Nayyar+	26,600	0.02
10.	Mr. Ulhas N. Yargop	25,010	0.02
	Total	1,386,291	1.14

+ Held jointly

Except the above, none of the other Directors 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 at 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. During the year, the Committee passed a circular resolution on 26th August 2008 for transfer of shares / issue of duplicate share certificates and held a meeting on 23rd January 2009 for review of the status of investor complaints.

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 / requests as on 1st April 2008	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 2009
NIL	575	574	1

Number of Complaints/requests received during the year as a percentage of total number of members as on 31st March 2009 is 0.37%

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

This 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. SECURITIES ALLOTMENT COMMITTEE (a voluntary initiative of the Company) [formerly known as Share Allotment Committee]:

This Committee was formed in the year 2006 to enable the exercise and allotment of shares under ESOP. The Board in its meeting held on 27th April 2009 renamed the Committee as "Securities Allotment Committee" to increase its scope with power to allot any marketable securities of the Company. Mr. Vineet Nayyar is the Chairman of the Committee. Mr. Ulhas N. Yargop and Mr. Clive Goodwin are the other members of the Committee.

V. 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 did not have any material non-listed Indian subsidiary during the year under review.

VI. 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
2006	Mahindra Towers, Worli, Mumbai 400 018	18th July 2006	2.30 p.m.	NIL
2007	Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020	20th July 2007	3.00 p.m.	To amend Employee Stock Option Plan (ESOP) to recover from employee Fringe Benefit Tax (FBT) in respect of any grant, vesting or exercise of stock options under the Scheme on or after 1st April 2007
2008	Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020	22nd July 2008	3.00 p.m.	NIL

During the year under review, the Company passed a Special Resolution through postal ballot for amendment of Article 106 of the Articles of Association of the Company to increase the maximum number of Directors from twelve (12) to fifteen (15).

Details of voting pattern were as under:

Sr. No.	Particulars	No. of Postal Ballot forms	No. of shares	% to the total number of shares representing valid votes
(a)	Total Postal Ballot forms received	5,087	102,595,300	—
(b)	Invalid Postal Ballot forms	(630)	(53,565)	—
(c)	Valid Postal Ballot forms	4,457	102,541,735	100.00
(d)	Votes in favour of the resolution	3,869*	102,512,725	99.97
(e)	Votes against the resolution	589*	29,010	0.03

* One shareholder has voted both in favour and against.

Person who conducted the Postal Ballot exercise: Mr. Jayavant B. Bhave, Practising Company Secretary was the scrutinizer for the exercise.

The procedure for Postal Ballot is as per section 192A of the Companies Act, 1956 and Rules made thereunder namely Companies (Passing of Resolution by Postal Ballot) Rules, 2001.

No resolution is proposed to be passed through postal ballot.

VII. 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 2009.

ii) There were no non-compliances by the Company, nor were any 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 2009.

iii) No personnel has been denied access to the Audit 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 (Remuneration) Committee long before it got listed. Please see the para on Compensation Committee for details.

(b) During the period under review, there is no audit qualification in the Company's financial statements. The Company continues to adopt best practices to ensure regime of unqualified financial statements.

VIII. COMMUNICATION OF RESULTS:

- The Company has 156,162 shareholders as on 31st March 2009. The main channels of communication to the shareholders is through the annual report which includes inter alia, the Directors' report, the report on 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 Corporate Filing and Dissemination system (CFDS) viz.www.corpfiling.co.in.
- A Management Discussion and Analysis forms part of this Annual Report.

IX. GENERAL SHAREHOLDER INFORMATION:

1. Annual General Meeting:

Date	Thursday, 23rd July 2009
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 2009	Second fortnight of July 2009
Financial reporting for the quarter ending 30th September 2009	Second fortnight of October 2009
Financial reporting for the quarter ending 31st December 2009	Second fortnight of January 2009
Financial reporting for the quarter ending 31st March 2010	Second fortnight of April 2010
Annual General Meeting for the year ending 31st March 2010	Second fortnight of July 2010

3. **Book Closure:** 22nd July 2009 to 23rd July 2009 for the purpose of Annual General Meeting.

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 FY 2009-10 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

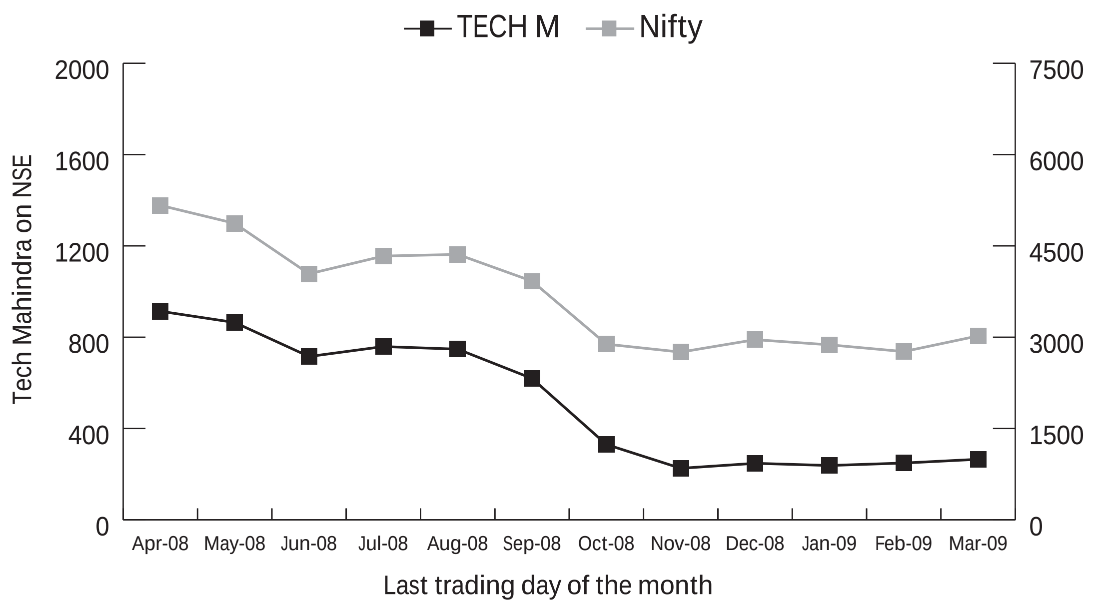
6. **Demat International Security Identification Number (ISIN) in NSDL and CDSL for equity shares:** INE669C01028

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 2008	950.00	691.00	954.00	691.00
May 2008	984.60	805.55	990.00	801.00
June 2008	875.00	703.00	878.00	700.00
July 2008	791.90	628.25	799.00	629.20
August 2008	822.70	731.25	818.50	731.05
September 2008	825.00	565.10	822.70	570.00
October 2008	639.40	298.10	639.00	299.00
November 2008	354.90	216.65	358.00	216.10
December 2008	289.80	220.00	289.80	219.60
January 2009	340.00	205.00	325.00	203.70
February 2009	288.00	215.25	290.10	223.00
March 2009	294.60	240.40	294.80	240.50

8. Performance in comparison to broad-based indices such as NSE (NIFTY), BSE Sensex 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:

During the year, our Registrar and Transfer Agents i.e. 'Intime Spectrum Registry Limited' changed its name to 'Link Intime India Private Limited '. Share transfer, dividend payment and all other investor related matters are attended to and processed by the Company's Registrar and Transfer Agents:

Link Intime India Private 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@linkintime.co.in

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 2009:

No. of Equity Shares held	Shareholders		Equity shares held	
	No. of Shareholders	% to Total	No. of shares	% to Total
001 - 500	154,008	98.62	5,419,916	4.45
501 - 1000	1,093	0.70	823,255	0.68
1001 - 2000	555	0.36	797,758	0.65
2001 - 3000	158	0.10	390,234	0.32
3001 - 4000	81	0.05	287,472	0.24
4001 - 5000	47	0.03	215,952	0.18
5001 - 10000	100	0.06	719,303	0.59
10,001 & above	120	0.07	113,079,744	92.89
Total			**121,733,634**	**100.00**

Shareholding Pattern as on 31st March 2009 :

Category	No. of shares held	% to Total
Promoters holdings	101,424,813	83.32
Public Share holding:		
Mutual Funds	1,872,855	1.54
Banks, Financial Institutions & others	263,131	0.22
Insurance Companies	256,637	0.21
Foreign Institutional Investors	1,653,080	1.36
Bodies Corporate	2,468,410	2.02
NRI/Foreign Nationals	521,418	0.43
Indian Public	13,273,290	10.90
Total	**121,733,634**	**100.00**

12. Dematerialization of shares and liquidity:

91.69 % 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 2009. 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.

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

As on 31st March 2009, 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 :

Link Intime India Private 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@linkintime.co.in

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 PURSUANT TO CLAUSE 49 IV (G) (i) OF THE LISTING AGREEMENT IN RESPECT OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT

Mr. Anupam Puri

Mr. Anupam Puri is a Non-Executive Independent Director of the Company. He was a management consultant with McKinsey for 30 years, working with companies, governments and multilateral agencies on strategy and organization. He founded McKinsey's practice in India. Since 2000, he has served as Non-Executive Director of several Indian companies. His education includes a B.A. in Economics from Delhi University and M.A. and M.Phil. degrees in Economics from Oxford University.

Mr. Puri is a Director of Dr. Reddy's Laboratories Limited (also Chairman - Governance Committee), ICICI Bank Limited (also Member - Board Governance and Remuneration Committee), Mahindra & Mahindra Limited and Mumbai Mantra Media Limited.

Mr. Puri holds 25,000 shares in the Company.

Mr. Paul Zuckerman

Mr. Paul Zuckerman is a Non-Executive Independent Director of the Company. He is the Chairman and Chief Executive Officer of Zuckerman & Associates Limited, which advises technology and life science related start ups and works with strategic and venture capital sources of finance. He has obtained a B.A. and M.A. in Economics and a Higher National Diploma in Agricultural Economics from Trinity College, Cambridge University. He also holds a Ph.D. in Agricultural Economics from Reading University, United Kingdom. He is an Independent Director on a number of international Boards and was Deputy Chairman of Icap plc.

Mr. Zuckerman is a Director of Blackrock UK Equity Hedge Fund Limited, Blackrock European Opportunities Hedge Fund Limited, Blackrock Natural Resources Hedge Fund Limited, Blackrock UK Emerging Companies Hedge Fund Limited, Blackrock Eurasian Frontiers Hedge Fund Limited, Blackrock Funds of Alternatives SPC, Blackrock Aletsch Fund Limited, Blackrock Aletsch Master Fund Limited, Blackrock Middle East & North Africa Opportunities Fund Limited, Blackrock Middle East & North Africa Opportunities Master Fund Limited, Blackrock Global Macro Hedge Fund Limited, Pall Mall Capital Limited, Westgate Hall Nominees Plc., Burnham Overy Boathouse Limited, Art Funds Services Limited, Zuckerman & Associates Limited, JM Financial Limited, ArcelorMittal Las Truchas, S.A. de C.V., AreclorMittal Vinton Inc., AreclorMittal Brasil S.A., AreclorMittal Mexico S.A. de C.V., Great Eastern Energy Corp. Limited, Iceni Mobile Limited, Westminster Garden Properties Limited.

Mr. Zuckerman is a Member of the Audit Committee of Great Eastern Energy Corporation Limited.

Mr. Zuckerman does not hold any shares in the Company.

Dr. Raj Reddy

Dr. Raj Reddy is a Non-Executive Independent Director of the Company. Presently he is the Mozah Bint Nasser University Professor of Computer Science and Robotics in the School of Computer Science at the Carnegie Mellon University and has been on the faculty of the Carnegie Mellon University, USA since 1969. His research interests include the study of human-computer interaction and artificial intelligence. He has been awarded the Legion of Honour by President of France in 1984 and the Padma Bhushan by President of India in 2001. His education includes B.E., M. Tech. and Ph.D. (Computer Science).

Dr. Reddy is a Director of 3com Inc. and is also a Member of its Technical Committee.

Dr. Reddy holds 10,000 shares in the Company.

M. M. Damodaran

Mr. M. Damodaran is a Non-Executive Independent Director of the Company. He has recently completed his tenure as the Chairman of Securities and Exchange Board of India (SEBI). As Chairman, he was instrumental in setting the pace for appropriate regulation of the securities market in India. His initiatives at SEBI have resulted in India's financial markets being recognized as being amongst the best regulated in the world. Mr. Damodaran's prior appointments include Chairman of IDBI and Chairman of UTI. Earlier, he was Joint Secretary (Banking Division), Ministry of Finance for five years. He was also a member of the Indian Administrative Service and has served as Chief Secretary, Government of Tripura, apart from various assignments with the Central Government at the Ministry of Finance, Ministry of Commerce and Ministry of Information & Broadcasting. He holds degrees in Economics and Law from the Universities of Madras and Delhi.

Mr. Damodaran is a Director of Hero Honda Motors Limited, SREI Sahaj e-village Limited, ING Vysya Bank Limited and ING Investment Management (India) Private Limited.

Mr. Damodaran does not hold any shares in the Company.

Mr. B. H. Wani

Mr. B. H. Wani is a Non-Executive Independent Director of the Company. He is a senior solicitor and advocate practicing in the Bombay High Court, at Mumbai for the last 40 years. Subsequent to his retirement as senior partner of Little & Co., he is practicing more in advisory capacity. During his career, he has independently handled civil matters of corporate bodies of India and abroad, relating to sale and purchase of properties, matters covering formation of companies, joint ventures, collaborations, trademarks etc. and resolving issues relating to commercial laws, corporate laws including company law, banking, arbitration law, monopolies, mergers and takeovers. His education inludes B.A. and LL.B.

Mr. Wani is a Director of Toyo Engineering India Limited and also a Member of its Audit Committee.

Mr. Wani does not hold any shares in the Company.

Mr. Ravindra Kulkarni

Mr. Ravindra Kulkarni is a Non-Executive Independent Director of the Company. He is Senior Partner, Khaitan & Co., Advocates and member of Bar Council of Maharashtra & Goa. He has immense experience in all aspects of Corporate Law, Mergers & Acquisitions, cross-border transactions in Capital Markets, Securities Law, Restructuring, Foreign Collaboration, etc. He advises a range of large Indian and multinational clients in various business sectors. He is also on the Board of various public listed companies in India. His education includes B.Sc. and LL.M.

Mr. Kulkarni is a Director of Caprihans India Limited (also Chairman - Audit Committee, Member - Shareholders' / Investors Grievance Committee and Remuneration Committee), Elantas Beck India Limited (also Chairman - Audit Committee, Member - Shareholders' / Investors Grievance Committee), Mahindra & Mahindra Contech Limited, Mahindra & Mahindra Limited (also Member - Audit Committee, Shareholders' / Investors Grievance Committee), Shamrao Vithal Co-Op Bank Limited, Entertainment Network of (India) Limited (also Member - Audit Committee and Remuneration Committee), Ineos ABS (India) Limited and Alternate Brand Solutions (India) Limited.

Mr. Kulkarni holds 1,037 shares in the Company.

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 2009, 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 2009, Chief Financial Officer and Chief Business Development Officer of the Company.

For Tech Mahindra Limited

20th April 2009

Vineet Nayyar
Vice Chairman, Managing Director & CEO

CERTIFICATE

To the Members of Tech Mahindra Limited

We have examined the compliance of the conditions of Corporate Governance by Tech Mahindra Limited (the Company) for the year ended on March 31, 2009, as stipulated in Clause 49 of the Listing Agreement of the Company with the stock exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us 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: April 27, 2009

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** ("the Company") as at March 31, 2009, 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, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 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, 2009;

      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

Hyderabad
Dated: 27th April , 2009

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) (a) The Company has conducted physical verification of inventory at reasonable intervals during the year.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

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 inventory and fixed assets and sale of goods and services. 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 *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, Custom duty, cess and any other material statutory dues. *However in respect of Service Tax dues, the Company has been generally regular in depositing* with the appropriate authorities during the year.

(b) According to the information and explanations given to us, the following undisputed amounts payable in respect of service tax dues were in arrears as at 31st March 2009 for a period of more than six months from the date they became payable.

Name of the Statute	Nature of Dues	Amount (Rs. Million)	Due date	Date of payment
Central Excise Act	Service Tax	10.89	May 2008 to August 2008	1st April 2009

(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
Assessing Officer	Corporate tax	5.92	1998-1999
Assessing Officer	Corporate tax	3.89	1997-1998
Commissioner of Income tax (Appeals)	Corporate tax	67.88 *	2001-2002
Assessing Officer	Corporate tax	0.06 *	2002-2003
Commissioner of Income tax (Appeals)	Corporate tax	0.14 *	2003-2004
Commissioner of Income tax (Appeals)	Corporate tax	102.48	2003-2004
Commissioner of Income tax (Appeals)	Corporate tax	29.45 *	2004-2005
Commissioner of Income tax (Appeals)	Corporate tax	109.23	2004-2005
Commissioner of Income Tax (Appeals)	Fringe Benefit Tax	10.25	2005-2006

* in respect of erstwhile subsidiary which was amalgamated with the Company w.e.f 1st April 2008

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, there are no dues payable to banks, financial institutions or debenture holders. Accordingly, the provisions of clause 4 (xi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

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) As informed to us, during the period covered by our audit report, the Company has not raised any money by public issues.

xx) According to the information and explanations given to us, no material 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

Hyderabad
Dated: 27th April, 2009

BALANCE SHEET AS AT MARCH 31, 2009

		Schedule	As at March 31, 2009	As at March 31, 2008
				Rs. in Million
I.	**SOURCES OF FUNDS :**			
	SHAREHOLDERS' FUNDS :			
	Share Capital	I	**1,217**	1,214
	Share Application Money		**1**	0
	Reserves and Surplus	II	**17,592**	11,070
			18,810	12,284
	LOAN FUNDS :	III		
	Unsecured Loans		**-**	950
			-	950
			18,810	13,234
II.	**APPLICATION OF FUNDS :**			
	FIXED ASSETS :	IV		
	Gross Block		**8,962**	5,505
	Less : Accumulated Depreciation		**4,061**	2,596
	Net Block		**4,901**	2,909
	Capital Work-in-Progress, including Capital Advances		**1,541**	1,385
			6,442	4,294
	INVESTMENTS :	V	**4,535**	2,986
	DEFERRED TAX ASSET (NET) : (refer note 25 of schedule XIII)		**155**	14
	CURRENT ASSETS, LOANS AND ADVANCES :			
	Inventory		**13**	-
	Sundry Debtors	VI	**8,545**	10,574
	Cash and Bank Balances	VI	**4,961**	814
	Loans and Advances	VI	**2,867**	3,477
			16,386	14,865
	Less : CURRENT LIABILITIES AND PROVISIONS :			
	Current Liabilities	VII	**6,718**	6,341
	Provisions	VIII	**1,990**	2,584
			8,708	8,925
	Net Current Assets		**7,678**	5,940
			18,810	13,234
	SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS	XIII		

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

Mr. Hemant M. Joshi
Partner

Hyderabad,
Dated : April 27, 2009

For Tech Mahindra Limited

Mr. Anand G. Mahindra
Chairman

Mr. Vineet Nayyar
Vice Chairman, Managing Director & CEO

Hon. Akash Paul
Director

Mr. Anupam Puri
Director

Mr. Arun Seth
Director

Mr. Bharat Doshi
Director

Mr. B. H. Wani
Director

Mr. Clive Goodwin
Director

Mr. M. Damodaran
Director

Mr. Paul Zuckerman
Director

Dr. Raj Reddy
Director

Mr. Ravindra Kulkarni
Director

Mr. Ulhas N. Yargop
Director

Mr. Vikrant Gandhe
Asst. Company Secretary

Hyderabad,
Dated : April 27, 2009

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

Rs. in Million except earning per share

	Schedule	Year ended March 31, 2009	Year ended March 31, 2008
INCOME :			
Income from operations		**43,578**	36,047
Other Income (net)	IX	**(425)**	976
Total Income		**43,153**	37,023
EXPENDITURE :			
Personnel	X	**14,197**	12,224
Operating and Other Expenses	XI	**16,952**	15,616
Depreciation	IV	**1,074**	736
Interest	XII	**25**	100
		32,248	28,676
PROFIT BEFORE TAX AND EXCEPTIONAL ITEM		**10,905**	8,347
Provision for Tax			
- Current tax [net of MAT credit of Rs. 281 million (previous year Rs. Nil)]		**1,086**	620
- Deferred tax		**(127)**	0
- Fringe benefit tax		**80**	69
PROFIT AFTER TAX AND BEFORE EXCEPTIONAL ITEM		**9,866**	7,658
Exceptional item (refer note 12 of schedule XIII)		**-**	4,401
NET PROFIT FOR THE YEAR		**9,866**	3,257
Provision in respect of earlier year written back (refer note 10 of schedule XIII)		**-**	165
Balance brought forward from previous year		**5,202**	4,261
Balance available for appropriation		**15,068**	7,683
Final Dividend (refer note 22 of schedule XIII)		**1**	668
Interim Dividend		**487**	-
Dividend Tax (refer note 22 of schedule XIII)		**83**	113
Transfer to General Reserve		**1,000**	1,700
Balance Carried to Balance Sheet		**13,497**	5,202
Earning Per Share (refer note 30 of schedule XIII)			
Before exceptional item (in Rs.)			
- Basic		**81.12**	64.49
- Diluted		**76.66**	59.84
After exceptional item (in Rs.)			
- Basic		**81.12**	28.21
- Diluted		**76.66**	26.17
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS	XIII		

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

Mr. Hemant M. Joshi
Partner

Hyderabad,
Dated : April 27, 2009

For Tech Mahindra Limited

Mr. Anand G. Mahindra
Chairman

Mr. Vineet Nayyar
Vice Chairman, Managing Director & CEO

Hon. Akash Paul
Director

Mr. Anupam Puri
Director

Mr. Arun Seth
Director

Mr. Bharat Doshi
Director

Mr. B. H. Wani
Director

Mr. Clive Goodwin
Director

Mr. M. Damodaran
Director

Mr. Paul Zuckerman
Director

Dr. Raj Reddy
Director

Mr. Ravindra Kulkarni
Director

Mr. Ulhas N. Yargop
Director

Mr. Vikrant Gandhe
Asst. Company Secretary

Hyderabad,
Dated : April 27, 2009

CASH FLOW FOR THE YEAR ENDED MARCH 31, 2009

Rs. in Million

	Particulars		Year ended March 31, 2009	Year ended March 31, 2008
A.	**Cash flow from operating activities**			
	Net profit before taxation and exceptional item		**10,905**	8,347
	Less : Exceptional item		**-**	(4,401)
	Add : Provision in respect of earlier year written back		**-**	165
	Net profit before taxation and after exceptional item		**10,905**	4,111
	Adjustments for :			
	Depreciation / Amortisation	**1,074**		736
	Loss on sale of Fixed Assets (net)	**9**		4
	Provision in respect of earlier year written back	**-**		(165)
	Interest expense	**25**		100
	Decrease in fair value of current investment	**1**		-
	Exchange loss/(gain) (net)	**341**		(272)
	Dividend from current investments	**(66)**		(34)
	Interest income	**(59)**		(38)
	(Profit)/Loss on sale of current investments	**64**		(22)
			1,389	309
	Operating profit before working capital changes		**12,294**	4,420
	Adjustments for :			
	Trade and other receivables	**2,595**		(3,068)
	Trade and other payables	**(1,102)**		1,714
			1,493	(1,354)
	Cash generated from operations before tax		**13,787**	3,066
	Income taxes paid	**(1,784)**		(969)
			(1,784)	(969)
	Net cash from / (used in) operating activities		**12,003**	2,097
B.	**Cash flow from investing activities**			
	Purchase of Fixed Assets	**(2,415)**		(1,928)
	Purchase of Current investments (including reinvested)	**(11,895)**		(2,268)
	Acquisitions / Investments (refer note 9, 11 and 34 of schedule XIII)	**(91)**		(870)
	Sale of Current investments	**8,064**		3,017
	Sale of Fixed Assets	**0**		3
	Interest received	**66**		38
	Dividend received on current investments	**66**		25
	Net cash from / (used in) investing activities		**(6,204)**	(1,983)

CASH FLOW FOR THE YEAR ENDED MARCH 31, 2009 (Contd.)

Rs. in Million

	Particulars		Year ended March 31, 2009	Year ended March 31, 2008
C.	**Cash flow from financing activities**			
	Proceeds from issue of shares (including Securities Premium)	**30**		10
	Issue of equity shares	**-**		-
	Share application money	**1**		-
	Dividend (including dividend tax paid)	**(1,352)**		-
	Payment of Principal on Car Lease	**-**		(14)
	Proceeds/(Repayment) from/of borrowing	**(300)**		460
	Interest paid	**(25)**		(100)
	Net cash from / (used in) financing activities		**(1,645)**	356
	Net increase/(decrease) in cash and cash equivalents (A+B+C)		**4,154**	470
	Cash and cash equivalents at the beginning of the year		**765**	295
	Increase in Cash and cash equivalents on amalgamation (refer note 6 (a) of schedule XIII)		**35**	-
	Cash and cash equivalents at the end of the year		**4,954**	765

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, 2009	March 31, 2008
3	Cash and cash equivalents :		
	Cash and Bank Balances	**4,961**	814
	Unrealised (gain)/loss on foreign currency	**-**	-
	Cash and cash equivalents	**(7)**	(49)
	Total Cash and cash equivalents	**4,954**	765

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

Mr. Hemant M. Joshi
Partner

Hyderabad,
Dated : April 27, 2009

For Tech Mahindra Limited

Mr. Anand G. Mahindra
Chairman

Mr. Vineet Nayyar
Vice Chairman, Managing Director & CEO

Hon. Akash Paul
Director

Mr. Anupam Puri
Director

Mr. Arun Seth
Director

Mr. Bharat Doshi
Director

Mr. B. H. Wani
Director

Mr. Clive Goodwin
Director

Mr. M. Damodaran
Director

Mr. Paul Zuckerman
Director

Dr. Raj Reddy
Director

Mr. Ravindra Kulkarni
Director

Mr. Ulhas N. Yargop
Director

Mr. Vikrant Gandhe
Asst. Company Secretary

Hyderabad,
Dated : April 27, 2009

Schedules forming part of the Balance Sheet

	As at March 31, 2009	Rs. in Million As at March 31, 2008
Schedule I		
SHARE CAPITAL :		
Authorised :		
175,000,000 (previous year 175,000,000) Equity Shares of Rs. 10/- each	**1,750**	1,750
	1,750	1,750
Issued Subscribed and Paid up :		
121,733,634 (previous year 121,362,869) Equity Shares of Rs. 10/-	**1,217**	1,214
each fully paid-up	**1,217**	1,214

Notes :

1. Out of the above 9,931,638 (previous year 9,931,638) Equity Share of Rs. 10/- each fully paid-up are held by Mahindra BT Investment Company (Mauritius) Limited, a subsidiary of Mahindra and Mahindra Ltd. and 53,776,252 (previous year 53,776,252) Equity Shares of Rs. 10/- each are held by Mahindra & Mahindra Ltd., 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 Company had consolidated 5 Equity Shares of face value Rs. 2/- each into 1 equity share of face value Rs. 10/- each.
4. 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.
5. Refer note 23 of schedule XIII for stock options.

Schedules forming part of the Balance Sheet

		As at March 31, 2009	As at March 31, 2008 (Rs. in Million)
Schedule II			
RESERVES AND SURPLUS :			
General Reserve :			
As per last Balance Sheet	**2,714**		1,014
Add : Transfer from Profit and Loss Account	**1,000**		1,700
Less : Transferred on amalgamation (refer note 6(a) of schedule XIII)	**1,013**		-
		2,701	2,714
Securities Premium :			
As per last Balance Sheet	**2,303**		2,293
Add : Received during the year	**27**		10
		2,330	2,303
(Loss)/ Profit on cash flow hedges (refer note 1 (k) (b) of schedule XIII)		**(936)**	851
Balance in Profit and Loss Account		**13,497**	5,202
		17,592	11,070

	As at March 31, 2009	As at March 31, 2008
Schedule III		
LOAN FUNDS :		
Unsecured Loans :		
Overdraft from bank	**-**	300
Inter-Corporate Deposit from subsidiary company	**-**	650
	-	950

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, 2008**	**Additions on Amalgamation***	**Additions during the year**	**Deductions during the year**	**Cost as at March 31, 2009**	**As at April 1, 2008**	**Additions on Amalgamation ***	**For the year**	**Deductions during the year**	**Upto March 31, 2009**	**As at March 31, 2009**	**As at March 31, 2008**
Leased Assets :												
Vehicles (refer note 20 of schedule XIII)	48	-	-	42	**6**	37	-	4	36	**5**	**1**	11
Tangible Fixed Assets :												
Freehold Land	83	91	-	-	**174**	-	-	-	-	**-**	**174**	83
Leasehold Land	325	106	5	-	**436**	4	2	9	-	**15**	**421**	321
Leasehold Improvements	281	-	81	5	**357**	61	-	117	5	**173**	**184**	220
Office Building / Premises	1,411	187	1398	-	**2,996**	603	81	164	-	**848**	**2,148**	808
Computers	1,658	165	244	19	**2,048**	983	139	417	19	**1,520**	**528**	675
Plant and Machinery	999	140	665	6	**1,798**	465	132	216	5	**808**	**990**	534
Furniture and Fixtures	661	116	277	30	**1,024**	419	112	126	28	**629**	**395**	242
Vehicles	39	8	3	3	**47**	24	7	10	3	**38**	**9**	15
Intangible Assets :												
Intellectual property rights	-	76	-	-	**76**	-	14	11	-	**25**	**51**	-
Total	**5,505**	**889**	**2,673**	**105**	**8,962**	**2,596**	**487**	**1,074**	**96**	**4,061**	**4,901**	**2,909**
previous year	4,428	-	1,181	104	5,505	1,957	-	736	97	2,596		
Capital Work-in-Progress (include capital advances ** **Rs. 146 Million** # (previous year Rs. 16 Million))											1,541	1,385
										Total	**6,442**	4,294

Note : 1) Fixed Assets include certain leased vehicles aggregating to **Rs. 0 Million** (previous year Rs. 14 Million) (at cost) on which vendors have a lien.

\# 2) Includes capital advances of **Rs.243 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 Appellate 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.

* 3) Refer note 6(a) of Schedule XIII

** 4) Net of provision for doubtful advances **Rs. 5 Million** (previous year Rs. Nil)

Schedules forming part of the Balance Sheet

Rs. in Million

		As at March 31, 2009	As at March 31, 2008
Schedule V			
INVESTMENTS :			
Long Term (Unquoted - at cost)			
Trade :			
In Subsidiary Companies :			
375,000 Ordinary Shares (previous year 375,000) of US$ 1 each fully paid-up of Tech Mahindra (Americas) Inc.		**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	**354**		354
		35	35
5,000 Equity Shares (previous year 5,000) of Singapore $ 10 each fully paid-up of Tech Mahindra (Singapore) Pte Limited		**1**	1
Nil Equity Shares (previous year 9,206,700) of Tech Mahindra (R & D Services) Limited of Rs. 5 each fully paid-up (refer note 4 and 6 (a) of schedule XIII)		**-**	1,910
50,000 Equity Shares (previous year 50,000) of Tech Mahindra (Thailand) Limited of THB 100 each fully paid-up		**6**	6
50,000 Equity Shares (previous year 50,000) of Tech Mahindra Foundation of Rs.10 each fully paid-up		**1**	1
500,000 Equity Shares (previous year 500,000) of PT Tech Mahindra Indonesia of US $ 1 each fully paid-up		**22**	22
4,619,631 Equity Shares (previous year 4,619,631) of CanvasM Technologies Limited of Rs. 100 each fully paid-up (Refer note 7 of schedule XIII)		**462**	462
Nil Equity Shares (previous year 19,536,940) of Ipolicy Networks Limited of Rs. 10 each fully paid-up (refer note 5 and 6 (a) of schedule XIII)		**-**	530
312,820 Equity Shares (previous year 312,820) of Tech Mahindra Malaysia		**4**	4
SDN BHD of Ringet 1 each fully paid-up (refer note 8 of schedule XIII)			
Investment in Tech Mahindra (Beijing) IT Services Limited (refer note 9 of schedule XIII)		**8**	3
11000 Equity Shares (previous year Nil) of Venturbay consultants Private Limited of Rs. 10 each fully paid-up (refer note 11 of schedule XIII)		**0**	-
		551	2,986

Schedules forming part of the Balance Sheet

Rs. in Million

		As at March 31, 2009	As at March 31, 2008
Schedule V (Contd.)			
In Other Companies :			
1,603,380 E1 Preference shares (previous year Nil) of Servista Limited of GBP 0.002 each fully paid up (refer note 34 of schedule XIII)		54	-
896,620 E2 Preference shares (previous year Nil) of Servista Limited of GBP 0.002 each fully paid up (refer note 34 of schedule XIII)		30	-
4,232,622 Ordinary shares (previous year Nil) of Servista Limited of GBP 0.002 each fully paid up (refer note 34 of schedule XIII)		1	-
		85	-
Current Investments (Unquoted)			
Non Trade :			
65,400,536.26 (previous year Nil) units of Rs. 10.03 (previous year Rs. Nil) each of HDFC Cash Mgt Fund - Treasury Advantage Plan - wholesale - Daily Dividend	656		-
49,678,303.91 (previous year Nil) units of Rs. 10.22 (previous year Rs. Nil) each of ICICI Prudential Flexible Income Plan -Daily Dividend	508		-
60,215,296.62 (previous year Nil) units of Rs. 10.08 (previous year Rs. Nil) each of Kotak Floater Long Term-Daily dividend	607		-
76,159,600.72 (previous year Nil) units of Rs. 10.01 (previous year Rs. Nil) each of Birla Sunlife Short Term Fund-Institutional Daily Dividend	762		-
10,088,314.24 (previous year Nil) units of Rs. 10.00 (previous year Rs. Nil) each of Fidelity Ultra Short Term Debt Fund	101		-
25,036,693.47 (previous year Nil) units of Rs. 10.04 (previous year Rs. Nil) each of Tata Floater Fund	251		-
44,627,133.83 (previous year Nil) units of Rs. 17.10 (previous year Rs. Nil) each of Reliance Medium Term fund-Daily Dividend Plan	763		-
25,122,427.67 (previous year Nil) units of Rs. 10.00 (previous year Rs. Nil) each of IDFC Money Manager Fund - TP -Super Instl Plan C - Daily dividend	251		-
		3,899	-
		4,535	2,986

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

Schedules forming part of the Balance Sheet

Rs. in Million

		As at March 31, 2009	As at March 31, 2008
Schedule VI			
CURRENT ASSETS, LOANS AND ADVANCES :			
Current Assets :			
(a) Sundry Debtors * :			
(Unsecured)			
Debts outstanding for a period exceeding six months			
: considered good **		**204**	1,155
: considered doubtful		**69**	80
		273	1,235
Other debts, considered good ***		**8,341**	9,419
		8,614	10,654
Less : Provision		**69**	80
		8,545	10,574
1. * Debtors include on account of unbilled revenue aggregating to **Rs.704 Million** (previous year Rs. 3,121 Million)			
2. ** Net of advances aggregating to **Rs. 92 Million** (previous year Rs. 98 Million) pending adjustments with invoices			
3. *** Net of advances aggregating to **Rs. 1,983 Million** (previous year Rs. 159 Million) pending adjustments with invoices			
(b) Cash and Bank Balances :			
Balance with scheduled banks :			
(i) In Current Accounts	**4,365**		467
(ii) In Fixed Deposit Accounts	**17**		14
Balance with other banks :			
(i) In Current Accounts	**579**		333
(refer note 33 of schedule XIII)		**4,961**	814
(c) Loans and Advances :			
(Unsecured, considered good unless otherwise stated)			
Loan to Subsidiaries		**25**	100
Advance to Subsidiaries		**66**	-
Advances recoverable in cash or in kind or for value to be received			
considered good	**1,099**		1,900
considered doubtful	**21**		10
	1,120		1,910
Less : Provision	**21**		10
		1,099	1,900
MAT Credit Entitlement		**281**	-
Balance with Excise and Customs		**602**	-
Fair values of foreign exchange forward and currency option contracts (refer note 1 (k) (b) of schedule XIII)		**-**	1,036
Advance Taxes (net of provisions)		**790**	441
Advance Fringe Benefit Tax (net of provisions)		**4**	-
		2,867	3,477

Schedules forming part of the Balance Sheet

	As at March 31, 2009	As at March 31, 2008
		Rs. in Million
Schedule VII		
CURRENT LIABILITIES :		
(a) Sundry Creditors :		
Total outstanding dues of Micro enterprises and Small enterprises (refer note 31 of schedule XIII)	**-**	-
Total outstanding dues of Creditors other than Micro enterprises and Small enterprises *	**5,011**	5,091
* includes -		
Rs. 368 Million (previous year Rs. 249 Million) due to Tech Mahindra (Americas) Inc. USA , a subsidiary company.		
Rs. 163 Million (previous year Rs. 110 Million) due to Tech Mahindra GmbH, a subsidiary company.		
Rs. 29 Million (previous year Rs.49 Million) due to Tech Mahindra (Singapore) Pte. Ltd., a subsidiary company.		
Rs. 7 Million (previous year Rs. 1 Million) due to Tech Mahindra (Thailand) Limited, a subsidiary company.		
Rs. 2 Million (previous year Rs. 2 Million) due to Tech Mahindra (Malaysia) Sdn. Bhd., a subsidiary company.		
Rs. Nil (previous year Rs. 4 Million) due to CanvasM Technologies Limited, a subsidiary company.		
- (previous year Rs 1 Million) due to iPolicy Networks Limited, a subsidiary company.		
(b) Fair values of foreign exchange forward and currency option contracts (refer note 1 (k) (b) of schedule XIII)	**1,179**	-
(c) Other Liabilities	**527**	1,249
(d) Unclaimed Dividend	**1**	1
	6,718	**6,341**
Schedule VIII		
PROVISIONS :		
Provision for tax (net of advance taxes)	**817**	793
Provision for Fringe Benefit Tax (net of advance taxes)	**-**	6
Proposed Dividend	**-**	668
Provision for Dividend tax	**-**	113
Provision for Gratuity (refer note 14 of schedule XIII)	**661**	454
Provision for Leave Encashment	**512**	550
	1,990	2,584

Schedules forming part of the Profit and Loss Account

Rs. in Million

		Year ended March 31, 2009	Year ended March 31, 2008
Schedule IX			
OTHER INCOME :			
Interest on :			
Deposits with banks [Tax deducted at source **Rs. 4 Million**] (previous year Rs. 1 Million)	**47**		26
Others [Tax deducted at source **Rs. Nil**] (previous year Rs. 2 Million)	**12**		12
		59	38
Dividend received on current investments (non - trade)		**66**	34
Profit on sale of current investments (non - trade) (net)		**-**	22
Exchange (losses) / gains (net)		**(731)**	765
Sundry balances written back (net)		**118**	89
Rent Income [Tax deducted at source **Rs. 5 Million**] (previous year Rs. Nil)		**23**	-
Miscellaneous income [Tax deducted at source **Rs. 0 Million**] (previous year Rs. 1 Million)		**40**	28
		(425)	976
Schedule X			
PERSONNEL :			
Salaries and bonus		**12,424**	10,695
Contribution to provident and other funds		**1,000**	883
Staff welfare		**773**	646
		14,197	12,224

Schedules forming part of the Profit and Loss Account

			Rs. in Million
		Year ended March 31, 2009	Year ended March 31, 2008
Schedule XI			
OPERATING AND OTHER EXPENSES :			
Power & Fuel		**367**	278
Rent		**812**	759
Rates and taxes		**106**	34
Communication expenses		**748**	766
Travelling expenses (refer note 13 of schedule XIII) [Net of recoveries **Rs. 175 Million** (previous year Rs.55 Million)]		**3,231**	4,845
Recruitment expenses		**64**	75
Training		**126**	164
Hire charges		**144**	183
Sub-contracting costs (net)		**8,986**	6,790
Transition Cost (net)		**353**	381
Professional and Legal fees		**357**	149
Repairs and maintenance :			
Buildings (including leased premises)	**33**		26
Machinery	**97**		50
Others	**97**		103
		227	179
Insurance		**149**	97
Software and hardware expenses		**578**	307
Advertising, marketing and selling expenses		**26**	34
Commission on income from services		**74**	169
Loss on sale of fixed assets (net)		**9**	4
Loss on sale of current investments (net)		**64**	-
Excess of cost over fair value of current investments		**1**	-
Provision for doubtful debts (net)		**16**	14
Provision for doubtful advances		**11**	4
Advances / bad debts written off		**24**	21
Donations		**90**	76
Consumption of components		**2**	-
Miscellaneous expenses (refer note 15 of schedule XIII)		**387**	287
		16,952	15,616
Schedule XII			
INTEREST :			
- Cash credit / Overdraft		**4**	62
- Inter Corporate Deposit		**-**	38
- Others		**21**	-
		25	**100**

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

Schedule XIII

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR FROM APRIL 1, 2008 TO MARCH 31, 2009

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 including Intangible Assets :

Fixed assets are stated at cost less accumulated 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 / Amortisation 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 or expected period of occupancy whichever is less.

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

v) Assets costing upto Rs.5,000 are fully depreciated in the year of purchase.

(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 :

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.

Current investments are carried at lower of cost and fair value.

(h) Inventories :

Components and parts :

Components and parts are valued at lower of cost and net realizable value. Cost is determined on First–In–First Out basis.

Work in progress :

An ongoing work to develop computer software is recognized only when a significant portion of the deliverable work is completed, and is valued at the lower of cost and estimated net realisable value. The cost of work in progress is arrived at after considering all direct costs including the depreciation cost on all capital goods that are deployed directly or indirectly for the development of any modules and indirect costs as have been specifically incurred for the development of the various modules.

Finished Goods :

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

(i) 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 rendered. 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.

Foreign Currency unbilled revenue is recognised at month end foreign currency closing rate. On receipt of Purchase Orders, the amounts are billed to the customer and the revenue is booked at the exchange rate prevailing on the transaction date.

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.

Revenue from sale of software and hardware products is recognized at the point of dispatch to the customers.

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

(j) Expenditure :

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

(k) 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 / options to hedge its risks associated with foreign currency fluctuations relating to certain forecasted transactions. Effective 01st April 2007 the Company designates these as cash flow hedges applying the recognition and measurement principles set out in the Accounting Standard 30 " Financial Instruments : Recognition and Measurements"(AS-30).

The use of foreign currency forward contracts/options 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 counter party to the Company's foreign currency forward contracts is generally a bank. The Company does not use derivative financial instruments for speculative purposes.

Foreign currency forward contract/option 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.

(l) 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.

Actuarial gains and losses are recognised in full in the Profit and Loss account for the year in which they occur. (refer note 14 below)

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 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 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.

The company also offers a short term benefit in the form of encashment of unavailed accumulated leave above certain limit for all of its employees and same is being provided for in the books at actual cost.

(m) 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.

(n) 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 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).

(o) 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, 2009 **Rs. 986 Million** (previous year : Rs. 1,378 Million).

3. Contingent liabilities :

   i) The Company has received demand notices from Income Tax Authorities resulting in a contingent liability of **Rs. 263 Million** (previous year Rs. 158 Million). This is mainly on account of the following : (a) Disallowance of software maintenance activity, deduction under section 80HHE amounting to Rs. 38 Million (b) Deduction under Section 10A amounting to Rs. 209 Million in relation to adjustment of expenditure in foreign currency being excluded only from Export turnover and not from Total turnover. The company has already won the appeal before the Mumbai Tribunal for the Assessment year 2002-2003. The department intends to pursue the matter before High Court and (c) an amount of Rs. 16 Million relating to Fringe Benefit Tax. The Company has appealed before Appellate Authorities and is hopeful of succeeding in the same.

   ii) Bank Guarantees outstanding **Rs. 967 Million** (previous year : Rs. 160 Million).

   iii) Claims from Statutory Authorities for TML is **Rs. 2 Million** (Provident Fund) (previous year : Rs. 2 Million). Based on letter received from Service Tax Authority for erstwhile TMR&D is **Rs. 7 Million** (previous year Rs. 7 Million) towards service tax on marketing fees for the financial year 2006-2007. The above amount is paid by the Company "Under Protest". The company is awaiting demand notice and would be filling an appeal against the same.

   iv) Claims against the company not acknowledged as debts amounting to **Rs. 130 Million** (previous year Rs. Nil).

   v) Based on the demand letter of Rs. 6 Million (previous year Rs. Nil) received from the office of the assistant development commissioner of NSEZ for rent arrears on account of revision of rent of the SEZ premises the company has paid an amount of Rs. 3 Million (previous year Rs. Nil) "Under Protest".

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

   During the year ended March 31, 2008, the company had 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 (earn out) to all the selling shareholders, payable over three years i.e. up to March 31st 2008 and calculated based on achievement of specific targets. The consideration so payable would be accounted in the books of account in the year of achieving the milestones under the agreement. The total contingent consideration is payable in cash and cannot exceed **Rs. 641 Million.** Accordingly, total earn out payment of Rs.155 Million had been provided as additional cost of acquisition till March 31, 2008.

5. During the year 2007-08, 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 became a wholly owned subsidiary of the Company with effect from the date of acquisition.

   During the previous year, the Company had made an additional investment of **Rs. 381 Million** after the acquisition.

6. a) Tech Mahindra (R & D services) Limited, iPolicy networks limited - wholly owned subsidiaries of TML have been amalgamated with the company with effect from April 1, 2008 in terms of the scheme of amalgamation ('scheme') sanctioned by the Honorable High Court of judicature at Mumbai, Delhi & Karnataka vide their approvals dated March 28, 2008, April 4, 2008 & April 3, 2008 respectively.

   Tech Mahindra (R & D services) Limited provides technology solutions to leading Telecom Equipment Manufacturers in the areas of Research & Development, Product Engineering and Life Cycle Support. iPolicy Networks Limited develops next-generation, carrier-grade integrated network security solutions for enterprise and service providers.

   The mergers would result in operational synergies, enhance financial strength and rationalization of costs. Accordingly the above stated subsidiaries stand dissolved without winding up and all assets and liabilities have been transferred to and vested with the company with effect from April 1, 2008, the appointed date. As the above stated subsidiaries were wholly owned by the company, no shares were exchanged to effect the amalgamation. The amalgamation was accounted as per the 'pooling of interest' method as prescribed in Accounting Standard 14. All the assets and liabilities have been taken over at their respective book values as at the date of amalgamation.

   In accordance with the "Scheme" of amalgamation approved by the Honorable High Courts, the excess of liabilities over the assets have been charged to general reserves. Accordingly the share capital and reserves of the company were adjusted against general reserves of TML.

Had the treatment based on Accounting Statement 14 on "Accounting for Amalgamation" followed, securities premium, capital reserves and profit and loss account (on amalgamation) would have been higher by Rs. 252 Million, Rs.1 Million and Rs. 517 Million respectively and general reserves would have been lower by Rs.769 million.

b) The Board of Tech Mahindra (R&D Services) Inc. (TMRDS), a subsidiary of TML had approved the plan and agreement for amalgamation with its fellow subsidiary Tech Mahindra Americas Inc. (TMA) effective July 01, 2008. The amalgamation has been duly authorized in compliance with the jurisdictional laws. According to these authorizations, TMRDS ceased to exist on and after July 1, 2008.

7. During the previous year ended March 31, 2008, the Company had made investment of **Rs. 462 Million** in CanvasM Technologies Limited. The Company holds 80.10 percent shareholding of CanvasM Technologies Limited.

8. During the previous year ended March 31, 2008, the Company had made investment of **Rs. 4 Million** in Tech Mahindra (Malaysia) SDN. BHD. As a result, Tech Mahindra (Malaysia) SDN. BHD. became a wholly owned subsidiary of the Company with effect from the date of this investment.

9. During the previous year ended March 31, 2008, the Company had made investment of **Rs. 3 Million** in Tech Mahindra (Beijing) IT Services Limited (TMCHN). As a result, TMCHN became a wholly owned subsidiary of the Company with effect from the date of this investment. During the year an additional investment of **Rs. 5 Million** has been made.

10. 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.

    The subsidiary had become profitable and its net worth had become positive. In view of the growth plans and considering the profitability in the subsequent years the provision made earlier was no longer required and accordingly the Company had reversed the provision of **Rs. 165 Million** in the previous year and the same had 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, 2009. In view of this no change in provision is required.

11. During the year ended March 31, 2009, the Company has made investment of **Rs. 0.08** Million in Venturbay Consultants Private Limited. As a result, VCPL has become a wholly owned subsidiary of the Company with effect from the date of this investment.

12. During the previous year ended March 31, 2008, the company had 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 had been disclosed as an exceptional item in the previous year's Profit and Loss account for the year ended March 31, 2008

13. The Inland Revenue Authorities of United Kingdom (UK) carried out Employer Compliance Review in 2004-05. In the course of the review, they demanded from the Company Rs. 324 million for the period 2001 to 2005 claiming that the dispensation on employee allowances was not used properly. They also withdrew dispensation benefit from the year 2005-06. Based on communication from the authorities and expert opinion, the Company had provided tax liability without any dispensation benefit. The Company represented against both these decisions. Post completion of review the revised dispensation was restored with retrospective effect from year 2005-06. The demand for earlier period was also settled favorably. During the year the excess of provision over liability, determined by the Inland Revenue, amounting to **Rs. 673 Million** has been written back to expenses.

14. Details of employee benefits as required by the Accounting Standard 15 (Revised) – Employee Benefits are as under :

    a) Defined Contribution Plan

       Amount recognized as an expense in the Profit and Loss Account in respect of defined contribution plan is **Rs. 508 Million** (previous year Rs. 402 Million).

    b) Defined Benefit Plan

       The defined benefit plan comprises of gratuity. The gratuity plan is not funded.

    Changes in the present value of defined obligation representing reconciliation of opening and closing balances thereof and fair value of Trust Fund Receivable (erstwhile TMRDL) showing amount recognized in the Balance Sheet :

Rs. in Million

Particulars	**March 31,2009**	March 31,2008
Projected benefit obligation, beginning of the year	**454**	266
Add: Transfer on Amalgamation iPolicy Networks Limited Tech Mahindra (R & D services) Limited	 **12** **54**	 - -
Service cost	**173**	153
Interest cost	**38**	27
Actuarial loss/(gain)	**(19)**	22
Benefits paid	**(20)**	(14)
Trust Fund Receivable (erstwhile TMRDL)*	**(31)**	-
Projected benefit obligation, end of the year	**661**	454

* The Trust fund was created to fund the gratuity liability of the erstwhile TMRDL. After amalgamation of TMRDL with the Company, the balance in Trust Fund can be utilized only for the payment of obligation arising for gratuity payable to employees of erstwhile TMRDL. The composition of the Trust Balance as on March 31, 2009 is as follows:

Rs. in Million

Particulars	**March 31,2009**
Government of India Securities/ Gilt Mutual Funds	**9**
State Government Securities / Gilt Mutual Funds	**6**
Public Sector Unit Bonds	**14**
Private Sector Bonds / Equity Mutual Funds	**0**
Mutual Funds	**0**
Bank Balance	**2**
Total	**31**

Components of employer expenses recognized in the statement of profit and loss for the year ended March 31, 2009:

Rs. in Million

Particulars	**March 31,2009**	March 31,2008
Service cost	**173**	153
Interest cost	**38**	27
Actuarial loss/(gain)	**(19)**	22
Net gratuity cost	**192**	202

Principal Actuarial Assumptions	**March 31,2009**	March 31,2008
Discount Rate	**7.60%**	7.75%
Rate of increase in compensation levels of covered employees	**4.00 % for the 1st Year 7.00 % for the next two years 8.25% thereafter**	8.00%

- The discount rate is based on the prevailing market yields of Indian Government Bonds as at the balance sheet date for the estimated terms of the obligations.
- Salary escalation rates : The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

15. Payment to Auditors :

Rs. in Million

Particulars	**March 31,2009**	March 31,2008
Audit Fees	**5**	4
As advisor or in any other capacity in respect of taxation matters etc.	**1**	-
For other services	**2**	2
Reimbursement of out of pocket expenses	**0**	-
Total	**8**	6

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

Rs. in Million

Particulars	**March 31,2009**	March 31,2008
Capital goods [includes **Rs. 62 Million** (previous year Rs.171 Million) towards assets purchased in UK office]	**579**	453

(b) Expenditure in Foreign Currency :

Rs. in Million

Particulars	**March 31,2009**	March 31,2008
Professional Fees	**173**	106
Subcontracting cost	**8,671**	6,507
Traveling Expenses	**2,622**	3,569
Salaries	**3,023**	2,235
Software Packages	**158**	501
Royalty	**1**	-
Exclusivity payment	**-**	4,401
Others	**906**	814
Total	**15,554**	18,133

17. 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**
2008-2009				
10	Final	47,881,346	263	2007-08
10	Interim-1	47,874,611	191	2008-09
2007-2008				
Nil	-	Nil	Nil	-

The company does not have information as to the extent to which remittances, if any, in foreign currencies on account of dividend have been made by non-resident shareholders.

18. Earnings in foreign currency :

Rs. in Million

Particulars	**March 31,2009**	March 31,2008
Income from Services	**42,755**	35,593
Interest on Deposits with Banks	**27**	22
Interest on Loan to Subsidiaries	**4**	6
Other Income	**6**	16

19. Managerial Remuneration paid to Managing Director, Executive Director and non-Executive Directors :

Rs. in Million

Particulars	**March 31,2009**	March 31,2008
Salaries and perquisites	**16**	17
Commission	**28**	24
Total	**44**	41

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, 2009.

Rs. in Million

Particulars		**March 31, 2009**	March 31, 2008
Profit before Tax and After Exceptional Items as per Profit and Loss Account		**10,905**	3,946
Add :			
Depreciation charged in the accounts	1,074		736
Loss on sale of assets as per section 349 of the Companies Act, 1956 (net)	9		4
Director's Remuneration	44		41
Provision for Doubtful Debts and Advances	27		18
Net reduction in the fair value of current investments	1		-
Loss on sale of investments	64		-
		1,219	799
		12,124	4,745
Less :			
Loss on sale of assets as per books	9		4
Profit on sale of investments	-		22
Depreciation u/s 350 of Companies Act, 1956	1,074		736
		1,083	762
Total		**11,041**	3,983
Commission payable to the Managing Director and Executive Director.		**7**	6
Commission payable to non-executive directors		**21**	18

20. Assets acquired on Lease :

The Company has acquired vehicles on lease, the fair value of which aggregates to **Rs. 6 Million** (previous year Rs. 50 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 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. 4 Million and Rs. 0 Million respectively)	**0**	**-**
Present value of Lease rentals payable (previous year Rs. 4 Million and Rs. 0 Million respectively)	**0**	**-**

The Company has taken vehicles on operating lease for a period of three to five years. The lease rentals recognized in the Profit and Loss Account for the year are **Rs. 13 Million** (previous year Rs. 8 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. 11 Million and Rs. 18 Million respectively)	**15**	**19**

21. 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 Telecom Service Providers (TSP), Telecom Equipment Manufacturer (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, 2009

Rs. in Million

Particulars	**Telecom Service Provider**	**Telecom Equipment Manufacturer**	**Business Process Outsourcing**	**Others**	**Total**
Revenues	38,066	2,153	2,502	857	43,578
Less : Direct Expenses	23,264	1,440	1,221	584	26,509
Segmental Operating Income	**14,802**	**713**	**1,281**	**273**	**17,069**
Less : Unallocable Expenses (net)					
Depreciation					1,074
Interest					25
Other unallocable expenses (net)					4,640
Total Unallocable Expenses (net)					**5,739**
Operating Income					**11,330**
Add : Other Income (net)					(425)
Net Profit before taxes					**10,905**
Less : Provision for Taxation					
Current Tax (net of MAT credit)					1,086
Deferred Tax					(127)
Fringe Benefit Tax					80
Net Profit for the year					**9,866**

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	29,763
USA	10,910
Rest of world	2,905
Total	**43,578**

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, 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 (net)					
Depreciation					736
Interest					100
Other unallocable expenses (net)					4,728
Total Unallocable Expenses (net)					**5,564**
Operating Income					**7,371**
Add : Other Income (net)					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 items					(4,401)
Net Profit for the year					3,257
Provision in respect of earlier year written back					165
Net Profit for the year					**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 –

Sector	Rs. in Million
Europe	27,718
USA	6,228
Rest of the 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.

22. In respect of equity shares issued pursuant to Employee Stock Option Scheme, the Company paid dividend of **Rs. 1 Million** for the year 2007-08 and tax on dividend of **Rs. 0 Million** as approved by the shareholders at the Annual General Meeting held on July 22, 2008.

23. 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, 2009	March 31, 2008
Options outstanding at the beginning of the year	**350,090**	489,120
Options granted during the year	**-**	-
Options lapsed during the year	**-**	6,620
Options cancelled during the year	**660**	20,480
Options exercised during the year	**96,070**	111,930
Options outstanding at the end of the year	**253,360**	350,090

Out of the options outstanding at the end of year **253,360** (previous year 244,390) (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, 2009	March 31, 2008
Options outstanding at the beginning of the year	**5,677,701**	5,677,701
Options granted during the year	**-**	-
Options lapsed during the year	**-**	-
Options cancelled during the year	**-**	-
Options exercised during the year	**-**	-
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 **4,996,377** (previous year 2,271,081) (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, 2009	March 31, 2008
Options outstanding at the beginning of the year	**4,193,028**	4,493,116
Options granted during the year	**252,500**	72,000
Options lapsed during the year	**-**	-
Options cancelled during the year	**433,965**	337,850
Options exercised during the year	**274,695**	34,238
Options outstanding at the end of the year	**3,736,868**	4,193,028

Out of the options outstanding at the end of the year **1,188,133** (previous year 680,543) (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. 4 Million** (previous year lower by Rs. 32 Million) and earnings per share as reported would be lower as indicated below :

Rs. in Million except earning per share

Particulars	Year ended	
	March 31, 2009	March 31, 2008
Net profit after tax and before exceptional item (as reported)	**9,866**	7,658
Less : Exceptional items	**-**	4,401
Net profit for the year	**9,866**	3,257
Add : Provision in respect of earlier year written back	**-**	165
Net Profit	**9,866**	3,422
Less : Total stock-based employee compensation expense determined under fair value base method.	**4**	32
Adjusted net profit	**9,862**	3,390
Basic earnings per share (in Rs.)		
- As reported	**81.12**	28.21
- Adjusted	**81.08**	27.94
Diluted earnings per share (in Rs.)		
- As reported	**76.66**	26.17
- Adjusted	**76.62**	25.93

The fair value of each warrant is estimated on the date of grant based on the following assumptions :

Dividend yield (%)	**6.48**	6.60
Expected life	**5 Years**	5 years
Risk free interest rate (%)	**5.99**	7.83
Volatility (%)	**58.70**	55.28

24. 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. Mahindra BT Investment Company (Mauritius) Ltd.	Holding Company Promoter holding more than 20% stake Promoter group company
Tech Mahindra (Americas) Inc, USA Tech Mahindra GmbH Tech Mahindra (Singapore) Pte Ltd. Tech Mahindra (Thailand) Ltd. PT Tech Mahindra Indonesia CanvasM Technologies Ltd. CanvasM (Americas) Inc Tech Mahindra (Malaysia) SDN. BHD Tech Mahindra (Beijing) IT Services Ltd. Venturbay Consultants Pvt. Ltd Tech Mahindra (R&D Services) Inc. (upto 30th June 2008) Tech Mahindra Foundation*	100% subsidiary company 100% Subsidiary company 100% Subsidiary company 100% Subsidiary company 100% Subsidiary company 80.10% Subsidiary company 80.10% Subsidiary company 100% Subsidiary company 100% Subsidiary company 100% Subsidiary company 100% Subsidiary company 100% Subsidiary company
Mahindra Engineering & Chemical Products Limited Mahindra Engineering Services Limited Bristlecone India Limited Mahindra World City (Jaipur) Limited Mahindra Intertrade Limited Mahindra SAR transmissions (P) Limited Mahindra Renault (P) Limited Mahindra Navistar Automotives Limited Mahindra Ugine Steel Company Limited Mahindra Logistic Limited Mahindra Navistar Engines (P) Limited Mahindra Automotive Limited	Fellow Subsidiary Company Fellow Subsidiary Company Fellow Subsidiary Company Fellow Subsidiary Company Fellow Subsidiary Company Fellow Subsidiary Company Fellow Subsidiary Company Fellow Subsidiary Company 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

* Section 25 Company not considered for consolidation

(b) Related Party Transactions for year ended March 31, 2009

Rs. in Million

Transactions	Promoter Companies	Subsidiary Companies	Fellow Subsidiary Companies	Key Management Personnel
Reimbursement of Expenses (net)-Paid/(Receipt)	**(164)** [(93)]	**(378)** [128]	**-** [-]	**-** [-]
Income from Services & Management Fees	**25,961** [24,060]	**565** [901]	**11** [3]	**-** [-]
Paid for Services Received	**10** [71]	**-** [-]	**63** [-]	**-** [-]
Interest on Loan Given	**-** [-]	**4** [10]	**-** [-]	**-** [-]
Transition Cost	**-** [233]	**-** [-]	**-** [-]	**-** [-]
Interest on Loan Taken	**-** [-]	**-** [38]	**-** [-]	**-** [-]

Rs. in Million

Transactions	Promoter Companies	Subsidiary Companies	Fellow Subsidiary Companies	Key Management Personnel
Sub-contracting cost	**-** [-]	**5,090** [3,635]	**42** [8]	**-** [-]
Dividend Paid	**964** [-]	**-** [-]	**-** [-]	**12** [-]
Investment	**-** [-]	**6** [849]	**-** [-]	**-** [-]
Loan Given	**-** [-]	**52** [170]	**-** [-]	**-** [-]
Loan Given-Repaid	**-** [-]	**140** [270]	**-** [-]	**-** [-]
Loan received	**-** [-]	**-** [860]	**-** [-]	**-** [-]
Loan Received-Repaid	**-** [-]	**-** [600]	**-** [-]	**-** [-]
Salary, Perquisites & Commission	**-** [-]	**-** [-]	**-** [-]	**23** [24]
Donation	**-** [-]	**85** [76]	**-** [-]	**-** [-]
Stock Options	**-** [-]	**-** [-]	**-** [-]	**-**** [-]
Rent Paid/Payable	**63** [18]	**-** [6]	**-** [-]	**-** [-]
Rent Received/Receivable	**-** [-]	**3** [4]	**-** [-]	**-** [-]
Deposit Received	**-** [-]	**-** [15]	**-** [-]	**-** [-]
Purchase of Fixed Asset	**4** [17]	**-** [2]	**1** [-]	**-** [-]
Advance Given	**-** [-]	**-** [-]	**-** [57]	**-** [-]
Payment for Exclusivity	**-** [4,401]	**-** [-]	**-** [-]	**-** [-]
Debit / (Credit) balances (net) (inclusive of unbilled) outstanding as on March 31, 2009	**3,892** [6,904]	**(291)** [345]	**49** [57]	**-** [-]

Figures in brackets "[ ]"are for previous year ended March 31, 2008.

** Options exercised during the year for NIL (previous year NIL) 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 Subsidiary Companies and Key Management Personnel in the excess of 10% of the total related party transactions are as under :

Rs. in Million

Transactions		For the Year ended	
		March31, 2009	March31, 2008
Reimbursement of Expenses (net) - Paid/(Receipt)			
Promoter Companies			
- British Telecommunications Plc.	(173)		(109)
- Mahindra & Mahindra Ltd.	-		16
		(173)	(93)
Subsidiary Companies			
- Tech Mahindra (Americas) Inc.	(218)		(193)
- Tech Mahindra (R & D Services) Ltd.	-		47
- Tech Mahindra (R & D Services) Inc.	-		55
- CanvasM Technologies Ltd.	-		(14)
- Tech Mahindra GMBH	(56)		-
- PT Tech Mahindra Indonesia	(70)		-
		(344)	(105)
Income from Services			
Promoter Companies			
- British Telecommunications Plc.		**25,885**	24,024
Paid for Services Received			
Promoter Companies			
- Mahindra & Mahindra Ltd.		**8**	71
Fellow Subsidiary Companies			
- Mahindra Logistic Limited		**63**	-
		71	71
Transition cost			
Promoter Companies			
- British Telecommunications Plc.		**-**	233
Subcontracting Cost			
Subsidiary Companies			
- Tech Mahindra (Americas) Inc.	4,072		2,875
- Tech Mahindra GmbH.	569		370
		4,641	3,245
Dividend Paid			
Promoter Companies			
- Mahindra & Mahindra Ltd.	511		-
- British Telecommunications Plc.	358		-
		869	-
Donation			
- Tech Mahindra Foundation.		**85**	76
Investment			
Subsidiary Companies			
- CanvasM Technologies Ltd.	-		462
- iPolicy Networks Ltd.	-		381
- Tech Mahindra (Beijing) IT Services Ltd.	5		-
		5	843

Rs. in Million

Transactions		March31, 2009	March31, 2008
Loan Given			
Subsidiary Companies			
- iPolicy Networks Ltd.	-		100
- PT Tech Mahindra Indonesia	52		71
		52	171
Loan Given-Repaid			
Subsidiary Companies			
- iPolicy Networks Ltd.	-		99
- PT Tech Mahindra Indonesia	30		71
- Tech Mahindra (Americas) Inc.	110		100
		140	270
Loan Received / Receivable			
Subsidiary Companies			
- Tech Mahindra (R & D Services) Ltd.		**-**	860
Loan Received-Repaid			
Subsidiary Companies			
- Tech Mahindra (R & D Services) Ltd.		**-**	600
Deposit Received			
Subsidiary Companies			
- CanvasM Technologies Ltd.		**-**	15
Interest Received/Receivable			
Subsidiary Companies			
- Tech Mahindra (Americas) Inc.	2		6
- iPolicy Networks Ltd.	-		4
- PT Tech Mahindra Indonesia	2		-
		4	10
Interest Paid/Payable			
Subsidiary Companies			
- Tech Mahindra (R & D Services) Ltd.		**-**	38
Rent Paid/Payable			
Promoter Companies			
- British Telecommunications Plc.		**63**	18
Subsidiary Companies			
- Tech Mahindra (R & D Services) Ltd.		**-**	6
		63	24
Rent Received/Receivables			
Subsidiary Companies			
- CanvasM Technologies Ltd.		**3**	4
Advance Given			
Fellow Subsidiary Companies			
- Mahindra World City (Jaipur) Ltd.		**-**	57
Purchase of Fixed Assets			
Promoter Companies			
- British Telecommunications Plc		**4**	16

Rs. in Million

		March31, 2009	March31, 2008
Purchase of Fixed Assets *Fellow Subsidiary Companies* - Mahindra Navistar Automotives Ltd.		**1**	-
Payment for Exclusivity *Promoter Companies* - British Telecommunications plc.		**-**	4,401
Salary , Perquisites and Commission *Key Management Personnel* - Mr. Vineet Nayyar		**23**	24

25. 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, 2009	March 31, 2008
a) Deferred tax liability :		
Depreciation	**-**	(1)
b) Deferred tax asset :		
Gratuity, Leave Encashment etc.	**109**	14
Doubtful Debts	**12**	1
Depreciation	**34**	-
Total Deferred Tax Asset (net)	**155**	14

26. 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 certain forecasted transactions. Forward Exchange Contracts and Currency Option Contracts in UK Pound 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, 2009:

Type of cover	Amount outstanding at year end in Foreign currency (in Million)	Fair Value Gain / (Loss) (Rs. in Million)
Forward	**GBP 70** (previous year 36)	**340** (previous year 26)
Option	**GBP 178** (previous year 292)	**5,025** (previous year 920)

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, 2009 :

Type of cover	Amount outstanding at year end in Foreign currency (in Million)	Fair Value Gain / (Loss) (Rs. in Million)
Forward	**USD 250** (previous year 318)	**(1370)** (previous year [(141)]
Option	**USD 368** (previous year 539)	**(4931)** (previous year 46)

The movement in hedging reserve during year ended March 31, 2009 for derivatives designated as Cash Flow Hedges is as follows :

Rs. in Million

	Year ended	
	March 31, 2009	March 31, 2008
Balance at the beginning of the year	851	-
Gain/(Losses) transferred to income statement on occurrence of forecasted hedge transaction	(130)	-
Changes in the fair value of effective portion of outstanding cash flow derivative	(1657)	851
Net derivative gain/(losses) related to discontinued cash flow hedge	-	-
Balance at the end of the year	(936)	851

d) In addition to the above cash flow hedges, the Company has outstanding Foreign Exchange Forward Contracts and Currency Options Contracts aggregating to **Rs. 3,818 Million** (previous year Rs. 4,783 Million) whose fair value showed a loss of **Rs. 243 Million** (previous year Gain Rs. 184 Million). Although these contracts are hedges from economic perspective , these are accounted as derivative instruments at fair value with changes in fair value recorded in the Profit and Loss account since the forecasted transactions have occurred.

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**			
		Year ended			
		March 31, 2009		March 31, 2008	
Debtors	**4,443** (previous year 5,658)	**AUD**	**1**	AUD	3
		CAD	**3**	CAD	2
		CHF	**0**	CHF	-
		EUR	**5**	EUR	4
		GBP	**33**	GBP	43
		MYR	**1**	MYR	1
		NZD	**5**	NZD	3
		PHP	**24**	PHP	27
		SGD	**2**	SGD	1
		THB	**1**	THB	0
		USD	**26**	USD	53
Loans and advances	**196** (previous year 16)	**AUD**	**0**	AUD	-
		CAD	**0**	CAD	0
		CNY	**1**	CNY	0
		EUR	**0**	EUR	1
		GBP	**2**	GBP	-
		NZD	**0**	NZD	-
		TWD	**0**	TWD	-
		USD	**1**	USD	-
		SGD	**0**	SGD	0
Cash/Bank balances (net)	**4,274** (previous year 265)	**AUD**	**0**	AUD	1
		CAD	**0**	CAD	0
		EGP	**0**	EGP	-
		EUR	**1**	EUR	0
		GBP	**54**	GBP	-
		NZD	**1**	NZD	1
		PHP	**65**	PHP	13
		TWD	**18**	TWD	15
		USD	**3**	USD	4

Amounts payable in foreign currency on account of the following :

Particulars	Rs. in Million	Foreign currency in Million			
		Year ended			
		March 31, 2009		March 31, 2008	
Creditors (net)	**537** (previous year 672)	**AUD**	**0**	AUD	(0)
		EUR	**3**	EUR	2
		GBP	**0**	GBP	4
		MYR	**0**	MYR	0
		NZD	**0**	NZD	0
		PHP	**0**	PHP	0
		SGD	**1**	SGD	2
		THB	**5**	THB	1
		USD	**6**	USD	4
Other current liabilities (net)	**826** (previous year 733)	**AUD**	**0**	AUD	-
		CAD	**0**	CAD	-
		CHF	**0**	CHF	-
		EUR	**0**	EUR	-
		GBP	**9**	GBP	9
		NZD	**0**	NZD	-
		PHP	**3**	PHP	-
		THB	**0**	THB	-
		USD	**3**	USD	-

27. The company has exercised the option given vide notification number G.S.R. 225 (E) dated March 31, 2009 issued by the Ministry of Corporate Affairs, Government of India on provisions of Accounting Standard 11, however this does not have any impact on the financial statements, as the Company does not have any long term foreign currency monetary items.

28. 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 Used for Capitalisation work at Hinjewadi			**1,111**

29. 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, 2009	Maximum outstanding during the year
- Tech Mahindra (Americas) Inc.	**-** [100]	**110** [218]
- PT Tech Mahindra Indonesia	**25** [-]	**55** [35]
- iPolicy Networks Ltd.	- [-]	- [94]

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 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.

30. Earning Per Share is calculated as follows :

Rs. in Million except earnings per share

Particulars	**Year ended**	
	March 31, 2009	March 31, 2008
Profit after taxation and before exceptional item Less : Exceptional item	9,866 -	7,658 4,401
Profit after taxation and exceptional item	**9,866**	3,257
Add : Provision in respect of earlier year written back	-	165
Net Profit attributable to shareholders	9,866	3,422
Equity Shares outstanding as at the year end (in nos.)	121,733,634	121,362,869
Weighted average Equity Shares outstanding as at the year end (in nos.)	121,631,914	121,292,103
Weighted average number of Equity Shares used as denominator for calculating Basic Earnings Per Share	**121,631,914**	121,292,103
Add : Diluted number of Shares		
ESOP outstanding at the end of the year	7,077,324	9,427,640
Number of Equity Shares used as denominator for calculating Diluted Earnings Per Share	**128,709,238**	130,719,743
Nominal Value per Equity Share (in Rs.)	10.00	10.00
Earning Per Share		
- Before Exceptional Item		
Earnings Per Share (Basic) (in Rs.)	81.12	64.49
Earnings Per Share (Diluted) (in Rs.)	76.66	59.84
Earning Per Share		
- After Exceptional Item		
Earnings Per Share (Basic) (in Rs.)	81.12	28.21
Earnings Per Share (Diluted) (in Rs.)	76.66	26.17

31. 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".

32. Current tax includes taxes for foreign branches amounting to **Rs. 269 Million** (previous year Rs. 190 Million).

33. Details of cash and bank balances as on Balance Sheet date :

Rs. in Million

(A)

Balances with scheduled banks	**As at**	
	March 31, 2009	March 31, 2008
In Current accounts		
HDFC Bank	**1**	-
HDFC Bank-EEFC acccount in USD	**0**	-
HSBC Bank	**70**	44
HSBC Bank-EEFC account in GBP	**4**	-
HSBC Bank-EEFC account in USD	**140**	4
IDBI Bank	**345**	128
IDBI Bank-EEFC account in USD	**14**	90
IDBI Bank-Unclaimed dividend accounts	**1**	1
Kotak Mahindra Bank	**1**	1
Punjab National Bank	**50**	-
State Bank of India, UK in GBP	**3,715**	198
State Bank of India, UK in USD	**24**	1
	4,365	467

Rs. in Million

(B)

Balances with other banks	**As at**	
	March 31, 2009	March 31, 2008
In Current accounts		
Bank of Italy, Italy	**4**	1
Chase Common wealth of Australia, Australia	**-**	18
Citibank, Italy	**-**	3
HSBC Bank, Australia	**17**	18
HSBC Bank, Belgium	**2**	2
HSBC Bank, Canada	**16**	8
HSBC Bank, Egypt	**1**	-
HSBC Bank, NewZealand	**33**	16
HSBC Bank, Taiwan account in TWD	**27**	19
HSBC Bank, Taiwan account in USD	**2**	1
HSBC Bank, United Kingdom account in Euros	**48**	12
HSBC Bank, United Kingdom account in GBP-I	**201**	69
HSBC Bank, United Kingdom account in GBP-II	**27**	-
HSBC Bank, United Kingdom account in USD	**24**	-
HSBC Bank, USA	**108**	151
HSBC Bank, Philipines account in PHP	**68**	13
HSBC Bank,Philipines account in USD	**1**	2
	579	333

Rs. in Million

(C)

Balances In Deposit accounts	**As at**	
	March 31, 2009	March 31, 2008
HDFC Bank	**0**	-
HSBC Bank	**0**	-
IDBI Bank	**16**	11
Kotak Mahindra Bank	**1**	3
	17	14
Total (A + B + C)	**4,961**	814

Details of maximum balances during the period with non-scheduled banks :

Rs. in Million

Maximum balances with non-scheduled banks	**As at**	
	March 31, 2009	March 31, 2008
In Current accounts		
Bank of Italy, Italy	**32**	7
Chase Common wealth of Australia, Australia	**64**	18
Citibank, Italy	**3**	-
HSBC Bank, Australia	**107**	239
HSBC Bank, Belgium	**8**	9
HSBC Bank, Canada	**74**	54
HSBC Bank, Egypt	**1**	-
HSBC Bank, NewZealand	**190**	66
HSBC Bank, Taiwan account in TWD	**27**	51
HSBC Bank, Taiwan account in USD	**2**	4
HSBC Bank, United Kingdom account in Euros	**191**	-
HSBC Bank, United Kingdom account in GBP-I	**2,148**	69
HSBC Bank, United Kingdom account in GBP-II	**211**	-
HSBC Bank, United Kingdom account in USD	**160**	-
HSBC Bank, USA	**678**	343
HSBC Bank, Philipines account in PHP	**74**	14
HSBC Bank,Philipines account in USD	**2**	2

34. During the year ended March 31, 2009 the Company has made investment of **Rs. 85 Million** resulting into 17.28% of the holding in Servista Limited a leading European system integrator. With this investment the Company has become Servista's exclusive delivery arm for three years and will assist Servista in securing more large scale European IT off shoring business.

35. a) The Board of Directors of Satyam Computer Services Limited on April 13, 2009 selected Venturbay Consultants Private Limited, a wholly owned subsidiary of the Company as the highest bidder to acquire a controlling stake in Satyam Computer Services Limited, subject to the approval of the Hon'ble Company Law Board (CLB). CLB has since granted its approval on April 16, 2009. Venturbay has deposited a sum of Rs. 29,107 Million in escrow to cover the cost of 31% preferential issue by Satyam and a 20% open offer.

b) The Company has made investment of **Rs. 112 Million** in Mahindra Logisoft Business Solutions Limited (MLBSL) on April 11, 2009, as a result MLBSL has become a wholly owned subsidiary of the Company from that date.

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

Name of Mutual Fund / Equity Shares	**For the year ended March 31, 2009**	
	No. of Units / Shares	**Cost Rs. in Million**
Birla Cash Plus - Instl. Prem - Weekly Dividend - Reinvestment	112,451	1
Birla Sun Life Liquid Plus - Inst. Daily Dividend - Reinvestment	20,045,285	201
Birla Sunlife Cash Plus - Instl Premium - Daily Dividend - Reinvestment	74,887,497	750
HSBC Liquid Plus - Inst. Plus - Weekly Dividend	15,062,032	151
HSBC Cash Fund - Institutional Plus - Daily Dividend	24,991,100	250
HSBC Floating Rate - Long Term Plan - Institutional Option - Weekly Dividend	22,479,819	253
Kotak Flexi Debt Scheme Daily Dividend	30,135,971	302
Kotak Liquid (Institutional Premium) - daily dividend	49,075,193	600

Name of Mutual Fund / Equity Shares (Continued)	For the year ended March 31, 2009	
	No. of Units / Shares	Cost Rs. in Million
Reliance Liquid Plus Fund - Institutiional - Daily Dividend Plan	150,357	151
Reliance Liquid Fund - Treasury Plan - Institutional Option - Daily Dividend Option	42,526,784	650
Reliance Medium Term fund - Weekly dividend Plan	14,766,971	252
Reliance Liquidity Fund - Daily dividend Reinvestment option	34,995,968	350
ICICI Prudentials Flexible Income Plan	5,987	0
ICICI Prudential Institutional Short TermPlan - Dividend Reinvest	14,334,529	151
ICICI Prudential Institutional Liquid Plan - Super Institutional Daily Dividend - Dividend Reinvest	75,009,775	750
ICICI Prudential Interval Fund Monthly Interval Plan I - Instituional Dividend - Reinvest Dividend	25,185,787	252
DSP Merril Lynch Liquid Plus Inst. Plan - Daily Dividend	100,251	100
DSP Merril Lynch Liquid Plus Inst. Plan - Weekly Dividend	255	0
DSP BlackRock Liquidity Fund-Institutional Plan - Daily dividend	199,987	200
DSP BlackRock strategic bond Fund-Institutional Plan - Weekly dividend	200,768	201
Sundaram BNP Paribas Liquid Plus Inst. Div Rein. Daily	20,007,391	201
HDFC Cash Management Fund - Savings Plan-daily dividend Reinvestment	61,120,448	650
Fidelity - Cash Fund (Super Instl) - Daily dividend	24,990,570	250
Fidelity Ultra Short term Debt Fund - Daily dividend	14,996,251	150
IDFC Cash Fund - Super Instl Plan C - Daily dividend	24,997,264	250
Tata Liquid fund	224,446	250
Satyam Computer Services Limited	12,130,000	678
Total	**602,733,135**	**7,994**

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

Signatures to Schedules I to XIII

For Tech Mahindra Limited

Mr. Anand G. Mahindra Chairman	Mr. Vineet Nayyar Vice Chairman, Managing Director & CEO	
Hon. Akash Paul Director	Mr. Anupam Puri Director	Mr. Arun Seth Director
Mr. Bharat Doshi Director	Mr. B. H. Wani Director	Mr. Clive Goodwin Director
Mr. M. Damodaran Director	Mr. Paul Zuckerman Director	Dr. Raj Reddy Director
Mr. Ravindra Kulkarni Director	Mr. Ulhas N. Yargop Director	Mr. Vikrant Gandhe Asst. Company Secretary

Hyderabad,
Dated : April 27, 2009

BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE :

I. Registration Details

Registration No.	41370	State Code	11
Balance sheet date	31 03 2009 (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	3708		

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

Total Liabilities (Including shareholder's fund)	27518260	Total Assets	27518260
Sources of Funds :			
Paid-up Capital	1218308	Reserves & Surplus	17592188
Secured Loans	NIL	Unsecured Loans	NIL
Application of Funds :			
Net Fixed Assets	6442125	Investments	4535062
Net Current Assets	7677717	Deferred Tax Asset	155204
Accumulated Losses	NIL	Misc. Expenditure	NIL

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

Turnover (Sales and other income)	43153112	Total Expenditure (Excluding exceptional item)	32247870
Profit/(Loss) before tax	10905242	Profit/(Loss) after tax	9866498
Earnings per share (Before exceptional item) in Rs. (Refer to note 27 above)	81.12	Dividend Rate %	40
Earnings per share (After exceptional item) in Rs. (Refer to note 27 above)	81.12		

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

Mr. Anand G. Mahindra
Chairman

Mr. Vineet Nayyar
Vice Chairman, Managing Director & CEO

Hon. Akash Paul
Director

Mr. Anupam Puri
Director

Mr. Arun Seth
Director

Mr. Bharat Doshi
Director

Mr. B. H. Wani
Director

Mr. Clive Goodwin
Director

Mr. M. Damodaran
Director

Mr. Paul Zuckerman
Director

Dr. Raj Reddy
Director

Mr. Ravindra Kulkarni
Director

Mr. Ulhas N. Yargop
Director

Mr. Vikrant Gandhe
Asst. Company Secretary

Hyderabad,
Dated : April 27, 2009

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.**	**Pt Tech Mahindra Indonesia**	**CanvasM Technologies Limited**	**CanvasM Americas Inc.**	**iPolicy Networks Limited**	**Tech Mahindra (Malaysia) SDN. BHD**	**Tech Mahindra (Beijing) IT Services Limited**	**Venturbay Consultants Private Limited**
The Financial Year of the Subsidairy ended on	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009
	US $	Eur	S $	THB	INR	INR	US $	US $	INR	US $	INR	RM	RMB	INR
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	-	-	500,000	4,619,631	80.10	-	312,820	NA	11,000
Extent of holding	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, 2009														
b) Not dealt with in the accounts of Tech Mahindra for the Year ended March 31, 2009	3,021,766	552,493	457,005	668,273	-	-	-	1,788,520	2,739,370	(15,713)	-	72,471	(2,186,362)	(2,800)
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, 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	(19,498,205)	29,049	(40,698,452)	37,953	(434,023)	-

For Tech Mahindra Limited

Mr. Anand G. Mahindra
Chairman

Mr. Vineet Nayyar
Vice Chairman, Managing Director & CEO

Hon. Akash Paul
Director

Mr. Anupam Puri
Director

Mr. Arun Seth
Director

Mr. Bharat Doshi
Director

Mr. B. H. Wani
Director

Mr. Clive Goodwin
Director

Mr. M. Damodaran
Director

Mr. Paul Zuckerman
Director

Dr. Raj Reddy
Director

Mr. Ravindra Kulkarni
Director

Mr. Ulhas N. Yargop
Director

Mr. Vikrant Gandhe
Asst. Company Secretary

Hyderabad,
Dated: April 27, 2009

Consolidated Financial Statements

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, 2009, 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, both 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. 1,540 million as at March 31, 2009, total revenues of Rs. 7,088 million for the year ended March 31, 2009 and net cash inflows of Rs. 37 million for the year ended March 31, 2009. 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, 2009;

   (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.

For Deloitte Haskins & Sells
Chartered Accountants

Hemant M. Joshi
Partner
Membership No. 38019

Hyderabad,
Dated: 27th April, 2009

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009

		Schedule	March 31, 2009	March 31, 2008
				Rs. in Million
I.	**SOURCES OF FUNDS :**			
	SHAREHOLDERS' FUNDS:			
	Share Capital	I	**1,217**	1,214
	Share Application Money		**1**	0
	Reserves and Surplus	II	**18,214**	11,358
			19,432	12,572
	MINORITY INTEREST		**112**	111
	LOAN FUNDS :	III		
	Unsecured Loan		**-**	300
			-	300
			19,544	12,983
II.	**APPLICATION OF FUNDS :**			
	FIXED ASSETS:	IV		
	Gross Block		**9,079**	7,457
	Less : Accumulated Depreciation		**4,100**	3,101
	Net Block		**4,979**	4,356
	Capital Work-in-Progress, including Capital Advances		**1,541**	1,640
			6,520	5,996
	INVESTMENTS :	V	**4,346**	633
	DEFERRED TAX ASSET (NET) : (refer Note 17 of schedule XIII)		**196**	60
	CURRENT ASSETS, LOANS AND ADVANCES :			
	Inventory		**13**	17
	Sundry Debtors	VI	**9,022**	10,965
	Cash and Bank Balances	VI	**5,382**	976
	Loans and Advances	VI	**2,953**	3,604
			17,370	15,562
	Less : CURRENT LIABILITIES AND PROVISIONS :			
	Current Liabilities	VII	**6,738**	6,505
	Provisions	VIII	**2,150**	2,763
			8,888	9,268
	Net Current Assets		**8,482**	6,294
			19,544	12,983
	SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS	XIII		

As per our attached report of even date

For Deloitte Haskins & Sells		**For Tech Mahindra Limited**	
Chartered Accountants			
	Mr. Anand G. Mahindra Chairman	Mr. Vineet Nayyar Vice Chairman, Managing Director & CEO	
Mr. Hemant M. Joshi Partner	Hon. Akash Paul Director	Mr. Anupam Puri Director	Mr. Arun Seth Director
	Mr. Bharat Doshi Director	Mr. B. H. Wani Director	Mr. Clive Goodwin Director
	Mr. M. Damodaran Director	Mr. Paul Zuckerman Director	Dr. Raj Reddy Director
	Mr. Ravindra Kulkarni Director	Mr. Ulhas N. Yargop Director	Mr. Vikrant Gandhe Asst. Company Secretary
Hyderabad, Dated : April 27, 2009	Hyderabad, Dated : April 27, 2009		

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

Rs. in Million excluding earning per share

	Schedule	**Year ended March 31, 2009**	Year ended March 31, 2008
INCOME:			
Income from operations		**44,647**	37,661
Other Income (net)	IX	**(378)**	1,044
Total Income		**44,269**	38,705
EXPENDITURE :			
Personnel	X	**18,556**	15,599
Operating and Other Expenses	XI	**13,266**	13,805
Depreciation / Amortisation		**1,097**	796
Interest	XII	**25**	62
		32,944	30,262
PROFIT BEFORE TAX , MINORITY INTEREST AND EXCEPTIONAL ITEM		**11,325**	8,443
Provision for Tax			
- Current tax [net of MAT credit of Rs. 281 Million (previous year Rs. Nil)]		**1,225**	689
- Deferred tax		**(127)**	(15)
- Fringe benefit tax		**81**	74
PROFIT AFTER TAX AND BEFORE MINORITY INTEREST AND EXCEPTIONAL ITEM		**10,146**	7,695
Exceptional Item (refer note 8 of schedule XIII)		**-**	4,401
Minority Interest share in (profit)/loss		**(1)**	5
NET PROFIT FOR THE YEAR		**10,145**	3,299
Balance brought forward from previous year		**5,462**	4,644
Balance available for appropriation		**15,607**	7,943
Final Dividend (refer note 14 of schedule XIII)		**1**	668
Interim Dividend		**487**	-
Dividend Tax (refer note 14 of schedule XIII)		**83**	113
Transfer to General Reserve		**1,000**	1,700
Balance Carried to Balance Sheet		**14,036**	5,462
Earning Per Share (refer note 20 of schedule XIII)			
Before exceptional item (in Rs.)			
- Basic		**83.41**	63.49
- Diluted		**78.82**	58.91
After exceptional item (in Rs.)			
- Basic		**83.41**	27.20
- Diluted		**78.82**	25.24
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS	XIII		

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

Mr. Hemant M. Joshi
Partner

Hyderabad,
Dated : April 27, 2009

For Tech Mahindra Limited

Mr. Anand G. Mahindra
Chairman

Mr. Vineet Nayyar
Vice Chairman, Managing Director & CEO

Hon. Akash Paul
Director

Mr. Anupam Puri
Director

Mr. Arun Seth
Director

Mr. Bharat Doshi
Director

Mr. B. H. Wani
Director

Mr. Clive Goodwin
Director

Mr. M. Damodaran
Director

Mr. Paul Zuckerman
Director

Dr. Raj Reddy
Director

Mr. Ravindra Kulkarni
Director

Mr. Ulhas N. Yargop
Director

Mr. Vikrant Gandhe
Asst. Company Secretary

Hyderabad,
Dated : April 27, 2009

CONSOLIDATED CASH FLOW FOR THE YEAR ENDED MARCH 31, 2009

Rs. in Million

	Particulars		Year ended March 31, 2009	Year ended March 31, 2008
A.	**Cash flow from operating activities:**			
	Net profit before taxation and exceptional item		**11,325**	8,443
	Less:			
	Exceptional item		**-**	(4,401)
			11,325	4,042
	Adjustments for:			
	Depreciation / Amortisation	**1,097**		796
	Loss on sale of Fixed Assets (net)	**12**		4
	Interest expense	**25**		62
	Decrease in fair value of current investment	**1**		-
	Exchange loss/(gain) (net)	**353**		(251)
	Currency translation adjustment	**77**		7
	Dividend from current investments	**(85)**		(70)
	Interest income	**(59)**		(46)
	(Profit)/Loss on sale of current investments	**64**		(43)
			1,485	459
	Operating profit before working capital changes		**12,810**	4,501
	Adjustments for:			
	Trade and other receivables	**2,293**		(3,589)
	Trade and other payables	**(976)**		2,033
			1,317	(1,556)
	Cash generated from operations before tax		**14,127**	2,945
	Income taxes paid	**(1,902)**		(999)
			(1,902)	(999)
	Net cash from / (used in) operating activities		**12,225**	1,946
B.	**Cash flow from investing activities:**			
	Additional consideration on acquisition of subsidiary	**-**		98
	Purchase of Fixed Assets	**(2,513)**		(2,394)
	Purchase of current investments	**(12,739)**		(5,021)
	Sale of current investments	**9,046**		5,410
	Acquisitions / Investments (refer note 7 and 23 of schedule XIII)	**(85)**		-
	Sale of Fixed Assets	**0**		3
	Interest received	**66**		48
	Dividend received on current investments	**85**		61
	Net cash from / (used in) investing activities		**(6,138)**	(1,795)

CONSOLIDATED CASH FLOW FOR THE YEAR ENDED MARCH 31, 2009 (Contd.)

Rs. in Million

Particulars		**Year ended March 31, 2009**	Year ended March 31, 2008
C. Cash flow from financing activities:			
Proceeds from issue of shares (including Securities Premium)	**30**		11
Payment of principal on car lease	**-**		(14)
Share application money	**1**		-
Dividend (including dividend tax paid)	**(1,352)**		-
Proceeds/(repayment) from/of borrowing	**(300)**		167
Interest paid	**(25)**		(62)
Net cash from / (used in) financing activities		**(1,645)**	102
Net increase/(decrease) in cash and cash equivalents (A+B+C)		**4,442**	253
Cash and cash equivalents at the beginning of the year		**927**	674
Cash and cash equivalents at the end of the year		**5,369**	**927**

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, 2009	March 31, 2008
3 Cash and cash equivalents include :		
Cash and Bank Balances	**5,382**	976
Unrealised (gain)/loss on foreign currency Cash and cash equivalents	**(13)**	(49)
Total Cash and Cash equivalents	**5,369**	927

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

Mr. Hemant M. Joshi
Partner

Hyderabad,
Dated : April 27, 2009

For Tech Mahindra Limited

Mr. Anand G. Mahindra
Chairman

Mr. Vineet Nayyar
Vice Chairman, Managing Director & CEO

Hon. Akash Paul
Director

Mr. Anupam Puri
Director

Mr. Arun Seth
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Mr. Paul Zuckerman
Director

Dr. Raj Reddy
Director

Mr. Ravindra Kulkarni
Director

Mr. Ulhas N. Yargop
Director

Mr. Vikrant Gandhe
Asst. Company Secretary

Hyderabad,
Dated : April 27, 2009

Schedules forming part of the Consolidated Balance Sheet

	As at March 31, 2009	Rs. in Million As at March 31, 2008
Schedule I		
SHARE CAPITAL:		
Authorised :		
175,000,000 (previous year 175,000,000) Equity Shares of Rs. 10/- each.	**1,750**	1,750
	1,750	1,750
Issued, Subscribed and Paid-up :		
121,733,634 (previous year 121,362,869) Equity Shares of Rs.10/- each fully paid-up.	**1,217**	1,214
	1,217	**1,214**

Notes:

1 Out of the above 9,931,638 (previous year 9,931,638) Equity Shares of Rs. 10/- each fully paid-up are held by Mahindra BT Investment Company (Mauritius) Limited, a subsidiary of Mahindra and Mahindra Ltd and 53,776,252 (previous year 53,776,252) Equity Shares of Rs. 10/- each are held by Mahindra & Mahindra Ltd., 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 company had consolidated 5 Equity Shares of face value of Rs. 2/- each into 1 equity share of face value of Rs. 10/- each

4 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.

5 Refer note 15 of schedule XIII for stock options.

Schedules forming part of the Consolidated Balance Sheet

			Rs. in Million
		As at March 31, 2009	As at March 31, 2008
Schedule II			
RESERVES AND SURPLUS:			
General Reserve :			
As per last Balance Sheet	**2,714**		1,014
Add : Transfer from Profit and Loss Account	**1,000**		1,700
Less: Transfered on Amalgamation	**1,013**		-
(refer note of 6 (a) schedule XIII)			
		2,701	2,714
Securities Premium :			
As per last Balance Sheet	**2,303**		2,293
Add : Received during the year	**27**		10
		2,330	2,303
Currency Translation Reserve:			
As per last Balance Sheet	**28**		21
Add: Transfered on Amalgamation	**5**		-
Addition during the period	**77**		7
		105	28
Profit / (Loss) on cash flow hedges: (refer Note 1 (l) (b) of schedule XIII)		**(936)**	851
Balance in Profit and Loss Account	**14,036**		5,462
Less: Transfered on Amalgamation	**22**		-
		14,014	5,462
		18,214	11,358
Schedule III			
LOAN FUNDS:			
Unsecured Loan :			
Overdraft from bank		**-**	300
		-	300

Schedules forming part of the Consolidated Balance Sheet

Schedule IV

FIXED ASSETS:

Rs. in Million

	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
Description of Assets	**Cost as at April 01, 2008**	**Additions during the year**	**Deductions during the year**	**Cost as at March 31, 2009**	**As at April 01, 2008**	**For the year**	**Deductions during the year**	**Cost as at March 31, 2009**	**As at March 31, 2009**	**As at March 31, 2008**
Goodwill on consolidation*	0	0	-	**0**	-	-	-	-	**0**	1,030
Leased Assets :										
Vehicles (refer Note 12 of schedule XIII)	48	-	42	**6**	37	4	**36**	**5**	**1**	11
Tangible Fixed Assets :										
Freehold Land	174	-	-	**174**	-	-	-	**-**	**174**	174
Leasehold Land	431	5	-	**436**	6	9	-	**15**	**421**	425
Leasehold Improvements	281	81	5	**357**	60	117	5	**172**	**185**	221
Office Building / Premises	1,598	1,398	-	**2,996**	684	164	-	**848**	**2,148**	914
Computers	1,835	328	20	**2,143**	1,127	433	20	**1,540**	**603**	708
Plant and Machinery	1,139	666	6	**1,799**	600	217	5	**812**	**987**	539
Furniture and Fixtures	798	281	34	**1,045**	543	132	29	**646**	**399**	255
Vehicles	47	3	3	**47**	30	10	3	**37**	**10**	17
Intangible Assets:										
Intellectual property rights	76	**-**	**-**	**76**	14	11	-	**25**	**51**	62
Total	**6,427**	**2,762**	**110**	**9,079**	**3,101**	**1,097**	**98**	**4,100**	**4,979**	**4,356**
Previous year	6,245	1,317	105	7,457	2,403	796	98	3,101		
Capital Work-in-Progress (include capital advances** **Rs. 146 Million** (previous year Rs 16 Million)) #									1,541	1,640
								Total	**6,520**	5,996

Note:
1) Fixed Assets include certain leased vehicles aggregating to **Rs. 0 Million** (previous year Rs.14 Million) (at cost) on which vendors have a lien.

\# 2) Includes capital advance of **Rs. 243 Million** (previous year Rs. 254 Million) 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 Appellate 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.

*3) Goodwill reduced on amalgamation of iPolicy Networks Limited and Tech Mahindra (R&D) Services Limited.

4) Net of provision for doubtful advances **Rs. 5 Million (previous year Rs. 5 Million).

Schedules forming part of the Consolidated Balance Sheet

Rs. in Million

		As at March 31, 2009	As at March 31, 2008
Schedule V			
INVESTMENTS:			
Long Term (Unquoted - at cost)			
Trade:			
In Subsidary Companies:			
50,000 Equity Shares (previous year 50,000) of Tech Mahindra Foundation of Rs. 10/- each fully paid up		**1**	1
In Other Companies:			
1,603,380 E1 Preference Shares (previous year Nil) of Servista Limited of GBP 0.002 each fully paid up (refer note 23 of schedule XIII)		**54**	-
896,620 E2 Preference Shares (previous year Nil) of Servista Limited of GBP 0.002 each fully paid up (refer note 23 of schedule XIII)		**30**	-
4,232,622 Ordinary shares (previous year Nil) of Servista Limited of GBP 0.002 each fully paid up (refer note 23 of schedule XIII)		**1**	-
		85	1
Current Investments (Unquoted)			
Non Trade :			
Nil (previous year 3,071.62) units of Rs. Nil (previous year Rs. 1,000.60) each of DSP Merrill Lynch Liquidity Plus Instiuitional Plan-daily dividend	**-**		3
Nil (previous year 50,544.74) units of Rs. Nil (previous year Rs. 1,001.59) each of DSPML Liquidity Plus Instituitional Plan-weekly dividend	**-**		51
49,678,303.91 (previous year Nil) units of Rs. 10.22 (previous year Rs. Nil) each of ICICI Prudential Flexible Income Plan -Daily Dividend	**508**		-
2,643,536.00 (previous year Nil) units of Rs. 10.00 (previous year Rs. Nil) each of ICICI Prudential Floating Rate Plan D-Daily Dividend	**26**		-
76,159,600.72 (previous year Nil) units of Rs. 10.01 (previous year Rs. Nil) each of Birla Sunlife	**762**		-
Short Term Fund-Institutional Daily Dividend			-
18,811,010.00 (previous year Nil) units of Rs. 10.00 (previous year Rs. Nil) each of Birla Sun Life FTP - INSTL - Series AN Growth	**188**		
44,627,133.83 (previous year Nil) units of Rs. 17.10 (previous year Rs. Nil) each of Reliance Medium Term fund-Daily Dividend Plan	**763**		-
5,096,226.00 (previous year Nil) units of Rs. 10.01 (previous year Rs. Nil) each of Birla Sun Life Savings Fund Instl - Weekly Dividend - Reinvestment	**51**		-

Schedules forming part of the Consolidated Balance Sheet

			Rs. in Million
		As at March 31, 2009	As at March 31, 2008
Schedule V (Continued)			
3,294,976.00 (previous year Nil) units of Rs. 17.10 (previous year Rs. Nil) each of Reliance Medium Term Fund-Daily Dividend Plan -Reinvestment	**56**		-
Nil (previous year 1,122,894.45) units of Rs. Nil (previous year Rs.10.56) each of ICICI Prudential Flexible Income Plan-dividend weekly	**-**		12
Nil (previous year 18,811,010.00) units of Rs. Nil (previous year Rs. 10.00) each of Birla Sun Life FTP - INSTL - Series AN Growth	**-**		188
Nil (previous year 1,179,151.03) units of Rs. Nil (previous year Rs.10.03) each of HSBC Liquid Plus Institutional Plus-weekly dividend	**-**		12
Nil (previous year 15,647,449.00) units of Rs. Nil (previous year Rs. 10.00) each of Kotak Flexi Debt Scheme- Daily dividend	**-**		157
60,215,296.62 (previous year Nil) units of Rs. 10.08 (previous year Rs. Nil) each of Kotak Floater Long Term-Daily dividend	**607**		-
4,019,271.00 (previous year Nil) units of Rs. 10.08 (previous year Rs. Nil) each of Kotak Floater Long Term - Weekly Dividend	**40**		-
Nil (previous year 15,500,000.00) units of Rs. Nil (previous year Rs. 10.00) each of Standard Chartered Fixed Maturity Plan	**-**		155
Nil (previous year 2,752,230) units of Rs Nil (previous year Rs. 10.02) each of Birla Sunlife Liquid Plus Fund	**-**		27
25,122,427.67 (previous year Nil) units of Rs. 10.00 (previous year Rs. Nil) each of IDFC Money Manager Fund - TP -Super Instl Plan C - Daily dividend	**251**		-
10,088,314.24 (previous year Nil) units of Rs. 10.00 (previous year Rs. Nil) each of Fidelity Ultra Short Term Debt Fund	**101**		-
65,400,536.26 (previous year Nil) units of Rs. 10.03 (previous year Rs. Nil) each of HDFC Cash Mgt Fund - Treasury Advantage Plan - wholesale - Daily Dividend	**656**		-
25,036,693.47 (previous year Nil) units of Rs. 10.04 (previous year Rs. Nil) each of Tata Floater Fund	**251**		-
Nil (previous year 2,750,662.00) units of Rs. Nil (previous year Rs. 10.03) each of Kotak Mutual Fund - Flexi debt scheme	**-**		27
		4,260	632
		4,346	633

Schedules forming part of the Consolidated Balance Sheet

Rs in Million

		As at March 31, 2009	As at March 31, 2008
Schedule VI			
CURRENT ASSETS, LOANS AND ADVANCES:			
Current Assets:			
(a) Sundry Debtors * :			
(Unsecured)			
Debts outstanding for a period exceeding six months:			
: considered good **		**229**	1,153
: considered doubtful		**85**	92
		314	1,245
Other debts, considered good ***		**8,793**	9,813
: considered doubtful		**-**	2
		9,107	11,060
Less: Provision		**85**	95
		9,022	10,965
1. * Debtors include on account of unbilled revenue aggregating to **Rs. 719 Million** (previous year Rs.3,189 Million)			
2. ** Net of advances aggregating to **Rs. 88 Million** (previous year Rs. 98 Million) pending adjustments with invoices			
3. *** Net of advances aggregating to **Rs. 1,994 Million** (previous year Rs.169 Million) pending adjustments with invoices			
(b) Cash and Bank Balances :			
Balance with scheduled banks:			
(i) In Current Accounts	**4,504**		493
(ii) In Fixed Deposit Accounts	**129**		37
Balance with other banks :			
(i) In Current Accounts (refer note 21 of schedule XIII)	**749**		446
		5,382	976
(c) Loans and Advances :			
(Unsecured, Considered good unless otherwise stated)			
Advances recoverable in cash or in kind or for value to be received – considered good	**1,271**		2,121
– considered doubtful	**21**		10
	1,292		2,131
Less : Provision	**21**		10
		1,271	2,121
MAT Credit Entitlement		**281**	-
Balance with Excise and Customs		**602**	-
Fair value of foreign exchange forward and option contracts (refer Note 1 (l) (b) of schedule XIII)		**-**	1,036
Advance Taxes (net of provisions)		**795**	447
Advance FBT (net of provisions)		**4**	-
		2,953	3,604

Schedules forming part of the Consolidated Balance Sheet

Rs. in Million

	As at March 31, 2009	As at March 31, 2008
Schedule VII		
CURRENT LIABILITIES :		
(a) Sundry Creditors	**4,692**	5,119
(b) Fair values of foreign exchange forward and currency option contracts (refer note 1 (l) (b) of schedule XIII)	**1,179**	-
(c) Other Liabilities	**722**	1,385
(d) Advance from Customers	**144**	-
(e) Unclaimed Dividend	**1**	1
	6,738	6,505
Schedule VIII		
PROVISIONS:		
Provision for tax (net of advance taxes)	**856**	795
Provision for Fringe Benefit Tax (net of advance taxes)	**-**	6
Proposed Dividend	**-**	668
Provision for Dividend tax	**-**	113
Provision for Gratuity (refer note 10 of schedule XIII)	**665**	491
Provision for Leave Encashment	**629**	690
	2,150	2,763

Schedules forming part of the Consolidated Profit and Loss Account

			Rs. in Million
		Year ended March 31, 2009	Year ended March 31, 2008
Schedule IX			
OTHER INCOME:			
Interest on : Deposits with banks [Tax deducted at source **Rs. 4 Million**] (previous year Rs. 4 Million)	**49**		43
Others [Tax deducted at source **Rs. 0 Million**] (previous year Rs. 1 Million)	**10**		3
		59	46
Dividend received on current investments (non - trade)		**85**	70
Profit on sale of current investments (non - trade) (net)		**-**	43
Exchange (losses) / gains (net)		**(719)**	767
Sundry balances written back (net)		**119**	89
Rent Income [Tax deducted at source **Rs. 5 Million**] (previous year Rs. 0 Million)		**24**	-
Miscellaneous income [Tax deducted at source **Rs. 0 Million**] (previous year Rs. 1 Million)		**54**	29
		(378)	1,044
Schedule X			
PERSONNEL:			
Salaries and Bonus		**16,475**	13,672
Contribution to provident and other funds		**1,303**	1,100
Staff welfare		**778**	827
		18,556	15,599

Schedules forming part of the Consolidated Profit and Loss Account

Rs. in Million

		Year Ended March 31, 2009	Year Ended March 31, 2008
Schedule XI			
OPERATING AND OTHER EXPENSES:			
Power & Fuel		**369**	330
Rent		**842**	790
Rates and taxes		**107**	40
Communication expenses		**805**	825
Traveling expenses (refer note 9 of schedule XIII)		**3,442**	5,062
Recruitment expenses		**74**	84
Training		**128**	168
Hire charges		**146**	191
Sub-contracting costs (net)		**4,338**	3,751
Transition cost (net)		**353**	381
Professional and Legal fees		**515**	397
Repairs and maintenance :			
Buildings (including leased premises)	**35**		29
Machinery	**99**		63
Others	**99**		111
		233	203
Insurance		**190**	126
Software and hardware expenses		**927**	751
Advertising, marketing and selling expenses		**27**	37
Commission on income from services		**122**	169
Loss on sale of fixed assets (net)		**12**	4
Loss on sale of current investments (net)		**64**	-
Excess of cost over fair value of current investments		**1**	-
Provision for doubtful debts (net)		**17**	26
Provision for doubtful advances		**11**	4
Advances / bad debts written off		**24**	26
Donations		**90**	76
Consumption of components		**2**	-
Miscellaneous expenses (refer note 11 of schedule XIII)		**427**	364
		13,266	13,805
Schedule XII			
INTEREST:			
Cash credit / Overdraft		**4**	62
Others		**21**	-
		25	62

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, 2009

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 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, 2009.

(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 including Intangible Assets

Fixed assets are stated at cost less accumulated 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 or period of occupancy which ever is less.

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

(v) Assets costing upto Rs. 5,000 are fully depreciated in the year of purchase.

(g) Impairment of Assets :

At the end of each year, the 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 :

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.

Current investments are carried at lower of cost and fair value.

(i) Inventories :

Components and Parts :

Components and parts are valued at lower of cost and net realizable value. Cost is determined on First–In–First Out basis.

Work in progress :

An ongoing work to develop computer software is recognized only when a significant portion of the deliverable work is completed, and is valued at the lower of cost and estimated net realizable value. The cost of work in progress is arrived at after considering all direct costs including the depreciation cost on all capital goods that are deployed directly or indirectly for the development of any modules and indirect costs as have been specifically incurred for the development of the various modules.

Finished Goods :

Valued at the lower of the cost or 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 rendered on 'time and material' basis, time bound fixed price engagements and system integration projects.

The related revenue is recognized as and when services are rendered. 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.

Foreign Curreny unbilled revenue is recognised at month end Foreign Currency closing rate. On receipt of Purchase Order's, the amounts are billed to the customer & the revenue is booked at the exchange rate prevailing on the transaction date.

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.

Revenue of sale of software and hardware products is recognised at the point of dispatch to the customer.

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) (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 / options to hedge its risks associated with foreign currency fluctuations relating to certain forecasted transactions. Effective 01st April 2007 the Company designates these as cash flow hedges applying the recognition and measurement principles set out in the Accounting Standard 30 " Financial Instruments : Recognition and Measurements" (AS-30).

The use of foreign currency forward contracts/options 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 counter party to the Company's foreign currency forward contracts is generally a bank. The Company does not use derivative financial instruments for speculative purposes.

Foreign currency forward contract/option 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.

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

In respect of foreign subsidiaries, the company has classified all of them as "Non-Integral Foreign Operations" in terms of AS-11.

The financial statements of the foreign subsidiaries for the purpose of consolidation are translated to Indian Rupees as follows :

a. All incomes and expenses are translated at the average rate of exchange prevailing during the year.

b. Assets and liabilities are translated at the closing rate as on the Balance Sheet date.

c. The resulting exchange differences are accumulated in currency translation reserve which is shown under Reserves & Surplus.

(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.

Actuarial gains and losses are recognised in full in the Profit and Loss Account for the year in which they occur.

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), CanvasM Technologies Limited (CTL) and Tech Mahindra (Singapore) Pte. Ltd. (TMSL), TML does not expect the difference on account of varying methods to be material.

Actuarial gains and losses are recognised in full in the Profit and Loss Account for the year in which they occur.

The company also offers a short term benefit in the form of encashment of unavailed accumulated leave above certain limit for all of its employees and same is being provided for in the books at actual cost.

(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, 2009
Tech Mahindra (Americas) Inc. (TMA)	United States of America	100 %
Tech Mahindra GmbH (TMGMBH)	Germany	100 %
Tech Mahindra (Singapore) Pte. Ltd. (TMSL)	Singapore	100 %
Tech Mahindra (Thailand) Limited (TMTL)	Thailand	100%
PT Tech Mahindra Indonesia (TMI)	Indonesia	100%
CanvasM Technologies Limited (CTL) and its following subsidiary : CanvasM Technologies Inc. (CMI)	India United States of America	80.10% 80.10%
Tech Mahindra (Malaysia) SDN. BHD (TMM)	Malaysia	100%
Tech Mahindra (Beijing) IT Services Limited (TMB)	China	100%
Venturbay Consultants Private Limited (VCPL)	India	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, 2009 for TML **Rs. 986 Million** (previous year : Rs. 1,378 Million).

4. Contingent liabilities :

(i) TML has received demand notices from Income Tax Authorities resulting in a contingent liability of **Rs. 263 Million** (previous year Rs. 158 Million). This is mainly on account of disallowance of software maintenance activity, deduction under section 80HHE amounting to Rs. 38 Million, further sum of Rs. 209 Million relating to deduction under Section 10A, mainly in relation to adjustment of expenditure in foreign currency being excluded only from Export turnover and not from Total turnover, the company has already won the appeal before the Mumbai tribunal. The department intends to pursue the matter before High court & Rs. 16 Million relating to Fringe Benefit Tax. The Company has appealed before Appellate Authorities and is hopeful of succeeding in the same.

(ii) Bank Guarantees outstanding for TML and its subsidiary TMSL are **Rs. 967 Million and Rs. 7 Million respectively** (previous year : Rs. 180 Million and Rs. 6 Million respectively).

(iii) Claims from Statutory Authorities for TML is **Rs. 2 Million** (Provident Fund) (previous year : Rs. 2 Million). Based on letter received from Service Tax Authority for erstwhile TMR&D is **Rs. 7 Million** (previous year : Rs.7 Million) towards service tax on marketing fees for the financial year 2006-2007. The above amount is paid by the Company "Under Protest". The company is awaiting demand notice and would be filling an appeal against the same.

(iv) Claim against TML not acknowledged as debts amounting to **Rs. 130 Million** (previous year : Rs. Nil).

(v) Based on the demand letter of **Rs. 6 Million** (previous year : Rs. Nil) received from the office of the assistant development commissioner of NSEZ for rent arrears on account of revision of rent of the SEZ premises the company has paid an amount of **Rs. 3 Million** (previous year : Rs. Nil) "Under Protest".

5. TML acquired Tech Mahindra (R&D services) Limited (TMRDL) on November 28, 2005. The terms of purchase provided for payment of contingent consideration to all the selling shareholders, payable over three years i.e. up to March 31st 2008 and calculated based on achievement of specific targets. The consideration so payable would be accounted in

the books of account in the year of achieving the milestones under the agreement. The total contingent consideration is payable in cash and cannot exceed **Rs. 641 Million.** Accordingly, total earn out payment of Rs. 155 Million had been provided as additional cost of acquisition till March 31, 2008.

6. (a) Tech Mahindra (R & D services) Limited and iPolicy Networks Limited - wholly owned subsidiaries of TML have been amalgamated with the company with effect from April 1, 2008 in terms of the scheme of amalgamation ('scheme') sanctioned by the Honorable High Court of judicature at Mumbai, Delhi & Karnataka vide their approvals dated March 28, 2008, April 4, 2008 & April 3, 2008 respectively.

   Tech Mahindra (R & D services) Limited provides technology solutions to leading Telecom Equipment Manufacturers in the areas of Research and Development (R & D), Product, Engineering and Life Cycle Support. iPolicy Networks Limited develops next – generation, carrier-grade integrated network security solutions for enterprise and service providers.

   The mergers would result in operational synergies; enhance financial strength and rationalization of costs. Accordingly the above stated subsidiaries stand dissolved without winding up and all assets and liabilities have been transferred to and vested with the company with effect from April 1, 2008, the appointed date. As the above stated subsidiaries were wholly owned by the company, no shares were exchanged to effect the amalgamation. The amalgamation was accounted as per the 'pooling of interest' method as prescribed in Accounting Standard 14. All the assets and liabilities have been taken over at their respective book values as at the date of amalgamation.

   In accordance with the "Scheme" of amalgamation approved by the Honorable High Courts, the excess of liabilities over the assets have been charged to general reserves. Accordingly the share capital and reserves of the company were adjusted against general reserves of TML.

   Had the treatment based on Accounting Statement 14 on "Accounting for Amalgamation" followed, securities premium, capital reserves and profit and loss account (on amalgamation) would have been higher by Rs. 252 Million, Rs.1 Million and Rs. 517 Million respectively and general reserves would have been lower by Rs.769 million.

   (b) The Board of Tech Mahindra (R&D Services) Inc. (TMRDS), a subsidiary of TML had approved the plan and agreement for amalgamation with its fellow subsidiary Tech Mahindra Americas Inc. (TMA) effective July 01, 2008. The amalgamation has been duly authorized in compliance with the jurisdictional laws. According to these authorizations, TMRDS ceased to exist on and after July 1, 2008.

7. During the year ended March 31, 2009, the Company has made investment of **Rs. 0.08 Million** in Venturbay Consultants Private Limited. As a result, VCPL has become a wholly owned subsidiary of the Company with effect from the date of this investment.

8. During the previous year ended March 31, 2008, 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 was disclosed as an exceptional item in the previous year's Profit and Loss account.

9. The Inland Revenue Authorities of United Kingdom (UK) carried out Employer Compliance Review in 2004-05. In the course of the review, they demanded from the Company Rs. 324 million for the period 2001 to 2005 claiming that the dispensation on employee allowances was not used properly. They also withdrew dispensation benefit from the year 2005-06. Based on communication from the authorities and expert opinion, the Company had provided tax liability without any dispensation benefit. The Company represented against both these decisions. Post completion of review the revised dispensation was restored with retrospective effect from year 2005-06. The demand for earlier period was also settled favorably. During the year, the excess of provision over liability, determined by the Inland Revenue, amounting to **Rs. 673 million** has been written back to Expenses.

10. Details of employee benefits as required by the Accounting Standard 15 (Revised) – Employee Benefits are as under :

    a) Defined Contribution Plan

       Amount recognized as an expense in the Profit and Loss Account in respect of defined contribution plan is **Rs. 511 Million** (previous year : Rs. 429 Million).

b) Defined Benefit Plan

The defined benefit plan comprises of gratuity. The gratuity plan is not funded.

Changes in the present value of defined obligation representing reconciliation of opening and closing balances thereof and fair value of Trust Fund Receivable (erstwhile TMRDL) showing amount recognized in the Balance Sheet :

Rs. in Million

Particulars	**March 31, 2009**	March 31, 2008
Projected benefit obligation, beginning of the year	**491**	288
Service cost	**174**	160
Interest cost	**38**	32
Actuarial (gain)/loss	**(18)**	30
Benefits paid	**(20)**	(19)
Projected benefit obligation, end of the year*	**665**	491

* This includes the Trust fund balance of Rs. 31 Million which was created to fund the gratuity liability of the erstwhile TMRDL. After amalgamation of TMRDL with TML, the balance in Trust Fund can be utilized only for the payment of obligation arising for gratuity payable to employees of erstwhile TMRDL. The composition of the Trust Balance as on March 31, 2009 is as follows :

Rs. in Million

Particulars	**March 31, 2009**
Government of India Securities/ Gilt Mutual Funds	**9**
State Government Securities / Gilt Mutual Funds	**6**
Public Sector Unit Bonds	**14**
Private Sector Bonds / Equity Mutual Funds	**0**
Mutual Funds	**0**
Bank Balance	**2**
Total	**31**

Components of employer expenses recognized in the statement of profit and loss for the year ended March 31, 2009 :

Rs. in Million

Particulars	**March 31, 2009**	March 31, 2008
Service cost	**174**	160
Interest cost	**38**	32
Actuarial loss / (gain)	**(18)**	30
Net gratuity cost	**194**	222

Principal Actuarial Assumptions	March 31, 2009	March 31, 2008
Discount Rate	**7.60%**	7.75%
Rate of increase in compensation levels of covered employees	**4.00 % for the 1st Year 7.00 % for the next two years8.25% thereafter**	8.00%

- The discount rate is based on the prevailing market yields of Indian Government Bonds as at the balance sheet date for the estimated terms of the obligations.
- Salary escalation rates : The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

11. Payment to Auditors :

Rs. in Million

Particulars	March 31, 2009	March 31, 2008
Audit Fees	**5**	4
As advisor or in any other capacity in respect of taxation matters etc.	**1**	-
For other services	**3**	3
Reimbursement of out of pocket expenses	**0**	0
Total	**9**	7

12. Assets acquired / given on Lease :

(a) Finance Lease :

TML has acquired vehicles on lease, the fair value of which aggregates to **Rs 6. Million** (previous year : Rs. 50 Million)**.** As per Accounting Standard 19 (AS-19) on Leases, the Company has capitalized 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 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. 4 Million and Rs. 0 Million respectively)	**0**	**-**
Present value of Lease rentals payable (previous year : Rs. 4 Million and Rs. 0 Million respectively)	**0**	**-**

b) Operating Lease :

The assets taken on Operating Lease are as detailed below :

i. TML has taken vehicles on operating lease for a period of three to five years. The lease rentals recognised in the Profit and Loss Account for the year is **Rs. 13 Million** (previous year : Rs. 8 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. 11 Million and Rs. 18 Million respectively)	**15**	19

ii. Tech Mahindra (Americas) Inc. (TMA) has taken office space on operating lease. The lease rentals recognized in the Profit and Loss Account for the year is **Rs 14 Million** (previous year : Rs. 9 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. 9 Million and Rs. 11 Million respectively)	**11**	**4**

Previous year numbers have been regrouped since Tech Mahindra (Americas) Inc. & Tech Mahindra (R & D) Inc. have amalgamated on July 1, 2008.

iii. CanvasM Technologies Ltd. is a lessee under various operating leases. Rental expense for operating leases for the year ended March 31, 2009 is **Rs. 3 Million** (previous year : Rs. 3 Million). There is no non-cancelable lease as on March 31, 2009.

13. 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 Telecom Service Providers (TSP), Telecom Equipment Manufacturer (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, 2009 **Rs. in Million**

Particulars	Telecom Service Provider	Telecom Equipment Manufacturer	Business Process Outsourcing	Others	Total
Revenues	38,750	2,409	2,502	986	44,647
Less : Direct Expenses	22,703	1,758	1,221	696	26,378
Segmental Operating Results	**16,047**	**651**	**1,281**	**290**	**18,269**
Less : Unallocable Expenses					
Depreciation					1,097
Interest					25
Other unallocable expenses (net)					5,444
Total Unallocable Expenses					**6,566**
Operating Income					**11,703**
Add : Other Income (net)					(378)
Net Profit before tax					**11,325**
Less : Provision for Taxation					
Current Tax (net of MAT credit)					1,225
Deferred Tax					(127)
Fringe Benefit Tax					81
Net Profit after tax					**10,146**
Minority Interest					(1)
Net Profit for the year					**10,145**

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	29,827
USA	11,329
Rest of world	3,491
Total	**44,647**

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, 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 (net)					5,550
Total Unallocable Expenses					**6,408**
Operating Income					**7,399**
Add : Other Income (net)					1,044
Net Profit before tax					**8,443**
Less : Provision for Taxation					
Current Tax					689
Deferred Tax					(15)
Fringe Benefit Tax					74
Net Profit before Minority Interest					**7,695**
Exceptional item					**(4401)**
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	2,628
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.

14. In respect of equity shares issued pursuant to Employee Stock Option Scheme, the Company paid dividend of **Rs. 1** Million for the year 2007-08 and tax on dividend of **Rs. 0** Million as approved by the shareholders at the Annual General Meeting held on July 22, 2008.

15. 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, 2009**	March 31, 2008
Options outstanding at the beginning of the year	**350,090**	489,120
Options granted during the year	**-**	-
Options lapsed during the year	**-**	6,620
Options cancelled during the year	**660**	20,480
Options exercised during the year	**96,070**	111,930
Options outstanding at the end of the year	**253,360**	350,090

Out of the options outstanding at the end of year, **253,360** (previous year : 244,390) (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, 2009**	March 31, 2008
Options outstanding at the beginning of the year	**5,677,701**	5,677,701
Options granted during the year	-	-
Options lapsed during the year	-	-
Options cancelled during the year	-	-
Options exercised during the year	-	-
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 **4,996,377** (previous year : 2,271,081) (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, 2009**	March 31, 2008
Options outstanding at the beginning of the year	**4,193,028**	4,493,116
Options granted during the year	**252,500**	72,000
Options lapsed during the year	**-**	-
Options cancelled during the year	**433,965**	337,850
Options exercised during the year	**274,695**	34,238
Options outstanding at the end of the year	**3,736,868**	4,193,028

Out of the options outstanding at the end of the year, **1,188,133** (previous year : 680,543) (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. 4 Million** (previous year lower by Rs. 32 Million) and earnings per share as reported would be lower as indicated below :

Rs. in Million except earning per share

Particulars	**Year ended**	
	March 31, 2009	March 31, 2008
Net profit after tax and before exceptional items	**10,146**	7,695
Less : Exceptional items	**-**	(4,401)
Minority interest	**(1)**	5
Net Profit for the year	**10,145**	3,299
Less : Total stock-based employee compensation expense determined under fair value base method.	**4**	32
Adjusted net profit	**10,141**	3,267
Basic earnings per share (in Rs.)		
- As reported	**83.41**	27.20
- Adjusted	**83.37**	26.93
Diluted earnings per share (in Rs.)		
- As reported	**78.82**	25.24
- Adjusted	**78.79**	24.99

The fair value of each warrant is estimated on the date of grant based on the following assumptions :

Dividend yield (%)	**6.48**	6.60
Expected life	**5 Years**	5 years
Risk free interest rate (%)	**5.99**	7.83
Volatility (%)	**58.70**	55.28

16. 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
Mahindra BT Investment Company (Mauritius) Ltd.	Promoter group company
Tech Mahindra Foundation*	100% Subsidiary company
Mahindra Engg & Chem Products Limited.	Fellow Subsidiary Company
Mahindra Engineering Services Ltd	Fellow Subsidiary Company
Bristlecone India Ltd.	Fellow Subsidiary Company
Mahindra World City (Jaipur) Ltd	Fellow Subsidiary Company
Mahindra Intertrade Ltd	Fellow Subsidiary Company
Mahindra SAR transmissions P ltd	Fellow Subsidiary Company
Mahindra Renault Pvt Ltd	Fellow Subsidiary Company
Mahindra Navistar Automotives Ltd	Fellow Subsidiary Company
Mahindra Ugine Steel co ltd	Fellow Subsidiary Company
Mahindra Logistic Ltd	Fellow Subsidiary Company
Mahindra Navistar Engines Pvt Ltd	Fellow Subsidiary Company
Mahindra Automotive Ltd	Fellow Subsidiary Company
Mr. Vineet Nayyar Vice Chairman, Managing Director and Chief Executive Officer	Key Management Personnel

* Section 25 Company not considered for consolidation

(b) Related Party Transactions for year ended 31st March 2009

Rs. in Million

Transactions	Promoter Companies	Subsidiary Company	Fellow Subsidiary Companies	Key Management Personnel
Reimbursement of Expenses (net)-Paid/(Receipt)	**(164)** [(93)]	**-** [-]	**-** [-]	**-** [-]
Income from Services & Management Fees	**25,961** [24,060]	**-** [-]	**11** [3]	**-** [-]
Paid for Services Received	**10** [71]	**-** [-]	**63** [-]	**-** [-]
Transition Cost	**-** [233]	**-** [-]	**-** [-]	**-** [-]
Sub-contracting cost	**-** [-]	**-** [-]	**42** [8]	**-** [-]
Dividend Paid	**964** [-]	**-** [-]	**-** [-]	**12** [-]
Salary, Perquisites and Commission	**-** [-]	**-** [-]	**-** [-]	**23** [24]
Donation	**-** [-]	**85** [76]	**-** [-]	**-** [-]
Stock options	**-** [-]	**-** [-]	**-** [-]	****-** [-]
Rent Paid/Payable	**63** [18]	**-** [-]	**-** [-]	**-** [-]
Purchase of Fixed Asset	**4** [17]	**-** [-]	**1** [-]	**-** [-]
Advance Given	**-** [-]	**-** [-]	**-** [57]	**-** [-]
Payment for Exclusivity	**-** [4,401]	**-** [-]	**-** [-]	**-** [-]
Debit / (Credit) balances (net) (inclusive of unbilled) outstanding as on March 31, 2009	**3,892** [6,904]	**-** [-]	**49** [57]	**-** [-]

Figures in brackets “[ ]”are for previous year ended 31st March 2008.

** Options exercised during the year for NIL (previous year NIL) 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 Subsidiary Companies and Key Management Personnel in the excess of 10% of the total related party transactions are as under :

Rs. in Million

Transactions	For the Year ended	
	March31,2009	March31,2008
Reimbursement of Expenses (Net) - Paid/(Receipt)		
Promoter Company		
- British Telecommunications, Plc.	**(173)**	(109)
Income from Services		
Promoter Company		
- British Telecommunications Plc.	**25,885**	24,024
Paid for Services Received		
Promoter Companies		
- Mahindra & Mahindra Ltd.	**8**	71
Fellow Subsidiary Company		
- Mahindra Logistic Limited	**63**	-
Transition Cost		
Promoter Company		
- British Telecommunications Plc.	**-**	233
Dividend Paid		
Promoter Companies		
- Mahindra & Mahindra Ltd.	**511**	-
- British Telecommunications Plc.	**358**	-
	859	**-**
Donation		
Subsidiary Company		
- Tech Mahindra Foundation.	**85**	76
Advance Given		
Fellow Subsidiary Company		
- Mahindra World City (Jaipur) Ltd.	**-**	57
Purchase of Fixed Assets		
Promoter Company		
- British Telecommunications Plc.	**4**	16
Fellow Subsidiary Company		
- Mahindra Navistar Automotives Ltd.	**1**	-
Payment for Exclusivity		
Promoter Company		
- British Telecommunications Plc.	**-**	4,401
Salary, Perquisites and Commission		
Key Management Personnel		
- Mr. Vineet Nayyar	**23**	24
Subcontracting Cost		
Fellow Subsidiary Company		
- Bristlecon (I) Ltd.	**42**	8
Rent Paid/Payable		
Promoter Company		
- British Telecommunications Plc.	**63**	18

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

Rs. in Million

Deferred Tax	**March 31, 2009**	March 31, 2008
a) Deferred tax liability :		
Depreciation	-	(2)
b) Deferred tax asset :		
Gratuity, Leave Encashment etc.	**109**	24
Doubtful Debts/Others	**12**	6
Preliminary Expenses	**0**	-
Carry forward of net operating losses of a subsidiary	**41**	32
Depreciation	**34**	-
Total Deferred Tax Asset (net)	**196**	60

18. 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 certain forecasted transactions. Forward Exchange Contracts and Currency Option Contracts in UK Pound 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, 2009 :

Type of cover	**Amount outstanding at year end in Foreign currency (in Million)**	**Fair Value Gain / (Loss) (Rs. in Million)**
Forward	**GBP 70** (previous year GBP 36)	**340** (previous year 26)
Option	**GBP 178** (previous year GBP 292)	**5,025** (previous year 920)

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, 2009:

Type of cover	**Amount outstanding at year end in Foreign currency (in Million)**	**Fair Value Gain / (Loss) (Rs. in Million)**
Forward	**USD 250** (previous year USD 318)	**(1370)** (previous year [(141)]
Option	**USD 368** (previous year USD 539)	**(4931**) (previous year 46)

The movement in hedging reserve during the year ended March 31, 2009 for derivatives designated as Cash Flow Hedges is as follows :

Rs. in Million

Particulars	**Year ended March 31, 2009**	Year ended March 31, 2008
Balance at the beginning of the year	**851**	-
Gain/(Losses) transferred to income statement on occurrence of forecasted hedge transaction	**(130)**	-
Changes in the fair value of effective portion of outstanding cash flow derivative	**(1657)**	851
Net derivative gain/(losses) related to discontinued cash flow hedge	**-**	-
Balance at the end of the year	**(936)**	851

d) In addition to the above cash flow hedges, the Company has outstanding Foreign Exchange Forward Contracts and Currency Options Contracts aggregating to **Rs. 3,818 Million** (previous year : Rs. 4,783 Million) whose fair value showed a loss of **Rs. 243 Million** (previous year : Gain Rs. 184 Million). Although these contracts are hedges from economic perspective, these are accounted as derivative instruments at fair value with changes in fair value recorded in the Profit and Loss account since the forecasted transactions have occurred.

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**			
		Year ended			
		March 31, 2009		March 31, 2008	
Debtors	**5,515** (previous year : 5,457)	**AUD**	**1**	AUD	3
		CAD	**3**	CAD	2
		EUR	**5**	EUR	3
		GBP	**42**	GBP	43
		MYR	**2**	MYR	-
		NZD	**5**	NZD	2
		PHP	**24**	PHP	27
		SGD	**3**	SGD	-
		THB	**3**	THB	-
		USD	**34**	USD	49
		CHF	**0**	CHF	-
Loans and advances	**161** (previous year : 16)	**AUD**	**0**	AUD	0
		CAD	**0**	CAD	0
		CNY	**-**	CNY	0
		EUR	**0**	EUR	0
		GBP	**2**	GBP	-
		NZD	**0**	NZD	0
		SGD	**0**	SGD	0
		TWD	**0**	TWD	0
		USD	**0**	USD	0
Cash/Bank balances (net)	**4,274** (previous year : 270)	**AUD**	**0**	AUD	1
		CAD	**0**	CAD	0
		EGP	**0**	EGP	-
		EUR	**1**	EUR	0
		GBP	**54**	GBP	-
		NZD	**1**	NZD	1
		PHP	**65**	PHP	13
		TWD	**18**	TWD	15
		USD	**3**	USD	4

Amounts payable in foreign currency on account of the following :

Particulars	Rs. in Million	Foreign currency in Million			
		Year ended			
		March 31, 2009		March 31, 2008	
Creditors (net)	**195** (previous year : 351)	**AUD**	**0**	AUD	0
		NZD	**0**	CNY	0
		EUR	**0**	EUR	0
		GBP	**0**	GBP	4
		PHP	**0**	PHP	0
		SGD	**1**	SGD	0
		THB	**0**	THB	0
		USD	**3**	USD	-
Other current liabilities (net)	**826** (previous year : 733)	**AUD**	**0**	AUD	-
		CAD	**0**	CAD	-
		CHF	**0**	CHF	-
		EUR	**0**	EUR	-
		GBP	**9**	GBP	9
		NZD	**0**	NZD	-
		PHP	**3**	PHP	-
		THB	**0**	THB	-
		USD	**3**	USD	-

19. During the year ended March 31, 2007 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**
Used for the capitalisation work for Hinjewadi			**1,111**
Total			**1,111**

20. Earning Per Share is calculated as follows

Rs. in Million except earning per share

Particulars	Year ended	
	March 31, 2009	March 31, 2008
Net Profit after tax and before exceptional item	10,146	7,695
Less : Exceptional item	-	4,401
Profit after tax and exceptional item	10,146	3,294
Less : Minority Interest	1	(5)
Net Profit attributable to Shareholders	**10,145**	3,299
Equity Shares outstanding as at the year end (in Nos.)	121,733,634	121,362,869
Weighted average Equity Shares outstanding as at the year end (in Nos)	121,631,914	121,292,103
Weighted average number of Equity Shares used as denominator for calculating Basic Earnings Per Share	**121,631,914**	121,292,103
Add : Diluted number of Shares		
ESOP outstanding at the end of the Year	7,077,324	9,427,640
Weighted average number of Equity Shares used as denominator for calculating Diluted Earnings Per Share	**128,709,238**	130,719,743
Nominal Value per Equity Share (in Rs.)	10.00	10.00
Earning Per Share		
- Before exceptional item		
Earnings Per Share (Basic) (in Rs.)	83.41	63.49
Earnings Per Share (Diluted) (in Rs.)	78.82	58.91
- After exceptional item		
Earnings Per Share (Basic) (in Rs.)	83.41	27.20
Earnings Per Share (Diluted) (in Rs.)	78.82	25.24

21. Details of cash and bank balances as on Balance Sheet date :

Rs. in Million

(A)

Balances with scheduled banks	As at	
	March 31, 2009	March 31, 2008
In Current accounts		
ABN Amro Bank		0
ABN Amro Bank, EEFC account in USD	-	0
Citibank	-	0
Citibank, EEFC account in USD	-	0
HDFC Bank	1	3
HDFC Bank-EEFC acccount in USD	0	2
HSBC Bank	74	47
HSBC Bank, USA	-	1
HSBC Bank-EEFC account in GBP	4	(0)
HSBC Bank-EEFC account in USD	275	19
IDBI Bank	345	129
IDBI Bank-EEFC account in USD	14	90
IDBI Bank-Unclaimed dividend accounts	1	1
Kotak Mahindra Bank	1	1
Punjab National Bank	50	0
State Bank of India	-	0
State Bank of India, EEFC account in USD	-	1
State Bank of India, UK in GBP	3,715	198
State Bank of India, UK in USD	24	1
	4,504	493

Rs. in Million

(B)

Balances with other banks	As at	
	March 31, 2009	March 31, 2008
In Current accounts		
Bank of Italy, Italy	4	1
Chase Common wealth of Australia, Australia	-	18
Citibank, Italy	-	4
Dresdner Bank AG, Germany	12	40
HSBC Bank, Australia	16	19
HSBC Bank, Belgium	2	3
HSBC Bank, Canada	16	8
HSBC Bank, China account in CNY	0	0
HSBC Bank, China account in USD	0	1
HSBC Bank, Egypt	1	-
HSBC Bank, Germany	13	0
HSBC Bank, Indonesia account in IDR	14	1
HSBC Bank, Indonesia account in USD	15	9
HSBC Bank, Malaysia account in MYR	1	0
HSBC Bank, Malaysia account in USD	0	1
HSBC Bank, NewZealand	33	16
HSBC Bank, Singapore	21	4

Rs. in Million

(B)

Balances with other banks (Continued)	As at	
	March 31, 2009	**March 31, 2008**
HSBC Bank, Taiwan account in TWD	**27**	19
HSBC Bank, Taiwan account in USD	**2**	1
HSBC Bank, Thailand	**1**	6
HSBC Bank, United Kingdom account in Euros	**48**	12
HSBC Bank, United Kingdom account in GBP-I	**201**	69
HSBC Bank, United Kingdom account in GBP-II	**27**	-
HSBC Bank, United Kingdom account in USD	**24**	-
HSBC Bank, USA	**202**	138
HSBC Bank,Philipines account in PHP	**68**	13
HSBC Bank,Philipines account in USD	**0**	2
J P Chase, USA	**0**	60
Standard Chartered Bank,Singapore	**1**	1
	749	446

Rs. in Million

(C)

Balances in Deposit accounts	As at	
	March 31, 2009	**March 31, 2008**
Dresdner Bank AG, Germany	**-**	2
HDFC Bank	**0**	1
HSBC Bank	**85**	-
HSBC Bank, Germany	**27**	-
ICICI Bank	**-**	10
IDBI Bank	**16**	11
Kotak Mahindra Bank	**1**	3
State Bank of India	**-**	10
	129	37
Total (A + B + C)	**5,382**	976

22. The company has exercised the option given vide notification number G.S.R. 225 (E) dated March 31, 2009 issued by the Ministry of Corporate Affairs, Government of India on provisions of Accounting Standard 11. One of the subsidiaries of the Company, CanvasM India Ltd. has capitalized the loss aggregating to Rs. 2.71 million arisen on translation of long term foreign currency monetary liabilities relating to acquisition of fixed assets, out of which Rs. 0.49 million has been amortized during the year and the unamortized balance as at March 31, 2009 is Rs. 2.22 million.

23. During the year ended March 31, 2009 the Company has made investment of **Rs. 85 Million** resulting into 17.28% of the holding in Servista Limited a leading European system integrator. With this investment the Company has become Servista's exclusive delivery arm for three years and will assist Servista in securing more large scale European IT off shoring business.

24 (a) The Board of Directors of Satyam Computer Services Limited on 13th April 2009 selected Venturbay Consultants Private Limited, a wholly owned subsidiary of the Company as the highest bidder to acquire a controlling stake in Satyam Computer Services Limited, subject to the approval of the Hon'ble Company Law Board (CLB). CLB has since granted its approval on 16th April 2009. Venturbay has deposited a sum of Rs. 29,107 Million in escrow to cover the cost of 31% preferential issue by Satyam and a 20% open offer.

(b) The Company has made investment of **Rs. 112 Million** in Mahindra Logisoft Business Solutions Limited (MLBSL) on April 11, 2009, as a result MLBSL has become a wholly owned subsidiary of the Company from that date.

25. Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with the group financial statements.

26. Previous year figures have been regrouped wherever necessary, to conform to the current year's Classification.

Signatures to Schedules I to XIII

For Tech Mahindra Limited

Mr. Anand G. Mahindra
Chairman

Mr. Vineet Nayyar
Vice Chairman, Managing Director & CEO

Hon. Akash Paul
Director

Mr. Anupam Puri
Director

Mr. Arun Seth
Director

Mr. Bharat Doshi
Director

Mr. B. H. Wani
Director

Mr. Clive Goodwin
Director

Mr. M. Damodaran
Director

Mr. Paul Zuckerman
Director

Dr. Raj Reddy
Director

Mr. Ravindra Kulkarni
Director

Mr. Ulhas N. Yargop
Director

Mr. Vikrant Gandhe
Asst. Company Secretary

Hyderabad,
Dated : April 27, 2009

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	50.72	19.02	281.46	611.96	311.49	-	4,607.44	250.81	97.55	153.26	-
2	Tech Mahindra GmbH	Germany	EUR	67.43	38.77	128.85	256.26	88.64	-	794.83	37.40	0.14	37.25	-
3	Tech Mahindra (Singapore) Pte. Limited	Singapore	SGD	33.31	1.67	72.81	139.52	65.05	-	340.77	19.23	4.01	15.22	-
4	Tech Mahindra (Thailand) Limited	Thailand	THB	1.43	7.13	4.68	15.41	3.60	-	22.32	0.95	-	0.95	-
5	Tech Mahindra Foundation	India	INR	1.00	0.50	361.10	361.62	0.02	-	57.90	0.25	-	0.25	-
6	PT Tech Mahindra Indonesia	Indonesia	USD	50.72	25.36	147.13	488.31	315.82	-	720.27	130.77	40.06	90.71	-
7	CanvasM Technologies Limited	India	INR	1.00	576.73	(16.59)	917.34	357.19	362.40	440.82	4.12	0.70	3.42	-
8	CanvasM (Americas) Inc.	USA	USD	50.72	0.01	0.84	111.85	111.00	-	424.01	(0.81)	0.19	0.99	-
9	Tech Mahindra (Malaysia) SDN. BHD	Malaysia	RM	13.88	4.34	1.53	26.87	20.99	-	50.19	1.01	-	1.01	-
10	Tech Mahindra (Beijing) IT Services Ltd.	China	CNY	7.41	10.43	(19.42)	0.69	9.68	-	0.02	(16.20)	-	(16.20)	-
11	Venturbay Consultants Private Limited	India	INR	1	0.11	(0.07)	0.05	0.01	-	-	(0.03)	-	(0.03)	-

Values that drive us

Tech Mahindra is focused on creating sustainable value growth through innovative solutions and unique partnerships.

- *Customer first*
- *Good corporate citizenship*
- *Professionalism*
- *Commitment to quality*
- *Dignity of the individual*

NOTES

NOTES

India

Tech Mahindra Limited
Sharda Centre,
Off Karve Road,
Erandwane,
Pune 411 004
Tel: +91 20 6601 8100
Fax: +91 20 542 4466

Tech Mahindra Limited
Wing 1, Oberoi Estate Gardens,
Chandivali,
Andheri (E),
Mumbai 400 072
Tel: +91 22 6688 2000
Fax: +91 22 2852 8959

Tech Mahindra Limited
3rd & 4th floor, C Bldg,
Bengal Intelligent Park Ltd.,
Opp. Infinity Towers, Sector 5
Salt Lake,
Kolkata 700 091
Tel: +91 33 4002 8100
Fax: +91 33 4002 8126

Tech Mahindra Limited
A-7, Sector 64
Noida, 201 301
Tel: 0120-4096000

Tech Mahindra Limited
Wing 1 & 2, Block 'C',
Fourth Floor
Cyber Gateway,
Hitech City
Madhapur,
Hyderabad 500081
Tel: +91 40 4030 1300

Tech Mahindra Limited
'A' Block, 2nd Floor,
DLF Building,
Chandigarh Technology Park
Kishangarh,
Chandigarh
Tel: +91 172 6604444

Tech Mahindra Limited
9 / 7 Hosur Road,
Bangalore 560029
Tel: +91 80 40 24 3000
Fax: +91 80 2 553 9231

Tech Mahindra Limited
No. 58, Sterling Regency,
Sterling Road,
Nungambakkam,
Chennai 600034
Tel: +91 44 2 825 3323
Fax: +91 44 2 825 3352

USA

Tech Mahindra (Americas), Inc.
15 Corporate Place South,
Suite 350, Piscataway, NJ 08854
Tel: +1 732 981 1060
Fax: +1 732 981 1066

Tech Mahindra (Americas), Inc.
12600 Deerfield Parkway,
Suite 100, Alpharetta, GA 30004
Tel: + 1 678 575 7618
Fax: + 1 678 296 0469

Tech Mahindra (Americas), Inc.
2140 Lake Park Blvd.,
Richardson, TX, 75080
Tel: +1 972 991 2900

Tech Mahindra (Americas), Inc.
1270, S. Winchester Blvd,
Suite # 130,
San Jose, California
Tel: +1 408 960 5244

Canada

Tech Mahindra Limited
255 Duncan Mills Road, Suite 504
Toronto, Ontario
Canada M3B 3H9
Tel: +1 905 686 0088

UK

Tech Mahindra Limited
1st Floor, Charles Schwab Building,
401, Grafton Gate (E),
Milton Keynes MK9 1AQ.
Tel : +44 1908 553400
Fax : +44 1908 553499

Tech Mahindra Limited
7th & 8th floors,
Riverside Tower,
5 Lanyon Place, Belfast
County Andrin BT1 3BT
Tel: +44 28 90312460

Germany

Tech Mahindra GmbH
Prinzenallee 7, 40549 Düsseldorf
Tel: +49 211 52391 239
Fax: +49 211 52391 503

Belgium

Tech Mahindra Limited
Uitbreidingstraat 84/3
Antwerpen-Berchem
Belgium, B-2600
Tel: +32 3 218 20 51

UAE

Tech Mahindra Limited
PO Box 54275, Dubai
Tel +971 4 6091764/65

Egypt

Tech Mahindra Limited
Arkadia Building, Cornish El Nil,
8th floor, P.O. Box 14,
Sabtteyah 11624, Cairo
Tel : +20 2 580 6608
Fax : +20 2 580 6601

Singapore

Tech Mahindra (Singapore) Pte. Limited.
150 Kampong Ampat #01-01
KA Centre, Singapore 368324
Tel: +65 6303 8752
Fax: +65 6282 7137

Australia

Tech Mahindra Limited
Level 2, Suite 5, 64 Talavera Road
North Ryde, NSW 2113
Tel: +61 2 9888 4755
Fax: +61 2 9888 4766

New Zealand

Tech Mahindra Limited
Level 4, 369 Queen St
Auckland 1010, New Zealand.
Tel +64 9 306 8949
Fax +64 9 306 8889

Thailand

Tech Mahindra (Thailand) Limited
Level 29, The Offices at
Centralworld, 999/9 Rama I Road,
Pathumwan, Bangkok 10330.
Tel: +66 22072346
Fax: 66 22072347

Malaysia

Tech Mahindra (Malaysia) SDN. BHD.
Suite 15.1, level 15, Menara IMC
No 8 Jalan Sultan Ismail, 50250
Kuala Lumpur
Phone: +603 2073 2613
Fax: +603 2032 3945

Indonesia

PT. Tech Mahindra Indonesia,
Ariobimo Sentral, 4th fl, Suite #403,
Jl. H.R.Rasuna Said, Kav X-2 No. 5
Jakarta 12950
Tel: +62 811860617

Philippines

Tech Mahindra Limited
4th floor, New Guevent Bldg., 52 Libertad St.
Mandaluyong City 1551
Tel: +63 2 533 0696 / 533 7456
Fax: +63 2 531 0422

China

Tech Mahindra (Beijing) IT Services Limited,
Room 2925, 29/F, Block C,
Central International Trade Center,
No.6 Jianguomenwei Dajie,
Chaoyang District, Beijing, PRC, 100022
Tel: +86 10 6563 9997

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