CREATE THE NEXT WAVE

Tech Mahindra

IT Services and Telecom Solutions

ANNUAL REPORT 2009-2010

Collaborate to Win

at&t 2010 Supplier Award Winner

Corporate Information

Board of Directors

Mr. Anand G. Mahindra, Chairman

Mr. Vineet Nayyar, Vice Chairman & Managing Director

Hon. Akash Paul

Mr. Al-Noor Ramji
(upto 31st March 2010)

Mr. Anupam Puri

Mr. Arun Seth
(upto 22nd January 2010)

Mr. B. H. Wani

Mr. Bharat N. Doshi

Mr. Clive Goodwin
(upto 22nd January 2010)

Mr. M. Damodaran

Mr. Nigel Stagg
(w.e.f. 22nd January 2010)

Mr. Paul Zuckerman

Dr. Raj Reddy

Mr. Ravindra Kulkarni

Mr. Richard Cameron
(w.e.f. 22nd January 2010)

Mr. Ulhas N. Yargop

Mr. Paul Ringham
(Alternate Director to Mr. Clive Goodwin)
(upto 22nd January 2010)

Chief Executive Officer

Mr. Sanjay Kalra

Chief Financial Officer

Mr. Sonjoy Anand

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. M. Damodaran, Chairman (w.e.f. 21st October 2009)
- Mr. Anupam Puri, Chairman (upto 20th October 2009)
- Mr. Paul Zuckerman
- Dr. Raj Reddy
- Mr. Richard Cameron (w.e.f. 22nd January 2010)
- Mr. Ulhas N. Yargop

Compensation Committee

- Mr. Ravindra Kulkarni, Chairman (w.e.f. 20th October 2009)
- Hon. Akash Paul, Chairman (upto 20th October 2009)
- Mr. Anupam Puri
- Mr. Nigel Stagg (w.e.f. 22nd January 2010)
- Mr. Paul Zuckerman
- Mr. Ulhas N. Yargop

Investor Grievances-cum-Share Transfer Committee

- Mr. Ulhas N. Yargop, Chairman
- Mr. Vineet Nayyar
- Mr. Richard Cameron (w.e.f. 22nd January 2010)

Executive Committee

- Mr. Vineet Nayyar, Chairman
- Mr. Nigel Stagg (w.e.f. 22nd January 2010)
- Mr. Ulhas N. Yargop

Securities Allotment Committee

- Mr. Vineet Nayyar, Chairman
- Mr. Richard Cameron (w.e.f. 22nd January 2010)
- Mr. Ulhas N. Yargop

Bankers

IDBI Bank
HSBC Bank
State Bank of India
Kotak Mahindra Bank
HDFC Bank Limited

Auditors

Deloitte, Haskins & Sells
Chartered Accountants

COLLABORATE TO WIN

In today's fast-paced and interrelated economy, collaboration plays a significant role in the overall performance of a company. It is critical to the organization's success and enhances its ability to deliver greater value to customers.

With over two decades of experience in the dynamic world of communications, Tech Mahindra leverages innovative collaborative tools, not only to connect with stakeholders, but also to understand the evolving needs of end users and future trends. Our focus on collaborative working enables us to deliver innovative, cost effective and superior business solutions to our partners and clients.

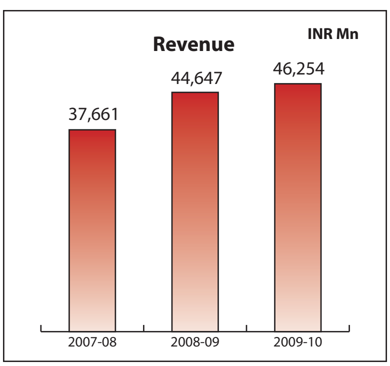
TechM nurtures various internal platforms that actively seek to encourage and facilitate a culture of collaboration amongst all stakeholders. Our ConnectNow initiative which provides a platform to share best practices, ideas, learnings and information has significantly transformed the way our teams work and enabled greater customer delight.

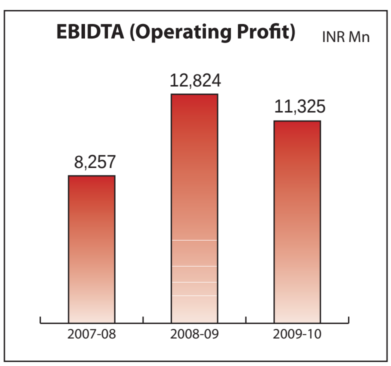
Table of Contents

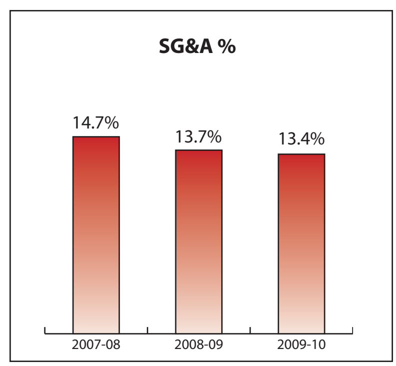
FINANCIAL PERFORMANCE FOR LAST FIVE YEARS

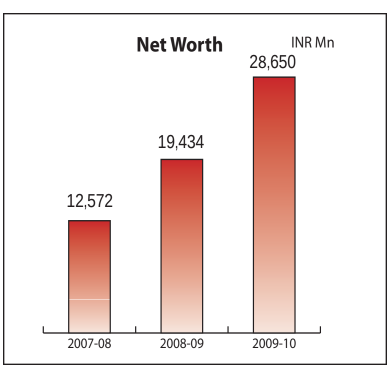
	Particulars	2006		2007		2008		2009		2010	
		Rs. Mn	US$Mn	Rs. Mn	US$Mn	Rs. Mn	US$ Mn	Rs. Mn	US$ Mn	Rs. Mn	US$ Mn
1	Revenue	12,427	280.1	29,290	648.0	37,661	934.7	44,647	984.9	46,254	976.6
2	Total Income	12,767	287.7	29,350	649.5	38,705	960.8	44,269	977.0	47,008	992.9
3	EBIDTA (Operating Profit)	2,679	60.2	7,384	163.3	8,257	205.3	12,824	281.9	11,325	239.9
4	PBIT	2,621	58.9	6,928	153.4	8,505	211.6	11,350	249.9	10,741	227.9
5	Interest	-	-	61	1.4	62	1.5	25	0.5	2,184	45.7
6	PBT	2,621	58.9	6,867	152.0	8,443	210.1	11,325	249.4	8,556	182.3
7	PAT before exceptional item	2,354	52.9	6,127	135.6	7,695	191.5	10,145	223.6	7,117	151.5
8	PAT after exceptional item	2,354	52.9	1,215	24.3	3,299	81.7	10,145	223.6	7,004	149.1
9	EBIDTA Margin %	21.4%	21.4%	25.2%	25.2%	21.9%	21.9%	28.7%	28.7%	24.5%	24.5%
10	PAT Margin %*	18.9%	18.9%	20.9%	20.9%	20.4%	20.4%	22.7%	22.7%	15.4%	15.4%
11	Equity Capital	208	4.7	1,212	27.9	1,214	30.3	1,217	24.0	1,223	27.2
12	Net Worth	6,155	138.0	9,185	211.2	12,572	313.4	19,434	383.2	28,650	638.2
13	Net Block Incl CWIP	2,898	65.0	4,421	101.7	5,996	149.5	6,522	128.6	9,251	206.1
14	Current Assets	5,676	127.0	10,395	239.0	15,562	387.9	17,370	342.5	19,347	431.0
15	Current Liabilities & Provisions	4,036	90.5	6,435	148.0	9,268	231.0	8,888	175.2	8,164	181.9
16	Net Working Capital	1,640	36.8	3,960	91.0	6,294	156.9	8,482	167.2	2,790	62.1
17	Total Assets	10,191	228.4	15,869	364.9	22,251	554.6	28,434	560.6	59,019	1,314.7
18	Current Ratio	1.4	1.4	1.6	1.6	1.7	1.7	2.0	2.0	2.4	2.4
19	ROCE %*	47.6%	47.6%	88.7%	88.7%	75.8%	75.8%	69.8%	69.8%	34.8%	34.8%
20	EPS (Diluted, in Rs. and US$)*	18.7	0.4	49.6	1.0	58.9	1.5	78.8	1.7	54.4	1.1

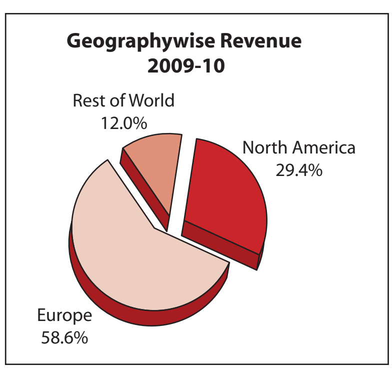
* Before exceptional item

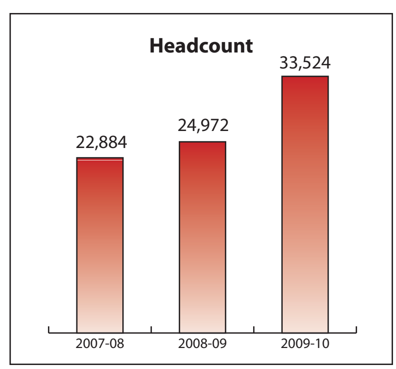












Vice Chairman's Message

Vineet Nayyar
Vice Chairman & Managing Director

The year 2009-10 saw us consolidate our position as the leading player in the IT business for the Telecom industry. In a year where we saw a significant economic slowdown, we have managed to consistently grow every quarter. Currency volatility posed challenges to our business growth and profitability. It is a measure of our robust business model that we continued to grow despite these headwinds.

The key to success in this rapidly evolving ecosystem is collaboration. Collaboration, between our various business units to achieve seamless service delivery; with our clients to help them achieve their business objectives; with our partners to deliver optimal solutions to our clients. Inculcating and fostering a collaborative culture enhances the effectiveness of the organization and creates a differentiated ability for us in the market place.

In line with this approach of collaborating to achieve greater goals, we had focused our business strategy to address and offer integrated solutions across six significant areas across our client base. In addition to our traditional offerings in IT applications, we have now developed strong capabilities across Network Technology Solutions and Services (NTSS), BPO, Infrastructure Management Services (IMS), Security Services and Value Added Services (VAS). We have changed our organization structure during the year to reflect this strategy, enhance collaboration between our various service lines and capitalize on the common capabilities across the company.

This was also a year of several distinctions for your company. Our commitment to excellence over the past year has earned us recognition in the form of the 2010 AT&T Supplier Award. Your company was one of only 6 suppliers to receive the 2010 AT&T Supplier Award for its work in helping AT&T deliver outstanding service to its customers. This award is a validation of the competence and capabilities your company has in its chosen vertical.

Our service offerings continued to find traction in the marketplace. During the year, we have emerged as a provider of choice for Greenfield mobile telecom operators who are launching their operations. We helped multiple operators launch services across Africa, Middle East, India and the Asia Pacific regions. Our BPO business grew significantly during the year as we inducted more than 4,000 associates into our BPO business.

Perhaps, the most significant event during the last year was our acquisition of 42.7% stake in Satyam Computer Services Limited, which was later rebranded Mahindra Satyam. This acquisition has provided us with increased market access in multiple industry segments and verticals. We now have access to a large talent pool with skills in areas like Enterprise, Engineering and Design services which we did not have earlier. We hope to leverage these skills to enhance our position in the marketplace.

As we enter into this new year, I want to extend my gratitude to our employees for their continued dedication and hard work; to our customers for believing in us and placing their trust in us to deliver critical responsibilities and to our shareholders for their support and cooperation. We remain committed towards providing enhanced value to all our stakeholders.

Sincerely,

Vineet Nayyar
Vice Chairman & Managing Director

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Twenty-third Annual Report together with the audited accounts of your Company for the year ended 31st March 2010.

FINANCIAL RESULTS

			Rs. in Million
For the year ended 31st March		**2010**	2009
Income		**45,747**	43,153
Profit before interest, depreciation and tax		**11,726**	12,005
Interest		**(1,600)**	(25)
Profit before depreciation and tax		**10,126**	11,980
Depreciation		**(1,299)**	(1,074)
Profit before tax		**8,827**	10,905
Provision for taxation		**(1,314)**	(1,039)
Profit after tax before non-recurring / exceptional items		**7,513**	9,866
Non-recurring / exceptional items		**(85)**	-
Profit for the year after tax and non-recurring / exceptional items		**7,428**	9,866
Balance brought forward from previous year		**13,497**	5,202
Profit available for appropriation		**20,925**	15,068
Transfer to Debenture Redemption Reserve		**(1,935)**	-
Dividend	– Final (paid for the year 2007-08)*	-	(1)
	– Interim (Paid)	**-**	(487)
	– Final (Proposed)	**(428)**	-
Tax on dividend	– On interim dividend	**-**	(83)
	– On final dividend	**(73)**	-
Transfer to General Reserve		**(750)**	(1,000)
Balance carried forward		**17,739**	13,947

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

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs. 3.50 per Equity Share, payable to those Shareholders whose names appear in the Register of Members as on the Book Closure Date.

The equity dividend for the financial year 2009-10, inclusive of tax on distributed profits would absorb Rs. 501 Million (Rs. 570 Million for the previous year at Rs. 4.00 per Equity Share).

CHANGES IN SHARE CAPITAL

During the year under review, your Company allotted 586,480 equity shares of the face value of 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 121,733,634 equity shares to 122,320,114 equity shares of Rs.10 each aggregating Rs. 1,223,201,140.

BUSINESS PERFORMANCE / FINANCIAL OVERVIEW

Your Company is a leading provider of IT, Network Technology solutions and BPO services to the telecommunications industry in India. During the year, your Company was ranked by NASSCOM as the fifth largest Indian IT services company, in terms of export revenues and Voice & Data (V&D100, June 2009) ranked your Company as the number one company in telecom software services in India. Your Company has augmented its capabilities by adding service offerings in IT and other areas in which its customers have significant expenses. Your Company's strategy is now based on the "six pillars" of significant expenditure within its customer base namely, IT applications, Network Technology Solutions and Services, BPO, Infrastructure Management Services, Security Services and Value Added Services. Your Company's services span a wide range, from applications development and maintenance, solution integration, network services, remote infrastructure management, BPO, product engineering and lifecycle management and testing to high end, higher value added offerings such as consulting, managed platforms and managed services. Your Company provides these services to its clients in the form of telecommunications specific offerings and through a delivery model which efficiently combines service delivery with domain knowledge.

Your Company has emerged as the leading telecommunications focused BPO company which caters to the diverse needs of the telecommunications eco-system. Your Company continues to invest in developing service offerings in areas like network services, infrastructure management, security services and VAS.

During the year under review, your Company has also been able to address the various technological changes in the industry, and has invested in the ability to provide solutions that support voice-data convergent systems and next generation services. Your Company's capabilities have been strengthened through its involvement in major transformation initiatives of its key customers.

During the year under review, your Company has also broadened its relationship with its key customers by expanding its service offerings to cover a wide range of the customers' businesses.

As a result of continued focus on its sales & marketing strategy, your Company has developed a 3-layered marketing and delivery structure which enables it to be more responsive to its customers' needs. Such a delivery has enabled faster execution of client engagements, delivery of quality of services and facilitated the efficient use of the resource pool.

Your Company now has 13 delivery centers supported by the competency and solutions units and it strongly believes that this model enables it to deliver superior solutions to its clients. Your Company has offices in 25 countries and has clients in over 40 countries.

During the year under review, total income increased to Rs. 45,747 Million from Rs. 43,153 Million in the previous year, a growth of 6%. On a consolidated level, total income increased to Rs. 47,008 Million from Rs. 44,269 Million in the previous year.

During the year, 58.6% of your Company's revenue came from Europe, 29.4% came from USA and 12.0% came from Rest of the World (ROW).

The Profit before interest, depreciation and tax amounts to Rs. 11,726 Million (26% of income) as against Rs. 12,004 Million (28% of income) in the previous year.

As you are aware, during the year your Company acquired a 42.67% shareholding in Satyam Computer Services Limited (Satyam) through Venturbay Consultants Private Limited (Venturbay), a wholly owned subsidiary of your Company with an investment of Rs. 29,695 Million, which was partly funded by borrowings. Consequently, Interest cost during the year substantially increased to Rs. 1,600 Million as compared to Rs. 25 Million in the previous year.

The Profit before depreciation of your Company stood at Rs. 10,126 Million (which amounts to 22% of its income) as against Rs. 11,980 Million (28% of income) in the previous year.

Profit after tax, before exceptional items was lower at Rs. 7,513 Million as against Rs. 9,866 Million in the previous year. On a consolidated level, profit after tax, before exceptional items stood at Rs. 7,117 Million as against Rs. 10,146 Million in the previous year. A major reason of a low Profit after tax this year was the huge interest cost of Rs.1600 Million on moneys borrowed for Satyam acquisition.

UPDATE ON SATYAM

As reported in the previous year's Directors' Report, your Company participated in the Satyam bidding process, through its wholly owned subsidiary, Venturbay, and was declared as the highest bidder on 13th April 2009 and as the winning bidder post approval by the Honourable Company Law Board on 16th April 2009.

Satyam is one of the largest Indian IT software and services companies with a well-diversified client base spread across Banking, Financial Services & Insurance (BFSI), manufacturing, retail, transport, logistics, telecom, media, healthcare and pharma etc. The Company believes that the acquisition presented a compelling strategic opportunity. The rationale behind the acquisition was :

- Diversification into multiple verticals like Banking and Insurance, Manufacturing and Retail
- Ability to offer a wider range of service offerings like Enterprise Services and Engineering Services to current and future customers
- Derisked business model with balanced exposure across geographies and currencies
- Utilize Mahindra Satyam's pool of highly experienced, well-trained professional employees
- Scale benefits due to substantially larger size of the business

Post acquisition, the new management of Satyam has brought about significant changes in operating policies and procedure to facilitate the revival of the company.

The consolidated financial statements included in this report do not include the financial statements of Satyam and its subsidiaries as Satyam is in the process of restating its financials. The Honourable Company Law Board vide its order dated 15th October 2009 has given extension of time to Satyam for filing of returns/ documents which are required to be filed with various statutory authorities under various statues, whether already due, or to become due, upto 30th June 2010.

RECENT MATERIAL CHANGES

During the year, pursuant to an agreement, Mahindra-BT Investment Company (Mauritius) Limited (MBTM), a subsidiary of your parent company, Mahindra & Mahindra Limited (M&M) sold 98,70,912 Equity Shares of your Company aggregating 8.07% of its paid-up Equity Share Capital.

Following the said sale, the Shareholding of M&M alongwith its subsidiary MBTM in your Company stands reduced to 44.01%, resulting in your Company ceasing to be a subsidiary of M&M.

Consequently, the subsidiaries of your Company. viz. Mahindra Logisoft Business Solutions Limited, Tech Mahindra (Americas) Inc., Tech Mahindra GmbH, Tech Mahindra (Singapore) Pte. Limited, Tech Mahindra (Thailand) Limited, Tech Mahindra Foundation, PT Tech Mahindra Indonesia, CanvasM Technologies Limited, CanvasM (Americas) Inc., Tech Mahindra (Malaysia) Sdn. Bhd, Tech Mahindra (Beijing) IT Services Limited, Tech Mahindra (Nigeria) Limited, Tech Mahindra (Bahrain) Limited (S.P.C.) and Venturbay Consultants Private Limited have also ceased to be subsidiaries of M&M.

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.

QUALITY

Your Company continues its focus on quality through a very robust process framework implementation. Continuous process improvements in developing solutions that meet client expectations is a way of life in your Company. The objective is to ensure greater customer satisfaction through improved quality, higher productivity and reduced cycle time.

This was further strengthened during the year under review, as your Company achieved another accreditation on the global standard for Business Continuity Management BS25999:2008 in addition to the Information Security standard ISO/IEC27001:2005 and other accreditations like ISO 9001:2008, ISO/IEC 20000-1:2005, SEI-CMMI Level 5 v1.2, 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.

HUMAN RESOURCES

During the Financial Year 2009-10, your Company, along with its subsidiaries, made a net addition of 8,552 to its workforce. The strength was 33,524 as at 31st March 2010, as compared to 24,972 a year before, registering an increase of 34%. BPO headcount included in this figure also registered a growth of 114 % as the headcount went up to 8,067 from 3,769, a year before.

Talent Management

Your Company believes in nurturing talent, motivating indigenous innovation and promoting leadership development. Your Company's talent management and leadership development programs have been running for several years and your Company's employees look forward to participating in them.

This year, your Company initiated two new talent management programs. The Mature Talent program is designed to tap the talent which employees bring in from different industries. The participants in this program are typically employees who have experience in other industries and which help incubate best practices across industries. The 'Yuva Neta' (YuN) program will focus on mentoring your Company's young graduate leaders at an early stage of their career.

The Global Leadership Cadre (GLC) program, which your Company has been running for the past five years, continues to infuse fresh ideas and young talent into your Company. Participants in this program are typically management graduates from Tier I Business institutes across the globe and select technical specialists from within the organization. These highly talented participants have demonstrated the ability to learn quickly and we have been able to provide them faster career progression. This program has helped your Company to create a pool of highly talented candidates who can also be successors to senior management in the organization.

Complementing the GLC program is the Management Trainee (MT) program in which candidates from Business Schools across India are recruited and groomed for future GLC roles.

SUBSIDIARY COMPANIES

As reported earlier, your Company participated in the Satyam bidding process, through its wholly owned subsidiary, Venturbay, and was declared as the highest bidder on 13th April 2009 and as the winning bidder post approval by the Honourable Company Law Board on 16th April 2009. In order to fund Venturbay's investment into Satyam, your Company infused Rs. 30,461 Million in Venturbay during the year under review.

During the year under review, your Company acquired the entire share capital of Mahindra Logisoft Business Solutions Limited (MLBSL). Consequently, MLBSL became a wholly owned subsidiary of your Company w.e.f. 11th April 2009.

During the year under review, Tech Mahindra (Nigeria) Limited and Tech Mahindra (Bahrain) Limited (S.P.C.) became subsidiaries of your Company.

As on 31st March 2010, your Company had 14 subsidiaries, including one step-down subsidiary. There has not been any material change in the nature of the business of the subsidiaries. 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. The consolidated financial statements included in this report do not include the financial statements of Satyam and its subsidiaries as Satyam is in the process of restating its financials.

The Company has made an application to the Ministry of Corporate Affairs seeking exemption from attaching the copy of Balance Sheet, Profit and Loss Account, Reports of the Board of Directors and Auditors of the subsidiaries with the Balance Sheet of the Company. If, in terms of approval granted by the Ministry of Corporate Affairs under section 212(8) of the Companies Act, 1956, the Copy of the Balance Sheet, etc. of the subsidiaries are not required to be attached with the Balance Sheet of the Company, the Company Secretary will make these documents available upon receipt of request from any member of the Company interested in obtaining the same. These documents will be available at Registered Office / Corporate Office of the Company and the office of the respective subsidiary companies, during working hours up to the date of the Annual General Meeting.

EMPLOYEE STOCK OPTION PLAN

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company is committed to play its role as an enlightened corporate citizen and continued to earmark 1% of its Profit After Tax (PAT) every year on CSR activities. Going forward, your Company proposes to increase this contribution to 1.5% of its PAT every year. CSR activities are mainly carried through Tech Mahindra Foundation (TMF). TMF focuses on activities for Social and Inclusive Development mainly in the area of education, particularly education of the girl child. The Foundation has a corpus of Rs. 389 Million and has spent approximately Rs. 72 Million during the year under review to achieve its objectives.

The Foundation seeks to make a contribution towards provision of quality education and vocational skills to the economically disadvantaged, physically challenged and other vulnerable sections of society. Women empowerment and the educational needs of the girl child are special areas of concern to TMF. Recognizing that the great majority of children from under-privileged background study in municipal schools, TMF seeks to work towards improvement of these schools. Aware that youth who have studied in vernacular schools are often handicapped in their efforts to move ahead on account of lack of English language skills, TMF is endeavoring to help them meet this challenge.

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 50 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.

TMF 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. TMF has also partnered with many vocational training institutes to give loans and scholarships which would help economically challenged but deserving students to pursue their education.

TMF continued to honour outstanding teachers and principals working in the Municipal schools of Delhi. These were selected through a rigorous and independent process. Mr. Vineet Nayyar, Vice Chairman of your Company and Director of TMF distributed the awards to 30 teachers on 7th April 2010 at a ceremony attended by the Municipal Commissioner of Delhi.

There is an increasing amount of interest shown by our employees to volunteer and utilise their free time to help partner NGOs of the Foundation.

The ESRO (Employee Social Responsibility Options) initiative, which was launched during the year under review by your Company in collaboration with TMF has had employees presenting proposals for supporting NGOs/charitable organizations working in the fields of education, health, environment and child welfare with your Company providing financial aid to these organizations.

SUSTAINABILITY

As a part of a responsible business Group having a global presences, your Company has taken considerable steps in responding to the challenges of Climate Change and Global Warming and transparently reporting its 'Sustainability' or 'the triple bottom line' performance i.e. performance towards the environmental, societal as well as economic aspects, so as to create sustainable value for all its stakeholders.

Your Company has been participating in the Sustainability Reporting of the Mahindra Group since FY 2007-08. During the year under review the 2nd Sustainability Report for the year 2008-09 was released. Both these reports were in accordance with the latest guidelines of the internationally accepted, Global Reporting Initiative (GRI). This report was assured by Ernst & Young and conforms to the highest level for reporting 'Sustainability' performance, which is A+. The report and the performance rating of A+ was checked and confirmed by GRI. *(GRI is a Netherlands based multi-stakeholder network of thousands of experts worldwide, which has pioneered the development of the world's most widely used sustainability reporting framework. United Nations is one of its key stakeholders. This reporting framework sets out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance.) The detailed Group Sustainability Reports are available on the website http://www.mahindra.com/sustainability/sustainability-index.html

In order to take a structured path for reducing its carbon footprint, your Company has developed a 5 Year Sustainability Road map. This would help in consciously reducing GHG emissions and waste, as well as conserve water, bio-diversity and natural resources. Hence during the FY 09-10 concerted efforts were made to ensure that the targets are met over the committed time horizon with the following thrust areas:

- The new Campus at Hinjewadi near Pune, has been developed with a focus on Sustainability principles, the important ones being
  - Renewable energy using Wind & Solar for generating electricity for the utility block.
  - Rainwater Harvesting & Sewage Treatment Plant.
  - Eco-friendly e-waste disposal systems.

- Since awareness of these challenges is a major issue, focused efforts were made to enhance the awareness of employees as well communities around which we operate by conducting simple online tests to organizing Green walkathon & Cycle rallies and training school teachers on Climate Change & Environment who in-turn educate the children on these concerns.
- Carbon foot-printing exercise to inventorize GHG emissions from all our business operations, under scope I, II & III emissions as per internationally accepted standards was carried out. This will enable us to baseline data on our emissions and undertake initiatives towards improving performance in this area.

These will be reported in our 3rd Sustainability Report, which will be released shortly.

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. Vineet Nayyar, Mr. Ulhas N. Yargop and Hon. Akash Paul retire by rotation and being eligible, offer themselves for re-appointment.

During the year under review, Mr. Clive Goodwin and Mr. Arun Seth, nominees of British Telecommunications plc. resigned as directors with effect from 22nd January 2010. Mr. Paul Ringham, who was the Alternate Director to Mr. Clive Goodwin, also relinquished his office with effect from 22nd January 2010. Mr. Al-Noor Ramji, nominee of British Telecommunications plc., resigned as a Director with effect from 31st March 2010. The Board places on record its sincere appreciation for the services rendered by Mr. Goodwin, Mr. Seth, Mr. Ringham and Mr. Ramji to the Company.

Mr. Nigel Stagg and Mr. Richard Cameron, nominees of British Telecommunications plc. were appointed as Directors in the vacancy caused by the resignation of Mr. Clive Goodwin and Mr. Arun Seth at the Meeting of the Board of Directors held on 22nd January 2010.

Mr. Nigel Stagg holds office upto the date of the forthcoming Annual General Meeting as Mr. Clive Goodwin, in whose place he has been appointed, would have retired by rotation at the forthcoming Annual General Meeting.

The Company has received a Notice from a Member under section 257 of the Companies Act, 1956, signifying his intention to propose Mr. Nigel Stagg for the office of Director.

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 2010 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. 51,265 Million (Previous Year Rs. 42,792 Million), while the outgoings were Rs. 17,726 (Previous Year Rs. 15,554 Million). During the year under the review, 96.90 % of your Company's revenues were derived from exports.

PARTICULARS OF EMPLOYEES

The information required under Section 217(2A) of the Act and the Rules made thereunder, is provided in an Annexure to this Report. However, as per the provisions of Section 19(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 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

- AT&T 2010 Supplier Award : TechM was one of the six vendors and only IT Company to win the award.
- Best System Integrator Award 2010 by CMAI & INFOCOM's National Telecom Awards 2010
- Leapvault Change Management Leadership Award 2010 for the acquisition of Satyam
- Amity Excellence Award for strategic HR for the year 2009
- Voice & Data ranked Tech Mahindra 1st in the "Telecom Software" category in V&D 100 Ranking 2009
- IAOP ranked Tech Mahindra in the Leaders Category in the Annual Listing of the World's Best Outsourcing Service Providers the 2010 Global Outsourcing 100 – "2010 Global Outsourcing 100"
- Gartner ranked Tech Mahindra 11th largest TOMS Vendor in Market Share: Telecoms Operations Management Systems – Worldwide, 2006-2008, May 2009
- NASSCOM ranked Tech Mahindra amongst the top 50 NASSCOM Innovators for the Year 2009

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, regulatory and Governmental authorities in India and abroad and its shareholders.

For and on behalf of the Board

Mumbai
Date : 29th May 2010

Anand G. Mahindra
Chairman

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

Loans and advances in the nature of loans to subsidiaries:

Rs. in Million

Name of the Company	**Balance as on 31st March 2010** [as on 31st March 2009]	**Maximum outstanding during the year** [during the previous year]
PT Tech Mahindra Indonesia	- [25]	25 [55]
Venturbay Consultants Private Limited	- [-]	6,486 [-]

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 2010 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	5,696,305
a) Options granted during the year	Nil	Nil	86,500
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 2010	82,490	4,996,377	16,85,668
d) Options exercised during the year	1,45,230	Nil	4,41,250
e) The total number of shares arising as a result of exercise of option	1,45,230	Nil	4,41,250
f) Options lapsed during the year	25,640	Nil	216,930
g) Variation of terms of options during the year	Nil	Nil	Nil
h) Money realised by exercise of options during the year	Rs. 10.59 Million	Nil	Rs. 39.27 Million
i) Total number of options in force as of 31st March 2009	82,490	5,677,701	3,165,188
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 2010 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. 57.62	Rs. 57.62	Rs. 57.62
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 valuebased 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 11.6 Million and earnings per share (Basic) would have been Rs. 60.79	The Company uses the intrinsic valuebased 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 11.6 Million and earnings per share (Basic) would have been Rs. 60.79	The Company uses the intrinsic valuebased 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 11.6 Million and earnings per share (Basic) would have been Rs. 60.79
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** **27-04-09** **22-07-09** **20-10-09** **22-01-10** Exercise price (Rs.) 340.00 813.00 941.00 1108.00 Fair Value (Rs.) 112.84 282.71 423.55 660.08
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	

ESOP 2006 – Grant Date:

	27-04-09	**22-07-09**	**20-10-09**	**22-01-10**
i. risk-free interest rate,	6.01%	6.64%	7.16%	6.99%
ii. expected life,	5.25 years	5.25 years	5.25 years	5.25 years
iii. expected volatility,	58.78%	62.87%	61.33%	59.89%
iv. expected dividends, and	6.48%	6.48%	4.01%	0.47%
v. the price of the underlying share in market at the time of option grant.	328.55	770.35	941.60	1,137.65

MANAGEMENT DISCUSSION AND ANALYSIS

Industry structure, developments and Outlook

Overview

Tech Mahindra Limited is a leading provider of IT, networking technology solutions and BPO services to the global telecommunications industry. In fiscal 2009, it was ranked by NASSCOM as the fifth largest Indian IT services company in terms of export revenue and as number one company in telecom software services in India by Voice & Data (V&D100, June 2009). 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 competitive landscape in the global telecommunications services market has been undergoing continuous changes. Governments have continued to implement measures aimed at liberalizing the telecommunications services market and increasing competition. For instance, most European telecommunications regulators have enacted measures to allow carrier services, which permit new entrants to use the networks of incumbent TSPs to offer their own fixed-line services to customers.

In the area of mobile services, mobile number portability, which allows mobile customers to switch service providers without changing their mobile numbers, has also been enacted in most developed telecommunications markets.

These measures have largely been successful in promoting competition and have resulted in an increase in customers. The market share of incumbent TSPs has decreased and the number of TSPs in the market has increased. Mobile TSPs in advanced telecommunications markets are currently in the process of upgrading their networks to data-intensive 3G wireless networks, which will facilitate the provision of complex data services, such as online video, wireless instant messaging and wireless conferencing services. Fixed line TSPs are in various stages of upgrading their networks from traditional switched networks to IP based networks. This migration to next generation networks over the past few years have helped in an evolution from pure voice towards converged networks and the quadruple services of voice, video, data and content.

In the emerging markets, the ongoing expansion of subscriber base is attracting new service providers who are setting up operations in markets across Asia Pacific, Middle East and Africa.

Software and IT Services spend in the Communications Industry

Over the past few years, software and IT services providers have expanded and upgraded their service offerings in order to cater to the changing needs of TSPs. The migration to next generation networks has created increased demand for software and IT services. IT services and software providers handle business functions of converged networks and provide solutions across multiple network elements, in both legacy and next generation networks.

In addition to the migration to next generation networks and the rationalization of legacy networks, competition in the telecommunications services industry could be a key driver of demand for IT services and software. As competition has increased, fixed-line revenues have declined, mainly as a result of decreasing long distance prices and competition from mobile TSPs. In the mobile TSP sector, competition driven by the increase in the number of mobile TSPs and emergence of MVNOs, among other factors, has also placed pressure on revenues, although to a much lesser extent than fixed-line revenues. Software and IT services providers are attempting to take advantage of increased competition in the TSP industry. Pressure on margins has caused TSPs to focus on reducing costs. IT is becoming an important element in determining cost efficiency of TSPs.

In order to reduce costs, TSPs are increasingly using packaged software, systems integrators and outsourcing companies to help them achieve their goals.

Opportunities

Growth in Emerging Markets

Emerging markets will continue to grow due to new spectrum licensing, migration to direct to home platforms, broadband penetration, focus on value added services and conducive regulatory environment. This will create opportunities for the software service providers who can assist operators in achieving their business objectives in these areas.

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.

Increased scope of outsourced activities

Telecom service providers are adopting several transformational strategies to optimize their operational costs. More service providers are adopting outsourcing and offshoring in the IT and BPO domain leading to increased scope. In the network domain, Network outsourcing provides an opportunity for wider range of services like field services, maintenance & support, E2E implementations and network infrastructure management. Managed services deals to cover network legacy systems have been tried in the mature markets and a similar trend will continue for the coming years.

Threats

Reduction in Telecom Spending

The global economy is emerging from recession and returning to growth; however there is uncertainty around the stability of economic recovery. The service providers continue to focus on reducing costs by adopting measures like optimizing IT spend, and postponing investments. A continuing reduction in IT spend by service providers due to lack of adequate budgets could adversely impact outsourcing.

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.

Risks

High customer concentration

In fiscal 2010, Revenues from Top 3, Top 5, and Top 10 clients account for 67%, 73% and 82% respectively. Though the customer concentration has declined over the previous year, 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 and also from Section 10AA of the Income Tax Act,for the IT services we render from units set up in SEZs. 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 STP units terminate on the earlier of the ten year anniversary of the commencement of operations of the unit or 31st March 2011. To counter this, we had set up facilities in SEZ units at various locations as the units set up in SEZ area would also provide us with tax benefits similar to those in STPI. We commenced operations at Hinjewadi Pune, Chennai and Chandigarh SEZ and more units are coming up at Noida. But Direct Tax Code, the draft of which was released a few months back, proposes withdrawal of all profit based tax incentives including SEZ benefits along with proposal to reduce tax rate to 25%. Thus, 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. The value of the rupee as on March 31, 2010 against the British pound appreciated by approx 4% and against U.S. dollar by approx 11% over March 31, 2009. 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

Following the disclosure on January 7, 2009 that Satyam's founder and then-Chairman, B. Ramalinga Raju, had falsified Satyam's financial statements over a period of years, the Government of India (the "GOI"), the Securities and Exchange Board of India ("SEBI") and the Company Law Board (the "CLB") acted quickly with a series of extraordinary actions designed to preserve the value of Satyam. Among other things, CLB mandated and sanctioned a competitive bidding process which was launched by the then-Satyam Board of Directors in March, 2009.

Tech Mahindra, through its wholly-owned subsidiary Venturbay Consultants Private Limited ("Venturbay"), participated in the competitive bidding process launched by the Board of Directors of Satyam and emerged as the successful bidder for acquiring a large stake in the equity of Satyam, later rebranded as "Mahindra Satyam". At present, your Company, through Venturbay holds shares representing 42.67% of the outstanding shares in Mahindra Satyam which it acquired through a combination of a preferential allotment and an open public offer, for which your Company paid Rs. 2,910.69 crores in the aggregate.

Mahindra Satyam is a business and information technology company, delivering consulting, systems integration and outsourcing solutions to clients in a number of industries. The range of services include application services, business intelligence, business process outsourcing, business value enhancement, consulting and enterprise solutions, infrastructure management services, integrated engineering solutions, six sigma consulting, supplier relationship management and supply chain management. The equity shares of Mahindra Satyam are listed on the BSE and the NSE, while the American Depository Shares ("ADSs") of Mahindra Satyam are listed on the New York Stock Exchange ("NYSE").

The Company believes that the acquisition presented a compelling strategic opportunity. The rationale behind the acquisition was :

- Diversification into multiple verticals like Banking and Insurance, Manufacturing and Retail
- Ability to offer a wider range of service offerings like Enterprise Services and Engineering Services to current and future customers
- Derisked business model with balanced exposure across geographies and currencies
- Utilize Mahindra Satyam's pool of highly experienced, well-trained professional employees
- Scale benefits due to substantially larger size of the business

OPPORTUNITIES

Greater Market Access

The acquisition offers a broader playing field for Tech Mahindra. From being a niche-player with business primarily from telecommunications industry, it now has exposure to other major business verticals such as BFSI, Manufacturing, and Retail.

Acquisition of new service offerings

Tech Mahindra traditionally has been providing core telecom service offerings to its customers in the telecommunications industry. With the new service offerings in Mahindra Satyam, Tech Mahindra will be able to address additional areas of spend in its customer base.

CHALLENGES

Rebuilding Satyam customer base

Satyam had resulting from pre-acquisition events lost significant business due to the pre acquisition financial irregularities confessed by the then-Chairman of Satyam. The key challenge for your Company will be to retrieve and grow revenues following the acquisition.

Profitability Improvement

The profitability of Mahindra Satyam has been reduced by client attrition. The realignment of costs to the new revenue base necessary will take time and effort. Various measures have been initiated to realign costs and the process will continue.

Consolidation of processes and operations

There could be challenges in consolidating the operations and processes of Mahindra Satyam. More specifically, there could be significant integration challenges in running the companies in an integrated manner.

Prior approval of CLB

Certain corporate actions involving Mahindra Satyam, including, but not limited to, a sale of substantial assets or an undertaking of Mahindra Satyam and a change in the line of business may require prior approval of the CLB. Further, your Company is also subject to certain restrictions under the Share Subscription Agreement entered into by and among the Company, Venturbay and Mahindra Satyam.

Legal Proceedings

Mahindra Satyam is involved in material litigation, including class action disputes in the United States. If any of these disputes are decided against Mahindra Satyam, it would adversely affect its results of operations.

Discussion on Financial Performance with respect to Operational Performance

Overview

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

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

The 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. 1,223 Million as on 31st March 2010 compared to Rs. 1,217 Million on 31st March 2009. 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. 44 Million during the year is due to the premium received on issue of 586,480 equity shares on exercise of option under stock option plan.

b) General reserve

General reserve stands at Rs. 3,451 Million on 31st March 2010 compared to Rs. 2,701 Million on 31st March 2009. Rs. 750 Million has been transferred to general reserve from profit and loss account during the year compared to Rs. 1,000 Million in previous year.

c) Profit and loss account

The balance retained in the profit and loss account as of 31st March 2010 is Rs. 17,739 Million compared to Rs. 13,497 Million as of 31st March 2009.

3. Loan Funds

Loan funds as on 31st March 2010 stand at Rs 13,672 Million including Rs. 7,500 Million of secured loans and Rs. 6,172 Million of unsecured loans, compared to Nil as on 31st March 2009. The company acquired 42.67% share capital of Satyam Computer Services Limited (SCSL) during the year, which was funded by combination of debt and internal accrual.

4. Fixed Assets

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

Rs. in Million

As of 31st March	2010	2009
Gross Book Value		
Land - free-hold	175	173
- lease-hold	435	436
Buildings	3,939	2,995
Leasehold Improvements	627	357
Plant and machinery	2,269	1,799
Computer equipments	2,173	2,049
Furniture and fixtures	1,389	1,024
Vehicles		
- Leased	-	6
- Owned	43	47
Intangible assets	76	76
Total	**11,128**	**8,962**
Less: Accumulated depreciation & amortization	5,188	4,061
Net block	**5,940**	**4,901**
Add: Capital work-in-progress	3,208	1,541
Net fixed assets	**9,148**	**6,442**

The Net Block of Fixed Assets and Capital Work in Progress increased to Rs 9,148 Million from Rs 6,442 Million as at 31st March 2009. During the year, Company incurred capital expenditure of Rs 4,007 Million (previous year Rs 2,415 Million). The major items of Capital Expenditure included Leasehold improvements, Office building, Plant and Machinery, Computer equipment and Furniture & Fixtures including amount spent on Hinjewadi, Pune and Chandigarh campus.

5. Investments-

The summary of Company's investments is given below

Rs. in Million

Investments	**As at 31st March 2010**	**As at 31st March 2009**
Investment in Subsidiaries	31,493	905
Investment (others)	-	85
Investment in Mutual Funds	-	3,899
Total Investments	**31,493**	**4,889**
Less : Provision for diminution of value	354	354
Net Investments	**31,139**	**4,535**

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.

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.

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. It emerged as the highest and successful bidder in the global competitive bidding process and has since acquired 42.67% shares of Satyam. The Company has invested Rs 30,461 Million in VCPL.

k) Mahindra Logisoft Business Solutions Limited

Mahindra Logisoft became wholly owned subsidiary of the Company in April 2009. It was acquired to augment software development capabilities in the area of Infrastructure support and dealer management.

l) Tech Mahindra (Nigeria) Limited

Tech Mahindra (Nigeria) Limited was incorporated in September 2009 as Tech Mahindra's representative in Nigeria. It acts as a service provider for sales, marketing, onsite software development and other related services.

m) Tech Mahindra (Bahrain) Limited (SPC)

Tech Mahindra (Bahrain) Limited (SPC) was incorporated in November 2009 to provide sales, marketing and account management support to customers in and around Bahrain. It acts as a service provider for sales, marketing, onsite software development and other related services.

With effect from 1st April 2009, Tech Mahindra R&D Services Limited and iPolicy Networks Limited have been amalgamated with Tech Mahindra Limited.

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. There are no investments in liquid mutual funds as at 31st March 2010 compared to Rs. 3,899 Million as at 31st March 2009.

6. Deferred Tax Asset

Deferred tax asset as at 31st March 2010 was at Rs 223 Million as compared to Rs. 155 Million as of 31st March 2009. 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 increased to Rs. 9,930 Million (net of provision for doubtful debts amounting to Rs. 78 Million) as of 31st March 2010 from Rs. 8,545 million (net of provision for doubtful debts amounting to Rs. 69 million) as of 31st March 2009. Debtor days as of 31st March 2010, (calculated based on per-day sales in the last quarter) were 84 days, compared to 79 days as of 31st March 2009.

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	2010	2009
Bank balances in India & Overseas		
- Current accounts	1,367	4,944
- Deposit accounts	13	17
Total cash and bank balances*	**1,380**	**4,961**

*including unrealized (gain)/loss on foreign currency

9. Loans and Advances

Loans and advances as on 31st March 2010 were Rs. 6,531 Million compared to Rs. 2,867 Million as on 31st March 2009. Significant items of loans and advances include payments towards rent/lease deposits and fair value of foreign exchange forward and currency option contracts and service tax refunds.

10. Current Liabilities and Provisions

Current liabilities and provisions were Rs. 8,349 Million as of 31st March 2010 compared to Rs. 8,708 Million as of 31st March 2009. Liabilities and provisions decreased mainly due to lower employee related liabilities.

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 2010		Fiscal 2009	
	Rs. in Million	% of Revenue	Rs. in Million	% of Revenue
INCOME				
Revenue from Services	44,838	100.00%	43,578	100.00%
Other Income	909		(425)	
Total Income	**45,747**		**43,153**	
EXPENDITURE				
Personnel Cost	15,987	35.66%	14,242	32.68%
Operating and Other Expenses	18,034	40.22%	16,907	38.80%
Depreciation	1,299	2.90%	1,074	2.46%
Interest	1,600	3.57%	25	0.06%
Total Expenditure	**36,920**	**82.34%**	**32,248**	**74.00%**
Profit before tax and exceptional items	**8,827**	**19.69%**	**10,905**	**25.02%**
Provision for Taxation	(1,314)	-2.93%	(1,039)	-2.38%
Profit after taxation and before exceptional item	**7,513**	**16.76%**	**9,866**	**22.64%**
Exceptional items	(85)		-	
Net profit for the year	**7,428**	**16.57%**	**9,866**	**22.64%**

1. **Revenue**

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

The revenue increased by 2.9% to Rs. 44,838 Million in fiscal 2010 from Rs. 43,578 Million in fiscal 2009. 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 61.0% in fiscal 2010 compared to 68.3% in fiscal 2009. Revenue from the Americas increased to 28.8% in fiscal 2010 from 25.0% in fiscal 2009 while the share of revenue attributable to the Rest of the World segment was 10.3% in fiscal 2010 compared to 6.7% in the previous year.

Consolidated Revenue

Consolidated Revenue for the fiscal 2010 stood at Rs. 46,254 Million compared to Rs. 44,647 Million last fiscal, a growth of 3.6%.

Consolidated revenue by Geography

Europe contributed 58.6% of the consolidated revenue in fiscal 2010 while Americas and Rest of the World contributed 29.4% and 12.0% respectively. The revenue share from Europe, Americas and Rest of the World in fiscal 2009 was 66.8%, 25.4% and 7.8% respectively.

Consolidated Revenue by Segment

For fiscal 2010, 85.9% of revenue came from TSP segment, 5.7% from TEM, 5.8% came from BPO segment while 2.8% from others. The revenue share in fiscal 2009 from TSP, TEM, BPO and Others segment was 86.8%, 5.4%, 5.6% 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. 909 Million in fiscal 2010 compared to Rs. (425) Million in fiscal 2009.

3. **Expenditure**

Particulars	**FY 2009-10**		**FY 2008-09**		**%Inc/(Dec)**
	Amt Rs Mn	**% of Revenue**	**Amt Rs Mn**	**% of Revenue**	
Personnel Cost	15,987	35.7%	14,242	32.7%	3.0%
Operating and Other Expenses	18,034	40.2%	16,907	38.8%	1.4%
Depreciation	1,299	2.9%	1,074	2.5%	0.4%
Interest	1,600	3.6%	25	0.1%	3.5%
Total Expenses	**36,920**	**82.3%**	**32,248**	**74.0%**	**8.3%**

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 fees. 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. 1,600 Million in fiscal 2010 on borrowings made for acquisition of Satyam as compared to Rs 25 Million in fiscal 2009.

4. **Profit before tax**

Profit before tax was Rs. 8,742 Million in fiscal 2010 compared Rs. 10,905 Million in fiscal 2009. Profit before tax as a percentage of total income was 19.1% in fiscal 2010 compared to 25.3% in fiscal 2009. The profit after tax was adversely impacted by interest cost on moneys borrowed for Satyam acquisition as well as increase in tax rates.

5. **Income taxes**

The provision of current tax, deferred tax and fringe benefit tax for the year ended 31st March 2010 was Rs. 1,314 Million as compared to Rs. 1,039 Million in the previous year, a growth of 26.5%. As a percentage of revenue, provision for taxes increased to 2.9% in fiscal 2010 from 2.4% in fiscal 2009. The effective tax rate in these years was 15.0% and 9.5% respectively. The increase in tax is primarily due to one of the facilities moving out of STPI benefit during the current year and due to higher taxes on income at few new overseas branches where it is difficult to claim withholding taxes

6. Profit after tax before exceptional items

Profit after tax before exceptional items was Rs. 7,513 Million in fiscal 2010 compared to Rs.9,866 Million in fiscal 2009. Profit after tax as a percentage of revenue was 16.8% in fiscal 2010 and 22.6% in fiscal 2009. The profit has been impacted by interest cost on moneys borrowed for acquiring 42.67% of share capital of Satyam Computer Services Ltd.

Consolidated PAT

Consolidated PAT before exceptional item and minority interest for the fiscal 2010 was Rs. 7,117 Million compared to Rs. 10,145 Million last fiscal, PAT as a percentage of revenue was 15.4% in fiscal 2010 compared to 22.7% in fiscal 2009. The profit has been impacted by interest cost on moneys borrowed for acquiring 42.67% of share capital of Satyam Computer Services Ltd.

C. CASH FLOW

The cash flow position for fiscal 2010 and fiscal 2009 is summarized in the table below

Rs. in Million

Particulars	Fiscal Year	
	2010	2009
Net cash flow from operating activities*	14,124	12,003
Net cash flow from (used in) investing activities	(25,710)	(6,204)
Net cash flow from (used in) financing activities	8,039	(1,645)
Cash and cash equivalents at the beginning of the year	4,943	754
Cash and cash equivalents at the end of the year	1,396	4,943

* excludes 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 2010. The Company had a net addition of 8,552 (previous year 2,088) employees mainly through campus recruitment in addition to lateral hiring. The global headcount of the Company as on 31st March 2010 was 33,524 compared to 24,972 as on 31st March 2009, a growth of 34.2%. 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 2010 and 2009 was 20.0% and 18.7% 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 last 9 years.

II. BOARD OF DIRECTORS:

The Composition of the Board is in total conformity with Clause 49 of the Listing Agreement, as amended from time to time. Your Company has a balanced mix of eminent executive, non-executive and independent directors on the Board. The total strength of the Board of Directors is thirteen. Your Company has a Non-executive Chairman, who is a professional Director in his individual capacity but belongs to the Promoter Group and the number of independent directors is seven which is more than half of the total strength of the Board as required by the provisions of the Listing Agreement. The number of Non-Executive Directors is twelve which is more than 50% of the total number of Directors.

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

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

The Board meets at least four times a year and the maximum gap between two meetings is not more than four months. During the year 2009-10, eight meetings of the Board of Directors were held on 9th April 2009, 15th April 2009, 27th April 2009, 22nd July 2009, 21st September 2009, 20th October 2009, 14th January 2010 and 22nd January 2010.

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

None of the Directors on the Board is a member in more than 10 committees or acts as Chairman of more than 5 committees across all companies in which he is a director. The directors of the Company are not inter se related to each other.

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 2010 is given below:

Sr. No.	Name	Category	No. of Board Meetings attended (Held = 8)	Attendance at the AGM held on 23rd July 2009	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	8	Yes	12	Nil	1
2.	Hon. Akash Paul	Non-Executive, Independent	4	Yes	Nil	Nil	Nil
3.	Mr. Al-Noor Ramji[@]	Non-Executive	1	No	N.A.	N.A.	N.A.
4.	Mr. Anupam Puri	Non-Executive, Independent	6[1]	Yes	4	Nil	1
5.	Mr. Arun Seth[$]	Non-Executive	4[2]	No	N.A.	N.A.	N.A.
6.	Mr. Bharat N. Doshi	Non-Executive	8	Yes	7	2	2
7.	Mr. B.H. Wani	Non-Executive, Independent	8	Yes	1	Nil	1
8.	Mr. Clive Goodwin[$]	Non-Executive	2[2]	No	N.A.	N.A.	N.A.
9.	Mr. M. Damodaran	Non-Executive, Independent	4[3]	Yes	5	Nil	3
10.	Mr. Paul Zuckerman	Non-Executive, Independent	4[2]	Yes	2	Nil	1
11.	Dr. Raj Reddy	Non-Executive, Independent	4[1]	No	Nil	Nil	Nil
12.	Mr. Ravindra Kulkarni	Non-Executive, Independent	8	Yes	7	3	4
13.	Mr. Vineet Nayyar	Vice Chairman & Managing Director	5[1]	No	7	Nil	Nil
14.	Mr. Ulhas N. Yargop	Non-Executive	8	Yes	7	2	2
15.	Mr. Richard Cameron[#]	Non- Executive	1	NA	Nil	Nil	Nil
16.	Mr. Nigel Stagg[#]	Non- Executive	1	NA	Nil	Nil	Nil
	Mr. Paul Ringham[$$]	Alternate to Mr. Clive Goodwin	NA	NA	N.A.	N.A.	N.A.

[1] In addition, participated in one meeting through teleconference
[2] In addition, participated in two meetings through teleconference
[3] In addition, participated in three meetings through teleconference
[$] Resigned with effect from 22nd January 2010
[@] Resigned with effect from 31st March 2010
[#] Appointed with effect from 22nd January 2010
[$$] Ceased to be Alternate Director to Mr. Clive Goodwin with effect from 22nd January 2010.
(*) 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 IA to Clause 49 of the Listing agreement is placed before the Board.

During the year under review, Mr. Clive Goodwin and Mr. Arun Seth, nominees of British Telecommunications plc. resigned as directors with effect from 22nd January 2010. Mr. Paul Ringham, who was the Alternate Director to Mr. Clive Goodwin, also relinquished his office with effect from 22nd January 2010. Mr. Al-Noor Ramji, nominee of British Telecommunications plc., resigned as a Director with effect from 31st March 2010. Mr. Nigel Stagg and Mr. Richard Cameron, nominees of British Telecommunications plc. were appointed as Directors in the vacancy caused by resignation of Mr. Clive Goodwin and Mr. Arun Seth at the Meeting of the Board of Directors held on 22nd January 2010.

Directors seeking appointment / re-appointment: Mr. Vineet Nayyar, Mr. Ulhas N. Yargop and Hon. Akash Paul retire by rotation and being eligible, have offered themselves for re-appointment. Mr. Nigel Stagg holds office up to the date of forthcoming Annual General Meeting as Mr. Clive Goodwin, in whose place he has been appointed, would have retired by rotation at the forthcoming Annual General Meeting. The Company has received a Notice from a Member under section 257 of the Companies Act, 1956, signifying his intention to propose Mr. Nigel Stagg for the office of Director. 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 and the Chief Financial Officer of the Company have certified to the Board regarding Financial Statements for the year ended 31st March 2010.

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 is attached and forms part of this report. These Codes have been posted on the Company's website www.techmahindra.com.

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 designated employees as well as pre-clearance of transactions by such persons.

Whistle Blower Policy

During the year, your Company introduced a Whistle Blower Policy for the Tech Mahindra Group. In terms of this policy, all employees are encouraged to report any instance/s of unethical behaviour, fraud, violation of the Company's Code of Conduct or any behaviour which may otherwise be inappropriate and harmful to the Company. The policy provides a mechanism for employees to raise concerns that relate to violation of the Code of Conduct, Accounting, Internal Accounting Controls, Auditing Matters and applicable national and international laws including statutory / regulatory rules and regulations. This policy has been communicated to all employees and has also been posted on the Company's Intranet for ready access.

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 periodically place before the Board, the risk assessment and minimization procedures being followed by the Company and steps taken by it to mitigate these risks.

IV. COMMITTEES OF THE BOARD:

In compliance with the requirements of the Listing Agreements (both mandatory and non-mandatory), 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.

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 2009-10. The meetings were held on 27th April 2009, 22nd July 2009, 20th October 2009 and 22nd January 2010. The gap between two Meetings did not exceed four months.

Mr. Anupam Puri was the Chairman of the Audit Committee upto 20th October 2009. Mr. M. Damodaran took over as Chairman with effect from 21st October 2009.

During the year, Mr. Richard Cameron was inducted on the Committee with effect from 22nd January 2010 in place of Mr. Clive Goodwin who resigned as director effective that date.

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

Name of Director	Category	Number of Audit Committee meetings attended (Held =4)
Mr. M. Damodaran (Chairman with effect from 21st October 2009)	Non-Executive, Independent	4
Mr. Anupam Puri (Chairman upto 20th October 2009)	Non-Executive, Independent	4
Mr. Clive Goodwin (upto 22nd January 2010)	Non-Executive	2
Mr. Paul Zuckerman	Non-Executive, Independent	4
Dr. Raj Reddy	Non-Executive, Independent	4
Mr. Ulhas N. Yargop	Non Executive	4
Mr. Richard Cameron (with effect from 22nd January 2010)	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 & 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, Chief Executive Officer (CEO), Chief Financial Officer (CFO), the Statutory Auditors and the Internal Auditor.

Mr. Anupam Puri, the then Chairman of the Committee, was present at the Annual General Meeting of the Company held on 23rd July 2009.

The 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 are given below:**

Five meetings of the Compensation Committee were held during the Financial Year 2009-2010. The meetings were held on 27th April 2009, 22nd July 2009, 19th August 2009 (held through teleconference), 20th October 2009 and 22nd January 2010.

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

Name of Director	Category	Number of Compensation Committee meetings attended (Held = 5 including 1 through teleconference)
Mr. Ravindra Kulkarni (Member & Chairman with effect from 20th October 2009)	Non-Executive Independent	2
Hon. Akash Paul (Member & Chairman up to 19th October 2009)	Non-Executive Independent	2
Mr. Anupam Puri	Non-Executive Independent	4[1]
Mr. Arun Seth (upto 22nd January 2010)	Non-Executive	3[1]
Mr. Paul Zuckerman	Non-Executive Independent	4[1]
Mr. Ulhas N. Yargop	Non-Executive	4[1]
Mr. Nigel Stagg (with effect from 22nd January 2010)	Non-Executive	1

[1]In addition, participated in one meeting through teleconference

The necessary quorum was present at all the meetings.

2. **Brief terms of reference:**

The terms of reference of the Compensation Committee include 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. During the course of its review, the Committee also decides on the commission of the Directors and/or other incentives payable, taking into account the individual's performance as well as that of the Company.

3. **Remuneration Policy:**

While deciding on the remuneration for Directors, the Board and Compensation Committee considers the performance of the Company, the current trends in the industry, the qualifications of the appointee(s), his/ 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 Company's Non-Executive Directors are entitled to sitting fees and/ or commission and 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 for this purpose. A commission of Rs. 22.44 Million has been provided as payable to the eligible Non-Executive Directors in the accounts of the year under review. The details of the stock options granted till date to the Non-Executive Directors and the commission of Rs. 18.25 Million (provided in the accounts for the year ended 31st March 2009), paid to them during the year under review is as under:

Sr. No.	Name of Non-Executive Director	Commission for FY 2009, paid during the current year (Rs.)	Stock options granted till date
1.	Mr. Anand G. Mahindra	N.A.	N.A.
2.	Hon. Akash Paul	2,102,500.00	30,000
3.	Mr. Al-Noor Ramji@	1,957,500.00	20,000
4.	Mr. Anupam Puri	2,030,000.00	25,000
5.	Mr. Arun Seth@	2,102,500.00	25,000*
6.	Mr. Bharat N. Doshi	N.A.	20,000
7.	Mr. Clive Goodwin@	2,102,500.00	25,000
8.	Mr. Paul Zuckerman	2,175,000.00	20,000
9.	Dr. Raj Reddy	2,102,500.00	30,000
10.	Mr. Ulhas N. Yargop	2,247,500.00	35,000
11.	Mr. M. Damodaran	1,406,282.50	20,000
12.	Mr. Ravindra Kulkarni	9,932.50	N.A.
13.	Mr. B. H. Wani	9,932.50	N.A.
	Total	**18,246,147.50**	**250,000**

@Since resigned

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

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 FY 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%.

Apart from reimbursement of expenses incurred in the discharge of their duties, the remuneration that these Directors would be entitled under the Companies Act, 1956 as Non-Executive Directors and the remuneration that a Director may receive for professional services rendered to the Company through a firm in which he is a partner, none of these Directors has any other material pecuniary relationships or transactions with the Company, its Promoters, its Directors, its Senior Management or its Subsidiaries and Associates which in their judgment would affect their independence.

Khaitan & Co., Advocates & Solicitors, in which Mr. Ravindra Kulkarni, Non-Executive Independent Director is a partner, received professional fees of Rs.153,190.

ii. Remuneration paid / payable to Managing Director for the year ended 31st March 2010:

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 2010:

Rs. in Million							
Director	**Salary**	**Company's contribution to Provident Fund**	**Benefits, perquisites & allowances**	**Commission payable**	**Total**	**Contract Period/Notice Period**	**No. of options (under ESOP 2004)**
Mr. Vineet Nayyar, Vice Chairman & Managing Director	22.44	1.14	0.32	9.93	33.82	17th January 2005 to 16th January 2010. Re-appointed from 17th January 2010 to 16th January 2013/ Notice period is 3 months.	3,406,620

5. Details of Equity Shares of the Company held by the Directors as on 31st March 2010 are as below:

Sr. No.	Name of Director	No. of shares held	% to total paid-up Capital
1.	Mr. Anand Mahindra+	47,138	0.04
2.	Mr. Vineet Nayyar	47,208	0.04
3.	Hon. Akash Paul	14,355	0.01
4.	Mr. Arun Seth*	22,712	0.02
5.	Mr. Bharat N. Doshi+	18,831	0.02
6.	Dr. Raj Reddy	10,000	0.01
7.	Mr. Ulhas N. Yargop+	25,010	0.02
8.	Mr. Clive Goodwin *	20,000	0.02
9.	Mr. Ravindra Kulkarni+	1,037	0.00
	Total	206,291	0.18

+ Held jointly

*Ceased to be Director with effect from 22nd January 2010

Except the above, none of the other directors hold any shares of the Company.

C. INVESTOR GRIEVANCES-CUM-SHARE TRANSFER COMMITTEE:

The Board of Directors constituted the Investor Grievances-cum-Share Transfer Committee of the Board in its meeting held on 4th May 2006. Mr. Ulhas N. Yargop, a Non-Executive Director is the Chairman of the Committee. During the year, Mr. Richard Cameron was inducted as a member of this Committee consequent upon the resignation of Mr. Clive Goodwin as Director of the Company. The third member of the Committee is Mr. Vineet Nayyar. Mr. Vikrant C. Gandhe, Company Secretary is the Compliance Officer. During the year, the Committee passed 3 circular resolutions on 10th August 2009, 17th November 2009 and 27th January 2010 for transfer of shares / issue of duplicate share certificates.

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/requests received and resolved during the year is as under:

Opening balance of the number of Shareholders' complaints / requests as on 1st April 2009	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 2010
1	345	345	1

Number of complaints/requests received during the year as a percentage of total number of members as on 31st March 2010 is 0.25%.

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

The Committee was formed to deal with urgent matters in the event circumstances arise requiring immediate action of the Board of Directors before a meeting of the Board could be convened. The Committee also approves the making of loans and investments in accordance with the guidelines prescribed by the Board. Mr. Vineet Nayyar is the Chairman of the Committee. Mr. Ulhas N. Yargop and Mr. Nigel Stagg who replaced Mr. Clive Goodwin during the year, are the other Members of the Committee.

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

The Committee was formed in the year 2006 to enable 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. Richard Cameron who was inducted in place of Mr. Clive Goodwin consequent to his resignation during the year, 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. Venturbay Consultants Private Limited (Venturbay), a wholly owned subsidiary of the Company became a material non-listed Indian subsidiary as per the accounts for the year ended 31st March 2010. The Board of Directors has passed a circular resolution on 16th April 2010 nominating Mr. Ravindra Kulkarni, an independent director on the Board of your Company as a director on the Board of Venturbay. The Board of Directors of Venturbay in its meeting held on 29th April 2010 has appointed Mr. Ravindra Kulkarni as an Additional Director on its Board.

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
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
2009	Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020	23rd July 2009	3.00 p.m.	Resolution under Section 81(1A) for further issue of shares

Details of Resolution/s passed through Postal Ballot during the year 2009-10: NIL

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 2010.

ii) The Company has followed the Accounting Standards laid down by The Companies (Accounting Standards) Rules, 2006 in preparation of financial statements.

iii) The Company has complied with all the requirements of regulatory authorities. During the last three years, there were no instances of non-compliance by the Company and no penalty or strictures were imposed on the Company by the Stock Exchanges or SEBI or any statutory authority, on any matter related to the capital markets.

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.

(c) The Company has formulated a Whistle Blower Policy during the year which provides a mechanism for employees to raise concerns that relate to violation of the Code of Conduct, Accounting, Internal Accounting Controls, Auditing Matters and applicable national and international laws including statutory / regulatory rules and regulations. No personnel has been denied access to the Audit Committee.

VIII. COMMUNICATION OF RESULTS:

- The Company has 137,745 shareholders as on 31st March 2010. The main channel 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	Monday, 26th July 2010
Time	3.30 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:

Financial reporting for	Tentative Board Meeting schedule (subject to change)
Quarter ending 30th June 2010	Second fortnight of July 2010
Half year ending 30th September 2010	Second fortnight of October 2010
Quarter ending 31st December 2010	Second fortnight of January 2011
Year ending 31st March 2011	Second fortnight of April 2011
Annual General Meeting for the year ending 31st March 2011	Second fortnight of July 2011

3. **Book Closure / Record Date:**

   23rd July 2010 to 26th July 2010 (both days inclusive) for the purpose of Annual General Meeting and payment of dividend.

4. **Date of Dividend Payment:**

   Date of payment of Dividend would be on or after 26th July 2010.

5. **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 2010-11 has been paid in full for both the stock exchanges.

   The Company's Non – convertible debentures (NCDs) are listed on the The National Stock Exchange of India Limited (NSE).

6. **Stock Code:**

   National Stock Exchange of India Limited - TECHM

   Bombay Stock Exchange Limited - 532755

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

   The ISIN details for the Company's other securities are as under :

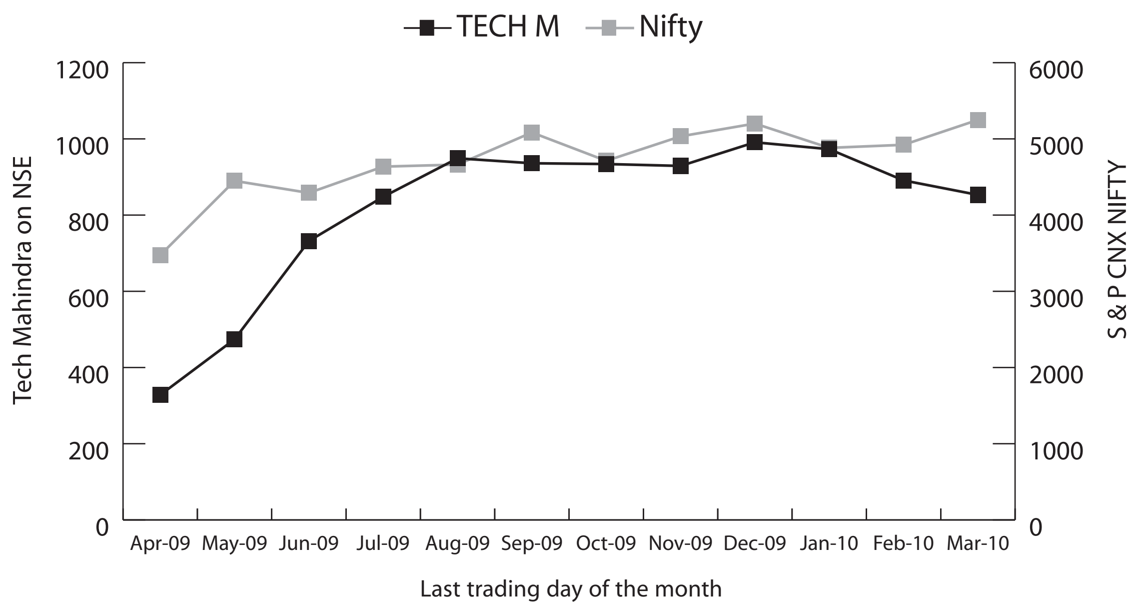
   - 7.25% Non-convertible Debentures (24 September 2010) Face Value Rs.10 Lac: INE669C08015
   - 7.75% Non-convertible Debentures (24 March 2011) Face Value Rs. 10 Lac: INE669C08023
   - 10.25% Non-convertible Debentures (17 April 2013) Face Value Rs.10 Lac: INE669C07025
   - 10.25% Non-convertible Debentures (17 April 2014) Face Value Rs.10 Lac : INE669C07033
   - 9% Non-convertible Debentures LOA (14 July 2009) Face Value Rs. 10 Lac: INE669C07017. These debentures were redeemed during the year.
   - 8.5% Non-convertible Debentures LOA (15 July 2009) Face Value Rs. 10 Lac: INE669C07041.These debentures were redeemed during the year.
   - 365 days Commercial Paper (17 April 2010): INE669C14013. This was redeemed on 17th April 2010.

8. **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 2009	368.40	272.40	368.60	273.05
May 2009	482.25	331.20	481.95	331.05
June 2009	789.55	522.85	791.15	522.25
July 2009	848.20	653.80	848.80	651.60
August 2009	948.85	767.25	948.45	767.10
September 2009	971.90	885.35	971.70	885.30
October 2009	950.00	907.75	949.05	907.90
November 2009	1054.25	896.65	1053.30	894.00
December 2009	1017.50	929.05	1017.00	930.00
January 2010	1137.65	944.45	1137.20	946.45
February 2010	968.60	890.85	967.95	893.45
March 2010	931.70	853.10	934.75	853.50

9. 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:



10. Registrar and Transfer Agents:

Share transfer, dividend payment and all other investor related matters are attended to and processed by our Registrar and Transfer Agents, i.e. Link Intime India Private Limited having their office 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

11. 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.

12. Distribution of shareholding as on 31st March 2010:

No. of Equity Shares held	Shareholders		Equity shares held	
	No. of Shareholders	% to Total	No. of shares	% to Total
001 - 500	135,883	98.65	4,585,548	3.75
501 - 1000	934	0.68	693,653	0.57
1001 - 2000	473	0.34	667,668	0.55
2001 - 3000	159	0.11	392,883	0.32
3001 - 4000	68	0.05	239,719	0.20
4001 - 5000	52	0.04	240,600	0.19
5001 - 10000	78	0.06	563,528	0.46
10,001 & above	98	0.07	114,936,515	93.96
Total	**137,745**	**100.00**	**122,320,114**	**100.00**

13. Shareholding Pattern as on 31st March 2010 :

Category	No. of shares held	% to Total
Promoters holdings	91,553,901	74.85
Public Share holding:		
Mutual Funds	586,782	0.48
Banks, Financial Institutions & others	5,884,296	4.81
Insurance Companies	4,150,338	3.39
Foreign Institutional Investors	742,150	0.61
Bodies Corporate	11,075,433	9.05
NRI/Foreign Nationals	368,009	0.30
Indian Public	7,959,205	6.51
Total	**122,320,114**	**100.00**

14. Dematerialization of shares and liquidity:

99.85 % 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 2010. The market lot is one share as the trading in equity shares of the Company is permitted only in dematerialized form. The stock is highly liquid.

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

As on 31st March 2010, the Company did not have any outstanding GDRs/ADRs/Warrants or any Convertible instruments (excluding ESOPs).

16. 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.

17. 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
Company Secretary
Tech Mahindra Limited
Sharada Centre, Erandawane
Pune 411 004, INDIA.

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

18. Details of shares held in Suspense Account:

The disclosure under Clause 5A of the Listing Agreement is as under:

Sr. No.	Particulars	In Nos.
(i)	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year	26 Shareholders, 696 Shares
(ii)	Number of shareholders who approached the Company for transfer of shares from suspense account during the year	1 shareholders, 17 Shares
(iii)	Number of shareholders to whom shares were transferred from suspense account during the year	1 Shareholders, 17 Shares
(iv)	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	25 Shareholders, 679 Shares
(v)	The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.	

X. COMPLIANCE WITH THE CORPORATE GOVERNANCE – VOLUNTARY GUIDELINES, 2009

In December, 2009 the Government of India, Ministry of Corporate Affairs ("MCA") had issued Corporate Governance Voluntary Guidelines 2009. MCA has clarified that the Guidelines were prepared and disseminated for consideration and adoption by Corporates and may be voluntarily adopted by public companies with the objective to enhance not only the economic value of the enterprise but also the value for every stakeholder who has contributed in the success of the enterprise and set a global benchmark for good Corporate Governance. MCA after taking into account the experience of adoption of these guidelines by Corporates and after consideration of the feedback received from them would review these guidelines for further improvements after a period of one year.

The Company has been a strong believer in good corporate governance and has been adopting the best practices that have evolved over the years.

The Company is in substantial compliance with the voluntary guidelines and it will always be the Company's endeavour to attain the best practices in corporate governance.

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

Mr. Vineet Nayyar

Mr. Vineet Nayyar is the Vice Chairman & Managing Director of Tech Mahindra Limited and the Chairman of Satyam Computer Services Limited.

An accomplished leader, he has lead several organisations across industries, creating high performance teams and successful businesses. In a career spanning over 40 years, he has worked with the Government of India, International multilateral agencies and corporate sector (both public and private). He started his career with the Indian Administrative Service. While in the Government of India, he held a series of senior positions, including that of a District Magistrate, Secretary - Agriculture and Rural Development for the Government of Haryana and Director, Department of Economic Affairs, Government of India. He has worked with the World Bank for over 10 years in a series of senior assignments, including successively being the chief for the energy, infrastructure and the finance divisions for East Asia and Pacific. In the corporate sector, he was the founding Chairman and Managing Director of the state owned Gas Authority of India. In the private sector, he has served as the Managing Director of HCL Corporation and the Vice Chairman of HCL Technologies.

He was also the founder and CEO of HCL Perot Systems. He holds a Masters' degree in Development Economics from Williams College, Massachusetts.

Directorship / Committee Membership in other public companies (excluding foreign companies and Section 25 companies) :

Mr. Nayyar is a Director of Satyam Computer Services Limited, Kotak Mahindra Old Mutual Life Insurance Limited, Great Eastern Shipping Company Limited, CanvasM Technologies Limited, Venturbay Consultants Private Limited, Mahindra Holidays and Resorts India Limited (also member of Remuneration Committee), Mahindra Logisoft Business Solutions Limited, Greatship (India) Limited.

Mr. Nayyar holds 47,208 shares of the Company.

Hon. Akash Paul

Hon. Akash Paul is a Non-executive Independent Director of the Company. He has been with the Caparo Group, a steel and engineering company, one of the UK's largest private companies. He has an interest in education and serves on the School of Engineering, Dean's Advisory Council at Carnegie-Mellon University and the Dean's Advisory Council at the Sloan School of Management, Massachusetts Institute of Technology. He holds a Masters in Business Administration from the Massachusetts Institute of Technology and a Bachelor of Science degree in Chemical Engineering and Economics from Carnegie-Mellon University.

Directorship / Committee Membership in other public companies (excluding foreign companies and Section 25 companies) : Nil

Hon. Paul holds 14,355 shares of the Company.

Mr. Ulhas N. Yargop

Mr. Ulhas N. Yargop is a Non-executive Director of the Company. Mr. Yargop joined Mahindra and Mahindra Ltd. in 1992 and has since served in various capacities such as General Manager – Corporate Planning, General Manager – Product Planning, General Manager – Mahindra-Ford Project and Treasurer. He was appointed President, IT Sector in 1999.

He previously worked with GKN Automotive Inc., USA as Director of Finance, with GKN Invel Transmissions Limited, New Delhi as General Manager – Commercial and with The Standard Batteries Limited, Mumbai as Vice President – Industrial.

He is a member of the Managing Committee of Harvard Business School (India) Research Centre, a Member of the Board of Governors of The Mahindra United World College of India, a Trustee of the K. C. Mahindra Education Trust and a Trustee of the Mahindra Foundation.

He holds a Bachelor of Technology degree from the Indian Institute of Technology, Madras and a Master in Business Administration from the Harvard Business School.

Directorship / Committee Membership in other public companies (excluding foreign companies and Section 25 companies) :

Mr. Yargop is a Director of Satyam Computer Services Limited, Bristlecone India Limited, Mahindra Engineering Services Limited, CanvasM Technologies Limited, Venturbay Consultants Private Limited, Mahindra Logisoft Business Solutions Limited, Mahindra & Mahindra Contech Limited and Officemartindia.com Limited. Mr. Yargop is Chairman of the Audit Committee of Mahindra Engineering Services Limited. He is also member of the Audit Committees of CanvasM Technologies Limited and Bristlecone India Limited and a member of the Investors' Grievances Committee of Satyam Computer Services Limited.

Mr. Yargop holds 38,340 shares of the Company.

Mr. Nigel Stagg

Mr. Nigel Stagg was appointed as a Director on 22nd January 2010 in the casual vacancy caused by the resignation of Mr. Clive Goodwin.

Mr. Nigel Stagg began his career with BT in 1979, holding a number of marketing and purchasing positions in the early part of his BT career, becoming General Manager for Consumer Products in 1995 – a post he held for five years. Following that, Mr. Stagg spent two years as Director of BT Retail Product Management. This was followed by two years as Chief Executive Officer of BT Conferencing, during which time BT Conferencing received two Frost & Sullivan Awards for Best Practice.

In January 2006, he was appointed the role of Managing Director for BT Enterprises, where he has overall responsibility for six standalone business units including Payphones, Expedite, redcare, Conferencing, Directories and dabs.com. He led the team responsible for the acquisition of dabs.com in April 2006. Mr. Stagg was appointed Managing Director, Customer Service on 1st May 2008 and has been responsible for driving significant improvements to the customer experience while reducing costs and increasing the focus on quality and one contact resolution.

Mr. Stagg was appointed Managing Director, BT Business on 25th November 2009.

Directorship / Committee Membership in other public companies (excluding foreign companies and Section 25 companies) : Nil

Mr. Stagg does not hold any shares of 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 2010, 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 2010 and Chief Financial Officer of the Company.

For Tech Mahindra Limited

20th April 2010

Vineet Nayyar
Vice Chairman & Managing Director

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, 2010, 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
Registration No. 117366W

Hemant M. Joshi
Partner
Membership No. 38019

Place: Pune
Date: April 29, 2010

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 31st March, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the 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 the Companies (Auditor's Report) Order, 2003 (CARO) 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 as follows:

   (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 it appears from our examination of those books;

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

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

   (e) 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 31st March, 2010;

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

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

5. On the basis of the written representations received from the Directors as on 31st March, 2010 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No. 117366W)

Hemant M. Joshi
Partner
Membership No. 38019

Pune, Dated: April 30, 2010

ANNEXURE TO THE AUDITORS' REPORT

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

(i) Having regard to the nature of the Company's activities, clauses (x), (xiii) and (xiv) of CARO are not applicable.

(ii) In respect of its fixed assets:

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

(b) The major portion of fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) The fixed assets disposed off during the year, in our opinion, do not constitute a 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) In respect of its inventory:

(a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.

(b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were 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 has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

(iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed 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 the Clause (iii) of paragraph 4 of Companies (Auditors' 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 the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.

(vi) According to the information and explanations given to us, 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 the Clause (v) of paragraph 4 of Companies (Auditors' Report) Order, 2003 are not applicable to the Company.

(vii) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year.

(viii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the 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. Accordingly, the provisions of Clause (viii) of paragraph 4 of Companies (Auditors' Report) Order, 2003 is not applicable to the Company.

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

(a) The Company has been generally regular in depositing undisputed dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

As explained to us, the Company was not required to deposit any amounts with the Investor Education and Protection Fund.

(b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2010 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2010 on account of disputes are given below:

(Rs. in Million)

Statute	**Nature of Dues**	**Forum where Dispute is pending**	**Period to which the amount relates**	**Amount involved**
The Income Tax Act, 1961	Income tax	Commissioner of Income Tax (Appeals)	2001-2002	67.88
The Income Tax Act, 1961	Income tax	High Court	2001-2002	162.55
The Income Tax Act, 1961	Income tax	Assessing Officer	2002-2003	0.55
The Income Tax Act, 1961	Income tax	High Court	2002-2003	243.04
The Income Tax Act, 1961	Income tax	Commissioner of Income Tax (Appeals)	2003-2004	0.14
The Income Tax Act, 1961	Income tax	Commissioner of Income Tax (Appeals)	2003-2004	150.67
The Income Tax Act, 1961	Income tax	Commissioner of Income Tax (Appeals)	2004-2005	29.45
The Income Tax Act, 1961	Fringe Benefit Tax	Commissioner of Income Tax (Appeals)	2005-2006	10.25
Sales Tax Act, 1956	Sales Tax	Assistant Commissioner of Sales Tax, Mumbai	1998-99 and 1999-2000	129.84
Sales Tax Act, 1956	Sales Tax	Deputy Commissioner of Commercial Taxes, Karnataka	2006-07 to 2008-09	17.83
Central Excise Act, 1944	Service Tax	Central Excise Act	2003-04 to 2006-07	12.86

(xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks, financial institutions and debenture holders.

(xii) 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.

(xiii) 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.

(xiv) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.

(xv) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis prima facie have not been used during the year for long-term investment.

(xvi) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.

(xvii) According to the information and explanations given to us, during the period covered by our audit report, the Company had issued 9,000 debentures of Rs. 1 million each. The Company has created security in respect of the debentures issued.

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

(xix) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No. 117366W)

Hemant M. Joshi
Partner
Membership No. 38019

Pune, Dated: April 30, 2010

BALANCE SHEET AS AT MARCH 31, 2010

		Schedule	March 31, 2010	March 31, 2009
				Rs. in Million
I.	**SOURCES OF FUNDS :**			
	SHAREHOLDERS' FUNDS :			
	Share Capital	I	**1,223**	1,217
	Share Application Money		**2**	1
	Reserves and Surplus	II	**27,442**	17,592
			28,667	18,810
	LOAN FUNDS :	III		
	Secured Loans		**7,500**	-
	Unsecured Loans		**6,172**	-
			13,672	-
	Deferred Revenue (refer note 13 of schedule XIII)		**7,677**	-
			50,016	18,810
II.	**APPLICATION OF FUNDS :**			
	FIXED ASSETS :	IV		
	Gross Block		**11,128**	8,962
	Less : Accumulated Depreciation		**5,188**	4,061
	Net Block		**5,940**	4,901
	Capital Work-in-Progress, including Capital Advances		**3,208**	1,541
			9,148	6,442
	INVESTMENTS	V	**31,139**	4,535
	DEFERRED TAX ASSET (net) (refer note 24 of schedule XIII)		**223**	155
	CURRENT ASSETS, LOANS AND ADVANCES :			
	Inventory		**14**	13
	Sundry Debtors	VI	**9,930**	8,545
	Cash and Bank Balances	VI	**1,380**	4,961
	Loans and Advances	VI	**6,531**	2,867
			17,855	16,386
	Less : CURRENT LIABILITIES AND PROVISIONS :			
	Current Liabilities	VII	**5,744**	6,718
	Provisions	VIII	**2,605**	1,990
			8,349	8,708
	Net Current Assets		**9,506**	7,678
			50,016	18,810
	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

Pune, Dated: April 30, 2010

For Tech Mahindra Limited

Mr. Anand G. Mahindra
Chairman

Mr. Vineet Nayyar
Vice Chairman & Managing Director

Hon. Akash Paul
Director

Mr. Anupam Puri
Director

Mr. Bharat Doshi
Director

Mr. B.H. Wani
Director

Mr. M. Damodaran
Director

Mr. Nigel Stagg
Director

Mr. Paul Zuckerman
Director

Mr. Richard Cameron
Director

Dr. Raj Reddy
Director

Mr. Ravindra Kulkarni
Director

Mr. Ulhas N. Yargop
Director

Mr. Sonjoy Anand
Chief Financial Officer

Mr. Vikrant Gandhe
Company Secretary

Pune, Dated: April 30 , 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

Rs. in Million except earnings per share

	Schedule	**Year ended March 31, 2010**	Year ended March 31, 2009
INCOME :			
Income from operations (refer note 13 of schedule XIII)		**44,838**	43,578
Other Income (net)	IX	**909**	(425)
Total Income		**45,747**	43,153
EXPENDITURE :			
Personnel	X	**15,987**	14,242
Operating and Other Expenses	XI	**18,034**	16,907
Depreciation / Amortisation	IV	**1,299**	1,074
Finance Charges	XII	**1,600**	25
Total Expenditure		**36,920**	32,248
PROFIT BEFORE EXCEPTIONAL ITEM AND TAX		**8,827**	10,905
Less: Exceptional item (refer note 11 of schedule XIII)		**85**	-
PROFIT BEFORE TAX		**8,742**	10,905
Provision for Tax :			
- Current tax [net of MAT credit of **Rs. 6 Million** (previous year Rs. 281 Million)] (refer note 30 of schedule XIII)		**1,382**	1,086
- Deferred tax benefit		**(68)**	(127)
- Fringe benefit tax		**-**	80
NET PROFIT AFTER TAX		**7,428**	9,866
Balance brought forward from previous year		**13,497**	5,202
Balance available for appropriation		**20,925**	15,068
Transfer to Debenture Redemption Reserve		**1,935**	-
Transfer to General Reserve		**750**	1,000
Final Dividend (refer note 34 of schedule XIII)		**-**	1
Interim Dividend		**-**	487
Proposed Final Dividend		**428**	-
Dividend Tax		**73**	83
Balance carried to Balance Sheet		**17,739**	13,497
Earning Per Share (refer note 28 of schedule XIII)			
Before exceptional item (in Rs.)			
- Basic		**61.58**	81.12
- Diluted		**57.62**	76.66
After exceptional item (in Rs.)			
- Basic		**60.89**	81.12
- Diluted		**56.97**	76.66
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

Pune, Dated: April 30, 2010

For Tech Mahindra Limited

Mr. Anand G. Mahindra
Chairman

Mr. Vineet Nayyar
Vice Chairman & Managing Director

Hon. Akash Paul
Director

Mr. Anupam Puri
Director

Mr. Bharat Doshi
Director

Mr. B.H. Wani
Director

Mr. M. Damodaran
Director

Mr. Nigel Stagg
Director

Mr. Paul Zuckerman
Director

Mr. Richard Cameron
Director

Dr. Raj Reddy
Director

Mr. Ravindra Kulkarni
Director

Mr. Ulhas N. Yargop
Director

Mr. Sonjoy Anand
Chief Financial Officer

Mr. Vikrant Gandhe
Company Secretary

Pune, Dated: April 30 , 2010

CASH FLOW FOR THE YEAR ENDED MARCH 31, 2010

Rs. in Million

	Particulars		Year ended March 31, 2010	Year ended March 31, 2009
A.	**Cash flow from operating activities :**			
	Net profit before tax and after exceptional item		**8,742**	10,905
	Adjustments for :			
	Depreciation/Amortisation	**1,299**		1,074
	(Profit)/Loss on sale of Fixed Assets (net)	**(0)**		9
	Finance charges	**1,600**		25
	Exchange (gain)/loss (net)	**(608)**		341
	Interest income	**(236)**		(59)
	Dividend income	**(19)**		(66)
	Decrease in fair value of current investment	**-**		1
	(Profit)/Loss on sale of current investments	**0**		64
	Diminution in value of long term investments	**85**		-
			2,120	1,389
	Operating profit before working capital changes		**10,862**	12,294
	Adjustments for :			
	Trade and other receivables	**(2,664)**		2,595
	Trade and other payables	**(131)**		(1,102)
	Deferred revenue (refer note13 of schedule XIII) (net)	**7,677**		-
			4,882	1,493
	Cash generated from operations		**15,744**	13,787
	Taxes paid		**(1,620)**	(1,784)
	Net cash from operating activities		**14,125**	12,003
B.	**Cash flow from investing activities :**			
	Purchase of Fixed assets	**(4,064)**		(2,415)
	Sale of Fixed assets	**2**		0
	Purchase of Current investments (including reinvestments)	**(6,000)**		(11,829)
	Sale of Current investments	**9,919**		8,064
	Acquisition of company/Investments in Subsidiary/company (refer note 6, 8,9 and 10 of schedule XIII)	**(25,627)**		(91)
	Interest received (refer note 6 of schedule XIII)	**61**		66
	Net cash used in investing activities		**(25,710)**	(6,204)

CASH FLOW FOR THE YEAR ENDED MARCH 31, 2010 (Contd.)

Rs. in Million

	Particulars		Year ended March 31, 2010	Year ended March 31, 2009
C.	**Cash flow from financing activities :**			
	Proceeds from issue of equity shares	**51**		31
	Loan to subsidiary	**(4,826)**		-
	Loan repaid by subsidiaries (refer note 6 of schedule XIII)	**65**		-
	Dividend (including dividend tax paid)	**-**		(1,352)
	Proceeds from borrowings	**43,386**		-
	Repayment of borrowings	**(29,686)**		(300)
	Finance charges	**(951)**		(25)
	Net cash from/(used in) financing activities		**8,039**	(1,645)
	Net (decrease)/increase in cash and cash equivalents (A+B+C)		**(3,547)**	4,154
	Cash and cash equivalents at the beginning of the year		**4,943**	754
	Increase in Cash and cash equivalents on amalgamation (refer note 4 (a) of schedule XIII)		**-**	35
	Cash and cash equivalents at the end of the year		**1,396**	4,943

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.

Rs. in Million

3	**Cash and cash equivalents include :**	**March 31, 2010**	March 31, 2009
	Cash and Bank balances	**1,380**	4,961
	Unrealised loss/(gain) on foreign currency Cash and cash equivalents	**27**	(7)
	Less : Fixed deposits with original maturity over three months	**11**	11
	Total Cash and cash equivalents	**1,396**	4,943

4 Cash and cash equivalents include equity share application money of **Rs. 2 Million** (previous year Rs.1 Million) and Unclaimed dividend of **Rs. 3 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

Pune, Dated: April 30, 2010

For Tech Mahindra Limited

Mr. Anand G. Mahindra
Chairman

Mr. Vineet Nayyar
Vice Chairman & Managing Director

Hon. Akash Paul
Director

Mr. Anupam Puri
Director

Mr. Bharat Doshi
Director

Mr. B.H. Wani
Director

Mr. M. Damodaran
Director

Mr. Nigel Stagg
Director

Mr. Paul Zuckerman
Director

Mr. Richard Cameron
Director

Dr. Raj Reddy
Director

Mr. Ravindra Kulkarni
Director

Mr. Ulhas N. Yargop
Director

Mr. Sonjoy Anand
Chief Financial Officer

Mr. Vikrant Gandhe
Company Secretary

Pune, Dated: April 30, 2010

Schedules forming part of the Balance Sheet

	As at March 31, 2010	As at March 31, 2009
		Rs. in Million
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 :		
122,320,114 (previous year 121,733,634) Equity Shares of Rs. 10/- each fully paid-up	**1,223**	1,217
	1,223	1,217

Notes:

1 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.

2 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

3 The above includes 90,148,459 Equity Shares of Rs. 10/- each allotted as fully paid-up bonus shares by way of capitalisation of Profit and Loss Account

4 Refer note 22 of schedule XIII for stock options.

Schedules forming part of the Balance Sheet

Rs. in Million

		As at March 31, 2010	As at March 31, 2009
Schedule II			
RESERVES AND SURPLUS :			
Securities Premium :			
As per last Balance Sheet	**2,330**		2,303
Add : Received during the year	**44**		27
		2,374	2,330
General Reserve :			
As per last Balance Sheet	**2,701**		2,714
Add : Transfer from Profit and Loss Account	**750**		1,000
Less : Transferred on amalgamation (refer note 4(a) of schedule XIII)	**-**		1,013
		3,451	2,701
Debenture Redemption Reserve			
As per last Balance Sheet	**-**		-
Add : Transfer from Profit and Loss Account	**1,935**		-
		1,935	-
Hedging Reserve		**1,942**	(936)
Balance in Profit and Loss Account		**17,739**	13,497
		27,442	17,592
Schedule III			
LOAN FUNDS :			
Secured Loans :			
- Privately placed Non-Convertible Debentures (refer note 32 of schedule XIII)		**7,500**	-
		7,500	-
Unsecured Loans :			
Post Shipment Export Packing Credit #		**946**	-
Loan from Bank@		**2,000**	-
Commercial Papers#		**2,750**	-
Loan from others#		**476**	-
		6,172	-

Entire loan amount is repayable within one year
@ Loan amount repayable within one year Rs. 1,200 Million

Schedules forming part of the Balance Sheet

Schedule IV

FIXED ASSETS :

Rs. in Million

	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
Description of Assets	**Cost as at April 01, 2009**	**Additions during the year**	**Deductions during the year**	**Cost as at March 31, 2010**	**As at April 01, 2009**	**For the year**	**Deductions during the year**	**Upto March 31, 2010**	**As at March 31, 2010**	As at March 31, 2009
Leased Assets :										
Vehicles	6	-	6	**-**	5	0	5	**-**	**-**	1
Tangible Fixed Assets :										
Freehold Land	174	1	-	**175**	-	-	-	**-**	**175**	174
Leasehold Land	435	-	-	**435**	16	10	-	**26**	**409**	421
Leasehold Improvements	356	271	-	**627**	172	149	-	**321**	**306**	184
Office Building / Premises	2,996	943	-	**3,939**	848	217	-	**1,065**	**2,874**	2,148
Computers	2,048	278	151	**2,175**	1,520	410	151	**1,781**	**394**	528
Plant and Machinery	1,799	475	5	**2,269**	808	313	5	**1,116**	**1,153**	990
Furniture and Fixtures	1,025	367	3	**1,389**	629	183	3	**808**	**581**	395
Vehicles	47	4	8	**43**	39	6	8	**36**	**7**	9
Intangible Assets :										
Intellectual property rights	76	-	-	**76**	24	11	-	**35**	**41**	51
Total	**8,962**	**2,339**	**173**	**11,128**	**4,061**	**1,299**	**172**	**5,188**	**5,940**	4,901
Previous year	6,394	2,673	105	8,962	3,083	1,074	96	4,061		
Capital Work-in-Progress [include capital advances * **Rs. 464 Million** # (previous year Rs. 146 Million)]									**3,208**	1541
								Total	**9,148**	6,442

Note:

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

\# 2) Includes capital advances of **Rs.254 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. While we were the winning bidders, the possession could not be delivered in our favour as Customs authorities challenged the auction. DRT has passed its order rejecting customs authorities stand. Customs authorities have preferred an appeal before Appellate Authorities (DRAT).

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

Schedules forming part of the Balance Sheet

Rs. in Million

		As at March 31, 2010	As at March 31, 2009
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 (refer note 5 of schedule XIII)	**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
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		**462**	462
312,820 Equity Shares (previous year 312,820) of Tech Mahindra (Malaysia) SDN. BHD. of Ringgit 1 each fully paid-up		**4**	4
Investment in Tech Mahindra (Beijing) IT Services Limited (refer note 10 of schedule XIII)		**17**	8
30,472,300 Equity Shares (previous year 11,000) of Venturbay Consultants Private Limited of Rs. 10 each fully paid-up (refer note 6 of schedule XIII)		**30,461**	0
12,450,000 Equity Shares (previous year Nil) of Mahindra Logisoft Business Solutions Limited of Rs. 10 each fully paid-up (refer note 8 of schedule XIII)		**112**	-
500 Shares (previous year Nil) of Tech Mahindra (Bahrain) Limited S.P.C. of BD 100 each fully paid-up (refer note 9 of schedule XIII)		**6**	-
		31,139	551

Schedules forming part of the Balance Sheet

		As at March 31, 2010	As at March 31, 2009
			Rs. in Million
Schedule V (Contd.)			
In Other Company			
1,603,380 E1 Preference shares (previous year 1,603,380) of Servista Limited of GBP 0.002 each fully paid up	**54**		54
896,620 E2 Preference shares (previous year 896,620) of Servista Limited of GBP 0.002 each fully paid up	**30**		30
4,232,622 Ordinary shares (previous year 4,232,622) of Servista Limited of GBP 0.002 each fully paid up	**1**		1
	85		85
Less : Provision for Diminution (refer note 11 of schedule XIII)	**85**	**-**	-
		-	85
Current Investments (Unquoted)			
Non Trade :			
Nil (previous year 65,400,536.26) units of Rs. Nil (previous year Rs. 10.03) each of HDFC Cash Mgt Fund - Treasury Advantage Plan - wholesale - Daily Dividend	**-**		656
Nil (previous year 49,678,303.91) units of Rs. Nil (previous year Rs. 10.22) each of ICICI Prudential Flexible Income Plan -Daily Dividend	**-**		508
Nil (previous year 60,215,296.62) units of Rs. Nil (previous year Rs. 10.08) each of Kotak Floater Long Term- Daily Dividend	**-**		607
Nil (previous year 76,159,600.72) units of Rs. Nil (previous year Rs. 10.01) each of Birla Sunlife Short Term Fund-Institutional Daily Dividend	**-**		762
Nil (previous year 10,088,314.24) units of Rs. Nil (previous year Rs. 10.00) each of Fidelity Ultra Short Term Debt Fund	**-**		101
Nil (previous year 25,036,693.47) units of Rs. Nil (previous year Rs. 10.04) each of Tata Floater Fund	**-**		251
Nil (previous year 44,627,133.83) units of Rs. Nil (previous year Rs. 17.10) each of Reliance Medium Term fund-Daily Dividend Plan	**-**		763
Nil (previous year 25,122,427.67) units of Rs. Nil (previous year Rs. 10.00) each of IDFC Money Manager Fund - TP -Super Instl Plan C - Daily Dividend	**-**		251
		-	3,899
Note :		**31,139**	4,535

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, 2010	As at March 31, 2009
Schedule VI			
CURRENT ASSETS, LOANS AND ADVANCES :			
Current Assets :			
(a) **Sundry Debtors * :**			
(Unsecured)			
Debts outstanding for a period exceeding six months			
- considered good **		**519**	204
- considered doubtful		**78**	69
		597	273
Other debts :			
- considered good ***		**9,411**	8,341
- considered doubtful		**-**	-
		10,008	8,614
Less: Provision		**78**	69
		9,930	8,545
1. * Debtors include on account of unbilled revenue aggregating to **Rs. 2,617 Million** (previous year Rs. 704 Million)			
2. ** Net of advances aggregating to **Rs. 100 Million** (previous year Rs. 92 Million) pending adjustments with invoices			
3. *** Net of advances aggregating to **Rs. 69 Million** (previous year Rs. 1,983 Million) pending adjustments with invoices			
(b) **Cash and Bank Balances :**			
Balance with scheduled banks :			
(i) In Current Accounts	**340**		4,365
(ii) In Fixed Deposit Accounts	**13**		17
Balance with other banks			
In Current Accounts	**1,027**		579
(refer note 31 of schedule XIII)			
		1,380	4,961
(c) **Loans and Advances :**			
(Unsecured, considered good unless otherwise stated)			
Loan to Subsidiary		**-**	25
Advance to Subsidiaries		**42**	66
Advances recoverable in cash or in kind or for value to be received			
- considered good	**1,300**		1,099
- considered doubtful	**20**		21
	1,320		1,120
Less : Provision	**20**		21
		1,300	1,099
MAT Credit Entitlement		**287**	281
Balance with Excise and Customs		**1,166**	602
Fair value of foreign exchange forward and currency option contracts		**2,797**	-
(refer note 1 (k) (b) of schedule XIII)			
Advance Taxes (net of provisions)		**931**	790
Advance Fringe Benefit Tax (net of provisions)		**7**	4
		6,531	2,867

Schedules forming part of the Balance Sheet

Rs. in Million

	As at March 31, 2010	As at March 31, 2009
Schedule VII		
CURRENT LIABILITIES :		
Sundry Creditors :		
Total outstanding dues of Micro, Small and Medium Enterprises (refer note 29 of schedule XIII)	-	-
Total outstanding dues of Creditors other than Micro enterprises and Small enterprises *	4,533	5,011
* includes **Rs. 401 Million** (previous year Rs. 368 Million) due to Tech Mahindra (Americas) Inc., a subsidiary company **Rs. 214 Million** (previous year Rs. 163 Million) due to Tech Mahindra GmbH, a subsidiary company **Rs. 28 Million** (previous year Rs. 29 Million) due to Tech Mahindra (Singapore) Pte. Ltd., a subsidiary company **Rs. 8 Million** (previous year Rs. 7 Million) due to Tech Mahindra Thailand Limited, a subsidiary company **Rs. 40 Million** (previous year Rs. 2 Million) due to Tech Mahindra (Malaysia) SDN. BHD., a subsidiary company **Rs. 39 Million** (previous year Rs. Nil) due to CanvasM Technologies Limited, a subsidiary company **Rs. 332 Million** (previous year Rs. Nil) due to Satyam Computer Services Limited, an associate company **Rs. 26 Million** (previous year Rs. Nil) due to Satyam BPO Limited, an associate company **Rs. 156 Million** (previous year Rs. Nil) due to Tech Mahindra (Bahrain) Ltd.S.P.C., a subsidiary company		
Fair value of foreign exchange forward and currency option contracts (refer note 1 (k) (b) of schedule XIII)	-	1,179
Other Liabilities	450	469
Advance from Customers	109	58
Interest accrued but not due on loans	649	-
Unclaimed Dividend	3	1
	5,744	6,718
Schedule VIII		
PROVISIONS :		
Provision for Tax (net of advance taxes)	731	817
Proposed Dividend	428	-
Provision for Dividend tax	73	-
Provision for Gratuity (refer note 14 of schedule XIII)	765	661
Provision for Leave Encashment	607	512
	2,605	1,990

Schedules forming part of the Profit and Loss Account

			Rs. in Million
		Year ended March 31, 2010	Year ended March 31, 2009
Schedule IX			
OTHER INCOME (net) :			
Interest on :			
Deposits with banks [Tax deducted at source **Rs. 1 Million** (previous year Rs. 4 Million)]	**10**		47
Others	**226**		12
[Tax deducted at source **Rs. 46 Million** (previous year Rs.Nil)]		**236**	59
Dividend received on current investments (non-trade)		**19**	66
Exchange gain/ (loss) (net)		**314**	(731)
Sundry balances written back		**239**	118
Rent income [Tax deducted at source **Rs. 1 Million** (previous year Rs. Nil)]		**30**	23
Miscellaneous income		**72**	40
		909	(425)
Schedule X			
PERSONNEL :			
Salaries and bonus		**14,365**	12,649
Contribution to provident and other funds		**998**	999
Staff welfare		**624**	593
		15,987	14,242

Schedules forming part of the Profit and Loss Account

Rs. in Million

		Year ended March 31, 2010	Year ended March 31, 2009
Schedule XI			
OPERATING AND OTHER EXPENSES :			
Power & fuel		**452**	367
Rent		**738**	812
Rates and taxes		**60**	106
Communication expenses		**701**	748
Travelling expenses (refer note 12 of schedule XIII) [Net of recoveries **Rs. 164 Million** (previous year Rs.152 Million)]		**2,696**	3,158
Recruitment expenses		**48**	64
Training		**118**	126
Hire charges		**118**	144
Sub-contracting costs (net)		**10,730**	9,447
Professional and legal fees (refer note 15 of schedule XIII)		**277**	285
Repairs and maintenance :			
Buildings (including leased premises)	**37**		33
Machinery	**122**		97
Others	**136**		97
		294	227
Insurance		**164**	149
Software and hardware expenses		**908**	578
Advertising, marketing and selling expenses		**13**	26
Commission on income from services		**85**	74
(Profit) / Loss on sale of fixed assets (net)		**(0)**	9
Loss / (Gain) on sale of current investments (net)		**0**	64
Excess of cost over fair value of current investments		**-**	1
Provision for doubtful debts (net)		**25**	16
Provision for doubtful advances		**26**	11
Advances / bad debts written off		**6**	24
Donations		**74**	90
Consumption of components		**3**	2
Miscellaneous expenses		**499**	382
		18,034	16,907
Schedule XII			
FINANCE CHARGES :			
Interest			
- Fixed loans		**1,405**	-
- Cash credit / overdraft		**144**	4
- Others		**2**	21
Loan processing charges		**48**	-
		1,600	25

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

Schedule XIII

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010.

1. Significant accounting policies:

(a) Basis for preparation of accounts:

The accompanying financial statements have been prepared to comply in all material aspects with generally accepted accounting principles applicable 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 / Amortization 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 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.

(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.

All revenues from services, as rendered, are recognised when persuasive evidence of an arrangement exists, the sale price is fixed or determinable and collectability is reasonably assured and are reported net of sales incentives, discounts and indirect taxes.

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 are recognized at the point of dispatch to the customers.

Unbilled revenues comprise revenues recognised in relation to efforts incurred on fixed-price and time and material contracts not billed as of the year end where services are performed in accordance with agreed terms.

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/period 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 April 1, 2007 the Company designates some of 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 re-measured 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.

The accumulated gains and losses on the derivatives in reserves are transferred to Profit and Loss Account in the same period in which gains or losses on the item hedged are recognized 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. When hedge accounting is discontinued for a cash flow hedge, the net gain or loss will remain in reserves and be reclassified to Profit and Loss Account in the same period or periods during which the formerly hedged transaction is reported in Profit and Loss Account. 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 in 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 Alternate 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 Benefit Tax issued by The Institute of Chartered Accountants of India (ICAI).

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

(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, 2010 **Rs. 2,677 Million** (previous year: Rs. 986 Million).

3. Contingent liabilities:

i) The Company has received demand notices from Income Tax Authorities resulting in a contingent liability of **Rs. 510 Million** (previous year: Rs. 263 Million). This is mainly on account of the following: (a) Disallowance of software maintenance activity, deduction under section 80HHE amounting to **Rs. Nil** (previous year: Rs. 38 Million) (b) Deduction under Section 10A amounting to **Rs. 494 Million** (previous year: 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 ITAT for the Assessment year 2002-03 & 2003-04. The Income Tax Department has filed the appeal before the High Court. The company has already won the appeal before the CIT (A) for Assessment Year 2004-05 & 2005-06. The Income Tax Department intends to pursue the matter before Mumbai ITAT and (c) an amount of **Rs. 16 Million** (previous year: Rs. 16 Million) relating to Fringe Benefit Tax. The Company has appealed before Appellate Authorities and is hopeful of succeeding in the same.

ii) The Company has received demand notices from Sales Tax Authority for **Rs. 148 Million** (previous year: Rs. Nil) towards a) purchases made from unregistered dealers for the financial year 1998-99 & 1999-00 of **Rs. 130 Million**. The company has made an application for cancellation of ex-parte order before the Assessing Officer and same is under consideration and b) Software services classified under Works Contract Act for the financial year 2006-07 to 2008-09 of **Rs. 18 Million**. The Company has filed an appeal before the Appellate Authority.

iii) The Company has received demand notices from Service Tax Authority for **Rs. 13 Million** (previous year: Rs. Nil) towards services provided by company to be covered under Management consultancy services. The Company has filed appeal against the same.

iv) Bank Guarantees outstanding **Rs. 575 Million** (previous year: Rs. 967 Million).

v) Claim on the Company from Provident fund authorities is **Rs. 2 Million** (previous year: Rs. 2 Million).

vi) Erstwhile Tech Mahindra (R&D services) Limited (TMRDL) received a demand letter from Service Tax Authority towards service tax on marketing fees for the financial year 2006-07 for **Rs. 7 Million** (previous year: Rs. 7 Million). The above amount is paid by the Company "Under Protest". The company is awaiting demand notice and would be filing an appeal against the same.

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

4. (a) TMRDL 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.

TMRDL 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 Standard 14 on "Accounting for Amalgamation" been 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. 770 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 1, 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.

5. The Company holds investment (unquoted) in subsidiary, Tech Mahindra GmbH (TMGMBH) aggregating to **Rs. 389 Million** (refer note 1 of schedule V), which is held as strategic long-term investment.

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 investment. TMGMBH has started earning profits from financial year 2006 onwards, however TMGMBH still has accumulated losses as of March 31, 2010 and in view of this no change in provision is required.

6. During the previous year ended March 31, 2009, the Company has acquired 100% stake for consideration of **Rs. 0.08 Million** in Venturbay Consultants Private Limited (VCPL).As a result, VCPL has become a wholly owned subsidiary of the Company with effect from the date of this investment. During the year ended March 31, 2010 the company has made a further investment in equity shares of **Rs. 30,461 Million.** These investments include conversion of Inter corporate deposit and interest thereon amounting to Rs.4,961 Million.

7. The Company has on August 18, 2009 incorporated a company in Nigeria under the name Tech Mahindra (Nigeria) Limited (TMNL). TMNL becomes a subsidiary of the Company from that date as the Company is a subscriber to the Memorandum of Association of that company. The Company is yet to infuse share capital into TMNL.

8. The Company has acquired Mahindra Logisoft Business Solutions Limited (MLBSL) on April 11, 2009 for consideration of **Rs. 112 Million**. As a result MLBSL has become a wholly owned subsidiary of the Company from that date.

9. The Company has incorporated a new wholly owned subsidiary on November 3, 2009 namely Tech Mahindra (Bahrain) Limited S.P.C. (TMBL) and infused equity amounting to **Rs. 6 Million**.

10. The company has infused additional equity amounting to **Rs. 9 Million** in its wholly owned subsidiary namely Tech Mahindra (Beijing) IT Services Limited, (TMCHN).

11. In September 2008 the Company had made investment of Rs. 85 Million resulting into 17.28% of the share capital of 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. The business plan of Servista was adversely affected by the economic downturn and it continued to incur losses and therefore, Servista in June 2009 decided to close down its operations. In view of this, the Company has made provision of **Rs. 85 Million** for diminution in the value of its investments in Servista, during the year ended March 31, 2010.

12. 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 previous year the excess of provision over liability, determined by the Inland Revenue, amounting to Rs. 673 Million has been written back to expenses.

13. During the year, a customer has restructured long term contracts with the Company from April 1, 2009 which involves changes in commercial, including rate reduction, and other agreed contract terms. As per the amended contracts the customer has paid the Company restructuring fees of **Rs. 9,682 Million**. The services under the restructured contracts would continue to be rendered over the life of the contract. The restructuring fees received would be amortized and recognized as revenue over the term of the contract on a straight line basis.

    An amount of **Rs. 2,005 Million** has been recognized as revenue for the year from April 1, 2009 to March 31, 2010 and the balance amount of **Rs. 7,677 Million** has been carried forward and disclosed as deferred revenue in the Balance Sheet.

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. 530 Million** (previous year: Rs. 508 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, 2010	March 31, 2009
Projected benefit obligation, beginning of the year*	**692**	520
Service cost	**201**	173
Interest cost	**52**	38
Actuarial (gain)/ loss	**(126)**	(19)
Benefits paid	**(23)**	(20)
Trust Fund Receivable (erstwhile TMRDL)*	**(31)**	(31)
Projected benefit obligation, at the end of the year	**765**	661

* 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, 2010 is as follows:

Rs. in Million

Particulars	March 31, 2010	March 31, 2009
Government of India Securities/ Gilt Mutual Funds	**9**	9
State Government Securities/ Gilt Mutual Funds	**5**	6
Public Sector Unit Bonds	**14**	14
Private Sector Bonds / Equity Mutual Funds	**0**	0
Mutual Funds	**1**	0
Bank Balance	**2**	2
Total	**31**	31

Components of expenses recognized in the statement of Profit and Loss Account for the year ended March 31, 2010:

Rs. in Million

Particulars	March 31, 2010	March 31, 2009
Net gratuity cost		
Service cost	**201**	173
Interest cost	**52**	38
Expected Return on Plan Assets	**(2)**	-
Actuarial (gain)/loss	**(128)**	(19)
Total	**123**	192

Principal Actuarial Assumptions	March 31, 2010	March 31, 2009
Discount Rate	**7.6 %**	7.6%
Rate of increase in compensation levels of covered employees	**9% for the 1st Year 8% thereafter**	4% for the 1st Year 7% for next 2 years 8.25% thereafter

- 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, 2010**	March 31, 2009
Audit Fees	**5**	5
As advisor or in any other capacity in respect of taxation matters etc.	**-**	1
For other services	**4**	2
Reimbursement of out of pocket expenses	**0**	0
Total	**9**	8

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

Rs. in Million

Particulars	**March 31, 2010**	March 31, 2009
Raw materials	**Nil**	Nil
Components and spare parts	**10**	-
Capital goods	**2,722**	579

(b) Expenditure in Foreign Currency:

Rs. in Million

Particulars	**March 31, 2010**	March 31, 2009
Professional Fees (includes Rs.113 Million incurred on behalf of subsidiary)	**182**	173
Subcontracting cost	**9,804**	8,671
Traveling Expenses	**2,248**	2,622
Salaries	**3,753**	3,023
Software Packages	**513**	158
Royalty	**2**	1
Others	**1,224**	906
Total	**17,726**	15,554

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**
2009-2010		**Nil**	**Nil**	**Nil**
2008-2009				
10	Final	47,881,346	263	2007-08
10	Interim-1	47,874,611	191	2008-09

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, 2010	March 31, 2009
Income from Services	**41,569**	42,755
Interest Received	**8**	31
Restructuring fees received	**9,682**	-
Other Income	**6**	6

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

Rs. in Million

Particulars	March 31, 2010	March 31, 2009
Salaries and perquisites	**24**	16
Commission	**32**	28
Total	**56**	44

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, 2010.

Rs. in Million

Particulars		March 31, 2010	March 31, 2009
Profit Before Tax and After Exceptional Items as per Profit and Loss Account		**8,742**	10,905
Add :			
Depreciation charged in the accounts	**1,299**		1,074
Loss on sale of assets as per section 349 of the Companies Act, 1956 (net)	**-**		9
Director's Remuneration	**56**		44
Provision for Doubtful Debts and Advances	**51**		27
Net reduction in the fair value of current investments	**-**		1
Loss on sale of investments	-		64
		1,406	1,219
		10,148	12,124
Less :			
Loss on sale of assets as per books	**-**		9
Profit on sale of investments	**-**		-
Depreciation u/s 350 of Companies Act, 1956	**1,299**		1,074
		1,299	1,083
Total		**8,849**	11,041
Commission payable to the Managing Director and Executive Director		**10**	7
Commission payable to non-executive directors		**22**	21

20. Assets taken / given on Lease:

a) 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 ended are **Rs. 18 Million** (previous year: Rs.13 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**	**Later than 5 years**
Minimum Lease rentals payable (previous year: Rs. 15 Million and Rs. 19 Million and Rs. Nil, respectively)	**16**	**19**	**Nil**

b) The company has taken premises on operating lease for a period of one to ten years. The lease rentals recognized in the Profit and Loss Account for the year ended March 31, 2010 are **Rs. 713 Million** (previous year: Rs. 788 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**	**Later than 5 years**
Minimum Lease rentals payable	**627**	**847**	**119**

c) The company has taken assets on operating lease for a period of one to three years. The lease rentals recognized in the Profit and Loss Account for the year ended March 31, 2010 are **Rs. 15 Million** (previous year: Rs. Nil). 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**	**Later than 5 years**
Minimum Lease rentals payable	**29**	**43**	**Nil**

d) The Company has given premises on operating lease for a period of one to two years. The lease rentals recognized in the Profit and Loss Account for the year ended March 31, 2010 are **Rs. 25 Million** (previous year: Rs. Nil). The future lease receivable of operating lease are as follows:

Rs. in Million

Particulars	**Not later than 1 year**	**Later than 1 year not later than 5 years**	**Later than 5 years**
Minimum Lease rentals receivable	**29**	**19**	**Nil**

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 others, which include non telecom vertical customers 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, 2010

Rs. in Million

Particulars	Telecom Service Provider	Telecom Equipment Manufacturer	Business Process Outsourcing	Others	Total
Revenues	38,852	2,498	2,660	828	44,838
Less : Direct Expenses	25,174	1,662	1,384	549	28,769
Segmental Operating Income	**13,678**	**836**	**1,276**	**279**	**16,069**
Less : Unallocable Expenses (net)					
Depreciation / Amortisation					1,299
Finance Charges					1,600
Other Unallocable Expenses (net)					5,252
Total Unallocable Expenses (net)					**8,151**
Operating Income					**7,918**
Add : Other Income (net)					909
Less: Exceptional item (refer note 11 of schedule XIII)					85
Net Profit before tax					**8,742**
Less : Provision for Tax					
Current Tax (net of MAT credit)					1,382
Deferred tax benefit					(68)
Fringe Benefit Tax					-
Net Profit after tax					**7,428**

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 the 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:

Geography	**Rs. in Million**
Europe	27,334
Americas	12,905
Rest of world	4,599
Total	**44,838**

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, 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 / Amortisation					1,074
Finance Charges					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 tax					**10,905**
Less : Provision for Tax					
Current Tax (net of MAT credit)					1,086
Deferred tax benefit					(127)
Fringe Benefit Tax					80
Net Profit after tax					**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 the 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:

Geography	**Rs. in Million**
Europe	29,763
Americas	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.

22. 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, 2010	March 31, 2009
Options outstanding at the beginning of the year	**253,360**	350,090
Options granted during the year	-	-
Options lapsed during the year	**26,640**	-
Options cancelled during the year	**(1,000)**	660
Options exercised during the year	**145,230**	96,070
Options outstanding at the end of the year	**82,490**	253,360

Out of the options outstanding at the end of the year ended March 31, 2010, there are **82,490** (previous year: 253,360) (Net of exercised & lapsed) vested options, 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.

The details of the options are as under:

Particulars	March 31, 2010	March 31, 2009
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 ended March 31, 2010, there are **5,677,701** (previous year: 4,996,377) (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, 2010	March 31, 2009
Options outstanding at the beginning of the year	**3,736,868**	4,193,028
Options granted during the year	**86,500**	252,500
Options lapsed during the year	**-**	-
Options cancelled during the year	**216,930**	433,965
Options exercised during the year	**441,250**	274,695
Options outstanding at the end of the year	**3,165,188**	3,736,868

Out of the options outstanding at the end of year ended March 31, 2010, there are **1,685,668** (previous year: 1,188,133) (net of exercised & lapsed) vested options, 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. 12 Million** (previous year: lower by Rs. 4 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, 2010	March 31, 2009
Net profit after tax and before exceptional item (As reported)	**7,513**	9,866
Less: Exceptional item	**85**	-
Net profit	**7,428**	9,866
Less: Total stock-based employee compensation expense determined under fair value base method	**12**	4
Adjusted net profit	**7,416**	9,862
Basic earnings per share (in Rs.)		
- As reported	**60.89**	81.12
- Adjusted	**60.79**	81.08
Diluted earnings per share (in Rs.)		
- As reported	**56.97**	76.66
- Adjusted	**56.88**	76.62

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

Particulars	March 31, 2010	March 31, 2009
Dividend yield (%)	**4.01**	6.48
Expected life	**5 Years**	5 years
Risk free interest rate (%)	**6.99**	5.99
Volatility (%)	**59.89**	58.70

23. As required under Accounting Standard 18 "Related Party Disclosures" (AS-18), following are details of transactions during the year ended 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 Limited	Promoter holding more than 20% stake *
British Telecommunications, Plc.	Promoter holding more than 20% stake
Mahindra BT Investment Company (Mauritius) Limited	Promoter group company
Tech Mahindra (Americas) Inc, USA	100% subsidiary company
Tech Mahindra GmbH	100% subsidiary company
Tech Mahindra (Singapore) Pte Limited	100% subsidiary company
Tech Mahindra (Thailand) Limited	100% subsidiary company
PT Tech Mahindra Indonesia	100% subsidiary company
CanvasM Technologies Limited	80.10% subsidiary company
CanvasM (Americas) Inc.	80.10% subsidiary company
Tech Mahindra (Malaysia) SDN. BHD.	100% subsidiary company
Tech Mahindra (Beijing) IT Services Limited	100% subsidiary company
Venturbay Consultants Private Limited	100% subsidiary company

Name of Related Party	Relation
Tech Mahindra Foundation #	100% subsidiary company
Mahindra Logisoft Business Solutions Limited	100% subsidiary company
Tech Mahindra (Nigeria) Limited	100% subsidiary company
Tech Mahindra (Bahrain) Limited. S.P.C.	100% subsidiary company
Mahindra Engineering & Chemical Products Limited	Fellow Subsidiary Company**
Mahindra Engineering Services Limited	Fellow Subsidiary Company**
Bristlecone India Limited	Fellow Subsidiary Company**
Mahindra World City (Jaipur) Limited	Fellow Subsidiary Company**
Mahindra Renault Private Limited	Fellow Subsidiary Company**
Mahindra Navistar Automotives Limited	Fellow Subsidiary Company**
Mahindra Logistics Limited	Fellow Subsidiary Company**
Mahindra Navistar Engines Private Limited	Fellow Subsidiary Company**
Mahindra Automotive Limited	Fellow Subsidiary Company**
Mahindra Hinoday Industries Limited	Fellow Subsidiary Company**
Mahindra Holdings Limited	Fellow Subsidiary Company**
Mahindra Lifespace developers	Fellow Subsidiary Company**
Mahindra Punjab Tractors Private Limited	Fellow Subsidiary Company**
Satyam Computer Services Limited	Associate Company
Satyam BPO Limited	Associate Company
Mr. Vineet Nayyar - Vice Chairman Mr. Sanjay Kalra - Chief Executive Officer	Key Management Personnel

* Holding Company up to March 22, 2010
** Fellow Subsidiary Company up to March 22, 2010
# Section 25 Company not considered for consolidation

(b) Related Party Transactions for the year ended March 31, 2010:

Rs. in Million

Transactions	Promoter Companies	Subsidiary Companies	Fellow Subsidiary Companies	Associate Companies	Key Management Personnel
Reimbursement of Expenses (Net)-Paid/ (Receipt)	**(166)** [(164)]	**(1,015)** [(378)]	**-** [-]	**(6)** [-]	**-** [-]
Income from Services	**22,363** [25,961]	**1,479** [565]	**2** [11]	**25** [-]	**-** [-]
Paid for Services Received	**58** [10]	**-** [-]	**17** [63]	**-** [-]	**-** [-]
Interest on Loan Given	**-** [-]	**0** [4]	**-** [-]	**-** [-]	**-** [-]
Interest on ICD Given*	**-** [-]	**221** [-]	**-** [-]	- [-]	- [-]
Loan Given	**-** [-]	**-** [52]	**-** [-]	**-** [-]	**-** [-]
ICD Given	**-** [-]	**4,826** [-]	**-** [-]	**-** [-]	**-** [-]
Loan Repaid	**-** [-]	**24** [140]	**-** [-]	**-** [-]	**-** [-]
ICD Repaid*	**-** [-]	**4,826** [-]	**-** [-]	**-** [-]	**-** [-]

Rs. in Million

Transactions	**Promoter Companies**	**Subsidiary Companies**	**Fellow Subsidiary Companies**	**Associate Companies**	**Key Management Personnel**
Sub-contracting cost	**-** [-]	**6,746** [5,090]	**5** [42]	**425** [-]	**-** [-]
Investments made*	**-** [-]	**30,476** [6]	**-** [-]	**-** [-]	**-** [-]
Dividend Paid	- [964]	**-** [-]	**-** [-]	**-** [-]	**-** [12]
Payment for acquisition of Mahindra Logisoft Business Solutions Limited	**57** [-]	**-** [-]	**55** [-]	**-** [-]	**-** [-]
Salary, Perquisites & Commission	**-** [-]	**-** [-]	**-** [-]	**-** [-]	**47** [23]
Stock Options	**-** [-]	**-** [-]	**-** [-]	**-** [-]	**-**** [-]
Rent Paid/(Payable)	**62** [63]	**-** [-]	**-** [-]	**15** [-]	**-** [-]
Donation Paid	**-** [-]	**65** [85]	**-** [-]	**-** [-]	**-** [-]
Rent Received/ Receivable	**25** [-]	**3** [3]	**-** [-]	**-** [-]	**-** [-]
Purchase of Fixed Assets	**-** [4]	**-** [-]	**1** [1]	**5** [-]	**-** [-]
Restructuring fees Received	**9,682** [-]	**-** [-]	**-** [-]	**-** [-]	**-** [-]
Debit / (Credit) balances (Net) (inclusive of unbilled) outstanding as on March 31, 2010	**4,241** [3,842]	**(159)** [(272)]	**56** [49]	**(354)** [-]	**(10)** [-]

Figures in brackets "[ ]"are for the previous year ended March 31, 2009.

* Includes Inter Corporate Deposit & Interest thereon amounting to Rs. 4,961 Million converted into Equity Shares of Venturbay Consultants Private Limited.

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

Out of the above transactions with Promoter Companies, Subsidiary Companies, Fellow Subsidiary Companies, Associate 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 March 31, 2010**	For the Year ended March 31, 2009
Reimbursement of Expenses (net) - Paid/(Receipt)			
Promoter Company			
- British Telecommunications Plc.	**(167)**		(173)
Subsidiary Companies			
- Tech Mahindra (Americas) Inc.	**(184)**		(218)
- Tech Mahindra GmbH	**-**		(56)
- PT Tech Mahindra Indonesia	**-**		(70)
- Tech Mahindra (Bahrain) Limited S.P.C.	**(616)**		-
		(967)	(517)
Income from Services			
Promoter Company			
- British Telecommunications Plc.		**22,322**	25,885
Paid for Services Received			
Promoter Company			
- Mahindra & Mahindra Limited	**-**		8
- British Telecommunications Plc.	**57**		-
Fellow Subsidiary Company			
- Mahindra Logistics Limited	**17**		63
		74	71
Interest on Loan/ ICD given *			
Subsidiary Company			
- Venturbay Consultants Private Limited	**221**		-
- Tech Mahindra (Americas) Inc.	**-**		2
- PT Tech Mahindra Indonesia	**0**		2
		221	4
Loan/ICD Given			
Subsidiary Companies			
- PT Tech Mahindra Indonesia	**-**		52
- Venturbay Consultants Private Limited	**4,826**		-
		4,826	52
Loan/ICD Repaid			
Subsidiary Companies			
- PT Tech Mahindra Indonesia	**24**		30
- Tech Mahindra (Americas) Inc	**-**		110
- Venturbay Consultants Private Limited	**4,826**		-
		4,850	140
Sub-contracting cost			
Subsidiary Companies			
- Tech Mahindra (Americas) Inc.	**4,314**		4,072
- Tech Mahindra (Bahrain) Limited S.P.C.	**1,014**		-
- Tech Mahindra GmbH	**879**		569
		6,207	4,641
Investments made			
Subsidiary Companies			
-Tech Mahindra (Beijing) IT Services Limited	**-**		5
-Venturbay Consultants Private Limited *	**30,461**		-
		30,461	5

Rs. in Million

Transactions		**For the Year ended March 31, 2010**	For the Year ended March 31, 2009
Dividend Paid *Promoter Companies* - Mahindra & Mahindra Limited - British Telecommunications Plc	 **-** **-**		 511 358
		-	869
Payment for acquisition of Mahindra Logisoft Business Solutions Limited *Promoter Company* - Mahindra & Mahindra Limited *Fellow Subsidiary Company* - Mahindra Holdings Limited	 **57** **55**		 - -
		112	-
Salary , Perquisites and Commission Key Management Personnel - Mr. Vineet Nayyar - Mr. Sanjay Kalra	 **34** **13**		 23 -
		47	23
Rent Paid/(Payable) *Promoter Company* - British Telecommunications Plc. *Associate Company* - Satyam Computer Services Limited	 **62** **15**		 63 -
		77	63
Donation Paid *Subsidiary Company* - Tech Mahindra Foundation		 **65**	 85
		65	85
Rent Received/Receivable *Promoter Company* - British Telecommunications Plc. *Subsidiary Company* - CanvasM Technologies Limited	 **25** **3**		 - 3
		28	3
Purchase of Fixed Assets *Promoter Company* - British Telecommunications Plc.	 **-**		 4
Fellow Subsidiary Companies - Mahindra Navistar Automotives Ltd.	 **1**		 1
Associate Company - Satyam Computer Services Limited	 **5**		 -
	6		5
Restructuring Fees Received *Promoter Company* - British Telecommunications Plc.	 **9,682**		 -

24. 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, 2010	March 31, 2009
a) *Deferred tax liability:* Depreciation	**-**	-
b) *Deferred tax asset :*		
Gratuity, Leave Encashment etc.	**122**	109
Doubtful Debts	**13**	12
Depreciation	**88**	34
Total Deferred Tax Asset (Net)	**223**	155

25. 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. These contracts are for a period between 1 day and 4 years.

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 at March 31, 2010:

Type of cover	Amount outstanding at year end in Foreign currency (in Million)	Fair Value Gain / (Loss) (Rs. in Million)
Forward	**GBP 137** (previous year: 70)	**281** (previous year: 340)
Option	**GBP 132** (previous year: 178)	**2,916** (previous year: 5,025)

The following are the outstanding USD:INR Currency Exchange Contracts entered into by the company which have been designated as Cash Flow Hedges as at March 31, 2010:

Type of cover	Amount outstanding at year end in Foreign currency (in Million)	Fair Value Gain / (Loss) (Rs. in Million)
Forward	**USD 382** (previous year: 250)	**1,192** (previous year: (1,370))
Option	**USD 291** (previous year: 368)	**(1,593)** (previous year: (4,931))

Net gain on derivative instruments of **Rs.1,149 Million** recognised in hedging reserve as of March 31, 2010 is expected to be reclassified to the Profit and Loss Account by March 31, 2011.

The movement in hedging reserve during year ended March 31, 2010 for derivatives designated as Cash Flow Hedges is as follows:

Rs. in Million

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Balance at the beginning of the year	**(936)**	851
Add/(Less) : Gain transferred to income statement on occurrence of forecasted hedge transaction	**(799)**	(130)
Changes in the fair value of effective portion of outstanding cash flow derivative	**3,677**	(1,657)
Balance at the end of the year	**1,942**	(936)

In addition to the above Cash Flow Hedges, the Company has outstanding Foreign Exchange Currency Options Contracts aggregating to **Rs.12,365 Million** whose fair value showed a gain of **Rs.1,656 Million.** Although these contracts are effective as hedges from an economic perspective, they do not qualify for hedge accounting and accordingly these are accounted as derivative instruments at fair value with changes in fair value recorded in the Profit and Loss Account and the cumulative gain of **Rs.94 Million** as at March 31, 2009 would be recycled to Profit and Loss Account as and when the cash flows materialise.

Exchange Gain of **Rs.799 Million** on Foreign Exchange Forward Contracts and Currency Options Contracts have been recognised in the year ended March 31, 2010.

c) As at March 31, 2010, the Company has net foreign exchange exposures that are not hedged by a derivative instruments or otherwise amounting to **Rs. 4,069 Million** (previous year: Rs. 7,550 Million).

26. The company has exercised the option given vide notification number G.S.R. 225 (E) dated March 31, 2010 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.

27. 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, 2010	Maximum outstanding during the year
-PT Tech Mahindra Indonesia	**-** [25]	**25** [55]
-Venturbay Consultants Private Limited	**-** [-]	**6,486** [-]

Figures in brackets "[ ]"are for the previous year ended March 31, 2009.

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.

28. Earnings Per Share is calculated as follows:

Rs. in Million except earnings per share

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Profit after taxation and before exceptional item	**7,513**	9,866
Less: Exceptional item	**85**	-
Profit after taxation and exceptional item	**7,428**	9,866
Net Profit attributable to shareholders	**7,428**	9,866
Equity Shares outstanding as at the end of the year (in nos.)	**122,320,114**	121,733,634
Weighted average Equity Shares outstanding as at the end of the year (in nos.)	**122,008,939**	121,631,914
Weighted average number of Equity Shares used as denominator for calculating Basic Earnings Per Share	**122,008,939**	121,631,914
Add: Diluted number of Shares		
ESOP outstanding at the end of the year	**8,378,782**	7,077,324
Number of Equity Shares used as denominator for calculating Diluted Earnings Per Share	**130,387,721**	128,709,238
Nominal Value per Equity Share (in Rs.)	**10.00**	10.00
Earnings Per Share		
- Before Exceptional Item		
Earnings Per Share (Basic) (in Rs.)	**61.58**	81.12
Earnings Per Share (Diluted) (in Rs.)	**57.62**	76.66
Earnings Per Share		
- After Exceptional Item		
Earnings Per Share (Basic) (in Rs.)	**60.89**	81.12
Earnings Per Share (Diluted) (in Rs.)	**56.97**	76.66

29. 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".

30. Current tax includes taxes for foreign branches amounting to **Rs. 361 Million** (Previous Year : Rs. 269 Million).

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

Rs. in Million

(A)

Balances with scheduled banks	**As at**	
	March 31, 2010	March 31, 2009
In Current accounts		
HDFC Bank	**5**	1
HDFC Bank-EEFC USD	**-**	0
HSBC Bank	**98**	70
HSBC Bank-EEFC GBP	**0**	4
HSBC Bank-EEFC USD	**32**	140
IDBI Bank	**166**	345
IDBI Bank-EEFC - USD	**14**	14
IDBI Bank-Unclaimed dividend	**1**	1
Kotak Mahindra Bank	**0**	1
Punjab National Bank	**0**	50
State Bank of India, UK in GBP	**20**	3,715
State Bank of India, UK in USD	**1**	24
HSBC Bank-Unclaimed dividend	**2**	-
HDFC Bank-Unclaimed dividend	**1**	-
	340	4,365

Rs. in Million

(B)

Balances with other banks	**As at**	
	March 31, 2010	March 31, 2009
In Current accounts		
Bank of Italy, Italy	**0**	4
HSBC Bank	**1**	-
HSBC Bank, Australia	**12**	17
HSBC Bank, Belgium	**10**	2
HSBC Bank, Canada	**28**	16
HSBC Bank, Egypt	**1**	1
HSBC Bank, NewZealand	**9**	33
HSBC Bank, Taiwan - TWD	**2**	27
HSBC Bank, Taiwan - USD	**1**	2
HSBC Bank, United Kingdom - Euros	**59**	48
HSBC Bank, United Kingdom - GBP-I	**96**	201
HSBC Bank, United Kingdom - GBP-II	**21**	27
HSBC Bank, United Kingdom - USD	**23**	24
HSBC Bank, USA	**676**	108
HSBC Bank, Philipines - PHP	**88**	68
HSBC Bank,Philipines - USD	**0**	1
	1,027	579

Rs. in Million

(C)

Balances In Fixed Deposit accounts	**As at**	
	March 31, 2010	March 31, 2009
HDFC Bank	**-**	0
HSBC Bank	**1**	0
IDBI Bank	**11**	16
Kotak Mahindra Bank	**1**	1
	13	17
Total (A + B + C)	**1,380**	4,961

Details of maximum balances during the year ended March 31, 2010 with other banks:

Rs. in Million

Maximum balances with other banks	For the Year ended	
	March 31, 2010	March 31, 2009
In Current accounts		
Bank of Italy, Italy	**11**	32
Chase Common wealth of Australia, Australia	**-**	64
Citibank, Italy	**-**	3
HSBC Bank, Australia	**45**	107
HSBC Bank, Belgium	**14**	8
HSBC Bank, Canada	**81**	74
HSBC Bank, Egypt	**1**	1
HSBC Bank, NewZealand	**485**	190
HSBC Bank, Taiwan - TWD	**30**	27
HSBC Bank, Taiwan - USD	**28**	2
HSBC Bank, United Kingdom - Euros	**261**	191
HSBC Bank, United Kingdom - GBP-I	**1,321**	2,148
HSBC Bank, United Kingdom - GBP-II	**200**	211
HSBC Bank, United Kingdom - USD	**73**	160
HSBC Bank, USA	**979**	678
HSBC Bank, Philipines - PHP	**93**	74
HSBC Bank,Philipines - USD	**0**	2
HSBC Bank	**2**	-

32. The company has outstanding secured Non Convertible Debentures, amounting to **Rs. 7,500 Million.**

Rs. in Million

Coupon rate	Issue date	Terms of redemption	Earliest redemption date	Security	Amount
10.25% p.a.	April 17, 2009	100% of face value of the debentures at the end of 4 years	April 17, 2013	see note (a) below	3,000
10.25% p.a.	April 17, 2009	100% of face value of the debentures at the end of 5 years	April 17, 2014	see note (a) below	3,000
7.25% p.a.	September 24, 2009	100% of face value on at the end of tenure or on exercise of call option whichever is earlier	September 24, 2010	see note (b) below	750
7.75% p.a.	September 24, 2009	100% of face value on at the end of tenure or on exercise of call option whichever is earlier	March 24, 2011	see note (b) below	750
Total					**7,500**

(a) Secured by pari passu charge over the immovable property located in Gujarat.

Company has also deposited the title deeds of certain other immovable properties of the company with the debenture trustees.

(b) Secured by pari passu charge over the immovable property located in Gujarat. Negative Lien over assets with carve out for secured creditors and lenders to all working capital facilities.

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

Name of Mutual Fund	For the year ended March 31, 2010	
	No. of Units	Cost Rs. in Million
Birla Sunlife Savings fund - Daily Dividend	59,965,649	600
Birla Cash Plus Fund	59,883,228	600
Kotak Floater Long Term Fund	59,531,504	600
Kotak Liquid (Institutional Premium) - Daily dividend	49,067,312	600
Reliance Money Manager Fund - Daily Dividend	599,392	600
Reliance Liquid Fund-Treasury Plan- Daily Dividend	39,248,522	600
ICICI Prudential Interval Fund - Daily dividend	59,997,000	600
ICICI Pru - Flexible Income Plan Daily Dividend	56,752,526	600
HDFC Cash Mgt Fund - Treasury Advantage Plan - Daily dividend	59,818,904	600
HDFC Cash Management Fund-Savings Plan-Daily dividend	56,410,063	600
Total	**501,274,100**	**6,000**

34. 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.

35. 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
Hon. Chairman

Mr. Vineet Nayyar
Vice Chairman & Managing Director

Akash Paul
Director

Mr. Bharat Doshi
Director

Mr. Anupam Puri
Director

Mr. M. Damodaran
Director

Mr. B. H. Wani
Director

Mr. Paul Zuckerman
Director

Mr. Nigel Stagg
Director

Dr. Raj Reddy
Director

Mr. Richard Cameron
Director

Mr. Ulhas N. Yargop
Director

Mr. Ravindra Kulkarni
Director

Mr. Sonjoy Anand
Chief Financial Officer

Mr. Vikrant Gandhe
Company Secretary

Pune, Dated: April 30, 2010

BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE :

I. Registration Details

Registration No. 41370 State Code 11

Balance Sheet date 31 03 2010

Date Month Year

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

Public Issue	Rights Issue
NIL	NIL
Bonus Issue	Private Placements
NIL	NIL
ESOP Allotment	
5865	

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

Total Liabilities (Including shareholder's fund)	Total Assets
58365623	58365623

Sources of Funds :

Paid-up Capital	Reserves & Surplus
1223201	27442835
Secured Loans	Unsecured Loans
7500000	6172482

Application of Funds :

Net Fixed Assets	Investments
9148142	31139582
Net Current Assets	Deferred Tax Asset
9506426	223091
Accumulated Losses	Misc. Expenditure
NIL	NIL

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

Turnover (Sales and other income)	Total Expenditure (Excluding exceptional item)
45747033	36919744
Profit/(Loss) before tax	Profit/(Loss) after tax
8742341	7428636
Earnings per share (Before exceptional item) in Rs. (Refer to note 28 above)	Dividend Rate %
61.58	35
Earnings per share (After exceptional item) in Rs. (Refer to note 28 above)	
60.89	

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	
Hon. Akash Paul Director	Mr. Anupam Puri Director	Mr. Bharat Doshi Director
Mr. B.H. Wani Director	Mr. M. Damodaran Director	Mr. Nigel Stagg Director
Mr. Paul Zuckerman Director	Mr. Richard Cameron Director	Dr. Raj Reddy Director
Mr. Ravindra Kulkarni Director	Mr. Ulhas N. Yargop Director	
Mr. Sonjoy Anand Chief Financial Officer	Mr. Vikrant Gandhe Company Secretary	

Pune, Dated: April 30, 2010

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) Co Limited	Tech Mahindra Foundation	Pt Tech Mahindra Indonesia	CanvasM Technologies Limited	CanvasM Americas Inc	Tech Mahindra Malaysia Limited	Tech Mahindra (Beijing) IT Services Limited	Tech Mahindra (Bahrain) Ltd S.P.C.	Tech Mahindra (Nigeria) Limited	Mahindra Logisoft Business Solutions Private Limited	Venturbay Consultants Private Limited
The Financial Year of the Subsidiary ended on	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010
	US $	Euro	S$	THB	INR	US $	INR	US $	RM	CNY	BD	NGN	INR	INR
Number of shares of the subsidiary Company held by Tech Mahindra Limited at the above date														
Equity	375,000	575,000	5,000	50,000	50,000	500,000	4,619,631	80	312,820	2,636,771	500	-	12,450,000	30,472,300
Extent of holding	100%	100%	100%	100%	100%	100%	80.10%	80.10%	100%	100%	100%	0%	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 31,2010														
b) Not dealt with in the accounts of Tech Mahindra for the Year ended March 31, 2010	3,082,340	756,299	601,768	534,535	-	420,736	109,426,476	41,487	335,844	(1,755,540)	392,304	-	10,499,721	(709,693,855)
The Net Aggregate of profits/losses of the subsidiary Company for its previous financial years 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 31,2010														
b) Not dealt with in the accounts of Tech Mahindra for the Year ended March 31,2010	3,021,766	552,493	457,005	668,273	-	1,788,520	2,739,370	(15,713)	72,471	(2,186,362)	-	-	-	(31,979)

For Tech Mahindra Limited

Mr. Anand G. Mahindra
Chairman

Mr. Vineet Nayyar
Vice Chairman & Managing Director

Hon. Akash Paul
Director

Mr. Anupam Puri
Director

Mr. Bharat Doshi
Director

Mr. B.H. Wani
Director

Mr. M. Damodaran
Director

Mr. Nigel Stagg
Director

Mr. Paul Zuckerman
Director

Mr. Richard Cameron
Director

Dr. Raj Reddy
Director

Mr. Ravindra Kulkarni
Director

Mr. Ulhas N. Yargop
Director

Mr. Sonjoy Anand
Chief Financial Officer

Mr. Vikrant Gandhe
Company Secretary

Pune, Dated: April 30, 2010

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** ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group") as at 31st March 2010, the Consolidated Profit and Loss account and the Consolidated Cash Flow Statement of the Group for the year ended on that date both annexed thereto (all together referred to as 'consolidated financial statements'). These consolidated financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the 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 certain subsidiaries, whose financial statements reflect total assets of Rs. 933 million as at 31st March 2010, total revenues of Rs. 2,698 million and net cash inflows amounting to Rs. 437 million for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the reports of the other auditors.

4. As stated in note 23 to the consolidated financial statements, Venturbay Consultants Private Limited (100 % subsidiary of the Company) has acquired 31% stake in Satyam Computer Services Limited (SCSL) on 5th May 2009 and subsequently increased the stake to 42.70% on 10th July 2009. SCSL is in the process of restating its financial statements. The Honorable CLB vide its order dated October 15, 2009 has given extension of time till June 30, 2010 to SCSL for filing of the documents with various statutory authorities already due or to become due. We are informed that the Accounts of SCSL are not available for consolidation & in the absence of financial statement of SCSL we are unable to comment on the impact of post acquisition profit / loss of SCSL on 'share of profit of associate', investment in associates and reserve and surplus in the consolidated financial statement of the group.

5. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006.

6. Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company, its aforesaid subsidiaries and to the best of our information and according to the explanations given to us, subject to our observations in Para 4 above, in our opinion, the 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 the Group as at 31st March 2010;

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

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

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No. 117366W)

Hemant M. Joshi
Partner
Membership No. 38019

Pune, Dated: April 30, 2010

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

Rs. in Million

	Schedule	March 31, 2010	March 31, 2009
I. SOURCES OF FUNDS :			
SHAREHOLDERS' FUNDS:			
Share Capital	I	**1,223**	1,217
Share Application Money		**2**	1
Reserves and Surplus	II	**27,640**	18,214
		28,865	19,432
MINORITY INTEREST		**139**	112
LOAN FUNDS :	III		
Secured Loans		**7,500**	-
Unsecured Loans		**6,172**	-
		13,672	-
Deferred Revenue (refer note 11 of schedule XIII)		**7,677**	-
		50,353	19,544
II. APPLICATION OF FUNDS :			
FIXED ASSETS:	IV		
Gross Block		**11,312**	9,079
Less : Accumulated Depreciation		**5,269**	4,100
Net Block		**6,043**	4,979
Capital Work-in-Progress, including Capital Advances		**3,208**	1,541
		9,251	6,520
INVESTMENTS	V	**30,145**	4,346
DEFERRED TAX ASSET (net) (refer note 18 of schedule XIII)		**276**	196
CURRENT ASSETS, LOANS AND ADVANCES :			
Inventory		**14**	13
Sundry Debtors	VI	**10,420**	9,022
Cash and Bank Balances	VI	**2,187**	5,382
Loans and Advances	VI	**6,725**	2,953
		19,346	17,370
Less : CURRENT LIABILITIES AND PROVISIONS :			
Current Liabilities	VII	**5,895**	6,738
Provisions	VIII	**2,770**	2,150
		8,665	8,888
Net Current Assets		**10,681**	8,482
		50,353	19,544
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

Pune, Dated: April 30, 2010

For Tech Mahindra Limited

Mr. Anand G. Mahindra
Chairman

Mr. Vineet Nayyar
Vice Chairman & Managing Director

Hon. Akash Paul
Director

Mr. Anupam Puri
Director

Mr. Bharat Doshi
Director

Mr. B.H. Wani
Director

Mr. M. Damodaran
Director

Mr. Nigel Stagg
Director

Mr. Paul Zuckerman
Director

Mr. Richard Cameron
Director

Dr. Raj Reddy
Director

Mr. Ravindra Kulkarni
Director

Mr. Ulhas N. Yargop
Director

Mr. Sonjoy Anand
Chief Financial Officer

Mr. Vikrant Gandhe
Company Secretary

Pune, Dated: April 30, 2010

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

Rs. in Million except earning per share

	Schedule	Year ended March 31, 2010	Year ended March 31, 2009
INCOME:			
Income from operations (refer note 11 of schedule XIII)		**46,254**	44,647
Other Income (net)	IX	**754**	(378)
Total Income		**47,008**	44,269
EXPENDITURE :			
Personnel	X	**20,591**	18,598
Operating and Other Expenses	XI	**14,337**	13,224
Depreciation / Amortisation	IV	**1,339**	1,097
Finance Charges	XII	**2,184**	25
Total Expenditure		**38,451**	32,944
PROFIT BEFORE EXCEPTIONAL ITEM, TAX AND MINORITY INTEREST		**8,557**	11,325
Less: Exceptional item (refer note 9 of schedule XIII)		**85**	-
PROFIT BEFORE TAX AND MINORITY INTEREST		**8,472**	11,325
Provision for Tax :			
- Current tax [net of MAT credit of **Rs.6 Million** (previous year Rs. 281 Million)]		**1,525**	1,225
- Deferred tax benefit		**(85)**	(127)
- Fringe benefit tax		**-**	81
PROFIT AFTER TAX AND BEFORE MINORITY INTEREST		**7,032**	10,146
Minority interest share in (profit)		**(27)**	(1)
Balance brought forward from previous year		**14,014**	5,462
Balance available for appropriation		**21,019**	15,607
Transfer to Debenture Redemption Reserve		**1,935**	-
Transfer to General Reserve		**750**	1,000
Transfer to Statutory Reserve (refer note 27 of schedule XIII)		**3**	-
Final Dividend (refer note 28 of schedule XIII)		**-**	1
Interim Dividend		**-**	487
Proposed Final Dividend		**428**	-
Dividend Tax		**73**	83
Balance carried to Balance Sheet		**17,830**	14,036
Earning Per Share (refer note 21 of schedule XIII)			
Before exceptional item (in Rs.)			
- Basic		**58.10**	83.41
- Diluted		**54.37**	78.82
After exceptional item (in Rs.)			
- Basic		**57.41**	83.41
- Diluted		**53.72**	78.82
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

Pune, Dated: April 30, 2010

For Tech Mahindra Limited

Mr. Anand G. Mahindra
Chairman

Mr. Vineet Nayyar
Vice Chairman & Managing Director

Hon. Akash Paul
Director

Mr. Anupam Puri
Director

Mr. Bharat Doshi
Director

Mr. B.H. Wani
Director

Mr. M. Damodaran
Director

Mr. Nigel Stagg
Director

Mr. Paul Zuckerman
Director

Mr. Richard Cameron
Director

Dr. Raj Reddy
Director

Mr. Ravindra Kulkarni
Director

Mr. Ulhas N. Yargop
Director

Mr. Sonjoy Anand
Chief Financial Officer

Mr. Vikrant Gandhe
Company Secretary

Pune, Dated: April 30, 2010

CONSOLIDATED CASH FLOW FOR THE YEAR ENDED MARCH 31, 2010

Rs. in Million

	Particulars		Year ended March 31, 2010	Year ended March 31, 2009
A.	**Cash flow from operating activities :**			
	Net profit before taxation and after exceptional item		**8,472**	11,325
	Adjustments for :			
	Depreciation / Amortisation	**1,339**		1,097
	(Profit)/Loss on sale of Fixed Assets (net)	**(0)**		12
	Finance charges	**2,184**		25
	Exchange loss/(gain) (net)	**(588)**		353
	Currency translation adjustments	**-**		77
	Interest income	**(121)**		(59)
	Dividend income	**(36)**		(85)
	Decrease in fair value of current investments	**-**		1
	(Profit)/Loss on sale of current investments	**(20)**		64
	Diminution in value of long term investments	**85**		-
			2,843	1,485
	Operating profit before working capital changes		**11,315**	12,810
	Adjustments for:			
	Trade and other receivables	**(2,681)**		2,293
	Trade and other payables	**32**		(976)
	Deferred revenue (refer note 11 of schedule XIII)	**7,677**		-
			5,028	1,317
	Cash generated from operations		**16,343**	14,127
	Taxes paid		**(1,840)**	(1,902)
	Net cash from operating activities		**14,503**	12,225
B.	**Cash flow from investing activities :**			
	Purchase of Fixed Assets	**(4,108)**		(2,513)
	Sale of Fixed Assets	**2**		0
	Purchase of current investments (including reinvestments)	**(6,435)**		(12,654)
	Sale of current investments	**10,303**		9,046
	Investment in company / Associate (refer note 7 and 23 of schedule XIII)	**(29,808)**		(85)
	Interest received	**121**		66
	Net cash used in investing activities		**(29,925)**	(6,138)

CONSOLIDATED CASH FLOW FOR THE YEAR ENDED MARCH 31, 2010 (Contd.)

Rs. in Million

Particulars		Year ended March 31, 2010	Year ended March 31, 2009
C. Cash flow from financing activities :			
Proceeds from issue of equity shares (including Securities Premium)	**51**		31
Dividend (including dividend tax paid)	**-**		(1,352)
Proceeds from borrowings	**48,886**		-
Repayment of borrowings	**(35,186)**		(300)
Finance charges	**(1,535)**		(25)
Net cash from / (used in) financing activities		**12,216**	(1,645)
Net (decrease) / increase in cash and cash equivalents (A+B+C)		**(3,206)**	4,442
Cash and cash equivalents at the beginning of the year		**5,358**	916
Increase in Cash and cash equivalents on acquisition (refer note 7 of schedule XIII)		**61**	-
Cash and cash equivalents at the end of the year		**2,213**	5,358

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.

3 **Cash and cash equivalents include :**	**March 31, 2010**	March 31, 2009
Cash and Bank Balances	**2,187**	5,382
Unrealised loss/(gain) on foreign currency Cash and cash equivalents	**37**	(13)
Less : Fixed deposits with original maturity over three months	**11**	11
Total Cash and cash equivalents	**2,213**	5,358

4 Cash and cash equivalents include equity share application money of **Rs. 2 Million** (previous year Rs. 1 Million) and unclaimed dividend of **Rs. 3 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

Pune, Dated: April 30, 2010

For Tech Mahindra Limited

Mr. Anand G. Mahindra
Chairman

Mr. Vineet Nayyar
Vice Chairman & Managing Director

Hon. Akash Paul
Director

Mr. Anupam Puri
Director

Mr. Bharat Doshi
Director

Mr. B.H. Wani
Director

Mr. M. Damodaran
Director

Mr. Nigel Stagg
Director

Mr. Paul Zuckerman
Director

Mr. Richard Cameron
Director

Dr. Raj Reddy
Director

Mr. Ravindra Kulkarni
Director

Mr. Ulhas N. Yargop
Director

Mr. Sonjoy Anand
Chief Financial Officer

Mr. Vikrant Gandhe
Company Secretary

Pune, Dated: April 30, 2010

Schedules forming part of the Consolidated Balance Sheet

	As at March 31, 2010	As at March 31, 2009
		Rs. in Million
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:		
122,320,114 (previous year 121,733,634) Equity Shares of Rs. 10/- each fully paid-up	**1,223**	1,217
	1,223	1,217

Notes:

1 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.

2 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.

3 The above includes 90,148,459 Equity Shares of Rs. 10/- each allotted as fully paid-up bonus shares by way of capitalisation of Profit and Loss Account.

4 Refer note 16 of schedule XIII for stock options.

Schedules forming part of the Consolidated Balance Sheet

			Rs. in Million
		As at March 31, 2010	As at March 31, 2009
Schedule II			
RESERVES AND SURPLUS:			
Securities Premium :			
As per last Balance Sheet	**2,330**		2,303
Add : Received during the year	**44**		27
		2,374	2,330
General Reserve :			
As per last Balance Sheet	**2,701**		2,714
Add : Transfer from Profit and Loss Account	**750**		1,000
Less : Transferred on Amalgamation (refer note 5 (a) of schedule XIII)	**-**		1,013
		3,451	2,701
Statutory Reserve (refer note 27 of schedule XIII)		**3**	-
Debenture Redemption Reserve			
As per last Balance Sheet	**-**		-
Add : Transfer from Profit and Loss Account	**1,935**		-
		1,935	-
Hedging Reserve		**1,942**	(936)
Currency Translation Reserve			
As per last Balance Sheet	**105**		28
Movement during the year (refer note 1(m) of schedule XIII)	**-**		77
		105	105
Balance in Profit and Loss Account	**17,830**		14,036
Less: Transferred on Amalgamation	**-**		22
		17,830	14,014
		27,640	18,214
Schedule III			
LOAN FUNDS :			
Secured Loans :			
- Privately placed Non-Convertible Debentures (refer note 24 of schedule XIII)		**7,500**	-
		7,500	-
Unsecured Loans :			
Post Shipment Export Packing Credit #		**946**	-
Loan from Bank@		**2,000**	-
Commercial Papers#		**2,750**	-
Loan from others#		**476**	-
		6,172	**-**

Entire loan amount is repayable within one year

@ Loan amount repayable within one year Rs. 1,200 Million

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, 2009	Additions On acquisition^	Additions during the year	Deductions during the year	Cost as at March 31, 2010	As at April 01, 2009	On acquisition^	For the year	Deductions during the year	Upto March 31, 2010	As at March 31, 2010	As at March 31, 2009
Goodwill on consolidation*	0	-	33	-	**33**	-	-	-	-	-	**33**	0
Leased Assets :												
Vehicles	6	-	-	6	-	5	-	0	5	-	-	1
Tangible Fixed Assets :												
Freehold Land	174	-	3	-	**177**	-	-	-	-	-	**177**	174
Leasehold Land	435	-	-	-	**435**	16	-	10	-	**26**	**409**	419
Leasehold Improvements	356	-	271	-	**627**	172	-	149	-	**321**	**306**	184
Office Building / Premises	2,996	-	943	-	**3,939**	848	-	217	-	**1,065**	**2,875**	2,148
Computers	2,147	2	305	151	**2,303**	1,545	2	448	150	**1,845**	**459**	602
Plant and Machinery	1,801	0	476	5	**2,272**	810	0	313	5	**1,118**	**1,154**	992
Furniture and Fixtures	1,041	0	368	3	**1,406**	641	0	185	3	**823**	**584**	400
Vehicles	47	0	4	8	**43**	39	0	6	8	**37**	**6**	9
Intangible Assets:												
Intellectual property rights	76	-	-	-	**76**	25	-	11	-	**36**	**40**	51
Total	**9,079**	**2**	**2,403**	**173**	**11,312**	**4,100**	**2**	**1,339**	**172**	**5,269**	**6,043**	4,979
Previous year	6,427	-	2,762	110	9,079	3,101	-	1,097	98	4,100		
Capital Work-in-Progress [include capital advances** **Rs. 464 Million #** (previous year Rs. 146 Million)]											**3,208**	1,541
										Total	**9,251**	6,520

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

\# 2) Includes capital advance of **Rs. 254 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. While we are the winning bidders, the possession could not be delivered in our favour as Customs authorities challenged the auction. DRT has passed its order rejecting Customs Authorities stand. Customs authorities have preferred an appeal before Appellate Authorities (DRAT).

*3) Goodwill on acquisition of Mahindra Logisoft Business Solutions Limited (refer note 7 of schedule XIII)

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

^5) Refer note 7 of schedule XIII

Schedules forming part of the Consolidated Balance Sheet

Rs. in Million

		As at March 31, 2010	As at March 31, 2009
Schedule V			
INVESTMENTS:			
Long Term (Unquoted - at cost)			
Trade:			
In Subsidiary Company			
50,000 Equity shares (previous year 50,000) of Tech Mahindra Foundation of Rs. 10 each fully paid up		**1**	1
In Other Company			
1,603,380 E1 Preference shares (previous year 1,603,380) of Servista Limited of GBP 0.002 each fully paid up	**54**		54
896,620 E2 Preference shares (previous year 896,620) of Servista Limited of GBP 0.002 each fully paid up	**30**		30
4,232,622 Ordinary shares (previous year 4,232,622) of Servista Limited of GBP 0.002 each fully paid up	**1**		1
	85		85
Less: Provision for Diminution (refer note 9 of schedule XIII)	**85**	**-**	-
		1	86
Long Term (Quoted - at cost)			
Trade:			
501,843,740 (previous year Nil) equity shares of Satyam Computer Services Limited of Rs. 2/- each fully paid up (refer note 23 of schedule XIII)		**29,695**	-
Current Investments (Unquoted)			
Non Trade :			
Nil (previous year 49,678,303.91) units of Rs. Nil (previous year Rs.10.22) each of ICICI Prudential Flexible Income Plan -Daily Dividend	**-**		508
274,636 (previous year Nil) units of Rs. 100.04 (previous year Rs.Nil) each of ICICI Prudential Floating Rate Plan D-Daily Dividend	**28**		-
Nil (previous year 2,643,536) units of Rs. Nil (previous year Rs. 10.00) each of ICICI Prudential Floating Rate Plan D-Daily Dividend	**-**		26
Nil (previous year 76,159,600.72) units of Rs. Nil (previous year Rs.10.01) each of Birla Sunlife Short Term Fund-Institutional Daily Dividend	**-**		762
14,933,258 (previous year Nil) units of Rs. 10.42 (previous year Rs.Nil) each of Birla Sun Life Dynamic Bond Fund Retail Plan - Monthly Dividend	**155**		-

Schedules forming part of the Consolidated Balance Sheet

Rs. in Million

		As at March 31, 2010	As at March 31, 2009
Schedule V (Contd.)			
Nil (previous year 18,811,010) units of Rs. Nil (previous year Rs. 10.00) each of Birla Sun Life FTP-INSTL- Series AN Growth	**-**		188
11,063,320 (previous year Nil) units of Rs. 10.13 (previous year Rs.Nil) each of Birla Sunlife Short Term Fund- Institutional Fortnightly Dividend	**112**		-
Nil (previous year 44,627,133.83) units of Rs. Nil (previous year Rs. 17.10) each of Reliance Medium Term Fund-Daily Dividend Plan	**-**		763
5,305,538 (previous year 5,096,226) units of Rs. 10.01 (previous year Rs. 10.01) each of Birla Sun Life Savings Fund - Instl Weekly Dividend-Reinvestment	**53**		51
3,429,361 (previous year 3,294,976) units of Rs. 17.10 (previous year Rs. 17.10) each of Reliance Medium Term Fund- Daily Dividend Plan -Reinvestment	**59**		56
Nil (previous year 60,215,296.62) units of Rs. Nil (previous year Rs. 10.08) each of Kotak Floater Long Term-Daily Dividend	**-**		607
4,148,127 (previous year 4,019,271) units of Rs. 10.17 (previous year Rs. 10.08) each of Kotak Floater Long Term - Weekly Dividend	**42**		40
Nil (previous year 25,122,427.67) units of Rs. Nil (previous year Rs. 10.00) each of IDFC Money Manager Fund - TP -Super Instl Plan C - Daily Dividend	**-**		251
Nil (previous year 10,088,314.24) units of Rs.Nil (previous year Rs. 10.00) each of Fidelity Ultra Short Term Debt Fund	**-**		101
Nil (previous year 65,400,536.26) units of Rs. Nil (previous year Rs. 10.03) each of HDFC Cash Mgt Fund - Treasury Advantage Plan - wholesale	**-**		656
Nil (previous year 25,036,693.47) units of Rs. Nil (previous year Rs. 10.04) each of Tata Floater Fund	**-**		251
		449	4,260
		30,145	4,346
Market value of quoted investment		**46,345**	-

Schedules forming part of the Consolidated Balance Sheet

Rs in Million

		As at March 31, 2010	As at March 31, 2009
Schedule VI			
CURRENT ASSETS, LOANS AND ADVANCES:			
Current Assets:			
(a) **Sundry Debtors * :**			
(Unsecured)			
Debts outstanding for a period exceeding six months:			
- considered good **		**551**	229
- considered doubtful		**95**	85
		646	314
Other debts :			
- considered good ***		**9,869**	8,793
- considered doubtful		**-**	-
		10,515	9,107
Less: Provision		**95**	85
		10,420	9,022
1. * Debtors include on account of unbilled revenue aggregating to **Rs. 2,626 Million** (previous year Rs.719 Million)			
2. ** Net of advances aggregating to **Rs. 101 Million** (previous year Rs. 88 Million) pending adjustments with invoices			
3. *** Net of advances aggregating to **Rs. 71 Million** (previous year Rs.1,994 Million) pending adjustments with invoices			
(b) **Cash and Bank Balances :**			
Balance with scheduled banks:			
(i) In Current Accounts	**405**		4,504
(ii) In Fixed Deposit Accounts	**109**		129
Balance with other banks :			
In Current Accounts (refer note 31 of schedule XIII)	**1,673**		749
		2,187	5,382
(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	**1,478**		1,271
– considered doubtful	**20**		21
	1,498		1,292
Less : Provision	**20**		21
		1,478	1,271
MAT Credit Entitlement		**287**	281
Balance with Excise and Customs		**1,167**	602
Fair value of foreign exchange forward and currency option contracts (refer note 1(l)(b) of schedule XIII)		**2,797**	-
Advance Taxes (net of provisions)		**989**	795
Advance Fringe Benefit Tax (net of provisions)		**7**	4
		6,725	**2,953**

Schedules forming part of the Consolidated Balance Sheet

	As at March 31, 2010	As at March 31, 2009
		Rs. in Million
Schedule VII		
CURRENT LIABILITIES :		
Sundry Creditors	**4,610**	4,692
Fair value of foreign exchange forward and currency option contracts (refer note 1(l)(b) of schedule XIII)	**-**	1,179
Other Liabilities	**524**	722
Advance from Customers	**109**	144
Interest accrued but not due on loans	**649**	-
Unclaimed Dividend	**3**	1
	5,895	6,738
Schedule VIII		
PROVISIONS:		
Provision for Tax (net of advance taxes)	**739**	856
Proposed Dividend	**428**	-
Provision for Dividend Tax	**73**	-
Provision for Gratuity (refer note 12 of schedule XIII)	**770**	665
Provision for Leave Encashment	**760**	629
	2,770	2,150

Schedules forming part of the Consolidated Profit and Loss Account

			Rs. in Million
		Year ended March 31, 2010	Year ended March 31, 2009
Schedule IX			
OTHER INCOME (net):			
Interest on :			
Deposits with banks [Tax deducted at source **Rs. 1 Million** (previous year Rs. 4 Million)]	**115**		49
Others [Tax deducted at source **Rs. 46 Million** (previous year Rs. 0 Million)]	**6**		10
		121	59
Dividend received on current investments (non - trade)		**36**	85
Exchange gain / (loss) (net)		**216**	(719)
Profit on sale of current investments		**20**	-
Sundry balances written back		**239**	119
Rent income [Tax deducted at source **Rs.1 Million** (previous year Rs.5 Million)]		**28**	24
Miscellaneous income		**94**	54
		754	(378)
Schedule X			
PERSONNEL :			
Salaries and bonus		**18,643**	16,697
Contribution to provident and other funds		**1,315**	1,303
Staff welfare		**633**	598
		20,591	18,598

Schedules forming part of the Consolidated Profit and Loss Account

			Rs. in Million
		Year ended March 31, 2010	Year ended March 31, 2009
Schedule XI			
OPERATING AND OTHER EXPENSES:			
Power & fuel		**453**	369
Rent		**767**	842
Rates and taxes		**89**	107
Communication expenses		**765**	805
Traveling expenses (refer note 10 of schedule XIII)		**3,079**	3,368
Recruitment expenses		**51**	74
Training		**119**	128
Hire charges		**120**	146
Sub-contracting costs (net)		**4,789**	4,798
Professional and legal fees (refer note 13 of schedule XIII)		**433**	444
Repairs and maintenance :			
Buildings (including leased premises)	**37**		35
Machinery	**125**		99
Others	**137**		99
		299	233
Insurance		**181**	190
Software and hardware expenses		**2,328**	927
Advertising, marketing and selling expenses		**14**	27
Commission on income from services		**177**	122
(Profit) / Loss on sale of fixed assets (net)		**(0)**	12
Loss / (Gain) on sale of current investments (net)		**0**	64
Excess of cost over fair value of current investments		**0**	1
Provision for doubtful debts (net)		**27**	17
Provision for doubtful advances		**26**	11
Advances / bad debts written off		**6**	24
Donations		**74**	90
Consumption of components		**3**	2
Miscellaneous expenses		**537**	423
		14,337	13,224
Schedule XII			
FINANCE CHARGES :			
Interest :			
- Fixed loans		**1,770**	-
- Cash credit/ overdraft		**144**	4
- Others		**2**	21
Loan processing charges		**268**	-
		2,184	25

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

Schedule XIII

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

1. Significant accounting policies:

(a) Basis for preparation of accounts:

The accompanying Consolidated Financial Statements of Tech Mahindra Limited (TML) and its subsidiaries (together constitute "the Company") 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, 2010.

(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 gains 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 transactions 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) 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 up to 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.

All revenues from services, as rendered, are recognised when persuasive evidence of an arrangement exists, the sale price is fixed or determinable and collectability is reasonably assured and are reported net of sales incentives, discounts and indirect taxes.

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.

Unbilled revenues comprise revenues recognised in relation to efforts incurred on fixed-price and time and material contracts not billed as of the year end where services are performed in accordance with agreed terms.

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/ period 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 April 1, 2007 the Company designates some of 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 contracts / 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.

The accumulated gains and losses on the derivatives in reserves are transferred to Profit and Loss Account in the same period in which gains or losses on the item hedged are recognized 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. When hedge accounting is discontinued for a cash flow hedge, the net gain or loss will remain in reserves and be reclassified to Profit and Loss Account in the same period or periods during which the formerly hedged transaction is reported in Profit and Loss Account. 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 "Integral Foreign Operations" in terms of AS-11 with effect from April 1, 2009. The subsequent exchange differences arising on account of such translation is taken to Profit and Loss Account.

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 till March 31, 2009, 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. (refer note 12 below)

(b) Provident Fund :

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

(c) Compensated absences :

The Company provides for the encashment of leave subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment or availment.

The liability is provided based on the number of days of unavailed leave at balance sheet date on the basis of an independent actuarial valuation for TML and its Indian subsidiaries, whereas provision for encashment of unavailed leave on retirement is made on actual basis for Tech Mahindra (Americas) Inc. (TMA), Tech Mahindra GmbH (TMGMBH) and Tech Mahindra (Singapore) Pte. Ltd. (TMSL), TML does not expect the difference on account of varying methods to be material.

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 Alternate 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 Benefit Tax issued by The Institute of Chartered Accountants of India (ICAI).

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

(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, 2010
Tech Mahindra (Americas) Inc. [TMA]	United States of America	100%
Tech Mahindra GmbH (TMGMBH)	Germany	100%
Tech Mahindra (Singapore) Pte. Limited (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 (Americas) 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%
Mahindra Logisoft Business Solutions Limited (MLBSL)	India	100%
Tech Mahindra (Nigeria) Limited (TMNL) *Refer note (c) below*	Nigeria	100%
Tech Mahindra (Bahrain) Limited S.P.C. (TMBL)	Bahrain	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.

(c) TML is yet to infuse Share capital into TMNL and there have been no transactions for the period August 18, 2009 to March 31, 2010.

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, 2010 for TML **Rs. 2,677 Million** (previous year: Rs. 986 Million).

4. Contingent liabilities:

   i) TML has received demand notices from Income Tax Authorities resulting in a contingent liability of **Rs. 510 Million** (previous year: Rs. 263 Million). This is mainly on account of the following: (a) Disallowance of software maintenance activity, deduction under section 80HHE amounting to **Rs. Nil** (previous year: Rs. 38 Million) (b) Deduction under Section 10A amounting to **Rs. 494 Million** (previous year: Rs. 209 Million) in relation to adjustment of expenditure in foreign currency being excluded only from Export turnover and not from Total turnover. TML has already won the appeal before the Mumbai ITAT for the Assessment year 2002-03 & 2003-04. The Income Tax Department has filed the appeal before the High Court. TML has already won the appeal before the CIT (A) for Assessment Year 2004-05 & 2005-06. The Income Tax Department intends to pursue the matter before Mumbai ITAT and (c) an amount of **Rs. 16 Million** (previous year: Rs. 16 Million) relating to Fringe Benefit Tax. TML has appealed before Appellate Authorities and is hopeful of succeeding in the same.

ii) TML has received demand notices from Sales Tax Authority for **Rs. 148 Million** (previous year: Rs. Nil) towards a) purchases made from unregistered dealers for the financial year 1998-99 & 1999-00 of **Rs.130 Million**. TML has made an application for cancellation of ex-parte order before the Assessing Officer and same is under consideration and b) Software services classified under Works Contract Act for the financial year 2006-07 to 2008-09 of **Rs. 18 Million**. TML has filed an appeal before the Appellate Authority.

iii) TML has received demand notices from Service Tax Authority for **Rs. 13 Million** (previous year: Rs. Nil) towards services provided by company to be covered under Management consultancy services. TML has filed appeal against the same.

iv) TML and its subsidiary have bank guarantees outstanding **Rs. 582 Million** (previous year: Rs. 974 Million).

v) Claim on TML from Provident Fund authorities is **Rs. 2 Million** (previous year: Rs. 2 Million).

vi) Erstwhile, Tech Mahindra (R & D services) Limited (TMRDL) received a demand letter from Service Tax Authority towards service tax on marketing fees for the financial year 2006-07 for **Rs. 7 Million** (previous year: Rs. 7 Million). The above amount is paid by TML "Under Protest". TML is awaiting demand notice and would be filing an appeal against the same.

vii) Claim on TML not acknowledged as debts for Stamp duty matter is **Rs. 2 Million** (previous year: Rs. Nil). The above matter is subject to legal proceeding in the ordinary course of business. In the opinion of the management the legal proceeding, when ultimately concluded, will not have a material effect on result of operations or financial position of TML.

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

5. (a) TMRDL 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.

TMRDL 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 TML were adjusted against general reserves of TML.

Had the treatment based on Accounting Standard 14 on "Accounting for amalgamation" been 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.770 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 1, 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.

6. TML has on August 18, 2009 incorporated a Company in Nigeria under the name Tech Mahindra (Nigeria) Limited (TMNL). TMNL becomes a subsidiary of TML from that date as TML is a subscriber to the Memorandum of Association of that company. TML is yet to infuse share capital into TMNL.

7. TML has acquired Mahindra Logisoft Business Solutions Limited (MLBSL) on April 11, 2009 for consideration of **Rs. 112 Million**. As a result of MLBSL has become a wholly owned subsidiary of TML from that date.

8. TML has incorporated a new wholly owned subsidiary on November 3, 2009 namely Tech Mahindra (Bahrain) Limited S.P.C. (TMBL) and infused equity amounting to **Rs. 6 Million**.

9. In September 2008 TML had made investment of Rs. 85 Million resulting into 17.28% of the Share Capital of Servista Limited a leading European system integrator. With this investment TML has become Servista's exclusive delivery arm for three years and will assist Servista in securing more large scale European IT off shoring business. The business plan of Servista was adversely affected by the economic downturn and it continued to incur losses and therefore, Servista in June 2009 decided to close down its operations. In view of this, TML has made provision of **Rs. 85 Million** for diminution in the value of its investments in Servista, during the year ended March 31, 2010.

10. 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 TML 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, TML had provided tax liability without any dispensation benefit. TML 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 previous year, the excess of provision over liability, determined by the Inland Revenue, amounting to Rs. 673 Million has been written back to expenses.

11. During the year, a customer has restructured long term contracts with TML from April 1, 2009 which involves changes in commercial, including rate reduction, and other agreed contract terms. As per the amended contracts the customer has paid TML restructuring fees of **Rs. 9,682 Million**. The services under the restructured contracts would continue to be rendered over the life of the contract. The restructuring fees received would be amortized and recognized as revenue over the term of the contract on a straight line basis.

An amount of **Rs. 2,005 Million** has been recognized as revenue for the year from April 1, 2009 to March 31, 2010 and the balance amount of **Rs.7,677 Million** has been carried forward and disclosed as deferred revenue in the Balance Sheet.

12. 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. 536 Million** (previous year: Rs 511 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, 2010**	March 31, 2009
Projected benefit obligation, beginning of the year*	**696**	491
Service cost	**202**	174
Interest cost	**52**	38
Actuarial (gain)/ loss	**(126)**	(18)
Benefits paid	**(23)**	(20)
Trust Fund Receivable (erstwhile TMRDL)*	**(31)**	-
Projected benefit obligation, at the end of the year	**770**	665

*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, 2010 is as follows:

Rs. in Million

Particulars	**March 31, 2010**	March 31, 2009
Government of India Securities/ Gilt Mutual Funds	**9**	9
State Government Securities/ Gilt Mutual Funds	**5**	6
Public Sector Unit Bonds	**14**	14
Private Sector Bonds / Equity Mutual Funds	**0**	0
Mutual Funds	**1**	0
Bank Balance	**2**	2
Total	**31**	31

Components of expenses recognized in the statement of Profit and Loss Account for the year ended March 31, 2010:

Rs. in Million

Particulars	**March 31, 2010**	March 31, 2009
Net gratuity cost		
Service cost	**202**	174
Interest cost	**52**	38
Expected return on Plan Assets	**(2)**	-
Actuarial (gain) / loss	**(128)**	(18)
Total	**124**	194

Principal Actuarial Assumptions	**March 31, 2010**	March 31, 2009
Discount Rate	**7.6%**	7.6%
Rate of increase in compensation levels of covered employees	**9 % for the 1st Year 8 % thereafter**	4 % for the 1st Year 7 % for the next two years8.25% thereafter

- 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.

13. Payment to Auditors :

Rs. in Million

Particulars	**March 31, 2010**	March 31, 2009
Audit Fees	**6**	5
As advisor or in any other capacity in respect of taxation matters etc.	**-**	1
For other services	**5**	3
Reimbursement of out of pocket expenses	**0**	0
Total	**11**	9

14. Assets taken / given on Lease:

a) TML have 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 ended are **Rs. 18 Million** (previous year: Rs.13 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**	**Later than 5 years**
Minimum Lease rentals payable (previous year: Rs. 15 Million and Rs. 19 Million and Rs. Nil, respectively)	**16**	**19**	**Nil**

b) TML and its subsidiaries have taken premises on operating lease for a period of one to ten years. The lease rentals recognized in the Profit and Loss Account for the year ended March 31, 2010 are **Rs. 732 Million** (previous year: Rs. 805 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**	**Later than 5 years**
Minimum Lease rentals payable	**633**	**851**	**119**

c) TML has taken assets on operating lease for a period of one to three years. The lease rentals recognized in the Profit and Loss Account for the year ended March 31, 2010 are **Rs. 15 Million** (previous year: Rs. Nil). 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**	**Later than 5 years**
Minimum Lease rentals payable	**29**	**43**	**Nil**

d) TML has given premises on operating lease for a period of one to two years. The lease rentals recognized in the Profit and Loss Account for the year ended March 31, 2010 are **Rs. 25 Million** (previous year: Rs. Nil). The future lease receivable of operating lease are as follows:

Rs. in Million

Particulars	**Not later than 1 year**	**Later than 1 year not later than 5 years**	**Later than 5 years**
Minimum Lease rentals receivable	**29**	**19**	**Nil**

15. 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 others, which include non telecom vertical customers 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, 2010 **Rs. in Million**

Particulars	Telecom Service Provider	Telecom Equipment Manufacturer	Business Process Outsourcing	Others	Total
Revenues	39,740	2,644	2,660	1,210	46,254
Less : Direct Expenses	24,771	1,754	1,384	801	28,710
Segmental Operating Income	**14,969**	**890**	**1,276**	**409**	**17,544**
Less : Unallocable Expenses (net)					
Depreciation / Amortization					1,339
Finance Charges					2,184
Other Unallocable Expenses (net)					6,218
Total Unallocable Expenses (net)					**9,741**
Operating Income					**7,803**
Add : Other Income (net)					754
Less: Exceptional item (refer note 9 of schedule XIII)					85
Net Profit before tax					**8,472**
Less : Provision for Tax					
Current Tax (net of MAT credit)					1,525
Deferred tax benefit					(85)
Fringe Benefit Tax					-
Net Profit after tax before Minority Interest					**7,032**
Minority Interest					27
Net Profit					**7,005**

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:

Geography	**Rs. in Million**
Europe	27,123
Americas	13,579
Rest of world	5,552
Total	**46,254**

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, 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 Income	**16,047**	**651**	**1,281**	**290**	**18,269**
Less : Unallocable Expenses (net)					
Depreciation / Amortization					1,097
Finance charges					25
Other Unallocable Expenses (net)					5,444
Total Unallocable Expenses (net)					**6,566**
Operating Income					**11,703**
Add : Other Income (net)					(378)
Net Profit before tax					**11,325**
Less : Provision for Tax					
Current Tax (net of MAT credit)					1,225
Deferred tax benefit					(127)
Fringe Benefit Tax					81
Net Profit after tax before Minority Interest					**10,146**
Minority Interest					1
Net Profit					**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:

Geography	Rs. in Million
Europe	29,827
Americas	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.

16. 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, 2010**	March 31, 2009
Options outstanding at the beginning of the year	**253,360**	350,090
Options granted during the year	**-**	-
Options lapsed during the year	**26,640**	-
Options cancelled during the year	**(1,000)**	660
Options exercised during the year	**145,230**	96,070
Options outstanding at the end of the year	**82,490**	253,360

Out of the options outstanding at the end of the year, there are **82,490** (previous year: 253,360) (Net of exercised & lapsed) vested options, 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.

The details of the options are as under:

Particulars	**March 31, 2010**	March 31, 2009
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 **5,677,701** (previous year: 4,996,377) (Net of exercised & lapsed) vested options, which have not been exercised.

C) TML 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, 2010	March 31, 2009
Options outstanding at the beginning of the year	**3,736,868**	4,193,028
Options granted during the year	**86,500**	252,500
Options lapsed during the year	**-**	-
Options cancelled during the year	**216,930**	433,965
Options exercised during the year	**441,250**	274,695
Options outstanding at the end of the year	**3,165,188**	3,736,868

Out of the options outstanding at the end of the year, there are **1,685,668** (previous year: 1,188,133) (net of exercised & lapsed) vested options, which have not been exercised.

D) TML 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. 12 Million** (previous year: lower by Rs. 4 Million) and earnings per share as reported would be lower as indicated below:

Rs. in Million except earning per share

	Year ended	
Particulars	**March 31, 2010**	March 31, 2009
Net profit after tax and before exceptional item (As reported)	**7,117**	10,146
Less: Exceptional item	**85**	-
Net profit after tax	**7,032**	10,146
Less: Minority Interest	**27**	1
Net profit for the year	**7,005**	10,145
Less: Total stock-based employee compensation expense determined under fair value base method	**12**	4
Adjusted net profit	**6,993**	10,141
Basic earnings per share (in Rs.)		
- As reported	**57.41**	83.41
- Adjusted	**57.32**	83.37
Diluted earnings per share (in Rs.)		
- As reported	**53.72**	78.82
- Adjusted	**53.63**	78.79

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

Particulars	March 31, 2010	March 31, 2009
Dividend yield (%)	**4.01**	6.48
Expected life	**5 Years**	5 years
Risk free interest rate (%)	**6.99**	5.99
Volatility (%)	**59.89**	58.70

17. 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 Limited	Promoter holding more than 20% stake*
British Telecommunications, Plc.	Promoter holding more than 20% stake
Mahindra BT Investment Company (Mauritius) Limited	Promoter group company
Tech Mahindra Foundation#	100% subsidiary company
Mahindra Engineering & Chemical Products Limited	Fellow Subsidiary Company**
Mahindra Engineering Services Limited	Fellow Subsidiary Company**
Bristlecone India Limited	Fellow Subsidiary Company**
Mahindra World City (Jaipur) Limited	Fellow Subsidiary Company**
Mahindra Renault Private Limited	Fellow Subsidiary Company**
Mahindra Navistar Automotives Limited	Fellow Subsidiary Company**
Mahindra Logistics Limited	Fellow Subsidiary Company**
Mahindra Navistar Engines Private Limited	Fellow Subsidiary Company**
Mahindra Automotive Limited	Fellow Subsidiary Company**
Mahindra Hinoday Industries Limited	Fellow Subsidiary Company**
Mahindra Holdings Limited	Fellow Subsidiary Company**
Mahindra Lifespace developers	Fellow Subsidiary Company**
Mahindra Holidays and Resorts India Limited	Fellow Subsidiary Company**
Mahindra Punjab Tractors Private Limited	Fellow Subsidiary Company**
Mahindra World City Developers Limited	Fellow Subsidiary Company**
Mahindra First Choice Services Limited	Fellow Subsidiary Company**
Satyam Computer Services Limited	Associate Company
Satyam BPO Limited	Associate Company
Mr. Vineet Nayyar Vice Chairman Mr. Sanjay Kalra Chief Executive Officer	Key Management Personnel

* Holding Company up to March 22, 2010

** Fellow Subsidiary Company up to March 22, 2010

\# Section 25 Company not considered for consolidation

17. 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 Limited	Promoter holding more than 20% stake*
British Telecommunications, Plc.	Promoter holding more than 20% stake
Mahindra BT Investment Company (Mauritius) Limited	Promoter group company
Tech Mahindra Foundation#	100% subsidiary company
Mahindra Engineering & Chemical Products Limited	Fellow Subsidiary Company**
Mahindra Engineering Services Limited	Fellow Subsidiary Company**
Bristlecone India Limited	Fellow Subsidiary Company**
Mahindra World City (Jaipur) Limited	Fellow Subsidiary Company**
Mahindra Renault Private Limited	Fellow Subsidiary Company**
Mahindra Navistar Automotives Limited	Fellow Subsidiary Company**
Mahindra Logistics Limited	Fellow Subsidiary Company**
Mahindra Navistar Engines Private Limited	Fellow Subsidiary Company**
Mahindra Automotive Limited	Fellow Subsidiary Company**
Mahindra Hinoday Industries Limited	Fellow Subsidiary Company**
Mahindra Holdings Limited	Fellow Subsidiary Company**
Mahindra Lifespace developers	Fellow Subsidiary Company**
Mahindra Holidays and Resorts India Limited	Fellow Subsidiary Company**
Mahindra Punjab Tractors Private Limited	Fellow Subsidiary Company**
Mahindra World City Developers Limited	Fellow Subsidiary Company**
Mahindra First Choice Services Limited	Fellow Subsidiary Company**
Satyam Computer Services Limited	Associate Company
Satyam BPO Limited	Associate Company
Mr. Vineet Nayyar Vice Chairman Mr. Sanjay Kalra Chief Executive Officer	Key Management Personnel

* Holding Company up to March 22, 2010

** Fellow Subsidiary Company up to March 22, 2010

\# Section 25 Company not considered for consolidation

(b) Related Party Transactions for the year ended March 31, 2010:

Rs. in Million

Transactions	**Promoter Companies**	**Subsidiary Companies**	**Fellow Subsidiary Companies**	**Associate Companies**	**Key Management Personnel**
Reimbursement of Expenses (Net)-Paid/(Receipt)	**(166)** [(164)]	**-** [-]	**0** [-]	**(6)** [-]	**-** [-]
Income from Services	**22,367** [25,961]	**-** [-]	**23** [11]	**27** [-]	**-** [-]
Paid for Services Received	**58** [10]	**-** [-]	**17** [63]	**-** [-]	**-** [-]
Sub-contracting cost	**-** [-]	**-** [-]	**5** [42]	**425** [-]	**-** [-]
Investments made	**-** [-]	**-** [-]	**-** [-]	**29,695** [-]	**-** [-]
Dividend Paid	**-** [964]	**-** [-]	**-** [-]	**-** [-]	**-** [12]
Payment for acquisition of Mahindra Logisoft Business Solutions Limited	**57** [-]	**-** [-]	**55** [-]	**-** [-]	**-** [-]
Salary, Perquisites & Commission	**-** [-]	**-** [-]	**-** [-]	**-** [-]	**47** [23]
Stock Options	**-** [-]	**-** [-]	**-** [-]	**-** [-]	**-**** [-]
Rent Paid/Payable	**62** [63]	**-** [-]	**-** [-]	**19** [-]	**-** [-]
Donation Paid	**-** [-]	**65** [85]	**-** [-]	**-** [-]	**-** [-]
Rent Received/(Receivable)	**25** [-]	**-** [-]	**-** [-]	**-** [-]	**-** [-]
Purchase of Fixed Assets	**-** [4]	**-** [-]	**1** [1]	**5** [-]	**-** [-]
Restructuring fees received	**9,682** [-]	**-** [-]	**-** [-]	**-** [-]	**-** [-]
Debit / (Credit) balance (Net) (inclusive of unbilled) outstanding as on March 31, 2010	**4,242** [3,892]	**-** [-]	**57** [49]	**(357)** [-]	**(10)** [-]

Figures in brackets "[ ]"are for the previous year: ended March 31, 2009.

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

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

Rs. in Million

Transactions		Year ended March 31, 2010	Year ended March 31, 2009
Reimbursement of Expenses (net) - Paid/(Receipt)			
Promoter Company			
- *British Telecommunications Plc.*		**(167)**	(173)
Income from Services			
Promoter Company			
- *British Telecommunications Plc.*		**22,322**	25,885
Paid for Services Received			
Promoter Company			
- *Mahindra & Mahindra Limited*	**-**		8
- *British Telecommunications Plc.*	**57**		-
Fellow Subsidiary Company			
- *Mahindra Logistics Limited*	**17**		63
		74	71
Sub-contracting Cost			
Fellow Subsidiary Company			
- *Bristlecone India ltd.*	**-**		42
Associate Companies			
- *Satyam Computer Services Limited*	**381**		-
- *Satyam BPO Limited*	**44**		-
		425	42
Dividend Paid			
Promoter Companies			
- *Mahindra & Mahindra Limited*	**-**		511
- *British Telecommunications Plc*	**-**		358
		-	869
Payment for acquisition of Mahindra Logisoft Business Solutions Limited			
Promoter Company			
- *Mahindra & Mahindra Limited*	**57**		-
Fellow Subsidiary Company			
- *Mahindra Holdings Limited*	**55**		-
		112	-
Salary , Perquisites and Commission			
Key Management Personnel			
- *Mr. Vineet Nayyar*	**34**		23
- *Mr. Sanjay Kalra*	**13**		-
		47	23
Rent Paid/(Payable)			
Promoter Company			
- *British Telecommunications Plc.*	**62**		63
Associate Company			
- *Satyam Computer Services Limited*	**19**		-
		81	63

Rs. in Million

Transactions		Year ended March 31, 2010	Year ended March 31, 2009
Donation Paid Subsidiary Company *- Tech Mahindra Foundation*		**65**	85
		65	85
Rent Received/(Receivable) Promoter Company *- British Telecommunications Plc.*		**25**	-
		25	-
Purchase of Fixed Assets Promoter Company *- British Telecommunications Plc.*	**-**		4
Fellow Subsidiary Company *- Mahindra Navistar Automotives Ltd.*	**1**		1
Associate Company *- Satyam Computer Services Limited*	**5**		-
		6	5
Restructuring Fees Received Promoter Company *- British Telecommunications Plc.*		**9,682**	-

18. 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, 2010**	March 31, 2009
Deferred tax asset:		
Gratuity, Leave Encashment etc.	**164**	109
Doubtful Debts/Others	**13**	12
Preliminary Expenses	**2**	0
Carry forward of Net operating losses of a subsidiary	**2**	41
Depreciation	**95**	34
Total Deferred Tax Asset (Net)	**276**	196

19. Exchange gain/(loss)(net) accounted during the year:

a) TML 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 TML'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. These contracts are for a period between 1 day and 4 years.

b) The following are the outstanding GBP:USD Currency Exchange Contracts entered into by TML which have been designated as Cash Flow Hedges as at March 31, 2010:

Type of cover	**Amount outstanding at year end in Foreign currency (in Million)**	**Fair Value Gain / (Loss) (Rs. in Million)**
Forward	**GBP 137** (previous year: 70)	**281** (previous year: 340)
Option	**GBP 132** (previous year: 178)	**2,916** (previous year: 5,025)

The following are the outstanding USD: INR Currency Exchange Contracts entered into by TML which have been designated as Cash Flow Hedges as at March 31, 2010:

Type of cover	**Amount outstanding at year end in Foreign currency (in Million)**	**Fair Value Gain / (Loss) (Rs. in Million)**
Forward	**USD 382** (previous year: 250)	**1,192** (previous year: (1,370))
Option	**USD 291** (previous year: 368)	**(1,593)** (previous year: (4,931))

Net gain on derivative instruments of Rs.**1,149 Million** recognised in hedging reserve as of March 31, 2010 is expected to be reclassified to the Profit and Loss Account by March 31, 2011.

The movement in hedging reserve during year ended March 31, 2010 for derivatives designated as Cash Flow Hedges is as follows:

Rs. in Million

Particulars	**Year ended March 31, 2010**	Year ended March 31, 2009
Balance at the beginning of the year	**(936)**	851
Add/(Less) : Gain transferred to income statement on occurrence of forecasted hedge transaction	**(799)**	(130)
Changes in the fair value of effective portion of outstanding cash flow derivative	**3,677**	(1,657)
Balance at the end of the year	**1,942**	(936)

In addition to the above cash flow hedges, TML has outstanding Foreign Exchange Currency Options Contracts aggregating to **Rs.12,365 Million** whose fair value showed a gain of **Rs.1,656 Million.** Although these contracts are effective as hedges from an economic perspective, they do not qualify for hedge accounting and accordingly these are accounted as derivative instruments at fair value with changes in fair value recorded in the Profit and Loss Account and the cumulative gain of **Rs.94 Million** as at March 31, 2009 would be recycled to Profit and Loss Account as and when the cash flows materialise.

Exchange Gain of **Rs.799 Million** on foreign exchange forward contracts and currency options contracts have been recognised in the year ended March 31, 2010.

c) As at March 31, 2010, TML and its subsidiary have net foreign exchange exposures that are not hedged by a derivative instruments or otherwise amounting to **Rs. 4,324 Million** (previous year: Rs. 8,929 Million)

20. 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 subsidiary, during the year ended March 31, 2010 has decapitalized the gain amounting to **Rs. 4 Million** (previous year: Loss of Rs. 2.71 Million) arisen on translation of long term foreign currency monetary liabilities relating to acquisition of fixed assets. During the year the amortized amount of **Rs.1.20 Million** (previous year: Loss of Rs. 0.49 Million) has been amortized and the unamortized balance (gain) as at March 31, 2010 is **Rs. 0.63 Million** (previous year: Rs. 2.22 Million).

21. Earning Per Share is calculated as follows:

Rs. in Million except earnings per share

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Profit after taxation and before exceptional item	**7,117**	10,146
Less: Exceptional item	**85**	-
Profit after taxation and exceptional item	**7,032**	10,146
Less: Minority Interest	**27**	1
Net Profit	**7,005**	10,145
Equity Shares outstanding as at the end of the year (in nos.)	**122,320,114**	121,733,634
Weighted average Equity Shares outstanding as at the end of the year (in nos.)	**122,008,939**	121,631,914
Weighted average number of Equity Shares used as denominator for calculating Basic Earnings Per Share	**122,008,939**	121,631,914
Add: Diluted number of Shares		
ESOP outstanding at the end of the year	**8,378,782**	7,077,324
Number of Equity Shares used as denominator for calculating Diluted Earnings Per Share	**130,387,721**	128,709,238
Nominal Value per Equity Share (in Rs.)	**10.00**	10.00
Earning Per Share		
- Before Exceptional Item		
Earnings Per Share (Basic) (in Rs.)	**58.10**	83.41
Earnings Per Share (Diluted) (in Rs.)	**54.37**	78.82
Earning Per Share		
- After Exceptional Item		
Earnings Per Share (Basic) (in Rs.)	**57.41**	83.41
Earnings Per Share (Diluted) (in Rs.)	**53.72**	78.82

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

Rs. in Million

(A)	Balances with scheduled banks	As at March 31, 2010	As at March 31, 2009
	In Current accounts		
	HDFC Bank	**5**	1
	HDFC Bank-EEFC - USD	**-**	0
	HSBC Bank	**118**	74
	HSBC Bank-EEFC - GBP	**0**	4
	HSBC Bank-EEFC - USD	**68**	275
	IDBI Bank	**174**	345
	IDBI Bank-EEFC - USD	**14**	14
	IDBI Bank-Unclaimed dividend	**1**	1
	Kotak Mahindra Bank	**1**	1
	Punjab National Bank	**0**	50
	State Bank of India, UK in GBP	**20**	3,715
	State Bank of India, UK in USD	**1**	24
	HSBC Bank-Unclaimed dividend	**2**	-
	HDFC Bank-Unclaimed dividend	**1**	-
	ICICI Bank	**0**	-
		405	4,504

Rs. in Million

(B)	Balances with other banks	As at March 31, 2010	As at March 31, 2009
	In Current accounts		
	Bank of Italy, Italy	**0**	4
	HSBC Bank, Dubai	**1**	-
	HSBC Bank, Australia	**12**	16
	HSBC Bank, Belgium	**10**	2
	HSBC Bank, Canada	**28**	16
	HSBC Bank, Egypt	**1**	1
	HSBC Bank, NewZealand	**9**	33
	HSBC Bank, Taiwan - TWD	**2**	27
	HSBC Bank, Taiwan - USD	**2**	2
	HSBC Bank, United Kingdom - Euros	**59**	48
	HSBC Bank, United Kingdom - GBP-I	**97**	201
	HSBC Bank, United Kingdom - GBP-II	**21**	27
	HSBC Bank, United Kingdom - USD	**23**	24
	HSBC Bank, USA	**796**	202
	HSBC Bank,Philipines - PHP	**88**	68
	HSBC Bank,Philipines - USD	**0**	0

Rs. in Million

(B) Balances with other banks (Contd.)	As at March 31, 2010	As at March 31, 2009
Dresdner Bank AG, Germany	**12**	12
HSBC Bank, Germany	**22**	13
HSBC Bank, Singapore	**63**	21
HSBC Bank, Thailand	**3**	1
HSBC Bank, USA	**39**	-
Standard Chartered Bank, Singapore	**1**	1
HSBC Bank, Malaysia - USD	**0**	0
HSBC Bank, Malaysia - MYR	**3**	1
HSBC Bank, Indonesia - USD	**41**	15
HSBC Bank, China - USD	**1**	0
HSBC Bank, China - CNY	**0**	0
HSBC Bank, Bahrain - USD	**215**	**-**
Ahli United Bank - BD	**6**	-
HSBC Bank, Bahrain - BD	**120**	-
HSBC Bank, Indonesia - IDR	**0**	14
	1,673	749

Rs. in Million

(C) Balances in Fixed Deposit accounts	As at March 31, 2010	As at March 31, 2009
HDFC Bank	-	0
HSBC Bank	**1**	85
IDBI Bank	**11**	16
ICICI - Quantam Optima	**72**	-
Kotak Mahindra Bank	**1**	1
HSBC Bank, Germany	**24**	27
	109	129
Total (A + B + C)	**2,187**	5,382

23. TML through Venturbay Consultants Private Limited a wholly owned subsidiary, has acquired stake in Satyam Computer Services Limited (SCSL), on May 5, 2009 through preferential allotment, representing 31% of equity share capital .Thereafter the share holding has further increased to 42.70 % by July 10, 2009 through a combination of open offer and a further preferential allotment. As per the share subscription agreement dated April 13, 2009, these investments have lock in period of three years from the date of allotment. As a result of this investment SCSL has become an associate of TML as per Accounting Standard 23 "Accounting for Investments in associates in Consolidated Financial Statements".

Venturbay Consultants Private Ltd holds 42.67 % of the shareholding of SCSL as of March 31, 2010.

SCSL is in the process of restating its financial statements. The Honorable CLB vide its order dated April 16, 2009 has given extension of time till December 31, 2009 to SCSL for filing of the documents with various statutory authorities already due or to become due, the same is further extended till June 30, 2010 vide the Honorable CLB order dated October 15, 2009.

In the absence of audited financials the amount of goodwill / capital reserve in the investment value as at March 31, 2010 could not be computed and the investment in SCSL as at March 31, 2010 has been accounted for at cost. TML's share of profit / loss in SCSL and its subsidiaries for the year ended March 31, 2010 in accordance with Accounting Standard 23 "Accounting for investments in associates in consolidated financial statements" has not been accounted in the consolidated financial statements of the Company.

24. TML has outstanding secured Non Convertible Debentures, amounting to **Rs. 7,500 Million.**

Rs. in Million

Coupon rate	**Issue date**	**Terms of redemption**	**Earliest redemption date**	**Security**	**Amount**
10.25% p.a.	April 17, 2009	100% of face value of the debentures at the end of 4 years	April 17, 2013	see note (a) below	3,000
10.25% p.a.	April 17, 2009	100% of face value of the debentures at the end of 5 years	April 17, 2014	see note (a) below	3,000
7.25% p.a.	September 24, 2009	100% of face value on at the end of tenure or on exercise of call option whichever is earlier.	September 24, 2010	see note (b) below	750
7.75% p.a.	September 24, 2009	100% of face value on at the end of tenure or on exercise of call option whichever is earlier.	March 24, 2011	see note (b) below	750
Total					**7,500**

(a) Secured by pari passu charge over the immovable property located in Gujarat.

TML has also deposited the title deeds of certain other immovable properties of TML with the debenture trustees.

(b) Secured by pari passu charge over the immovable property located in Gujarat. Negative Lien over assets with carve out for secured creditors and lenders to all working capital facilities.

25. VCPL has incurred expenditure of **Rs. 588 Million** on acquisition of shares in SCSL, and the same has been added to the cost of investments.

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

27. As required by the Bahrain Commercial Companies Law and the Company's Articles of Association, 10% of the profit for each period is required to be transferred to a statutory reserve. The Company may resolve to discontinue such annual transfers when the reserve totals 50% of the issued share capital. Accordingly the Company has transferred fifty percent of share capital to statutory reserve during the current year. The reserve is not available for distribution, except in the circumstances stipulated in the Bahrain Commercial Companies Law.

28. 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

29. 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

Hon. Akash Paul
Director

Mr. Anupam Puri
Director

Mr. Bharat Doshi
Director

Mr. B.H. Wani
Director

Mr. M. Damodaran
Director

Mr. Nigel Stagg
Director

Mr. Paul Zuckerman
Director

Mr. Richard Cameron
Director

Dr. Raj Reddy
Director

Mr. Ravindra Kulkarni
Director

Mr. Ulhas N. Yargop
Director

Mr. Sonjoy Anand
Chief Financial Officer

Mr. Vikrant Gandhe
Company Secretary

Pune, Dated : April 30, 2010

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	44.89	16.83	387.47	701.92	297.61	-	4,099.91	227.10	88.73	138.37	-
2	Tech Mahindra GmbH	Germany	EURO	60.46	34.77	161.27	286.35	90.32	-	864.53	45.73	0.00	45.73	-
3	Tech Mahindra (Singapore) Pte. Limited	Singapore	SGD	32.05	1.60	89.33	127.28	36.35	-	369.29	20.57	1.28	19.28	-
4	Tech Mahindra (Thailand) Limited	Thailand	THB	1.39	6.93	5.29	25.09	12.87	-	25.28	0.74	-	0.74	-
5	Tech Mahindra Foundation	India	INR	1.00	0.50	389.26	389.83	0.07	-	73.85	0.48	-	0.48	-
6	PT Tech Mahindra Indonesia	Indonesia	USD	44.89	22.45	149.10	476.31	304.76	-	954.65	28.17	9.28	18.89	-
7	CanvasM Technologies Limited	India	INR	1.00	576.73	120.02	1,017.77	321.02	448.92	763.43	158.81	22.20	136.61	-
8	CanvasM (Americas) Inc.	USA	USD	44.89	0.00	3.07	138.55	135.47	-	439.48	3.09	0.77	2.33	-
9	Tech Mahindra (Malaysia) SDN. BHD	Malaysia	RM	13.74	4.30	6.13	91.41	80.99	-	179.20	4.61	-	4.61	-
10	Tech Mahindra (Beijing) IT Services Ltd.	China	CNY	6.57	17.32	(28.75)	2.30	13.72	-	0.60	(11.53)	-	(11.53)	-
11	Tech Mahindra (Bahrain) Ltd S.P.C.	Bahrain	BD	118.94	5.95	46.66	679.82	627.22	-	979.87	2.33	-	2.33	-
12	Tech Mahindra (Nigeria) Limited	Nigeria	NGN	-	-	-	-	-	-	-	-	-	-	-
13	Mahindra Logisoft Business Solutions Private Limited	India	INR	1.00	124.50	(34.93)	93.14	3.57	-	33.42	10.50		10.50	-
14	Venturbay Consultants Private Limited	India	INR	1.00	304.72	30,132.21	29,738.01	0.84		98.53	(709.70)	-	(709.70)	-

CORPORATE SOCIAL RESPONSIBILITY

The TechM Foundation creates and supports programs that bring about sustainable changes to the economically less privileged and socially disadvantaged in society.

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
Plot no 1, Phase III,
Rajiv Gandhi Infotech Park,
Hinjewadi, Pune 411 057
Tel: +91 20 4225 0000

Tech Mahindra Limited
Wing 1, Oberoi Estate Gardens,
Chandivali, Andheri (E),
Mumbai 400 072
Tel: +91 22 6688 2000
Fax: +91 22 2847 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 40098100

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 40301300

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 2 552 7027

Tech Mahindra Limited
No. 58, Sterling Regency,
Sterling Road, Nungambakkam,
Chennai 600034
Tel: +91 44 6 621 6000
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.
100 North Point Center East
Suite 305
Alpharetta GA 30022

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 # 101, San Jose, California
Tel: +1 408 960 5244

Tech Mahindra (Americas), Inc.
2018 156th Avenue NE,
Building F, Suite 111,
Bellevue, Washington - 98007

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 01908 553400
Fax : +44 01908 553499

Tech Mahindra Limited
7th & 8th floors, Riverside Tower,
5 Lanyon Place, Belfast
County Andrin BT1 3BT, NI

Tech Mahindra Limited
10th floor, City Tower,
40 Basinghall St
London, EC2V 5DE
Tel: +44 0207 2565324

Sweden

Tech Mahindra Limited
Årdalavägen 84, 12540 Älvsjö,
Stockholm, Sweden
Tel: +46 73 600 3400

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 51/52

Netherlands

Tech Mahindra Limited
Rijswijk Business Park, 6th Floor,
Einsteinlaan 10
2289 CC The Hague, Netherlands
Tel: +31 70 300 2301
Fax: +31 70 300 2111

UAE

Tech Mahindra Limited
5E/A. 727 & 729, DAFZA,
PO Box 54275, Dubai
Tel : +971 4 6091765
Fax : +971 4 6091770

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
No 1, Changi Business Park Avenue 1,
#04-02, Ultro Building, Singapore 486058
Tel: +65 6417 2000
Fax: +65 6417 2020

Australia

Tech Mahindra Limited
Level 32, 101 Miller Street, NSW 2060
Australia
Tel +61 2 8019 7250
Fax +61 2 8029 7070

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, Thailand
Tel: +66 22072346
Fax: + 66 22072347

Malaysia

Tech Mahindra (Malaysia) SDN. BHD.
Mahindra Satyam Malaysia Global
Solution Centre, Persiaran APEC,
63000 Cyberjaya Selangor, Malaysia
Tel: +603 8882 8000
Fax: +603 8882 8088

Indonesia

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

Philippines

Tech Mahindra Limited
4052, 40th Floor, PBCom Tower,
6795 Ayala Avenue. Cor VA Rufino
Streets, Makati City 1226, Philippines
Tel: +63 2 7899100
Fax: +63 2 7899001

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

INFOMEDIA 18 LIMITED