SATYAM COMPUTER SERVICES LTD
Form SC TO-T
June 08, 2009

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE TO

(RULE 14d-100)

TENDER OFFER STATEMENT UNDER SECTION 14(d)(1) OR 13(e)(1)

OF THE SECURITIES EXCHANGE ACT OF 1934

SATYAM COMPUTER SERVICES LIMITED

(Name of Subject Company (Issuer))

VENTURBAY CONSULTANTS PRIVATE LIMITED

and

TECH MAHINDRA LIMITED

(Names of Filing Persons (Offeror))

Common Shares, par value Rs. 2.0 per share

American Depositary Shares, each representing two Common Shares[1]

(Title of Class of Securities)

CUSIP Number for Common Shares: Y7530Q141;

CUSIP Number for American Depositary Shares: 804098101

(CUSIP Number of Class of Securities)

Milind Kulkarni

Vice President Finance

Tech Mahindra, Ltd.

Sharada Centre, Off Karve Road

Erandwane

Pune, 411 004, India

+91 20 6601 8100

(Name, Address and Telephone Number of Person Authorized to

Receive Notices and Communications on Behalf of Filing Persons)

Copies to:

Gina K. Gunning, Esq.

Peter E. Izanec, Esq.

Jones Day

901 Lakeside Avenue,

Cleveland, Ohio 44114

216-586-3939

[1] Only Common Shares may be tendered directly in the Offer

CALCULATION OF FILING FEE

Transaction Valuation*	**Amount of Filing Fee****
$251,013,172.91	$14,006.00

* Estimated for purposes of calculating the amount of the filing fee only. The amount assumes the purchase of a total of 199,079,413 shares of the outstanding Common Stock, par value Rs. 2 per share, at a price per share of Rs. 58 in cash. The exchange rate used to convert the transaction value in Rupees to U.S. dollars for purposes of calculating the filing fee is US$1.00 = Rs. 46.

** The amount of the filing fee equals $55.80 per $1 million of the transaction value and is estimated in accordance with Rule 0-11 under the Securities Exchange Act of 1934, as amended.

¨ Check the box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: N/A	Filing Party: N/A
Form or Registration No.: N/A	Date Filed: N/A

¨ Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.
Check the appropriate boxes below to designate any transactions to which the statement relates:

x third-party tender offer subject to Rule 14d-1.

¨ issuer tender offer subject to Rule 13e-4.

¨ going-private transaction subject to Rule 13e-3.

¨ amendment to Schedule 13D under Rule 13d-2.
Check the following box if the filing is a final amendment reporting the results of the tender offer: ¨

If applicable, check the appropriate box(es) below to designate the appropriate rule provision(s) relied upon:

¨ Rule 13e-4 (i) (Cross-Border Issuer Tender Offer).

x Rule 14d-1(d) (Cross-Border Third-Party Tender Offer).

SCHEDULE TO

This Tender Offer Statement on Schedule TO (Schedule TO) is being filed by Venturbay Consultants Private Limited, a private limited company organized under the laws of India (Venturbay), and Tech Mahindra Limited, a public limited company organized under the laws of India (Tech

Mahindra and together with Venturbay, the Purchaser), pursuant to Rule 14d-1(d) under the Securities Exchange Act of 1934, as amended (the Exchange Act), in connection with its open public offer to purchase for cash up to 199,079,413 shares of Common Stock, par value Rupees 2 per share (Shares) of Satyam Computer Services Limited, a public limited company organized under the laws of India (the Company), on the terms and subject to the conditions set forth in this Schedule TO and in the Letter of Offer, dated June 5, 2009 (the Letter of Offer), the related Form of Acceptance-cum-Acknowledgement and the ADS Letter of Transmittal, copies of which are attached hereto as Exhibits (a)(l)(A), (a)(l)(B) and (a)(1)(C), respectively (which, together with any supplements or amendments thereto, collectively constitute the Offer). The Letter of Offer was first mailed to holders of Shares on June 8, 2009.

The information in the Offer, including all schedules and annexes thereto, is hereby expressly incorporated herein by reference with respect to Items 1-11 of this Schedule TO, and as set forth below.

Item 1. Summary Term Sheet.
The information set forth in the Letter of Offer in the section titled Summary Term Sheet is incorporated herein by reference.

Item 2. Subject Company Information.
(a) The name of the issuer is Satyam Computer Services Limited. The address of the Company s principal executive offices is Satyam Infocity, Unit 12, Plot No. 35/36, Hi-tech City layout, Survey No. 64, Madhapur, Hyderabad 500 081, Andhra Pradesh, India. The Company s telephone number is +(91) 40 3063 6363.

(b) The title of the subject securities is Common Stock, par value Rupees 2 per share. As of May 5, 2009, the total number of Shares outstanding immediately after the Preferential Allotment (as defined in the Letter of Offer) was 976,722,347. As of May 5, 2009, the total number of American Depositary Shares, each representing two Shares, outstanding was 49,313,887. The information set forth in the Letter of Offer in the section titled Background of the Target Company is incorporated herein by reference.

(c) The information set forth in the Letter of Offer in the section titled Offer Price and Financial Arrangements is incorporated herein by reference.

Item 3. Identity and Background of Filing Person.
(a) The name of the filing persons are Venturbay Consultants Private Limited and Tech Mahindra Limited. The address of both Venturbay s and Tech Mahindra s principal executive offices is Sharada Centre, Off Karve Road, Erandwane, Pune, 411 004, India. The Purchaser s telephone number is +(91) 20 6601 8100. The information set forth in Annexure A attached hereto is incorporated herein by reference.

(b) The information set forth in the Letter of Offer in the section titled Background of the Acquirer and PAC is incorporated herein by reference.

(c) The information set forth in Annexure A attached hereto and in the Letter of Offer in the section titled Background of the Acquirer and PAC is incorporated herein by reference.

Item 4. Terms of the Transaction.
(a)(1)(i) (xii) The information set forth in the Letter of Offer on the cover page and in the sections titled Summary Term Sheet, Details of the Offer, Offer Price and Financial Arrangements, Terms and Conditions of the Offer, and Procedure for Acceptance and Settlement is incorporated herein by reference. No subsequent offering period will be available after the expiration of the Offer.

(a)(2)(i-vii) Not applicable.

Item 5. Past Contacts, Transactions, Negotiations and Agreements.

(a) Not applicable.

(b) The information set forth in the Letter of Offer in the section titled Details of the Offer is incorporated herein by reference. The Purchaser has appointed Mr. Vineet Nayyar, Mr. C.P. Gurnani, Mr. Sanjay Kalra, and Mr. Ulhas N. Yargop to the board of directors of the Company.

Item 6. Purposes of the Transaction and Plans or Proposals.

(a) The information set forth in the Letter of Offer in the sections titled Summary Term Sheet, Details of the Offer, Background of the Acquirer and PAC, Background of the Target Company, and Offer Price and Financial Arrangements is incorporated herein by reference.

(c)(1-7) The information set forth in the Letter of Offer in the sections titled Details of the Offer, Option to the Acquirer in Terms of Regulation 21(2), and Background of the Target Company is incorporated herein by reference.

Item 7. Source and Amount of Funds or Other Consideration.

(a) The information set forth in Annexure B attached hereto and in the Letter of Offer in the sections titled Summary Term Sheet and Offer Price and Financial Arrangements is incorporated herein by reference.

(b) The information set forth in Annexure B attached hereto and in the Letter of Offer in the sections titled Summary Term Sheet and Offer Price and Financial Arrangements is incorporated herein by reference.

(d) The information set forth in the Letter of Offer in the sections titled Summary Term Sheet and Offer Price and Financial Arrangements, as well as the supplemental information set forth in Annexure B attached hereto, are incorporated herein by reference.

Item 8. Interest in Securities of the Subject Company.

(a) The information set forth in the Letter of Offer in the sections titled Summary Term Sheet, Details of the Offer, and Background of the Acquirer and PAC is incorporated herein by reference.

(b) The information set forth in the Letter of Offer in the sections titled Summary Term Sheet, Details of the Offer, and Background of the Acquirer and PAC is incorporated herein by reference.

Item 9. Persons/Assets, Retained, Employed, Compensated or Used.

(a) No persons or classes of persons are directly or indirectly employed, retained or to be compensated to make solicitations or recommendations in connection with the Offer.

Item 10. Financial Statements.

(a) The information set forth in Annexures C and D attached hereto and in the Letter of Offer in the sections titled Background of the Acquirer and PAC and Summary of Significant Differences Between U.S. GAAP and Indian GAAP is incorporated herein by reference.

(b) Not applicable.

Item 11. Additional Information.

(a)(1) Not applicable.

(a)(2) The information set forth in the Letter of Offer in the sections titled Summary Term Sheet, Details of the Offer, Background of the Target Company, Terms and Conditions of the Offer, and Procedure for Acceptance and Settlement is incorporated herein by reference.

(a)(3) The information set forth in the Letter of Offer in the section titled Terms and Conditions of the Offer is incorporated herein by reference.

(a)(4) The ADSs are currently margin securities under the regulations of the Board of Governors of the Federal Reserve System, which regulations have the effect, among other things, of allowing brokers to extend credit on the collateral of the ADSs for the purpose of buying, carrying or trading in securities (Purpose Loans). Depending upon factors, such as the number of record holders of Shares and the number and market value of publicly held Shares, following the purchase of Shares underlying the ADSs pursuant to the Offer, the ADSs might no longer constitute margin securities for purposes of the Federal Reserve Board of Governors margin regulations, and, therefore, could no longer be used as collateral for Purpose Loans made by brokers. In addition, if registration of the ADSs under the Exchange Act were terminated, the ADSs would no longer constitute margin securities.

(a)(5) None.

(b) The information set forth in the Letter of Offer, the related Form of Acceptance-cum-Acknowledgement and ADS Letter of Transmittal, copies of which are filed as Exhibits (a)(l)(A), (a)(l)(B) and (a)(1)(C) hereto, respectively, is incorporated herein by reference.

Item 12. Exhibits.

(a)(1)(A)	Letter of Offer, dated June 5, 2009
(a)(1)(B)	Form of Acceptance-cum-Acknowledgement
(a)(1)(C)	ADS Letter of Transmittal
(a)(1)(D)	Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees
(a)(1)(E)	Form of Letter to Clients for Use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees
(a)(2)-(5)	Not applicable
(b)(1)	Subscription Cum Option Agreement among Tech Mahindra Limited and Venturbay Consultants Private Limited and Tata Capital Limited, dated April 16, 2009 (filed as Exhibit 99.5 to the Purchaser s Amendment No. 1 to Schedule 13D filed on June 8, 2009 and incorporated herein by reference).
(b)(2)	Subscription Cum Option Agreement among Tech Mahindra Limited and Venturbay Consultants Private Limited and Infrastructure Development Finance Company Limited, dated April 16, 2009 (filed as Exhibit 99.6 to the Purchaser s Amendment No. 1 to Schedule 13D filed on June 8, 2009 and incorporated herein by reference).
(c)	Not applicable
(d)(1)	Share Subscription Agreement, dated April 13, 2009, by and among the Company, Venturbay and Tech Mahindra (filed as Exhibit 99.1 to the Purchaser s Schedule 13D filed on May 15, 2009)
(d)(2)	Public Announcement to the Shareholders of the Company, issued by Kotak Mahindra Capital Company Limited, for and on behalf of Venturbay and Tech Mahindra, dated April 22, 2009 (filed as Exhibit 99.1 to the Purchaser s Schedule TO filed on April 22, 2009 and incorporated herein by reference)
(d)(3)	Standstill Agreement, dated March 24, 2009, by and between Venturbay and the Company (filed as Exhibit 99.3 to the Purchaser s Schedule 13D filed on May 15, 2009)
(d)(4)	Standstill Agreement, dated March 24, 2009, by and between Tech Mahindra and the Company (filed as Exhibit 99.4 to the Purchaser s Schedule 13D filed on May 15, 2009)
(g)	Not applicable
(h)	Not applicable

Item 13. Information Required by Schedule 13E-3

Not Applicable.

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: June 8, 2009

VENTURBAY CONSULTANTS

PRIVATE LIMITED

By: /s/ MILIND KULKARNI
Milind Kulkarni

Director

TECH MAHINDRA LIMITED

By: /s/ MILIND KULKARNI
Milind Kulkarni

Vice President Finance

EXHIBIT INDEX

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(g)	Not applicable
(h)	Not applicable

ANNEXURE A

CERTAIN INFORMATION REGARDING THE PERSONS CONTROLLING VENTURBAY CONSULTANTS PRIVATE LIMITED AND TECH MAHINDRA LIMITED

I. Venturbay Consultants Private Limited

Directors

NAME	PRINCIPAL OCCUPATION	PRINCIPAL BUSINESS	BUSINESS ADDRESS
Mr. Vineet Nayyar	Vice Chairman, Managing Director & Chief Executive Officer, Tech Mahindra Limited	IT Services	Sharda Centre, Off Karve Road, Erandwane, Pune, 411 004, India
Mr. Atanu Sarkar	Vice President & Chief Legal Officer, Tech Mahindra Limited	IT Services	Sharda Centre, Off Karve Road, Erandwane, Pune, 411 004, India
Mr. Milind Kulkarni	Vice President Finance, Tech Mahindra Limited	IT Services	Sharda Centre, Off Karve Road, Erandwane, Pune, 411 004, India
Mr. Paul Ringham	Commercial Director, British Telecom plc.	IT Services	Sharda Centre, Off Karve Road, Erandwane, Pune, 411 004, India
Mr. Sonjoy Anand	Chief Financial Officer, Tech Mahindra Limited	IT Services	Sharda Centre, Off Karve Road, Erandwane, Pune, 411 004, India
Mr. Ulhas N. Yargop	President - IT Sector, Mahindra & Mahindra Limited	Automobile and Tractor Manufacturing	Gateway Building, Apollo Bunder, Mumbai, 400 001, India

Venturbay does not have any executive officers.

Other than for Mr. Ringham (British national), each of the directors listed above is a citizen of India.

The filing of this Statement on Schedule TO shall not be construed as an admission that any of such individuals is, for the purposes of Section 13(d) or 13(g) of the Exchange Act, the beneficial owner of any securities covered by this statement on Schedule TO.

II. Tech Mahindra Limited

Directors

NAME	PRINCIPAL OCCUPATION	PRINCIPAL BUSINESS	BUSINESS ADDRESS
Mr. Anand G. Mahindra	Non-Executive Chairman, Tech Mahindra Limited and Vice Chairman and Managing Director of Mahindra & Mahindra Limited	Automobile and Tractor Manufacturing	Gateway Building, Apollo Bunder, Mumbai, 400 001, India
Mr. Vineet Nayyar	Vice Chairman, Managing Director & Chief Executive Officer, Tech Mahindra Limited	IT Services	Sharda Centre, Off Karve Road, Erandwane, Pune, 411 004, India
Hon. Akash Paul	Director, Caparo Group, UK	Manufacturing	Caparo House, 103 Baker Street, London W1U 6LN
Mr. Arun Seth	Chairman, BT India Private Limited	Telecom Services	1st Floor, Tower B, DLF Centre Court, Phas V, DLF City, Golf Course Sector Road, Gurgaon 122002
Mr. Bharat N. Doshi	Executive Director, Mahindra & Mahindra Limited	Automobile and Tractor Manufacturing	Gateway Building, Apollo Bunder, Mumbai, 400 001, India
Mr. B. H. Wani	Consultant solicitor	Solicitor	B-20 Alice Court, Mogul Lane, Mahim, Mumbai 16, India
Mr. Clive Goodwin	Director International Development, BT Wholesale Markets	Telecommunications	1 City Place, Gatwick, West Sussex RH6 0PA
Mr. M. Damodaran	Chief Representative and Advisor, India - ING Groep Amsterdam	Financial Services	Mezzanine Floor, Pragati Bhawan, Jai Singh Road,

			New Delhi 100 001, India
Mr. Anupam Pradip Puri	Advisor, Corsair Capital	Financial Services	717 Fifth Avenue, New York, New York 10022, United States of America
Mr. Al-Noor Ramji	CEO / CIO, British Telecommunications Plc.	Telecommunications	BT Centre, 81 Newgate Street, London EC1A 7AJ, United Kingdom

NAME	PRINCIPAL OCCUPATION	PRINCIPAL BUSINESS	BUSINESS ADDRESS
Mr. Paul Ringham	Commercial Director, British Telecommunications Plc.	Telecommunications	BT Centre, 81 Newgate Street, London, EC1A 7AJ, United Kingdom
Mr. Ulhas N. Yargop	President - IT Sector, Mahindra & Mahindra Limited	Automobile and Tractor Manufacturing	Gateway Building, Apollo Bunder, Mumbai, 400 001, India
Mr. Paul Zuckerman	Executive Chairman Zuckerman & Associates Limited	Consulting Services	105 Grosvenor Road, London, SW1V 3LG, United Kingdom
Dr. Raj Reddy	Professor, Carnegie Mellon University	Education	5000 Forbes Ave Pittsburgh, PA 15213, United States of America
Mr. Ravindra Kulkarni	Senior Partner, Khaitan & Co.	Solicitor	Meher Chambers R K Marg, Ballard Estate Mumbai 400 001, India

Other than Mr. Ramji (British national), Mr. Puri (United States citizen), Mr. Goodwin (British national), Mr. Ringham (British national), Mr. Zuckerman (British national), and Dr. Raj Reddy (United States citizen) each of the directors listed above is a citizen of India.

Executive Officers

NAME	POSITION
Vineet Nayyar	Vice Chairman, Managing Director & Chief Executive Officer
Sanjay Kalra	President
L. Ravichandran	Executive Vice President and Chief Operating Officer
Rakesh Soni	Executive Vice President and Chief Operating Officer
C.P. Gurnani	President, International Operations
Sujit Baksi	President, Corporate Affairs
Sonjoy Anand	Chief Financial Officer
Atul Kunwar	Chief Business Development Officer

The principal occupation of each of the executive officers listed above is serving as an employee of Tech Mahindra Limited in their respective capacity listed above. Each of the executive officers listed above is a citizen of India and the principal business address of each such individual is c/o Tech Mahindra Limited, Sharda Centre, Off Karve Road, Erandwane, Pune, 411 004, India, telephone +91 20 6601 8100.

The filing of this Statement on Schedule TO shall not be construed as an admission that any of such individuals is, for the purposes of Section 13(d) or 13(g) of the Exchange Act the beneficial owner of any securities covered by this statement on Schedule TO.

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ANNEXURE B

The source of funds used to acquire Shares by Venturbay (including the funds anticipated to be used to acquire Shares in the Offer) was from internal resources, optionally convertible domestic debt, equity by Tech Mahindra in Venturbay and debt extended by Tech Mahindra to Venturbay. The total consideration used to purchase the Shares in the issuance of Shares by the Company to Venturbay (the Initial Allotment) was Rs. 17,56,03,30,966 (approximately US$351 million based on an exchange rate of Rs. 50 to US$1). In connection with Venturbay s anticipated acquisition of Shares in the Initial Allotment and Offer, (1) Tech Mahindra has infused funds in Venturbay by using cash on hand, which includes funds that Tech Mahindra previously had available to it for general corporate purposes such as capital expenditures and working capital needs, and (2) Venturbay raised capital through the issuance of optionally convertible debentures (as described in more detail in the next sentence). In connection with its acquisition of the Shares, Venturbay has issued optionally convertible debentures to various institutional investors for an aggregate consideration of Rs. 550 Crores (approximately US$110 million based on the above-stated exchange rate) in the aggregate, at an effective interest rate of approximately 15%, which indebtedness matures over a period of three years or may be converted into equity at the end of three years. It is anticipated that this indebtedness will be paid from proceeds from operations and/or future capital raising transactions.

Separately, Tech Mahindra has borrowed Rs. 1450 Crores (approximately US$290 million based on the above-stated exchange rate) from various banks, mutual funds, institutions & non banking financial institutions at an effective interest rate of approximately 10%, which indebtedness matures over a period of one to five years. This indebtedness has been incurred in connection with Tech Mahindra s anticipated need for increased working capital & capital expenditures in the coming years. It is anticipated that this indebtedness also will be paid from proceeds from operations and/or future capital raising transactions.

ANNEXURE C

TECH MAHINDRA LIMITED

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

As per our attached report of even date

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

TECH MAHINDRA LIMITED

Schedules forming part of the Consolidated Balance Sheet

	Rs. in Million		
	As at March 31, 2009		**As at March 31, 2008**
Schedule I			
SHARE CAPITAL:			
Authorised:			
175,000,000 (previous year 175,000,000) Equity Shares of Rs. 10.00 each.	**1,750**		1,750
	1,750		1,750
Issued, Subscribed and Paid-up:			
121,733,634 (previous year 121,362,869) Equity Shares of Rs.10.00 each fully paid-up.	**1,217**		1,214
	1,217		1,214

Notes:

1 Out of the above 9,931,638 (previous year 9,931,638) Equity Share of Rs. 10 each fully paid-up are held by Mahindra BT Investment Company (Mauritius) Limited, a subsidiary of Mahindra and Mahindra Ltd and 53,776,252 (previous year 53,776,252) equity shares of Rs. 10 each are held by Mahindra & Mahindra Ltd., the ultimate holding company.

2 The above includes 51,000,100 and 25,000,000 Equity Shares originally of Rs. 2 each issued as fully paid-up bonus shares by capitalisation of balance of Profit and Loss Account and General Reserve, respectively.

3 The company had consolidated 5 equity shares of face value Rs. 2 each into 1 equity share of face value Rs. 10 each

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

5 Refer note 15 of schedule XIII for stock options.

Schedule II			
RESERVES AND SURPLUS:			
General Reserve:			
As per last Balance Sheet	**2,714**		1,014
Add: Transfer from Profit and Loss Account	**1,000**		1,700
Less: Transfered on Amalgamation	**1,013**		
(refer note of 6 (a) schedule XIII)			
		2,701	2,714
Securities Premium:			
As per last Balance Sheet	**2,303**		2,293
Add : Received during the year	**27**		10
		2,330	2,303
Currency Translation Reserve			
As per last Balance Sheet	**28**		21
Add: Transfered on Amalgamation	**5**		
Addition during the period	**77**		7
		105	28

Profit / (Loss) on cash flow hedges (refer Note 1 (l) of schedule XIII)		**(936)**	851
Balance in Profit and Loss Account	**14,036**		5,462
Less: Transfered on Amalgamation	**22**		
		14,014	5,462
		18,214	11,358

TECH MAHINDRA LIMITED

Schedules forming part of the Consolidated Balance Sheet (Continued)

		Rs. in Million	
		As at March 31, 2009	**As at March 31, 2008**
Schedule III			
LOAN FUNDS:			
Unsecured Loan:			
Overdraft from bank			300
			300
Schedule V			
INVESTMENTS			
Long Term (Unquoted-at cost)			
Trade:			
In Subsidiary Companies			
50,000 Equity shares (previous year 50,000) of Tech Mahindra Foundation of Rs. 10 each fully paid up		1	1
In Other Companies			
1,603,380 E1 Preference shares (previous year Nil) of Servista Limited of GBP 0.002 each fully paid up (refer note 23 of schedule XIII)		54	
896,620 E2 Preference shares (previous year Nil) of Servista Limited of GBP 0.002 each fully paid up (refer note 23 of schedule XIII)		30	
4,232,622 Ordinary shares (previous year Nil) of Servista Limited of GBP 0.002 each fully paid up (refer note 23 of schedule XIII)		1	
		85	
Current Investments (Unquoted)			
Non Trade:			
Nil (previous year 3,071.62) units of Rs. Nil (previous year Rs. 1,000.60) each of DSP Merrill Lynch Liquidity Plus Institutional Plan-daily dividend			3
Nil (previous year 50,544.74) units of Rs. Nil (previous year Rs. 1,001.59) each of DSPML Liquidity Plus Institutional Plan-weekly dividend			51
49,678,303.91 (previous year Nil) units of Rs. 10.22 (previous year Rs. Nil) each of ICICI Prudential Flexible Income Plan-Daily Dividend	**508**		
2,643,536.00 (previous year Nil) units of Rs. 10.00 (previous year Rs. Nil) each of ICICI Prudential Floating Rate Plan D-Daily Dividend	**26**		
76,159,600.72 (previous year Nil) units of Rs. 10.01 (previous year Rs. Nil) each of Birla Sunlife Short Term Fund-Institutional Daily Dividend	**762**		
18,811,010.00 (previous year Nil) units of Rs. 10.00 (previous year Rs. Nil) each of Birla Sun Life FTP-INSTL-Series AN Growth	**188**		
44,627,133.83 (previous year Nil) units of Rs. 17.10 (previous year Rs. Nil) each of Reliance Medium Term fund-Daily Dividend Plan	**763**		
5,096,226.00 (previous year Nil) units of Rs. 10.01 (previous year Rs. Nil) each of Birla Sun Life Savings Fund Instl-Weekly Dividend-Reinvestment	**51**		
3,294,976.00 (previous year Nil) units of Rs. 17.10 (previous year Rs. Nil) each of Reliance Medium Term Fund-Daily Dividend Plan-Reinvestment	**56**		

TECH MAHINDRA LIMITED

Schedules forming part of the Consolidated Balance Sheet (Continued)

		Rs. in Million	
		As at March 31, 2009	**As at March 31, 2008**
Nil (previous year 1,122,894.45) units of Rs. Nil (previous year Rs.10.56) each of ICICI Prudential Flexible Income Plan-dividend weekly			12
Nil (previous year 18,811,010.00) units of Rs. Nil (previous year Rs. 10.00) each of Birla Sun Life FTP-INSTL-Series AN Growth			188
Nil (previous year 1,179,151.03) units of Rs. Nil (previous year Rs.10.03) each of HSBC Liquid Plus Institutional Plus-weekly dividend			12
Nil (previous year 15,647,449.00) units of Rs. Nil (previous year Rs. 10.00) each of Kotak Flexi Debt Scheme-Daily dividend			157
60,215,296.62 (previous year Nil) units of Rs. 10.08 (previous year Rs. Nil) each of Kotak Floater Long Term-Daily dividend	**607**		
4,019,271.00 (previous year Nil) units of Rs. 10.08 (previous year Rs. Nil) each of Kotak Floater Long Term-Weekly Dividend	**40**		
Nil (previous year 15,500,000.00) units of Rs. Nil (previous year Rs. 10.00) each of Standard Chartered Fixed Maturity Plan			155
Nil (previous year 2,752,230) units of Rs. Nil (previous year Rs. 10.02) each of Birla Sunlife Liquid Plus Fund			27
25,122,427.67 (previous year Nil) units of Rs. 10.00 (previous year Rs. Nil) each of IDFC Money Manager Fund-TP-Super Instl Plan C-Daily dividend	**251**		
10,088,314.24 (previous year Nil) units of Rs. 10.00 (previous year Rs. Nil) each of Fidelity Ultra Short Term Debt Fund	**101**		
65,400,536.26 (previous year Nil) units of Rs. 10.03 (previous year Rs. Nil) each of HDFC Cash Mgt Fund-Treasury Advantage Plan-wholesale-Daily Dividend	**656**		
25,036,693.47 (previous year Nil) units of Rs. 10.04 (previous year Rs. Nil) each of Tata Floater Fund	**251**		
Nil (previous year 2,750,662.00) units of Rs. Nil (previous year Rs. 10.03) each of Kotak Mutual Fund-Flexi debt scheme			27
		4,260	632
		4,346	633
Schedule VI			
CURRENT ASSETS, LOANS AND ADVANCES:			
Current Assets:			
(a) Sundry Debtors *:			
(Unsecured)			
Debts outstanding for a period exceeding six months:			
: considered good **		**229**	1,153
: considered doubtful		**85**	92
		314	1,245
Other debts, considered good ***		**8,793**	9,813
considered doubtful			2
		9,107	11,060
Less: Provision		**85**	95
		9,022	10,965

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TECH MAHINDRA LIMITED

Schedules forming part of the Consolidated Balance Sheet (Continued)

		Rs. in Million As at March 31, 2009		As at March 31, 2008
1. * Debtors include on account of unbilled revenue aggregating to **Rs. 719 Million** (previous year Rs. 3,189 Million)				
2. ** Net of advances aggregating to **Rs. 88 Million** (previous year Rs. 98 Million) pending adjustments with invoices				
3. *** Net of advances aggregating to **Rs. 1,994 Million** (previous year Rs. 169 Million) pending adjustments with invoices				
(b) Cash and Bank Balances:				
Balance with scheduled banks:				
(i) In Current Accounts	**4,504**			493
(ii) In Fixed Deposit Accounts	**129**			37
Balance with other banks:				
(i) In Current Accounts	**749**			446
(refer note 21 of schedule XIII)				
		5,382		976
(c) Loans and Advances:				
(Unsecured, Considered good unless otherwise stated)				
Advances recoverable in cash or in kind or for value to be received considered good	**1,271**			2,121
considered doubtful	**21**			10
	1,292			2,131
Less: Provision	**21**			10
		1,271		2,121
MAT Credit Entitlement		**281**		
Balance with Excise and Customs		**602**		
Fair value of foreign exchange forward and option contracts				1,036
(refer Note 1 (l) (b) of schedule XIII)				
Advance Taxes (net of provisions)		**795**		447
Advance FBT (net of provisions)		**4**		
		2,953		3,604
Schedule VII				
CURRENT LIABILITIES:				
(a) Sundry Creditors		**4,692**		5,119
(b) Fair values of foreign exchange forward and currency option contracts (refer note 1(l)(b) of schedule XIII)		**1,179**		
(c) Other Liabilities		**722**		1,385
(d) Advance from Customers		**144**		
(e) Unclaimed Dividend		**1**		1
		6,738		6,505
Schedule VIII				
PROVISIONS:				
Provision for tax (net of advance taxes)		**856**		795
Provision for Fringe Benefit Tax (net of advance taxes)				6

Proposed Dividend		668
Provision for Dividend tax		113
Provision for Gratuity (refer note 10 schedule XIII)	**665**	491
Provision for Leave Encashment	**629**	690
	2,150	2,763

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TECH MAHINDRA LIMITED

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

As per our attached report of even date

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

TECH MAHINDRA LIMITED

Schedules forming part of the Consolidated Profit and Loss Account

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

TECH MAHINDRA LIMITED

Schedules forming part of the Consolidated Profit and Loss Account (Continued)

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

TECH MAHINDRA LIMITED

Schedules forming part of the Consolidated Balance Sheet

Schedule IV

FIXED ASSETS

Rs in Million

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

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

#2) Includes capital advance of Rs. 243 Million (previous year Rs. 254 Million) paid towards purchase of leasehold land and building constructed on it and inclusive of plant and machinery (Property) under an auction through Debt Recovery Tribunal (DRT), New Delhi. The owner of the property has filed an appeal before The Hon ble Debt Recovery Appallate Tribunal (DRAT) against the auction. DRAT vide its order dated October 9, 2007, has directed that the auction can proceed but the confirmation of the sale shall be subject to further orders by DRAT.

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

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

TECH MAHINDRA LIMITED

Consolidated Cash flow for the year ended March 31, 2009

	Particulars		**Rs. in Million March 31 2009**	**March 31 2008**
A	**Cash flow from operating activities**			
	Net profit before taxation and exceptional item		11,325	8,443
	Less:			
	Exceptional item			(4,401)
			11,325	4,042
	Adjustments for			
	Depreciation / Amortisation	1,097		796
	Loss on sale of Fixed Assets, (net)	12		4
	Interest expense	25		62
	Decrease in fair value of current investment	1		
	Exchange loss/(gain) (net)	353		(251)
	Currency translation adjustment	77		7
	Dividend from current investments	(85)		(70)
	Interest income	(59)		(46)
	(Profit)/Loss on sale of current investments	64		(43)
			1,485	459
	Operating profit before working capital changes		12,810	4,501
	Adjustments for:			
	Trade and other receivables	2,293		(3,589)
	Trade and other payables	(976)		2,033
			1,317	(1,556)
	Cash generated from operations before tax		14,127	2,945
	Income taxes paid	(1,902)		(999)
			(1,902)	(999)
	Net cash from / (used in) operating activities		12,225	1,946
B	**Cash flow from investing activities**			
	Additional consideration on acquisition of subsidiary			98
	Purchase of Fixed Assets	(2,513)		(2,394)
	Purchase of current investments	(12,824)		(5,021)
	Sale of current investments	9,131		5,410
	Acquisitions / Investments	(85)		
	(refer note 7 and 23 of schedule XIII)			
	Sale of Fixed Assets	2		3
	Interest received	66		48
	Dividend received on current investments	85		61
	Net cash from /(used in) investing activities		(6,138)	(1,795)
C	**Cash flow from financing activities**			
	Proceeds from issue of shares (including Securities Premium)	31		11
	Payment of principal on car lease			(14)
	Share application money	1		
	Dividend (including dividend tax paid)	(1,352)		

Proceeds/(repayment) from/of borrowing	(300)		167
Interest paid	(25)		(62)
Net cash from / (used in) financing activities		(1,645)	102
Net increase/(decrease) in cash and cash equivalents (A+B+C)		4,442	253
Cash and cash equivalents at the beginning of the year		927	674
Cash and cash equivalents at the end of the year		**5,369**	**927**

Notes:

1 Components of cash and cash equivalents include cash, bank balances in current and deposit accounts as disclosed under Schedule VI (b) of the accounts.

2 Purchase of fixed assets are stated inclusive of movements of capital work in progress between the commencement and end of the period and are considered as part of investing activity.

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

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

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

Hemant M. Joshi
Partner
Hyderabad, Dated: April 27, 2009

For Tech Mahindra Limited

Mr. Anand G. Mahindra
Chairman

Mr. Vineet Nayyar
Vice Chairman, Managing Director & CEO

Hon. Akash Paul
Director

Mr. Bharat Doshi
Director

Mr. Anupam Puri
Director

Mr. Arun Seth
Director

Mr. M. Damodaran
Director

Mr. B.H. Wani
Director

Mr. Clive Goodwin
Director

Mr. Ravidra Kulkarni
Director

Mr. Paul Zuckerman
Director

Dr. Raj Reddy
Director

Mr. Ulhas N. Yargop
Director

Mr.Vikrant Gandhe
Asst.Company Secretary
Hyderabad, Dated: April 27, 2009

Tech Mahindra Limited

Schedule XIII

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

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FORMING PART OF CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

1. Significant accounting policies:

(a) Basis for preparation of accounts:

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

The financial statements of the subsidiaries used in the consolidation are drawn up to the same reporting date as that of the holding company namely March 31, 2009.

(b) Principles of consolidation:

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

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

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

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

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

(c) Use of Estimates:

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

(d) Fixed Assets including intangible assets

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

(e) Leases:

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

(i) Finance lease

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

(ii) Operating lease

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

(f) Depreciation / Amortisation of fixed assets:

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

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

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

(iii) Leasehold improvements are amortised over the period of lease or period of occupancy which ever is less.

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

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

(g) Impairment of Assets:

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

Reversal of impairment loss if any is recognised immediately as income in the Profit and Loss Account.

(h) Investments:

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

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

(i) Inventories :

Components and parts:

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

Work in progress:

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

Finished Goods:

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

(j) Revenue recognition:

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

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

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

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

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

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

(k) Expenditure:

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

(l) (a) Foreign currency transactions:

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

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

(b) Derivative instruments and hedge accounting:

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

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

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

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

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

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

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

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

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

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

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

(n) Employee Retirement Benefits:

a) Gratuity:

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

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

b) Provident fund:

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

c) Compensated absences:

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

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

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

(o) Borrowing costs:

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

(p) Taxation:

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

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

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

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

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

Notes on Accounts:

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

Name of the Subsidiary company	**Country of incorporation**	**Extent of Holding (%) as on March 31, 2009**
Tech Mahindra (Americas) Inc. [TMA]	United States of America	100%
Tech Mahindra GmbH (TMGMBH)	Germany	100%
Tech Mahindra (Singapore) Pte. Ltd. (TMSL)	Singapore	100%
Tech Mahindra (Thailand) Limited (TMTL)	Thailand	100%
PT Tech Mahindra Indonesia (TMI)	Indonesia	100%
CanvasM Technologies Limited (CTL) and its following subsidiary:	India	80.10%
a) CanvasM Technologies Inc. (CMI)	United States of America	80.10%
Tech Mahindra (Malaysia) SDN. BHD (TMM)	Malaysia	100%
Tech Mahindra (Beijing) IT Services Limited (TMB)	China	100%
Venturbay Consultants Private Limited (VCPL)	India	100%

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

3. The estimated amount of contracts remaining to be executed on capital account, (net of capital advances) and not provided for as at March 31, 2009 for TML **Rs. 986 Million** (previous year: Rs. 1,378 Million).

4. Contingent liabilities:

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

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

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

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

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

5. TML acquired Tech Mahindra (R&D services) Limited (TMRDL) on November 28, 2005. The terms of purchase provided for payment of contingent consideration to all the selling shareholders, payable over three years i.e. up to March 31st 2008 and calculated based on achievement of specific targets. The consideration so payable would be accounted in the books of account in the year of achieving the milestones under the agreement. The total contingent consideration is payable in cash and cannot exceed **Rs. 641 Million.** Accordingly, total earn out payment of Rs. 155 Million had been provided as additional cost of acquisition till March 31, 2008

6. (a) Tech Mahindra (R & D services) Limited and iPolicy Networks Limited wholly owned subsidiaries of TML have been amalgamated with the company with effect from April 1, 2008 in terms of the scheme of amalgamation (scheme) sanctioned by the Honorable High Court of judicature at Mumbai, Delhi & Karnataka vide their approvals dated March 28, 2008, April 4, 2008 & April 3, 2008 respectively.
Tech Mahindra (R & D services) Limited provides technology solutions to leading Telecom Equipment Manufacturers in the areas of Research and Development (R & D), Product, Engineering and Life Cycle Support. iPolicy Networks Limited develops next generation, carrier-grade integrated network security solutions for enterprise and service providers.

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

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

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

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

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

8. During the previous year ended March 31, 2008, TML has entered in to an agreement with a customer under which it will have exclusivity for 90 days in negotiating an engagement.
As per the terms of the agreement TML has made an exclusivity payment of Rs. 4,401 Million to the customer which is unconditional, irrevocable and non refundable. Accordingly, this payment was disclosed as an exceptional item in the previous year s Profit and Loss account.

9. The Inland Revenue Authorities of United Kingdom (UK) carried out Employer Compliance Review in 2004-05. In the course of the review, they demanded from the Company Rs. 324 million for the period 2001 to 2005 claiming that the dispensation on employee allowances was not used properly. They also withdrew

dispensation benefit from the year 2005-06. Based on communication from the authorities and expert opinion, the Company had provided tax liability without any dispensation benefit. The Company represented against both these decisions. Post completion of review the revised dispensation was restored with retrospective effect from year 2005-06. The demand for earlier period was also settled favorably. During the year, the excess of provision over liability, determined by the Inland Revenue, amounting to Rs. 673 million has been written back to Expenses.

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

a) Defined Contribution Plan

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

b) Defined Benefit Plan

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

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

	Rs. in Million	
Particulars	**March 31, 2009**	**March 31, 2008**
Projected benefit obligation, beginning of the year	**491**	288
Service cost	**120**	160
Interest cost	**34**	32
Actuarial (gain)/loss	**40**	30
Benefits paid	**(20)**	(19)
Projected benefit obligation, end of the year*	**665**	491

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

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

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

	Rs. in Million	
Particulars	**March 31, 2009**	**March 31, 2008**
Net gratuity cost		
Service cost	**120**	155
Interest cost	**34**	28
Actuarial loss / (gain)	**40**	24
Net gratuity cost	**194**	207

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

11. Payment to Auditors:

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

12. Assets acquired / given on Lease:

(a) Finance Lease:

TML has acquired vehicles on lease, the fair value of which aggregates to **Rs. 6. Million** (previous year: Rs. 50 Million)**.** As per Accounting Standard 19 (AS-19) on Leases, the Company has capitalized the said vehicles at their fair values as the leases are in the nature of finance leases as defined in AS-19. Lease payments are apportioned between finance charge and outstanding liabilities. The details of lease rentals payable in future are as follows:

	Rs. in Million	
Particulars	**Not later than 1 year**	**Later than 1 year not later than 5 years**
Minimum Lease rentals payable (previous year: Rs. 4 Million and Rs. 0 Million respectively)	0	
Present value of Lease rentals payable (previous year: Rs. 4 Million and Rs. 0 Million respectively)	0	

b) Operating Lease:

The assets taken on Operating Lease are as detailed below:

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

The future lease payments of operating lease are as follows:

		Rs. in Million
Particulars	**Not later than 1 year**	**Later than 1 year not later than 5 years**
Minimum Lease rentals payable (Previous year: Rs. 11 Million and Rs. 18 Million respectively)	**15**	19

ii. Tech Mahindra (Americas) Inc. (TMA) has taken office space on operating lease. The lease rentals recognized in the Profit and Loss Account for the year is **Rs. 14 Million** (previous year: Rs. 9 Million). The future lease payments of operating lease are as follows:

		Rs. in Million
Particulars	**Not later than 1 year**	**Later than 1 year not later than 5 years**
Minimum Lease rentals payable (previous year: Rs. 9 Million and Rs. 11 respectively)	**11**	4

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

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

13. As per the requirements of Accounting Standard 17 on Segment Reporting (AS 17), the primary segment of the Company is business segment by category of customers in the Telecom Service Providers (TSP), Telecom Equipment Manufacturer (TEM), Business Process Outsourcing (BPO) and other sectors and the secondary segment is the geographical segment by location of its customers.

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

A. PRIMARY SEGMENTS
FOR THE YEAR ENDED MARCH 31, 2009

			Rs. in Million		
Particulars	**TELECOM SERVICE PROVIDER**	**TELECOM EQUIPMENT MANUFACTURER**	**BUSINESS PROCESS OUTSOURCING**	**OTHERS**	**TOTAL**
Revenues	38,750	2,409	2,502	986	44,647
Less: Direct Expenses	22,703	1,758	1,221	696	26,378
Segmental Operating Results	**16,047**	**651**	**1,281**	**290**	**18,269**
Less: Unallocable Expenses					
Depreciation					1,097
Interest					25
Other Unallocable Expenses (net)					5,444
Total Unallocable Expenses					**6,566**
Operating Income					**11,703**
Add: Other Income (net)					(378)
Net Profit before tax					**11,325**
Less: Provision for Taxation					
Current Tax (net of MAT credit)					1,225
Deferred Tax					(127)
Fringe Benefit Tax					81
Net Profit after tax					**10,146**
Minority Interest					(1)
Net Profit for the year					**10,145**

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

B. SECONDARY SEGMENTS:

Sector	**Rs. in Million**
Europe	29,827
USA	11,329
Rest of world	3,491

Total	**44,647**

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

A. PRIMARY SEGMENTS
FOR THE YEAR ENDED MARCH 31, 2008

			Rs. in Million		
Particulars	**TELECOM SERVICE PROVIDER**	**TELECOM EQUIPMENT MANUFACTURER**	**BUSINESS PROCESS OUTSOURCING**	**OTHERS**	**TOTAL**
Revenues	33,612	1,937	1,296	816	37,661
Less: Direct Expenses	20,792	1,655	807	600	23,854
Segmental Operating Results	**12,820**	**282**	**489**	**216**	**13,807**
Less: Unallocable Expenses					
Depreciation					796
Interest					62
Other Unallocable Expenses (net)					5,550
Total Unallocable Expenses					**6,408**
Operating Income					**7,399**
Add: Other Income (net)					1,044
Net Profit before tax					**8,443**
Less: Provision for Taxation					
Current Tax					689
Deferred Tax					(15)
Fringe Benefit Tax					74
Net Profit before Minority Interest					**7,695**
Exceptional item					**(4401)**
Minority Interest					5
Net Profit for the year					**3,299**

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

B. SECONDARY SEGMENTS:
Revenues from secondary segments are as under

Sector	**Rs. in Million**
Europe	27,733

USA	7,300
Rest of world	2,628
Total	**37,661**

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

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

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

The details of the options are as under:

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

Out of the options outstanding at the end of year, **253,360** (previous year: 244,390) (Net of exercised & lapsed) options have vested, which have not been exercised.

B) TML has instituted Employee Stock Option Plan 2004 (ESOP 2004) for its employees. In terms of the said Plan, the Compensation Committee has granted options to employees of the Company. The options are divided into upfront options and Performance options. The Upfront Options are divided into three sets which will entitle holders to subscribe to option shares at the end of First year, Second year and Third year. The vesting of the Performance Options will be decided by the Compensation Committee based on the performance of employees.

Particulars	**March 31, 2009**	**March 31, 2008**
Options outstanding at the beginning of the year	**5,677,701**	5,677,701
Options granted during the year		
Options lapsed during the year		
Options cancelled during the year		
Options exercised during the year		
Options outstanding at the end of the year	**5,677,701**	5,677,701

Out of the options outstanding at the end of the year, there are **4,996,377** (previous year: 2,271,081) (Net of exercised & lapsed) vested options which have not been exercised.

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

The details of the options are as under:

Particulars	March 31, 2009	March 31, 2008
Options outstanding at the beginning of the year	**4,193,028**	4,493,116
Options granted during the year	**252,500**	72,000
Options lapsed during the year		
Options cancelled during the year	**433,965**	337,850
Options exercised during the year	**274,695**	34,238
Options outstanding at the end of the year	**3,736,868**	4,193,028

Out of the options outstanding at the end of the year, **1,188,133** (previous year: 680,543) (net of exercised & lapsed) options have vested which have not been exercised.

D) The Company uses the intrinsic value-based method of accounting for stock options granted after April 1, 2005. Had the compensation cost for the Company s stock based compensation plan been determined in the manner consistent with the fair value approach, the Company s net income would be lower by **Rs. 4 Million** (previous year lower by Rs. 32 Million) and earnings per share as reported would be lower as indicated below:

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

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

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

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

(a) List of Related Parties and Relationships

Name of Related Party	Relation
Mahindra & Mahindra Ltd.	Holding Company
British Telecommunications, plc.	Promoter holding more than 20% stake
Mahindra BT Investment Company (Mauritius) Ltd.	Promoter group company
Tech Mahindra Foundation**	100% Subsidiary company
Mahindra Engg & Chem Products Limited.	Fellow Subsidiary Company
Mahindra Engineering Services Ltd	Fellow Subsidiary Company
Bristlecone India Ltd.	Fellow Subsidiary Company
Mahindra World City (Jaipur) Ltd	Fellow Subsidiary Company
Mahindra Intertrade Ltd	Fellow Subsidiary Company
Mahindra SAR transmissions P ltd	Fellow Subsidiary Company
Mahindra Renault Pvt Ltd	Fellow Subsidiary Company
Mahindra Navistar Automotives Ltd	Fellow Subsidiary Company
Mahindra Ugine Steel co ltd	Fellow Subsidiary Company
Mahindra Logistic Ltd	Fellow Subsidiary Company
Mahindra Navistar Engines Pvt Ltd	Fellow Subsidiary Company
Mahindra Automotive Ltd	Fellow Subsidiary Company
Mr. Vineet Nayyar Vice Chairman, Managing Director and Chief Executive Officer	Key Management Personnel

** Section 25 Company not considered for consolidation

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

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

–

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

* Options exercised during the year for NIL (previous year NIL) equity shares and options granted and Outstanding as at year end are 1,892,567 (previous year: 1,892,567)

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

		Rs. in Million	
Transactions		**For the Year ended March 31, 2009**	**For the Year ended March 31, 2008**
Reimbursement of Expenses (net) Paid/(Receipt)			
Promoter Company			
British Telecommunications Plc.		**(173)**	(109)
Income from Services			
Promoter Company			
British Telecommunications Plc.		**25,885**	24,024
Paid for Services Received			
Promoter Companies			
Mahindra & Mahindra Ltd.		**8**	71
Fellow Subsidiary Company			
Mahindra Logistic Limited		**63**	
Transition Cost			
Promoter Company			
British Telecommunications Plc.			233
Dividend Paid			
Promoter Companies			
Mahindra & Mahindra Ltd.	**511**		
British Telecommunications Plc.	**358**		
		859	
Donation			
Subsidiary Company			
Tech Mahindra Foundation.		**85**	76
Advance Given			
Fellow Subsidiary Company			
Mahindra World City (Jaipur) Ltd.			57
Purchase of Fixed Assets			
Promoter Company			
British Telecommunications Plc.		**4**	16
Fellow Subsidiary Company			
Mahindra Navistar Automotives Ltd.		**1**	
Payment for Exclusivity			
Promoter Company			
British Telecommunications Plc.			4,401
Salary, Perquisites and Commission			
Key Management Personnel			
Mr. Vineet Nayyar		**23**	24
Subcontracting Cost			
Fellow Subsidiary Company			
BRISTLECONE I LTD.		**42**	8
Rent Paid/Payable			
Promoter Company			
British Telecommunications Plc.		**63**	18

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

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

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

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

b) The following are the outstanding GBP:USD Currency Exchange Contracts entered into by the company which have been designated as Cash Flow Hedges as on March 31, 2009:

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

c) The following are the outstanding USD:INR Currency Exchange Contracts entered into by the company which have been designated as Cash Flow Hedges as on March 31, 2009:

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

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

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

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

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

Amounts receivable in foreign currency on account of the following:

		Foreign currency in Million	
Particulars	**Rs. in Million**	**Year ended March 31, 2009**	**Year ended March 31, 2008**
Debtors	**5,515** (previous year: 5,457)	**AUD 1**	AUD 3
		CAD 3	CAD 2
		EUR 5	EUR 3
		GBP 42	GBP 43
		MYR 2	MYR
		NZD 5	NZD 2
		PHP 24	PHP 27
		SGD 3	SGD
		THB 3	THB
		USD 34	USD 49
		CHF 0	CHF

		AUD 0	AUD 0
		CAD 0	CAD 0
		CNY	CNY 0
		EUR 0	EUR 0
Loans and advances	**161** (previous year: 16)	**GBP 2**	GBP
		NZD 0	NZD 0
		SGD 0	SGD 0
		TWD 0	TWD 0
		USD 0	USD 0

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Particulars	Rs. in Million	Foreign currency in Million Year ended March 31, 2009	Year ended March 31, 2008
Cash/Bank balances (Net)	**4,274** (previous year: 270)	**AUD 0** **CAD 0** **EGP 0** **EUR 1** **GBP 54** **NZD 1** **PHP 65** **TWD 18** **USD 3**	AUD 1 CAD 0 EGP EUR 0 GBP NZD 1 PHP 13 TWD 15 USD 4

Amounts payable in foreign currency on account of the following:

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

PHP 3	PHP
THB 0	THB
USD 3	USD

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19. During the year ended March 31, 2007 the public issue of TML s Equity Shares consisting of a fresh issue of 3,186,480 Equity Shares by TML and an offer for sale of 9,559,520 Equity Shares, by certain existing Shareholders of TML was made pursuant to a prospectus dated August 11, 2006. The Equity shares were issued for cash at a price of Rs. 365 per Equity Share (including a securities premium of Rs. 355 per Equity Share). The statement of proceeds from the public issue and utilisation thereof is as under:

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

20. Earning Per Share is calculated as follows

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

21. Details of cash and bank balances as on balance sheet date :-

(A) Balances with scheduled banks

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

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(B) Balances with non scheduled banks

	Rs. in Million As at	
	March 31, 2009	**March 31, 2008**
In Current accounts		
Bank of Italy, Italy	**4**	1
Chase Common wealth of Australia, Australia		18
Citibank, Italy		4
Dresdner Bank AG, Germany	**12**	40
HSBC Bank, Australia	**16**	19
HSBC Bank, Belgium	**2**	3
HSBC Bank, Canada	**16**	8
HSBC Bank, China account in CNY	**0**	0
HSBC Bank, China account in USD	**0**	1
HSBC Bank, Egypt	**1**	
HSBC Bank, Germany	**13**	0
HSBC Bank, Indonesia account in IDR	**14**	1
HSBC Bank, Indonesia account in USD	**15**	9
HSBC Bank, Malaysia account in MYR	**1**	0
HSBC Bank, Malaysia account in USD	**0**	1
HSBC Bank, New Zealand	**33**	16
HSBC Bank, Singapore	**21**	4
HSBC Bank, Taiwan account in TWD	**27**	19
HSBC Bank, Taiwan account in USD	**2**	1
HSBC Bank, Thailand	**1**	6
HSBC Bank, United Kingdom account in Euros	**48**	12
HSBC Bank, United Kingdom account in GBP-I	**201**	69
HSBC Bank, United Kingdom account in GBP-II	**27**	
HSBC Bank, United Kingdom account in USD	**24**	
HSBC Bank, USA	**202**	138
HSBC Bank, Philipines account in PHP	**68**	13
HSBC Bank, Philipines account in USD	**0**	2
J P Chase, USA	**0**	60
Standard Chartered Bank, Singapore	**1**	1
	749	446

(C) Balances In Deposit accounts

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

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

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

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

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

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

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

Signatures to Schedules I to XIII

For Tech Mahindra Limited

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

Hyderabad, Dated: April 27, 2009

TECH MAHINDRA LIMITED

Consolidated Balance Sheet as at		Schedule	Rs. in Million March 31, 2008	March 31, 2007
I.	**SOURCES OF FUNDS:**			
	SHAREHOLDERS FUNDS:			
	Share Capital	I	**1,214**	1,212
	Share Application Money		**0**	1
	Reserves and Surplus	II	**11,358**	7,972
			12,572	**9,185**
	MINORITY INTEREST		**111**	116
	LOAN FUNDS:	III		
	Secured Loan			100
	Unsecured Loan		**300**	33
			411	**249**
			12,983	**9,434**
II.	APPLICATION OF FUNDS:			
	FIXED ASSETS:	IV		
	Gross Block		**7,457**	6,245
	Less: Depreciation		**3,101**	2,403
	Net Block		**4,356**	3,842
	Capital Work-in-Progress, including Advances		**1,640**	579
			5,996	4,421
	INVESTMENTS:	V	**633**	979
	DEFERRED TAX ASSET (NET):		**60**	74
	(Refer Note 14 (a) to Schedule XIII)			
	CURRENT ASSETS, LOANS AND ADVANCES:	VI		
	Inventory		**17**	11
	Sundry Debtors		**10,965**	8,216
	Cash and Bank Balances		**976**	631
	Loans and Advances		**3,604**	1,537
			15,562	**10,395**
	Less: CURRENT LIABILITIES AND PROVISIONS:			
	Liabilities	VII	**6,505**	4,899
	Provisions	VIII	**2,763**	1,536
			9,268	6,435
	Net Current Assets		**6,294**	3,960
			12,983	9,434
	SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:	XIII		

As per our attached report of even date

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

TECH MAHINDRA LIMITED

Schedules forming part of the Balance Sheet

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

Notes:

1 Out of the above 9,931,638 (previous year 9,931,638) Equity Share of Rs. 10/- (previous year Rs. 10 paid-up) each fully paid-up are held by Mahindra BT Investment Company (Mauritius) Limited, a subsidiary of Mahindra and Mahindra Ltd and 53,776,252 (previous year 53,776,252) equity shares of Rs. 10/- each (previous year Rs. 10 each) are held by Mahindra & Mahindra Ltd., the ultimate holding company.

2 The above includes 51,000,100 and 25,000,000 Equity Shares originally of Rs. 2/- each issued as fully paid-up bonus shares by capitalisation of balance of Profit and Loss Account and General Reserve, respectively.

3 The above includes 90,148,459 Equity Shares of Rs. 10/- each allotted as fully paid-up bonus shares by way of capitalisation of Profit and Loss Account (Refer note 5 of schedule XIII).

4 The above includes 5 Equity Shares of Rs. 2/- each consolidated into 1 Equity Share of Rs. 10/- each (Refer note 5 of schedule XIII)

5 Refer note 12 of schedule XIII for stock options.

TECH MAHINDRA LIMITED

Schedules forming part of the Balance Sheet (Continued)

		Rs. in Million	
		As at March 31, 2008	**As at March 31, 2007**
Schedule II			
RESERVES AND SURPLUS:			
General Reserve:			
As per last Balance Sheet	**1,014**		949
Add: Transfer from Profit and Loss Account	**1,700**		65
		2,714	1,014
Securities Premium:			
As per last Balance Sheet	**2,293**		283
Add: Received during the year	**10**		2,010
		2,303	2,293
Currency Translation Reserve			
As per last Balance Sheet	**21**		17
Addition during the year	**7**		4
		28	21
Capital Reserve			0
Profit / (Loss) on cash flow hedges (Refer Note 1 l (III) of schedule XIII)		**851**	
Balance in Profit and Loss Account	**5,462**		5,546
Less: Capitalised on issue of Bonus Shares (Refer note 5 of schedule XIII)			902
		5,462	4,644
		11,358	7,972
Schedule III			
LOAN FUNDS:			
Secured Loan:			
Cash Credit from bank			100
(Refer note 1 and 2 below)			
			100

Note:

1 Loan from bank is secured by way of hypothecation of current assets including book debts

2 Net of current account balance of Rs. Nil (previous year Rs. 112 Million) as per sweep facility with the bank

Unsecured Loan:		
Overdraft from bank	**300**	33

300	33

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TECH MAHINDRA LIMITED

Schedules forming part of the Balance Sheet (Continued)

		Rs. in Million	
		As at March 31, 2008	**As at March 31, 2007**
Schedule V			
INVESTMENTS			
Long Term (Unquoted - at cost)			
Trade:			
In Subsidiary Companies:			
50,000 Equity shares (previous year 50,000) of Tech Mahindra Foundation of Rs. 10/- each fully paid up	**1**		1
		1	1
Current Investments (Unquoted - at lower of cost or fair value)			
Non Trade:			
3,071,620 (previous year 5,244.32) units of Rs. 1,000.60 (previous year Rs. 1,000.38) each of DSP Merrill Lynch Liquidity Plus Institutional Plan-daily dividend	**3**		5
50,544,739 (previous year Nil) units of Rs. 1,001.59 (previous year Rs. Nil) each of DSPML Liquidity Plus Institutional Plan-weekly dividend	**51**		
Nil (previous year 200,000.00) units of Rs. Nil (previous year Rs. 1,000.00) each of DSP Merrill Lynch - Fixed Term Plan series 3A growth			200
Nil (previous year 4,600,000.00) units of Rs. Nil (previous year Rs. 10.00 each) TATA Fixed Horizon Fund Series III			46
Nil (previous year 15,000,000.00) units of Rs. Nil (previous year Rs. 10.00) each of Birla Mutual Fund - FTP-Quarterly-Series 8 -Dividend- Payout			150
Nil (previous year 11,533,845.61) units of Rs. Nil (previous year Rs. 10.02) each of Birla Mutual Fund - Cash Plus-Institutional.Prem.Weekly Dividend-Reinvestment [(Cost previous year Rs. 115.60 million)]			116
Nil (previous year 5,000,000.00) units of Rs. Nil (previous year Rs. 10.00) each of HSBC Mutual Fund - Fixed Maturity Plan			50
Nil (previous year 10,233,630.44) units of Rs. Nil (previous year Rs. 10.00) each of J M Mutual Fund- FMP Series IV Quarterly Dividend Plan			102
Nil (previous year 5,000,000.00) units of Rs. Nil (previous year Rs. 10.00) each of Kotak FMP Series 25 Growth			50
Nil (previous year 5,402,783.71) units of Rs. Nil (previous year Rs. 10.44) each of Reliance Mutual Fund- Short Term fund-Dividend Plan			56
Nil (previous year 5,000,000.00) units of Rs. Nil (previous year of Rs. 9.99) each of Reliance Fixed Tenor Fund Growth Plan [Cost Rs. Nil (previous year Rs. 50 Million)]			50
Nil (previous year 5,084,276.05) units of Rs. Nil (previous year Rs. 10.00) each of Chola FMP series-6 Quarterly plan-3 -Dividend			51
Nil (previous year 5,000,000.00) units of Rs. Nil (previous year Rs. 9.98) each of Grindlays - FMP-16 month Plan A-Growth [Cost Rs. Nil (previous year Rs. 50 Million)]			50
1,122,894.45 units (previous year Nil) units of Rs. 10.56 each of ICICI Prudential Flexible Income Plan-dividend weekly	**12**		
18,811,010 (previous year Nil) units of Rs. 10 each of Birla Sun Life FTP - INSTL - Series AN Growth	**188**		
1,179,151.034 units (previous year Nil units) of Rs. 10.03 each of HSBC Liquid Plus Institutional Plus-weekly dividend	**12**		

TECH MAHINDRA LIMITED

Schedules forming part of the Balance Sheet (Continued)

		Rs. in Million	
		As at March 31, 2008	**As at March 31, 2007**
15,647,449 units (Previous year Nil units) of Rs. 10 each (Previous year Rs. Nil each) of Kotak Flexi Debt Scheme - Daily Dividend	**157**		
15,500,000 (previous year Nil) units of Rs. 10 each (previous year Rs. Nil) of Standard Chartered Fixed Maturity Plan	**155**		
2,752,230 (previous year Nil) units of Rs. 10.02 each (previous year Rs. NIL) of Birla Sunlife Liquid Plus Fund	**27**		
2,750,662 (Previous Year Nil) units of Rs. 10.03 each (previous year Rs. Nil) of Kotak Mutual Fund - Flexi debt scheme	**27**		
Nil (previous year 5,235,028.52) units of Rs. Nil (previous year Rs. 10.00) each of ABN AMRO Mutual Fund - FTP Series 4 Quarterly Plan Dividend on Maturity			52
		632	978
		633	**979**

Note:

1. The above non trade investments made during previous year are out of proceeds of public issue (Refer note 25 of schedule XIII)
2. Refer note 30 of schedule XIII for details of investment purchase and sold during the year

TECH MAHINDRA LIMITED

Schedules forming part of the Balance Sheet (Continued)

		Rs. in Million	
		As at March 31, 2008	**As at March 31, 2007**
Schedule VI			
CURRENT ASSETS, LOANS AND ADVANCES:			
Current Assets:			
(a) Inventory			
Finished Goods (Software product)		**17**	11
(b) Sundry Debtors *:			
(Unsecured)			
Debts outstanding for a period exceeding six months:			
: considered good **		**1,153**	502
: considered doubtful		**92**	69
		1,245	571
Other debts, considered good ***		**9,813**	7,714
considered doubtful		**2**	0
		11,060	8,285
Less: Provision		**95**	69
		10,965	8,216

1. * Debtors include on account of unbilled revenue aggregating to **Rs. 3,130 Million** (previous year Rs. 1,898 Million)
2. ** Net of advances aggregating to **Rs. 98 Million** (Previous year Rs. 179 Million) pending adjustments with invoices
3. *** Net of advances aggregating to **Rs. 169 Million** (Previous year Rs. 1,609 Million) pending adjustments with invoices

(c) Cash and Bank Balances:			
Cash in hand			
Balance with scheduled banks			
(i) In Current Accounts	**822**		237
(ii) In Fixed Deposit Accounts	**37**		343
Balance with other banks:			
(i) In Current Accounts	**117**		51
		976	631
(d) Loans and Advances:			
(Unsecured, considered good unless otherwise stated)			
Bills of Exchange (considered doubtful)			5
Less: Provision			5
Advances recoverable in cash or in kind or for value to be received			1,158
considered good	**2,121**		
considered doubtful	**10**		6
	2,131		1,164
Less : Provision	**10**		6

	2,121	1,158
Fair value of foreign exchange forward and option contracts	**1,036**	151
(Refer Note 1I (III) of schedule XIII)		
Advance Taxes (Net of provisions)	**447**	228
	3,604	1,537
	15,562	10,395

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TECH MAHINDRA LIMITED

Schedules forming part of the Balance Sheet (Continued)

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

TECH MAHINDRA LIMITED

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

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

For Tech Mahindra Limited

Mr. Anand G. Mahindra

Mr. Vineet Nayyar

Hemant M Joshi Partner Pune, Dated: May 19, 2008	Chairman	Vice Chairman, Managing Director & CEO
	Hon. Akash Paul Director	Mr. Al-Noor Ramji Director
	Mr. Anupam Puri Director	Mr. Arun Seth Director
	Mr. Bharat Doshi Director	Mr. Clive Goodwin Director
	Mr. Paul Zuckerman Director	Dr. Raj Reddy Director
	Mr. Ulhas N. Yargop Director Boston; Dated: May 19, 2008	Mr. Vikrant Gandhe Asst. Company Secretary

TECH MAHINDRA LIMITED

Schedules forming part of the Consolidated Profit and Loss Account

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

TECH MAHINDRA LIMITED

Schedules forming part of the Consolidated Profit and Loss Account (Continued)

		Year Ended March 31, 2008	2007
Schedule XI			
OPERATING AND OTHER EXPENSES			
Power		**330**	208
Rent		**790**	417
Rates and taxes		**40**	24
Communication expenses		**825**	542
Travelling expenses		**5,062**	3,559
[Net of recoveries **Rs. 55 Million** (previous period Rs. 189 Million)]			
Recruitment expenses		**84**	121
Hire charges		**191**	181
Sub-contracting costs		**3,899**	2,793
Repairs and maintenance:			
Buildings (including leased premises)	**29**		20
Machinery	**63**		46
Others	**111**		61
		203	127
Insurance		**126**	98
Professional and Legal fees		**397**	495
Software packages		**751**	1,388
Project Transition Cost		**233**	
Training		**168**	126
Advertising, marketing and selling expenses		**37**	31
Commission on income from service		**169**	221
Loss on sale of fixed assets (net)		**4**	2
Excess of cost over fair value of current investments			0
Provision for doubtful debts		**26**	39
Provision for doubtful advance		**4**	3
Advances / bad debts written off		**26**	9
Donations		**76**	59
Miscellaneous expenses		**364**	330
		13,805	10,773
Schedule XII			
INTEREST			
Interest On			
Cash Credit / Over draft		**62**	61
		62	**61**

TECH MAHINDRA LIMITED

Schedules forming part of the Consolidated Balance Sheet

Schedule IV

FIXED ASSETS

Rs. in Million

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
Description of Assets	**Cost as at April 01, 2007**	**Additions during the Year**	**Deductions during the Year**	**Cost as at March 31, 2008**	**Up to March 31, 2007**	**For the Year**	**Deductions during the Year**	**Up to March 31, 2008**	**As at March 31, 2008**	**As at March 31, 2007**
Goodwill on consolidation	1,009	21		**1,030**					**1,030**	1,009
Leased Assets:										
Vehicles (Refer Note 10 of Schedule XIII)	67		**17**	**50**	**38**	13	**12**	39	**11**	29
Other Assets:										
Freehold Land	174	0		**174**					**174**	174
Leasehold Land	221	210		**431**	**1**	5		6	**425**	220
Leasehold Improvements	83	195		**278**	**6**	54		60	**218**	77
Office Building / Premises	1,598			**1,598**	**578**	107		685	**913**	1,020
Computers	1,414	500	80	**1,834**	**849**	356	79	1,126	**708**	565
Plant and Machinery	879	262	2	**1,139**	**461**	141	2	600	**539**	418
Furniture and Fixtures	682	126	5	**803**	**449**	98	4	543	**260**	233
Vehicles	42	3	1	**44**	**18**	11	1	28	**16**	24
Intangible Assets:										
Intellectual property rights (Refer Note 19 of Schedule XIII)	76			76	**3**	11		14	**62**	73
Total	6,245	**1,317**	**105**	7,457	**2,403**	**796**	**98**	**3,101**	**4,356**	**3,842**
Previous year	4,580	1,687	22	6,245	1,880	540	17	2,403		
Capital Work-in-Progress (include capital advances **Rs 1,686 Million**) (previous year Rs 544 Million)									1,640	579
						Total			**5,996**	4,421

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

TECH MAHINDRA LIMITED

Consolidated Cash flow for the year ended March 31, 2008

				Rs in Million
	Cash flow statement for the year ended		**March 31, 2008**	**March 31, 2007**
A	**Cash flow from operating activities:**			
	Net profit before taxation and exceptional item	**8,443**		6,867
	Less:			
	Exceptional Item	**(4,401)**		**(5,250)**
			4,042	**1,617**
	Adjustments for:			
	Depreciation	**796**		515
	Loss on sale of Fixed Assets, (net)	**4**		2
	Interest expense	**62**		61
	Decrease in fair value of current investment			0
	Exchange loss/(gain) (net)	**(251)**		63
	Currency translation adjustment	**7**		5
	Exchange (gain) /Loss on mark to market on Hedges			
	Dividend from current investments	**(70)**		(66)
	Interest income	**(46)**		(88)
	Profit on sale of current investments	**(43)**		(14)
			459	478
	Operating profit before working capital changes		**4,501**	**2,095**
	Adjustments for:			
	Trade and other receivables	**(3,589)**		(4,716)
	Trade and other payables	**2,033**		3,282
			(1,556)	(1,434)
	Cash generated from operations before tax		**2,945**	**661**
	Income taxes paid	**(999)**		(324)
			(999)	(324)
	Net cash from / (used in) operating activities		**1,945**	**337**
B	**Cash flow from investing activities:**			
	Additional consideration on acquisition of subsidiary	**98**		
	Purchase of Fixed Assets	**(2,394)**		(1,941)
	Acquisition of business (net of cash)			10
	Purchase of current investments	**(5,021)**		(6,147)
	Sale of current investments	**5,410**		6,687
	Sale of Fixed Assets	**3**		3
	Interest received	**48**		80
	Dividend on current investments received	**61**		66
	Net cash from /(used in) investing activities		**(1,795)**	**(1,242)**
C	**Cash flow from financing activities:**			
	Proceeds from issue of shares (including Securities Premium)	**11**		951
	Issue of equity shares			1,163
	Share application money			

Dividend (including dividend tax paid)			(1,347)
Payment of Principal on Car Lease	**(14)**		
Proceeds from borrowing	**167**		133
Interest paid	**(62)**		(61)
Net cash from / (used in) financing activities		**102**	**839**
Net decrease in cash and cash equivalents (A+B+C)		**253**	(66)
Cash and cash equivalents at the beginning of the period		**674**	740
Cash and cash equivalents at the end of the period		**927**	**674**

Notes:

1 Components of cash and cash equivalents include cash, bank balances in current and deposit accounts as disclosed under Schedule VI (b) of the accounts.

2 Purchase of fixed assets are stated inclusive of movements of capital work in progress between the commencement and end of the year and are considered as part of investing activity.

		March 31, 2008	March 31, 2007
3	Cash and cash equivalents include:		
	Cash and Bank Balances	**976**	631
	Unrealised (gain)/loss on foreign currency		
	Cash and cash equivalents	**(49)**	43
	Total Cash and Cash equivalents	**927**	674

4 Cash and cash equivalents include equity share application money of Rs. 0 Million (previous period Rs. 1 million) and unclaimed dividend of Rs. 1 million (previous period Rs. 1 million)

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

Hemant M. Joshi
Partner
Pune, Dated: May 19, 2008

For Tech Mahindra Limited

Mr. Anand G. Mahindra
Chairman

Mr. Vineet Nayyar
Vice Chairman,
Managing Director & CEO

Hon. Akash Paul
Director

Mr. Al-Noor Ramji
Director

Mr. Anupam Puri
Director

Mr. Arun Seth
Director

Mr. Bharat Doshi
Director

Mr. Clive Goodwin
Director

Mr. Paul Zuckerman
Director

Dr. Raj Reddy
Director

Mr. Ulhas N. Yargop
Director
Boston; Dated: May 19, 2008

Mr. Vikrant Gandhe
Asst. Company Secretary

Tech Mahindra Limited

Schedule XIII

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

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

1. Significant accounting policies:

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

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

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

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

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

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

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

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

(d) Fixed Assets

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

(e) Leases:

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

(i) Finance lease

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

(ii) Operating lease

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

(f) Depreciation/Amortisation of fixed assets:

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

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

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

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

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

(g) Impairment of Assets:

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

Reversal of impairment loss if any, is recognised immediately as income in the Profit and Loss Account.

(h) Investments:

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

(i) Inventories:

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

(j) Revenue recognition:

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

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

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

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

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

(k) Expenditure:

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

(l) i) Foreign currency transactions:

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

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

ii) Derivative instruments and hedge accounting;

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

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

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

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

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

iii) Accounting for Exchange gain/(loss):

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

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

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

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

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

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

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

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

c. Share Capital is translated at historical rate.

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

(n) Employee Retirement Benefits:

a) Gratuity:

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

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

b) Provident fund:

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

c) Compensated absences:

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

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

(o) Borrowing costs:

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

(p) Taxation:

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

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

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

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

(q) Contingent Liabilities:

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

Notes on Accounts:

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

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

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

3. The estimated amount of contracts remaining to be executed on capital account, (net of capital advances) and not provided for as at March 31, 2008 for TML **Rs. 1378 Million** (previous year: Rs. 1,291 Million).

4. Contingent liabilities:

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

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

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

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

5. During the previous year, pursuant to the resolution passed by the shareholders at the Extra ordinary General Meeting held on June 01, 2006, TML consolidated its share capital from 112,685,573 equity shares of Rs. 2/- each into 22,537,114 equity shares of Rs. 10/- each. Further, during the previous year TML has issued 90,148,459 Equity Shares of Rs. 10/- each as bonus shares at the rate of 4 shares for each share held as at June 01, 2006, aggregating to **Rs. 902 Million** by way of capitalization from the balance of Profit and Loss account.

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

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

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

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

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

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

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

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

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

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

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

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

(i) The disclosure as required under AS 15 regarding the Employees Retirement Benefits Plan for gratuity is as follows:

a) TML, iPolicy and CanvasM:

	Rs. in Million	
Particulars	**March 31, 2008**	**March 31, 2007**
Projected benefit obligation, beginning of the year	276	191
Service cost	155	103
Interest cost	28	16

Actuarial (gain)/loss	24	(21)
Benefits paid	(15)	(14)
Projected benefit obligation, end of the year	**468**	**275**

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

	Rs. in Million	
Particulars	**March 31, 2008**	**March 31, 2007**
Net periodic gratuity cost		
Service cost	155	103
Interest cost	28	16
Amortisation of actuarial (gain)/loss	24	(21)
Net periodic gratuity cost	**207**	**98**

b) Assumptions:

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

c) TMRDL:

	Rs. In Million	
Particulars	**March 31, 2008**	**March 31, 2007**
Projected benefit obligation, beginning of the year	41	29
Service cost	7	6
Interest cost	4	3
Actuarial loss	6	5
Benefits paid	(4)	(2)
Projected benefit obligation, end of the year	**54**	**41**
Defined Benefit obligation liability as at the balance sheet is wholly funded by the company		
Change in Plan Assets		
Fair Value of Assets beginning of the year	28	29
Contributions by Employer	3	
Expected Return on Assets	3	3
Actuarial Gain (Loss)	1	(2)
Benefits Paid	(4)	(2)
Projected Fair Value of Assets, end of the year	**31**	**28**
Gratuity Cost for the year		
Service Cost	7	6
Interest Cost	4	3
Expected Return on Assets	(3)	(3)
Amortisation of Actuarial Gain /(Loss)	4	7
Net Periodic Gratuity Cost	**13**	**13**

d) Assumptions:

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

ii) The disclosure as required under AS 15 regarding the Employees Retirement Benefits Plan for leave encashment is as follows:

a) Disclosure:

	Rs. In Million	
Particulars	**March 31, 2008**	**March 31, 2007**
Projected benefit obligation, beginning of the year	313	232
Service cost	91	74
Interest cost	27	18
Actuarial loss	164	30
Past service cost (vested)	9	0
Benefits paid	(65)	(41)
Projected benefit obligation, end of the year	**539**	**313**

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

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

b) Assumptions:

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

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

10. Assets acquired/given on Lease:

i) Finance Lease:

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

	Rs. in Million	
	Not later than 1 year	**Later than 1 year not later than 5 years**

Minimum Lease rentals payable (previous year Rs. 13 Million and Rs. 4 Million respectively)	**4**	**0**
Present value of Lease rentals payable (previous year Rs. 12 Million and Rs. 4 Million respectively)	**4**	**0**

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ii) Operating Lease:

A) The assets taken on Operating Lease are as detailed below:

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

The future lease payments of operating lease are as follows:

		Rs. in Million
	Not later than 1 year	**Later than 1 year not later than 5 years**
Minimum Lease rentals payable (Previous year Rs. 1 Million and Rs. 3 Million respectively)	**11**	**18**

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

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

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

		Rs. in Million		
	Not later than 1 year		**Later than 1 year not later than 5 years**	
	Office space	**Vehicles**	**Office space**	**Vehicles**
Minimum Lease rentals payable	8	0	11	0
	[8]	[1]	[20]	[1]

Figures in bracket [ ] indicate previous year figures

iv) Tech Mahindra (Americas) Inc. (TMA) has taken office space on operating lease. The lease rentals recognized in the Profit and Loss Account for the year is **Rs. 5 Million** (previous year Rs. 3 Million). The future lease payments of operating lease are as follows:

Rs. in Million