Tech Mahindra

Annual Report 2011-12

Tech Mahindra Limited

The Power of One is the power of many
The power of many, together, is bound by spirit… To become the power of one!

The Power of One is built by strengths, rock-solid!
75,000 work force together

The Power of One is created by dreams, infinite!
Across 46 countries and 350 marquee customers, together

The Power of One is empowered by confidence, indisputable!
Defined go-to-market strategies, together

The Power of One is accomplished by customer experience, valuable!
Diversified global footprints spanning the spectrum

The Power of One is motivated by commitments, genuine!
Enthusiastic volunteers across charities
The Power of One is a promise of reaching higher, reaching wider!

The merger of two companies, Tech Mahindra and Mahindra Satyam is the culmination of a three-year transformation journey. Both the companies are market leaders and are part of the US $15.4 billion Mahindra Group.

While Tech Mahindra is a leading global systems integrator and business transformation consulting organization focused primarily on the telecommunications industry, Mahindra Satyam is a leading global business and information technology services company that helps companies transform their business processes and improve their business performance. The new entity will leverage the strengths of both companies, creating significant growth opportunities.

Corporate Information

Board of Directors

Mr. Anand G. Mahindra, Chairman

Mr. Vineet Nayyar, Vice Chairman & Managing Director

Hon. Akash Paul

Mr. Anupam Puri

Mr. B. H. Wani

Mr. Bharat N. Doshi

Mr. M. Damodaran

Mr. Nigel Stagg (Upto December 23, 2011)

Mr. Paul Zuckerman

Dr. Raj Reddy

Mr. Ravindra Kulkarni

Mr. Richard Cameron (Upto December 23, 2011)

Mr. Ulhas N. Yargop

Chief Financial Officer

Mr. Sonjoy Anand

Company Secretary & Compliance Officer

Mr. Anil Khatri

Registered Office

Gateway Building,
Apollo Bunder,
Mumbai – 400 001

Corporate Office

Sharada Centre,
Off Karve Road,
Erandawane,
Pune – 411 004

Committees of Directors

Audit Committee

- Mr. M. Damodaran, Chairman
- Mr. Anupam Puri
- Mr. Paul Zuckerman
- Dr. Raj Reddy
- Mr. Richard Cameron (Upto December 23, 2011)
- Mr. Ulhas N. Yargop

Compensation & Nominations Committee

- Mr. Ravindra Kulkarni, Chairman
- Mr. Anupam Puri
- Mr. Nigel Stagg (Upto December 23, 2011)
- Mr. Paul Zuckerman
- Mr. Ulhas N. Yargop

Investor Grievances-cum-Share Transfer Committee

- Mr. Ulhas N. Yargop, Chairman
- Mr. Richard Cameron (Upto December 23, 2011)
- Mr. Vineet Nayyar

Executive Committee

- Mr. Vineet Nayyar, Chairman
- Mr. Nigel Stagg (Upto December 23, 2011)
- Mr. Ulhas N. Yargop

Securities Allotment Committee

- Mr. Vineet Nayyar, Chairman
- Mr. Richard Cameron (Upto December 23, 2011)
- Mr. Ulhas N. Yargop

Bankers

IDBI Bank
HSBC Bank
Kotak Mahindra Bank
HDFC Bank
CITI Bank

Auditors

Deloitte Haskins & Sells
Chartered Accountants

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Vice Chairman's Message

Vineet Nayyar
Vice Chairman & Managing Director

Dear Shareholders

The fiscal year 2011-12 was a year of steady performance in a challenging environment. Our consolidated revenues for fiscal 2011-12 grew 6.8% to ₹ 5,490 crores as against ₹ 5,140 crores in the previous year. Our consolidated Profit after Tax was ₹ 1,095 crore versus ₹ 644 crore in the previous year, a growth of 70%. Our journey of building the organization continued as we focussed on expanding our market share in our chosen vertical.

The economic environment continues to be volatile. In the last year, we saw the global economy in turmoil due to the Euro crisis, and the uncertainty in the US economy. The European economy continues to be volatile and recovery in the Eurozone could be a prolonged process. Closer home, the Indian economy has also seen a slowdown in growth and reduction in investments. These economic fluctuations have influenced and changed customer behaviour in the past year. Customers are looking for strong and reliable partnerships with IT providers like us to find opportunities for optimization and ensure sustainability of their global delivery program.

In the Telecom sector, revenue growth is expected to be sustained in the wireless area due to increased usage of smart devices. Telecom operators globally are looking to invest in new technologies like 4G and LTE to cater to the increasing demand for high speed data. Our customers are foraying into new avenues of revenue generation like Cloud services and offerings around machine to machine communication. They are looking to fund the investments required in these new areas, partly through the savings realized through increased operational efficiency. Our capability in the Telecom vertical and our global delivery presence enables us to offer the best value propositions to our customers, which addresses both their growth initiatives and offer them financial savings.

We continued to expand our portfolio of service offerings and solutions to better address the needs of our clients. Our strategy of focusing on developing offerings outside our traditional domain of application services has enabled us to address a larger share of the spending of our clients. Our focus on emerging markets and our initial investments in areas like Managed Services are now giving us a distinct advantage as we leverage our expertise in developed markets. We believe that we are well positioned to capitalize on the opportunities being generated by the economic environment and the new technology paradigm.

Our investment in Mahindra Satyam is starting to yield dividends. It gives me great satisfaction in reporting that our three year turnaround plan for Mahindra Satyam has been quite successful. In the last year, Mahindra Satyam has not only achieved industry standards on revenue growth but has also shown significant improvement in operating margins. In many ways this turnaround reflects the innate strength and quality of the Mahindra Satyam staff and leadership.

As a logical step forward, the Boards of both companies announced the merger of the two companies in March 2012. I am happy to inform all of you that the shareholders of both companies have approved the merger in the month of June 2012. We are confident of the benefits from this merger for all our stakeholders and look forward to achieving increased traction and better efficiencies once the merger is complete.

We successfully stepped into the second year of Mahindra Group's revised brand positioning "Rise"; which has contributed significantly in reshaping positive energy within the Organization. The three tenets of Rise - Accepting no limits, Alternative Thinking and Driving positive change are the guiding concepts for our vision, culture and strategy as we move forward in our journey as one entity.

Lastly, I want to thank the employees of Tech Mahindra for their contribution to our continued growth, and the share holders of Tech Mahindra and Mahindra Satyam for their overwhelming support in the merger process. We look forward to live up to the faith reposed in us by all our stakeholders.

All of us in Tech Mahindra look forward to an exciting year ahead with new milestones and new accomplishments.

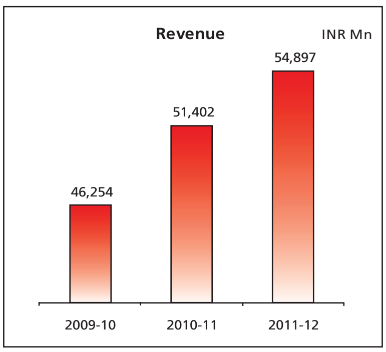
Sincerely,

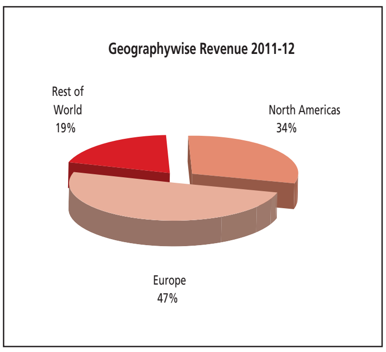
Vineet Nayyar
Vice Chairman & Managing Director

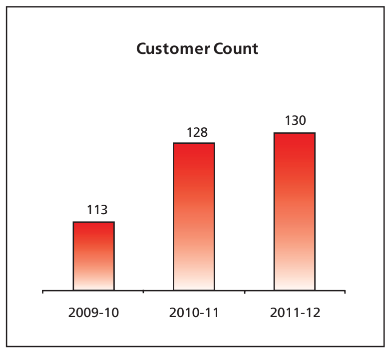
CONSOLIDATED FINANCIAL HIGHLIGHTS

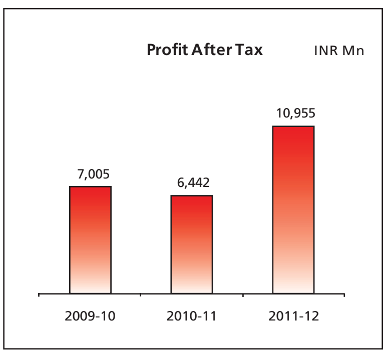
	Particulars	2008		2009		2010		2011		2012	
		₹ Mn	US$ Mn	₹ Mn	US$ Mn	₹ Mn	US$ Mn	₹ Mn	US$ Mn	₹ Mn	US$ Mn
1	Revenue	37,661	934.7	44,647	984.9	46,254	976.6	51,402	1126.6	54,897	1156.3
2	Total Income	38,705	960.8	44,269	977.0	47,008	992.9	52,690	1155.1	55,879	1179.2
3	EBIDTA (Operating Profit)	8,257	205.3	12,824	281.9	11,326	239.9	10,033	219.3	9,194	193.5
4	PBIT	8,505	211.6	11,350	249.9	10,741	227.9	9,887	216.2	8,562	182.4
5	Interest	62	1.5	25	0.5	2,184	45.7	1,113	24.5	1,026	22.5
6	PBT	8,443	210.1	11,325	249.4	8,557	182.3	8,774	191.7	7,537	159.8
7	PAT before exceptional items and share of profit/(loss) in Associate	7,695	191.5	10,145	223.6	7,117	151.5	7,458	163.0	6,099	129.2
8	PAT	3,299	81.7	10,145	223.6	7,005	149.1	6,442	140.7	10,954	229.7
9	EBIDTA Margin %	21.9%	21.9%	28.7%	28.7%	24.5%	24.5%	19.5%	19.5%	16.7%	16.7%
10	PAT Margin %*	20.4%	20.4%	22.7%	22.7%	15.4%	15.4%	14.5%	14.5%	11.1%	11.2%
11	Equity Capital	1,214	30.3	1,217	24.0	1,223	27.2	1,260	28.2	1,275	25.1
12	Net Worth	12,572	313.4	19,434	383.2	28,865	643.0	33,514	751.6	40,509	796.3
13	Net Block Including CWIP	5,996	149.5	6,522	128.6	7,231	161.1	6,778	152.0	8,496	167.0
14	Investments	633	15.8	4,346	85.7	30,145	671.5	29,080	652.2	35,876	705.2
15	Current Assets	15,562	387.9	17,370	342.5	21,366	476.0	20,290	455.0	22,042	433.3
16	Current Liabilities & Provisions	9,268	231.0	8,888	175.2	8,665	193.0	15,104	338.7	16,501	324.4
17	Total Assets	22,251	554.6	28,434	560.6	59,018	1,314.8	60,553	1,358.0	69,191	1360.1
18	Current Ratio	1.7	1.7	2.0	2.0	2.5	2.5	1.3	1.3	1.3	1.3
19	ROCE %*	75.8%	75.8%	70.0%	70.0%	34.7%	34.7%	21.8%	22.1%	17.6%	17.6%
20	EPS (Diluted, in ₹ and US$)*	58.9	1.5	78.8	1.7	54.4	1.1	49.3	1.1	82.9	1.7

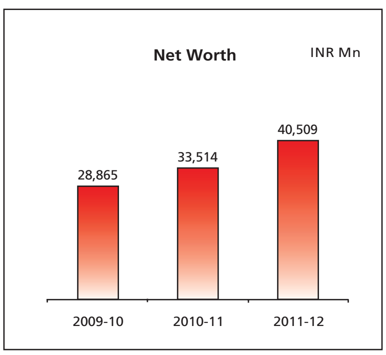
* Before tax, exceptional item and share of profit/(loss) in Associate

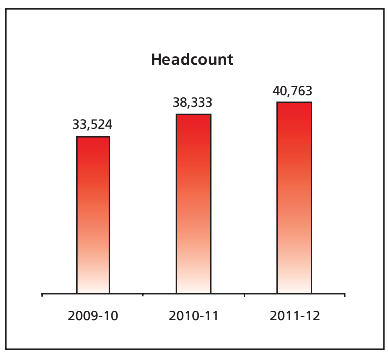












DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Twenty-fifth Annual Report together with the audited accounts of your Company for the year ended 31st March, 2012.

FINANCIAL RESULTS

(₹ in Million)

For the year ended 31st March	2012	2011
Income	**53,107**	50,921
Profit before Interest, Depreciation, exceptional items and tax	**8,999**	10,556
Interest	**(1,025)**	(1,113)
Profit before Depreciation and tax	**7,974**	9,443
Depreciation	**(1,505)**	(1,383)
Profit before tax	**6,469**	8,060
Provision for taxation	**(1,184)**	(1,093)
Profit after tax before non-recurring / exceptional items	**5,285**	6,967
Non-recurring / exceptional items	**(679)**	-
Profit for the year after tax and non-recurring / exceptional items	**4,606**	6,967
Balance brought forward from previous year	**22,412**	17,740
Profit available for appropriation	**27,018**	24,707
Transfer to Debenture Redemption Reserve	**(1,353)**	(702)
Dividend - Final Dividend*	**(4)**	(6)
- Dividend (Proposed)	**(510)**	(504)
Tax on dividend	**(83)**	(83)
Transfer to General Reserve	**(1,000)**	(1,000)
Balance carried forward	**24,068**	22,412

* In respect of equity shares issued pursuant to ESOPs issued after 31st March, 2011 but before book closure date, the Company paid dividend of ₹ 4.3 Million for the year 2010-11 and tax on dividend of ₹ 0.7 Million as approved by the shareholders at the Annual General Meeting held on August 12, 2011.

DIVIDEND

Your Directors are pleased to recommend a dividend of ₹ 4 per Equity Share (40%), payable to those Shareholders whose names appear in the Register of Members as on the Book Closure Date.

The equity dividend for the financial year 2011-12, inclusive of tax on distributed profits would absorb a sum of ₹ 593 Million (₹ 587 Million for the previous year).

CHANGES IN SHARE CAPITAL

During the year under review, your Company allotted 1,531,060 equity shares of face value ₹ 10 each on the exercise of stock options under its various Employee Stock Option Plans and consequently the number of issued, subscribed and paid-up equity shares has increased from 125,955,481 equity shares to 127,486,541 equity shares of ₹ 10 each aggregating to ₹ 1,274,865,410/-.

BUSINESS PERFORMANCE / FINANCIAL OVERVIEW

Your company is a leading IT services and solutions provider for the Telecom Industry, serving segments such as Telecom Services Providers (TSPs), Telecom Equipment Manufacturers (TEM's) and Independent Software Vendors (ISV's) with a wide array of services catering to the changing needs of the Telecom ecosystem.

During the year 2011-12, your Company's consolidated revenues increased to ₹ 54,897 Million from ₹ 51,402 Million in the previous year, at a growth rate of 6.8%. In Financial Year 2010-11, your Company executed a large System Integration project for an Indian Telecom Service Provider and had a one-time revenue of ₹ 2,989 Million from this project. Excluding this one-time revenue, the growth in revenue was 13.4% in Financial Year 2011-12. The geographical split of revenue was quite balanced with 47% share from Europe, 34% from Americas and 19% from the Rest of the World (ROW).

The consolidated Profit before Interest, Depreciation, Tax and Exceptional items was at ₹ 10,176 Million (18.5% of revenue) against ₹ 11,322 Million (22% of revenue) in the previous year. This decline in operating profits was due to increase in employee costs and also change in the business mix.

The consolidated Profit after tax, after exceptional items and minority interest, amounted to ₹ 5,385 Million as against ₹ 7,438 Million in the previous year. The cancellation of 2 G licenses by the Supreme Court in January 2012 impacted two of your company's domestic customers' business viability. As a matter of abundant precaution, your Company provided dues from these customers amounting to ₹ 679 Million as doubtful debts.

The consolidated Profit after tax, including share of profit in associate company (Mahindra Satyam), amounted to ₹ 10,955 Million as against ₹ 6,442 Million in the previous year, a growth rate of 70%.

The global technology landscape continues to be shaped by both economic forces and by the emergence of new trends like social media and cloud computing. The lingering crisis in Europe, volatile financial markets and government austerity programs could impact spend on IT in the coming year. Our Customers have to face the twin challenges of optimizing current IT spend and investing in future technologies and trends. The underlying strength of the global delivery model and the significant benefits it offers to global customers could help corporations in achieving both objectives. Your Company has been providing solutions, which leverage the global delivery model, to Telecom companies to improve Customer experience, bring in operational efficiencies and improve customer's Average Revenue Per User (ARPU).

Your Company serves large global telecom companies as well as green field operators across 31 countries. Your company has 130 active customers at the end of the Financial Year 2011-12, and the focus for the coming year is broadening relationships across customer base leveraging Six Pillar Strategy.

Your Company's service offerings are grouped in six distinct domains based on the areas of customer spend. The six domains which are Applications, Networks, Infrastructure, Value Added Services (VAS), Security Solutions and Business Services together cover all areas of customers spend in our target markets.

Customer Centricity and enhancing customer experience has always been a focus area for your Company. This year, your Company launched a Customer Centricity Office (CCO), with a Chief Customer Centric Officer to ensure that the high levels of customer experience are sustained.

Your Company continues to invest in new technologies like smart computing products, cloud, analytics and mobility. These investments will help your Company capitalize on the emerging revenue opportunities in these areas.

Your Company's domain expertise and leading solutions in the telecom vertical has earned itself a niche in the market place. Your Company was awarded the 2011 Microsoft Communications sector Partner of the year award. Voice & Data – India's leading communication magazine ranked the Company as India's No. 1 Telecom Software service provider. CanvasM Technologies Limited (CanvasM), a wholly owned subsidiary of your Company, was ranked amongst the Top 10 Value Added Services (VAS) players.

Your Company today has more than 15 delivery centers worldwide and 17 sales offices. In the year gone by, Company established a delivery center in Bonn Germany to service clients in Germany and Central Europe.

In summary, your Company is well positioned in the markets it serves with a broad range of service offerings and a diversified customer base across geographies.

FINANCIAL OVERVIEW OF MAHINDRA SATYAM

The turnaround of Mahindra Satyam (Satyam Computer Services Ltd.) gathered further momentum in the current year.

Revenues grew by 24% to ₹ 63,956 Million over the previous year, EBITDA grew by 128% to ₹ 10,240 Million (16% of revenue) reflecting the progress of the turnaround. PAT before exceptional item increased to ₹ 11,882 Million from ₹ 4,971 Million.

A brief snapshot of Mahindra Satyam's Statement of Profit and Loss is given below:

Particulars	**(₹ in Million)**	
Consolidated P&L Summary	**FY12**	**FY11**
Revenue	**63,956**	**51,451**
EBITDA	**10,240**	**4,489**
EBITDA margins (% to revenue)	16%	8.7%
Other Income	4,189	2,879
Interest	118	97
Depreciation	1,577	1,721
Profit Before Tax	12,734	5,550
Provision for Tax	852	579
Profit before exceptional items and minority Interest	11,882	4,971
Exceptional Items	(1,094)	6,411
Minority interest	(84)	33
Profit After Tax	**13,061**	**(1,472)**
PAT margins (% to revenue)	20.4%	(2.9%)

UPDATE ON THE PROPOSED AMALGAMATION OF MAHINDRA SATYAM AND TECH MAHINDRA LIMITED:

In March 2012, the respective Boards of Tech Mahindra and Mahindra Satyam approved the merger of Mahindra Satyam with Tech Mahindra. This landmark event, makes way for the creation of a formidable top-tier global player and one of India's top IT employers.

The Board of Directors at their meeting held on 21st March, 2012 have pursuant to the provisions of Sections 391 to 394 read with Sections 78, 100 to 104 and other applicable provisions, of the Companies Act, 1956 and subject to the requisite approval of the shareholders of the Company and subject to all necessary statutory approvals have approved to amalgamate Venturbay Consultants Private Limited ("Venturbay"), Satyam Computer Services Limited ("Mahindra Satyam"), C&S System Technologies Private Limited ("C&S System"), Mahindra Logisoft Business Solutions Limited ("Mahindra Logisoft") and CanvasM Technologies Limited ("CanvasM") with the Company. Based on the recommendation of the valuers, the Board of Directors have approved swap ratio of Two (2) fully paid Equity Shares of face value of ₹10/- each of the Company for every Seventeen (17) Equity shares of face value of ₹ 2/- each of Satyam Computer Services Limited (Mahindra Satyam). The proposed Scheme of amalgamation will be subject to approvals by various regulatory agencies and shareholders, including the approval from the High Courts of Bombay and Andhra Pradesh.

This Amalgamation would result in creation of a new off shore services leader with revenues of over $ 2.4 billion, more than 75,000 professionals and 350 + active clients.

Your Company is happy to inform that the Competition Commission of India has granted approval for the Amalgamation of the companies vide their order dated 26th April, 2012. The Hon'ble High Court, Bombay has dispensed the meeting of creditors & directed the Company to hold meeting of the equity shareholders of the Company on 7th June, 2012 to seek their consent on the said amalgamation and arrangement.

The rationale for the merger

- Creation of a single 'go-to-market' strategy with benefits of scale and enhanced depth and breadth of capabilities, translating into increased business opportunities
- Stronger merged entity – financially and in industry positioning
- Unified management focus and fungible talent pool
- De-risked business profile
- Optimized costs and productivity improvement with benefits of scale
- Diversification into multiple verticals like BFSI, Manufacturing and Retail
- Ability to offer a wide range of service offerings like Enterprise Services and Engineering Services to current and future customers

The Power of one

The combined entity will be able to better leverage Tech Mahindra's depth of expertise developed in telecom to better penetrate the opportunity presented by Mahindra Satyam's diverse set of clients across multiple verticals. Likewise, Mahindra Satyam's expertise in enterprise solutions will enable a more complete value proposition to be delivered to Tech Mahindra's clients and penetration into the larger landscape. Geographically, your Company derives a significant portion of its revenues from Europe, while Mahindra Satyam's business is highly focused on Americas. The amalgamated entity will have a further balanced share of revenue contribution from three key geographies viz Americas, Europe and Rest of World. There would be minimal overlap of services and offerings and this would lead to an ease in the integration process of the two entities.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

QUALITY

Continuous improvement of process and enabling technologies that meet client expectation is a way of life in your Company. There is a very robust process framework which is implemented to ensure greater customer satisfaction through improved quality, higher productivity and reduced cycle time.

One of key achievements of your Company was to get assessed at Stage 5 of the Mahindra Quality Way Model, a business excellence framework. Your Company is the first Large Services Company within the Mahindra Group Companies to be assessed at Stage 5. We also embarked on the journey of CMMI 1.3 Level 5 assessment and successfully completed the same on 18th April, 2012. The customer satisfaction surveys also reflected improved scores and good feedback across all levels of client organizations.

As in the previous years, in this year too, your Company successfully completed the surveillance audits and continues to be certified for ISO9001:2008, ISO/IEC 20000-1:2005, ISO/IEC27001:2005, BS25999:2008.

HUMAN RESOURCES

Your Company believes in ability of each of its associates and hence provide ample opportunities to tap this potential and invests in the growth and development of all of its associates.

Talent Management at the Company involves motivating and promoting leadership development. The Company launched a Global Leadership Cadre (GLC) program about 7 years ago with the aim of sculpting agile and creative young leaders. GLC Program identifies management graduates from the Tier I business institutes across the globe and also technical specialists from within the organization. These highly talented GLC participants with a faster career progression could be potential successors to senior management in the organization. Complimenting the GLC program is Management Trainee (MT) program running successfully for past 5 years wherein candidates from Tier II B Schools across India are groomed for future GLC roles.

The Shadow Board program continues to nurture young talent with high potential and make them a part of the organization's strategy planning. Aiming to provide a platform to our associates for taking responsibility of shaping their careers, the Company launched this year a mentoring initiative that aims to provide a platform to associates with potential to be groomed and guided by in-house Mentors. This also gives an excellent opportunity to Mentors to hone their people motivation and developmental skills.

This year also saw an increased focus on Senior Leadership Development to address specific training needs of nominated senior associates within the organisation. Company's in-house Leadership Programs ran into their second successful year - the Excellence in Leadership Program, specifically designed for middle managers with an aim of grooming associates in skills required to excel from a team manager's role to a business leader's role; the Young Leaders Program, specifically designed for first time managers with an aim at grooming associates in the skills required to move from a team member's role to a team manager's role. Associates participate in these 6 month programs while they are working.

Another successful learning program is the Executive Post Graduate Diploma in Telecom Management in collaboration with Symbiosis Institute of Telecom Management (SITM). The program offers in-depth knowledge on telecom concepts and general business management that helps our Company to be prepared for the ever changing telecom market, thus nurturing the leadership talent within the organization.

The Company believes in inclusivity and has many initiatives to foster diversity in age, gender, culture and capability. Especially for women associates of the Company, a platform is created to voice their opinions & suggestions and promote Women in the Workplace. It helps to identify and implement initiatives that promote gender diversity and make TechM a preferred career destination for women associates.

During the Financial Year 2011-12, your Company, along with its subsidiaries, made a net addition of 2,430 associates to its workforce. The strength was 40,763 associates as at 31st March, 2012, as compared to 38,333 associates a year before, registering an increase of 6.3%. BPO headcount included in this figure is 14,792 associates, up from 11,011 associates, a year before.

SUBSIDIARY COMPANIES

During the year under review, the Company incorporated a new step down subsidiary at America viz. Tech Talenta Inc. The said Company is a wholly owned subsidiary of Tech Mahindra – (Americas) - Inc. a wholly owned subsidiary of your Company. Further during the year under review, your Company bought the stake of 19.90% held by Motorola Cyprus in subsidiary Company CanvasM Technologies Limited (CanvasM) thus making CanvasM a wholly owned subsidiary of the Company.

As on 31st March, 2012, your Company has 16 subsidiaries, including two step-down subsidiaries. There has not been any material change in the nature of the business of the subsidiaries. As required under the Listing Agreements with the Stock Exchanges, the Consolidated Financial Statements of your Company and all its subsidiaries and its associate Company i.e. Mahindra Satyam & its subsidiaries are attached. The Consolidated Financial Statements have been prepared in accordance with Accounting Standards AS 21, AS 23 and AS 27 issued by The Institute of Chartered Accountants of India and show the financial resources, assets, liabilities, income, profits and other details of your Company and its subsidiaries and associate companies as a single entity, after elimination of minority interest.

In terms of general exemption granted by the Ministry of Corporate Affairs pursuant to Section 212(8) of the Companies Act, 1956, the Copy of the Balance Sheet, etc. of the subsidiaries are not required to be attached with the Balance Sheet of the Company. The Company Secretary will make these documents available upon receipt of request from any member of the Company interested in obtaining the same. These documents will be available at Registered Office / Corporate Office of the Company and the office of the respective subsidiary companies, during working hours up to the date of the Annual General Meeting.

EMPLOYEE STOCK OPTION PLAN (ESOP)

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company is committed to play its role as an enlightened corporate citizen and continues to earmark 1.5% of its Profit after Tax (PAT) every year for CSR activities. CSR activities are carried through Tech Mahindra Foundation (TMF).

TECH MAHINDRA FOUNDATION (TMF)

TMF was established in its present form in 2007 by your Company as one of the major manifestations of its Corporate Social Responsibility. Your Company contributes 1.5% of its profit after tax to TMF which now has a corpus of ₹ 47 Crore as on 31st March, 2012. It has disbursed approx ₹ 33 Crores to 70 NGOs over 5 years and impacts more than 50,000 beneficiaries per year through NGO partners across Delhi-Noida, Mumbai, Pune and Bangalore.

TMF seeks to achieve its objectives by working in partnership with outstanding community based NGOs which share its goals and values and have demonstrated competence, dedication and integrity. TMF NGO projects address felt community needs.

TMF's major achievements have been:

- Qualitative improvement in Primary Education of both government and English medium NGO Schools.
- Development of Yuva English progamme to empower youth to become employable.
- Creation of Vision For India (VFI) – a network of outstanding visually impaired NGO partners – impact through shared resources & appropriate technology.
- Shikshak Samman Awards in Delhi – to outstanding municipal teachers - a way to bring about systemic change by recognizing merit.

Our Future plans include improving our outcomes and impact across 3 verticals – Education, Vocational Training and enablement of Visually Impaired.

SUSTAINABILITY

As a part of a responsible business group having a global presence, your Company has taken considerable steps not only in creating "Green" strategies but also making environmental stewardship a core part of our business strategy that takes accountability for every dimension of social, cultural, economic and environmental governance, creating sustainable value for all its stakeholders.

Your Company has been participating in the Sustainability Reporting of the Mahindra Group since Financial Year 2007-08. During the year under review the 4th Sustainability Report for the year 2010-11 was released. All these reports were in accordance with the latest guidelines of the internationally accepted, Global Reporting Initiative (GRI). This report was assured by Ernst & Young and conforms to the highest level for reporting 'Sustainability' performance, which is A+. The report and the performance rating of A+ was checked and confirmed by GRI*. The detailed Group Sustainability Reports are available on the website:http://www.mahindra.com/How-We-Help Environment/Sustainability-Reports.

In order to take a structured path for reducing its carbon footprint, your Company has a 5 Year Sustainability Road map. We are consciously reducing GHG emissions and waste, as well as conserve water, bio-diversity and natural resources. In the Financial Year 2011-12 concerted efforts were made to ensure targets are met over committed time lines in the following thrust area:

- Renewable energy using Wind & Solar for generating electricity.
- Rainwater Harvesting & Sewage Treatment Plant.
- Eco-friendly e-waste disposal systems.
- Occupancy sensors to reduce the electricity consumption.

*GRI is a Netherlands based multi-stakeholder network of experts worldwide, which has pioneered the development of the world's most widely used sustainability reporting framework. United Nations is one of its key stakeholders. This reporting framework sets out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance.

CORPORATE GOVERNANCE PHILOSOPHY

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

DIRECTORS

Hon. Akash Paul, Mr. B. H. Wani, Mr. M. Damodaran and Mr. Ravindra Kulkarni are directors liable to retire by rotation and being eligible, offers themselves for re-appointment.

During the year under review, Mr. Nigel Stagg and Mr. Richard Cameron, nominees of British Telecommunications Plc (BT), resigned as Directors with effect from 23rd December, 2011. Directors placed on record their appreciation for the services rendered by Mr. Stagg and Mr. Cameron. BT has not nominated new Directors in place of their said nominees.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

ii. they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2012 and of the profit of the Company for the year ended on that date;

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

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

AUDITORS

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

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

The foreign exchange earnings of your Company during the year were ₹ 47,074 Million (previous year ₹ 42,087 Million), while the outgoings were ₹ 20,834 Million (previous year ₹ 17,616 Million).

During the year under the review, 89% of your Company's revenues were derived from exports.

PARTICULARS OF EMPLOYEES

The information required under Section 217(2A) of the Act and the Rules (as amended) made there under, is provided in an Annexure to this Report. However, as per the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the Directors' Report being sent to the shareholders does not include this Annexure. Any shareholder interested in perusing a copy of the Annexure may write to the Company Secretary at the Registered Office / Corporate Office of the Company.

DEPOSITS AND LOANS/ADVANCES

Your Company has not accepted any deposits from the public or its employees during the year under review. The particulars of loans/advances and investment in its own shares by listed companies, their subsidiaries, associates, etc., required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement are furnished separately.

AWARDS/RECOGNITION

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

Awards for Financial Year 2011-12

- CanvasM a wholly owned subsidiary of the company has won the National Telecom Award for FightBack 2012
- CanvasM a wholly owned subsidiary of the company ranked amongst India's Top 10 VAS players by V&D 2011

- Tech Mahindra ranked among top 3 at the 'DSCI excellence award for security in IT services company (Large)', 2011
- Tech Mahindra tops 2011 Global Services 100 in the following categories:
  - Global ITO Vendors
  - ADM Vendors
  - IM Vendors
  - Speciality Product Engineering Vendors
  - Contact Center and Customer Management Vendors

ACKNOWLEDGEMENTS

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

For and on behalf of the Board

Place: Noida
Date: May 23, 2012

Anand G. Mahindra
Chairman

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

Loans and advances in the nature of loans to subsidiaries:

(₹ in Million)

Name of the Company	**Balance as on March 31, 2012**	**Maximum outstanding during the year**
PT Tech Mahindra Indonesia	**-** [-]	**-** [40]
Tech Mahindra (Nigeria) Limited	**51** [-]	**53** [-]

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

Annexure I

Disclosure as required under SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as on March 31, 2012

	Particulars	ESOP 2000	ESOP 2004	ESOP 2006	ESOP 2010
	Total options granted under the plan	4,274,350	10,219,860	6,634,530	2,283,500
a)	Options Granted during the year	494,500	Nil	539,500	683,500
b)	The Pricing Formula	Under the scheme, all options granted prior to the listing of the Company's shares, were based on the annual valuation done by an independent Chartered Accountant. The grants made post listing of the Company's shares on Stock Exchange have been made as per the latest available closing price on the Stock Exchange with the highest trading volume, prior to the date of the meeting of the *Compensation & Nominations Committee in which options were granted.	Under the scheme, all options were granted prior to the listing of the Company's shares.These options were granted, based on the annual valuation done by an independent Chartered Accountant.	Under the scheme, all options granted prior to the listing of the Company's shares, were based on the annual valuation done by an independent Chartered Accountant. The grants made post listing of the Company's shares on Stock Exchange have been made as per the latest available closing price on the Stock Exchange with the highest trading volume, prior to the date of the meeting of the *Compensation & Nominations Committee in which options were granted.	Under the scheme, all options were granted at face value of the shares.
c)	Options vested as of 31st March 2012	Nil	2,235,134	1,090,008	533,280
d)	Options exercised during the year	Nil	700,000	831,060	Nil
e)	The Total number of shares arising as a result of exercise of options	Nil	700,000	831,060	Nil
f)	Options lapsed/cancelled during the year	46,000	Nil	305,660	5,000
g)	Variation of terms of options during the year	No variation	No variation	No variation	No variation
h)	Money realised by exercise of options during the year	Nil	46,900,000	71,900,170	Nil
i)	Total Number of Options in force	448,500	2,235,134	1,931,883	2,278,500
j)	Employee-wise details of options granted to:				
	i. Senior Managerial Personnel	-	-	-	-
	ii. Any other employees who receives a grant in any one year of options amounting to 5% or more of options granted during that year	Nil	Nil	Nil	Nil

* The Board of Directors at its meeting held on May 23, 2012 renamed the Committee as Compensation & Nominations Committee.

Disclosure as required under SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as on March 31, 2012

	Particulars	ESOP 2000	ESOP 2004	ESOP 2006	ESOP 2010
	iii. Identified employees who were granted option, during any one year, equal or exceeding 1% of the issued capital (excluding outstanding options and conversions) of the Company at the time of grant	Nil	Mr. Vineet Nayyar - 3,406,620	Nil	Nil
			Mr.C.P. Gurnani - 3,406,620		
			*Mr. Sanjay Kalra - 3,406,620		
			* Resigned w.e.f. 15th September 2010		
k	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard AS 20 (₹)	34.86	34.86	34.86	34.86
l	Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed	The Company uses the intrinsic value based method of accounting for stock options granted after 1st April 2005. Had the compensation cost for the Company's stock based compensation plan been determined in the manner consistent with the fair value approach, the Company's net income would be **lower by ₹ 32 Million and earnings per share (Basic) would have been ₹ 36.01**	The Company uses the intrinsic value based method of accounting for stock options granted after 1st April 2005. Had the compensation cost for the Company's stock based compensation plan been determined in the manner consistent with the fair value approach, the Company's net income would be **lower by ₹ 32 Million and earnings per share (Basic) would have been ₹ 36.01**	The Company uses the intrinsic value based method of accounting for stock options granted after 1st April 2005. Had the compensation cost for the Company's stock based compensation plan been determined in the manner consistent with the fair value approach, the Company's net income would be **lower by ₹ 32 Million and earnings per share (Basic) would have been ₹ 36.01**	The Company uses the intrinsic value based method of accounting for stock options granted after 1st April 2005. Had the compensation cost for the Company's stock based compensation plan been determined in the manner consistent with the fair value approach, the Company's net income would be **lower by ₹ 32 Million and earnings per share (Basic) would have been ₹ 36.01**

Disclosure as required under SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as on March 31, 2012

	Particulars		ESOP 2000		ESOP 2004	ESOP 2006		ESOP 2010			
m)	Weighted-average exercise prices and weighted-average fair values of options shall be disclosed seperately for options whose exercise price either equals or exceeds or is less than the market price of the stock	**Grant Date**	**10-June-2011**	**16-Sept-2011**	Nil	**10-June-2011**	**16-Sept-2011**	**15-Nov-2011**	**5-Dec-2011**	**8-Feb-2011**	**12-Mar-2011**
		Exercise price (₹)	701.00	636.00	Nil	701.00	636.00	10.00	10.00	10.00	10.00
		Fair Value (₹)	323.67	302.09	Nil	387.41	359.91	598.78	577.23	630.47	614.66
n)	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following Weighted- average information :	NA	NA								
		10-Jun-2011	**16-Sep-2011**			**10-Jun-2011**	**16-Sep 2011**	**15-Nov-2011**	**5-Dec-2011**	**8-Feb-2011**	**12-Mar-2011**
	I. Risk Free Interest Rate	8.42%	8.26%		Nil	8.32%	8.28%	8.85%	8.42%	8.30%	8.86%
	II. Expected Life (Yrs.)	3.50	3.50		Nil	5.25	5.25	3.50	3.50	3.50	3.50
	III. Expected Volatility	54.09%	53.52%		Nil	53.67%	52.89%	51.41%	51.04%	49.45%	49.20%
	IV. Expected dividends	0.46%	0.55%		Nil	0.46%	0.55%	0.56%	0.56%	0.55%	0.55%
	V. The Price of the underlying share in market at the time of the option grant (₹)	698.35	650.45		Nil	698.35	650.45	617.85	596.00	650.30	634.05

MANAGEMENT DISCUSSION AND ANALYSIS

Company Overview

Tech Mahindra Limited (TechM) is a leading provider of IT Services, Networking Technology Solutions and Business Support Services to the global telecommunications industry. Formed in 1986, in partnership with British Telecommunications plc (BT), it is part of the US $15.4 billion Mahindra Group. In the year 2009 it expanded its IT portfolio by acquiring the leading global business and information technology services company, Satyam Computer Services Ltd (re-branded as Mahindra Satyam). In the month of March 2012, the merger between Tech Mahindra and Mahindra Satyam was announced thus making way for the creation of a leading services organization in the Indian offshore landscape.

Tech Mahindra has garnered revenues of INR 54.9 Billion (US$ 1,156 Million) in Financial Year 2011-2012 (FY12). The Company has more 40,000 professionals who provide a unique blend of domain expertise and in-depth technology skill-sets.

Tech Mahindra has proven domain expertise in the Telecom domain with differentiated skills, research & development capabilities and innovative delivery models. The Company's solutions enable its clients to maximize returns on their investments, achieve faster time-to-market, reduce total cost of ownership and provide better customer experience. Its capabilities cover a wide array of services including System Integration (SI), Managed Services (MS), Operations Support Systems (OSS), Business Support Systems(BSS), Infrastructure Management Services (IMS), Network Services, Security Consulting, Product Engineering and Business Support Services (BSG/BPO). The Company has been focusing on delivering comprehensive services to Telecom Service Providers (TSPs), Telecom Equipment Manufacturers (TEMs) and Independent Software Vendors (ISVs) and is best positioned to leverage telecom IT outsourcing opportunities through its service offerings across the Telecom value chain. It has more than 130 active client engagements, predominantly in the Telecom Sector. Tech Mahindra's achievements have been recognized by various industry analysts, forums and clients. The organization has also won several prestigious awards and accolades.

Tech Mahindra has principal offices in the UK, United States, Germany, UAE, Egypt, Singapore, India, Thailand, Taiwan, Malaysia, Philippines, Canada and Australia. The Company has an extensive global foot print with 17 sales offices and 15 delivery centres in more than 31 countries around the world.

Industry Structure & Development

The Information Technology (IT) industry in India has gained a brand recognition as a knowledge economy. The IT–ITES (IT Enabled Services) industry has two major components: IT Services and Business Process Outsourcing (BPO). The growth in the services sector in India has been led by the IT–ITES sector, contributing substantially to increase in Gross Domestic Product (GDP), employment, and exports. The sector has increased its contribution to India's GDP from 1.2% in FY1998 to about 7.1% in FY2011. According to NASSCOM, the IT–ITES sector in India generated revenues of US$ 88.1 billion in FY2011. Exports have dominated the IT–ITES industry, and constituted about 77% of the total industry revenue. Though the IT-ITES sector is export driven, the domestic market is also significant with a robust revenue growth. The industry's share of total Indian exports (merchandise plus services) increased from less than 4% in FY1998 to about 25% in FY2012.

In the Calendar Year 2011 (CY11), the global IT-ITES industry grew by 5.4% in the midst of unpredictable economic environment and extremely volatile currency movements. The domestic IT-ITES Industry also grew at a steady pace backed by strong economic growth, technology, innovations, enhancements, competition and enhanced focus by the Government. According to NASSCOM, India retained its position as the world's leading global sourcing destination for IT-ITES services with a total share of 58%. The Industry has experienced considerable traction within traditional segments like Customer Application, Application Management and Testing. Emerging technologies such as Cloud Computing, Social Media, Mobility, and Analytics are potential areas of growth.

Outlook

The Global economy is beset with various issues in the developed markets. Historically, IT spends have mirrored economic growth. Hence given the weak forecasts for global growth, growth in IT spends for FY13 are likely to be lower than previous years. The latest forecast for overall global IT spending growth was revised downwards from 3.7% to 2.5% for CY 2012 by a leading forecasting firm.

However, even in this challenging global demand environment, we foresee a few trends that are likely to influence spending in the Telecom vertical. Mobility remains the top theme as growth in mobile devices is leading to investments in mobile data networks and application development. With the proliferation of smart devices, solutions around M2M (machine-to-machine) communication which help companies improve operating performance are finding greater traction. Our M2M strategy leverages the experience and expertise of Mahindra Satyam (MSAT), Tech Mahindra (TechM), and CanvasM (subsidiary of TechM) to create compelling value propositions for customers globally.

Another key trend seen is that video is increasingly taking a major share of the mobile data traffic. To address the rapid growth of video traffic demand, telecommunications service providers (TSPs) have begun investing in content delivery networks. Another area of investment is in the area of private and public cloud computing services. Investments in the Cloud arena, are seen as shifting from infrastructure development, to development of platforms and creation of ecosystems around those platforms. The Social networking phenomenon is expected to become the driver for additional investments in IT as companies look to monetize and benefit from various social platforms being created. Telecom companies are a key part of the ecosystem in all of these emerging technologies and Tech Mahindra's relationships and presence across all segments of the ecosystem positions the Company well in these emerging technology areas. TechM has been providing a range of services through its IMS offerings and has been implementing private cloud solutions for customers.

Tech Mahindra has also made its foray into the Cable industry and has now formed a separate cable practice in order to capitalize on opportunities in the cable industry.

Tech Mahindra also has been experiencing growth through application and system consolidation as Telecom operators are trying to optimize their IT spend. As part of this initiative, operators are looking for relationships with a few preferred vendors which is driving vendor consolidation. Customer centricity and provision of better customer experience across multiple channels is becoming a key trend. With its extensive portfolio of service offerings and investments in emerging areas of spend, Tech Mahindra is well positioned to capitalize on this trend of vendor consolidation.

Opportunities

Growth in Emerging Markets

Compared to the subdued growth expected in developed markets, emerging markets will continue to drive relatively higher growth due to new spectrum licensing, migration to direct to home platforms, broadband penetration, focus on value added services and conducive regulatory environment. This will create opportunities for the software service providers who can assist operators in achieving their business objectives in these areas. Moreover, as the developing world focuses on shift of Mobility, it may bring in huge investments in this area which could create opportunities for companies like Tech Mahindra.

Legacy to Next Generation IT transformation

Telecom is a dynamic and evolving industry with high focus on consumers' changing demands. Service providers around the globe, on the back of dropping legacy revenues and high costs, are looking to transform their clients' legacy platforms into next generation platforms. This will enable clients to optimize their product portfolio, and rationalize the costs associated with running the systems. These transformation initiatives will lead to outsourcing opportunities. Tech Mahindra has been at the forefront of helping its clients transform their businesses in line with the changing global telecom environment.

Increased scope of outsourced activities

Access to talent and cost optimization are the key drivers for outsourcing. Telecom service providers are adopting several outsourcing strategies to benefit from offshoring. One of the trends is services which traditionally were done in house are now being included in the scope of global sourcing. In the network domain, network outsourcing provides an opportunity for wide range of services like field services, maintenance & support, E2E implementations and network infrastructure management. Managed services deals to cover network legacy systems have been tried in the mature markets and a similar trend will continue for the coming years.

Adoption of Next Generation Technologies

The telecom industry continues to adapt and evolve with new technologies and new ways to communicate. Successive waves of new technology in wire-line, wireless and IP domains have been sweeping the industry landscape. The Telecom industry is also altering to cope up with the changing needs and behaviour of consumers and increased competition. Customers believe in convenience, choice of services, responsiveness and cost as important parameters to choose their service provider. Success in current business environment is characterized by the ability to adapt to the higher user expectations on the one hand and a rapidly changing technology environment on the other.

As mobile broadband penetration expands, quick monetization has become a strategy of paramount importance for telecom service providers. Service providers are now focusing on providing solutions to enterprises by enabling their applications to be accessed via mobile platforms such as smart phones and tablets.

With the growth in social network media across the world, coupled with higher broadband penetration, users have been voicing their views about quality of services. Analysis of user sentiments on such social networks, within limits of privacy laws, is another area where there has been a growth in demand.

Threats

Reduction in Telecom Spending

The global economy is going through turbulent times and most companies are reacting to the increased volatility. Though cash-rich, telecom companies have turned cautious due to the challenging macroeconomic environment. The decision cycles on new discretionary spend are prolonged. The service providers continue to focus on reducing costs by adopting measures such as optimizing IT Spend and postponing investments. Such cost-saving measures could have an adverse impact on outsourcing.

Global IT companies posing challenge with growing India presence

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

Risks

High customer concentration

In FY 2012, revenues from the leading client, top 5 and top 10 clients account for 37%, 68% and 78% respectively. Though customer concentration has been declining over the years, loss of any of these clients could have a material adverse impact on our revenue and profitability. After Mahindra Satyam's merger with the Company customer concentration will reduce significantly.

Withdrawal of tax benefits

In the past we benefited from certain income tax incentives under Section 10A of the Income Tax Act (for the IT services that we provide from specially designated "Software Technology Parks" or STPs) and also from Section 10AA of the Income Tax Act (for the IT services we render from units set up in SEZs). As a result of these incentives, our operations in India have been subject to relatively low tax liabilities. The income tax benefits available to STP units have been discontinued from 1st April 2011. As this withdrawal was foreseen, the Company decided to set up facilities in SEZ units at various locations as the units set up in SEZ area would continue to provide us with tax benefits similar to those in STPs. We commenced operations in SEZ units at Hinjewadi Pune, Chennai, Kolkata and Chandigarh. Additional units are coming up at Noida. But despite this, tax incidence will increase over the previous years due to withdrawal of Section 10A benefits. In addition, there is no assurance that the Indian government will not enact laws in the future that would adversely impact tax incentives further and consequently, our tax liabilities and profits. When our tax incentives expire or are terminated, our tax expense will materially increase, reducing our profitability.

Exchange rate risks

The exchange rate between the Indian Rupee and the British Pound and the Rupee and the U.S. Dollar has fluctuated widely in the recent past and may continue to fluctuate significantly in the future. The average value of the Rupee for the FY 2011-12 against the British Pound appreciated by approx 7.7% and against U.S. Dollar by approximately 4.4% for the FY 2010-11. Accordingly, our operating results have been and will continue to be impacted by fluctuations in the exchange rate of the Indian Rupee with the British Pound, the U.S. Dollar along with other foreign currencies. Any strengthening of the Indian Rupee against the British Pound, the U.S. Dollar or other foreign currencies, as witnessed in the last year, could adversely affect our profitability.

Discussion on Financial Performance with respect to Operational Performance

Overview

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

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

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

A. STANDALONE FINANCIAL POSITION

1. Share Capital

The Authorized Share Capital of the Company is ₹ 1,750 Million, divided into 175 Million equity shares of ₹ 10 each. The paid up share capital stands at ₹ 1,275 Million as on 31st March 2012 compared to ₹ 1,260 Million on 31st March 2011. The increase in paid up capital during the year is due to conversion of options into shares by employees under Employee Stock Option Plan.

2. Reserves and Surplus

a) Securities Premium Account

The addition to the securities premium account of ₹ 103 Million during the year is due to the premium received on issue of 1,531,060 equity shares on exercise of option under stock option plans.

b) General Reserve

General reserve stands at ₹ 5,451 Million on 31st March 2012 as compared to ₹ 4,451 Million on 31st March 2011. ₹ 1,000 Million transferred from Statement of Profit and Loss as compared to ₹ 1,000 Million in previous year.

c) Statement of Profit and Loss

The balance retained in the Statement of Profit and Loss as of 31st March 2012 is ₹ 24,068 Million compared to ₹ 22,412 Million as of 31st March 2011.

3. Loan Funds

Loan funds as on 31st March 2012 stand at ₹ 11,266 Million including ₹ 6,106 Million of secured loans and ₹ 5,160 Million of unsecured loans, compared to ₹ 11,827 Million including ₹ 6,000 Million of secured loans and ₹ 5,827 Million of unsecured loans as on 31st March 2011.

4. Fixed Assets

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

₹ in Million

As of 31st March	**2012**	**2011**
Gross Book Value		
Land		
- Freehold	175	175
- Leasehold	679	425
Buildings	4,679	4,102
Leasehold Improvements	888	822
Plant and Equipment	2,566	2,348
Computers	2,534	2,470
Office Equipments	491	440
Furniture and Fixtures	1,684	1,579
Vehicles		
- Leased	0	0
- Owned	59	48
Intangible Assets	214	76
Total	**13,969**	**12,485**
Less: Accumulated Depreciation & Amortization	7,443	6,485
Net Block	6,526	6,000
Add: Capital work-in-progress	1,627	608
Net Fixed Assets	**8,153**	**6,608**

The Net Block of Fixed Assets and Capital Work in Progress increased to ₹ 8,153 Million as on 31st March 2012, as against ₹ 6,608 Million as at 31st March 2011. During the year, the Company incurred capital expenditure (gross) of ₹ 2,039 Million (previous year ₹ 1,454 Million). The major items of Capital Expenditure Included Leasehold Improvements, Office Building, Plant and Equipment, Computers and Furniture & Fixtures including amount spent on Pune, Chandigarh and Kolkata campus.

5. **Investments**

The summary of Company's investments is given below:

₹ in Million

Investments	**As at 31st March 2012**	**As at 31st March 2011**
Investment in Subsidiaries	31,684	31,502
Investment (others)	86	86
Total Investments	31,770	31,588
Less : Provision for diminution of value	439	439
Net Investments	**31,331**	**31,149**

I. **Investment in Subsidiaries**

The Company had investment in the following subsidiaries:

a) **Tech Mahindra (Americas) Inc.**

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

b) **Tech Mahindra GmbH**

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

c) **Tech Mahindra (Singapore) Pte. Limited**

Formed in 2002, Tech Mahindra (Singapore) Pte. Limited is Tech Mahindra's representative in Singapore and acts as a service provider for sales, marketing, onsite software development and other related services.

d) **Tech Mahindra (Thailand) Limited**

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

e) **Tech Mahindra Foundation (TMF)**

TMF was promoted by Tech Mahindra Limited as Section 25 Company, in 2006, with the objective of promoting social and charitable activities. TMF primarily concentrates on rendering assistance to the needy and under privileged people in the society. All the CSR initiatives of the Company are carried through TMF.

f) **PT Tech Mahindra Indonesia**

PT Tech Mahindra Indonesia, established in 2006, is Tech Mahindra's representative in Indonesia and acts as a service provider for sales, marketing, onsite software development and other related services.

g) **CanvasM Technologies Limited**

CanvasM Technologies Limited was set up as a joint venture between Tech Mahindra Limited and Motorola Cyprus Holding Limited in July 2006 with an objective to provide software services and solutions to wire line and wireless telecom service providers, cable companies, enterprise, media and broadcast companies, using SI expertise of Tech Mahindra and R&D investments of Motorola Cyprus. During the year, the entire stake of Motorola (19.9%) was bought by Tech Mahindra Limited. CanvasM Technologies Limited has thus become wholly owned subsidiary of Tech Mahindra Limited as on 31st March 2012.

h) **CanvasM (Americas) Inc.**

CanvasM (Americas) Inc. was incorporated in September 2006, as step down wholly owned subsidiary of CanvasM Technologies Limited to provide software services and solutions.

i) **Tech Mahindra (Malaysia) Sdn. Bhd.**

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

j) **Tech Mahindra (Beijing) IT Services Limited**

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

k) **Venturbay Consultants Private Limited (VCPL)**

VCPL became wholly owned subsidiary of the Company as on 19th March 2009. It was acquired to act as a Special Purpose Vehicle (SPV) to bid for the acquisition of Satyam. It emerged as the highest and successful bidder in the global competitive bidding process and has since acquired 42.67% shares of Satyam. The Company has invested ₹ 30,461 Million in VCPL.

l) Mahindra Logisoft Business Solutions Limited (Mahindra Logisoft)

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

m) Tech Mahindra (Nigeria) Limited

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

n) Tech Mahindra (Bahrain) Limited S.P.C

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

o) Tech Mahindra Brasil Servicos De Informatica Ltda

Tech Mahindra Brasil Servicos De Informatica Ltda was incorporated in July 2010 as a wholly owned subsidiary of your Company to provide sales, marketing and account management support to customers in and around Latin America. It acts as a service provider for sales, marketing, onsite software development and other related services.

p) Tech Talenta Inc. (TTI)

TTI was formed in March 2012, to carry on business of recruitment, fulfillment and ongoing management of local temporary contractor resources in the areas of IT Development, Product Engineering and IT Systems Support Operations. TTI is a wholly owned subsidiary of Tech Mahindra (Americas) Inc.

II. Investment in Liquid Mutual Funds

The Company has been investing its temporary surplus in various mutual funds. These are typically investments in short-term/liquid funds to gainfully use the excess cash balance with the Company. There are investments of ₹ 1,203 Million in liquid mutual funds as at 31st March 2012 (previous year nil).

6. Deferred Tax Asset

Deferred tax asset as at 31st March 2012 was at ₹ 820 Million as compared to ₹ 532 Million as of 31st March 2011. Deferred tax assets represent timing differences in the financial and tax books arising from depreciation of assets, provision for debtors and leave encashment & gratuity. The Company assesses the likelihood that the deferred tax asset will be recovered from future taxable income before carrying it as an asset.

7. Sundry Debtors

Sundry debtors increased to ₹ 12,431 Million (net of provision for doubtful debts amounting to ₹ 458 Million) as of 31st March 2012 from ₹ 9,643 Million (net of provision for doubtful debts amounting to ₹ 130 Million) as of 31st March 2011. Debtor days as of 31st March 2012 (calculated based on per-day sales in the last quarter) were 97 days, compared to 95 days as of 31st March 2011.

8. Cash and Bank Balance

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

₹ in Million

As of 31st March	**2012**	**2011**
Bank balances in India & Overseas		
- Current accounts	1,374	1,807
- Deposit accounts	15	131
Total cash and bank balances*	**1,389**	**1,938**

* Including unrealised (gain) / loss on foreign currency.

9. Total Loans and Advances

Total Loans and advances as on 31st March 2012 were ₹ 8,125 Million compared to ₹ 10,928 Million as on 31st March 2011. Significant items of total loans and advances include payments towards rent/lease deposits, security deposit, unbilled revenue and balance with excise & custom.

10. Current Liabilities and Provisions

Current liabilities and provisions were ₹ 11,741 Million as of 31st March 2012 compared to ₹ 9,868 Million as of 31st March 2011. Liabilities and provisions increased mainly due to higher employee related liabilities particularly retirement liabilities & proposed dividend.

B. RESULTS OF OPERATIONS

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

Particulars	FY 2011-12		FY 2010-11	
	₹ (In Million)	% of Total Income	₹ (In Million)	% of Total Income
Income				
Revenue from Services	52,430		49,655	
Other Income	677		1,266	
Total Income	53,107	100.00	50,921	100.00
Expenditure				
Employee Benefits Expenses	22,510	42.39	19,438	38.17
Operating and Other Expenses	21,598	40.67	20,927	41.10
Depreciation	1,505	2.83	1,383	2.72
Interest	1,025	1.93	1,113	2.19
Total Expenditure	46,638	87.82	42,861	84.18
Profit before tax and exceptional items	6,469	12.18	8,060	15.83
Provision for Taxation	1,184		1,093	
Profit after taxation and before exceptional item	5,285	9.95	6,967	13.68
Exceptional items	679		0	
Net Profit for the year	**4,606**	**8.67**	**6,967**	**13.68**

1. Revenue

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

The revenue increased by 5.6% to ₹ 52,430 Million in FY 2011-12 from ₹ 49,655 Million in FY 2010-11. This reflected an increase in the number of clients served during the respective years as well as an increase in the amount of business from these clients. Revenue from Europe as a percentage of total revenue was 49.3% in FY 2011-12 compared to 52.3% in FY 2010-11. Revenue from the Americas increased to 34.6% in FY 2011-12 from 29.4% in FY 2010-11 while the share of revenue attributable to the Rest of the World (including India) segment was 16% in FY 2011-12 compared to 18.3% in the previous year.

Consolidated Revenue

Consolidated Revenue for the FY 2011-12 stood at ₹ 54,897 Million compared to ₹ 51,402 Million last FY 2010-11, a growth of 6.8%.

Consolidated Revenue by Geography

Revenue from Europe as a percentage of total revenue was 47.1% in FY 2011-12 compared to 50.5% in FY 2010-11. Revenue from the Americas increased to 34.3% in FY 2011-12 from 29.9% in FY 2010-11 while the share of revenue attributable to the Rest of the World (including India) segment was 18.6% in FY 2011-12 compared to 19.6% in the previous year.

Consolidated Revenue by Segment

For FY 2011-12, 80.7% of revenue came from Telecom Service Providers(TSP) segment, 6.6% from Telecom Equipment Manufactures (TEM), 9.7% came from Business Support Group BSG (BPO) segment while 3.1% from others. The revenue share in FY 2010-11 from TSP, TEM, BPO and Others segment was 87.0%, 5.1%, 6.3% and 1.6% respectively.

2. **Other Income**

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

Interest income mainly consists of interest received on bank deposits. Dividend income includes dividend received on long term investments as well as that received on current investments. Exchange gain/loss consists of mark to market gain/loss on ineffective hedges, realized gain/loss and revaluation gain/loss on translation of foreign currency assets and liabilities. Other income is at ₹ 677 Million in FY 2011-12 compared to ₹ 1,266 Million in FY 2010-11.

3. **Expenditure**

Particulars	**FY 2011-12**		**FY 2010-11**	
	₹ (In Million)	**% of Total Income**	**₹ (In Million)**	**% of Total Income**
Employee Benefits Expenses	22,510	42.39	19,438	38.17
Operating and Other Expenses	21,598	40.67	20,927	41.10
Depreciation	1,505	2.83	1,383	2.72
Interest	1,025	1.93	1,113	2.19
Total Expenses	**46,638**	**87.82**	**42,861**	**84.18**

* Previous period numbers have been re-grouped / re-arranged wherever necessary

Employee Benefits Expenses includes salaries, wages and bonus, allowances paid to associates deputed outside India, contribution to provident fund and other funds and staff welfare costs. The increase in Employee Benefits Expenses in absolute value is mainly due to increase in headcount and annual increments.

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

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

The Company incurred interest expense of ₹ 1,025 Million in FY 2011-12 as compared to ₹ 1,113 Million in FY 2010-11. The borrowings which were taken to fund acquisition of Mahindra Satyam were partly repaid in 2010 & 2011 which along with lower interest rates on borrowings resulted in reduced interest.

4. **Profit before tax**

Profit before tax was ₹ 6,469 Million in FY 2011-12 compared ₹ 8,060 Million in FY 2010-11. Profit before tax as a percentage of total income was 12.2% in FY 2011-12 compared to 15.9% in FY 2010-11.

5. **Income taxes**

The provision for income tax for the year ended 31st March 2012 was ₹ 1,184 Million as compared to ₹ 1,093 Million in the previous year, higher by 8.4%.The effective tax rate in these years was 18.3% and 13.6% respectively.

6. **Profit after tax before exceptional items**

   Profit after tax before exceptional items was ₹ 5,285 Million in FY 2011-12 compared to ₹ 6,967 Million in FY 2010-11. Profit after tax as a percentage of revenue was 9.9% in FY 2011-12 and 13.7% in FY 2010-11.

Consolidated PAT

Consolidated PAT before exceptional item and minority interest for the FY 2011-12 was ₹ 6,100 Million compared to ₹ 7,458 Million in FY 2010-11. PAT as a percentage of revenue was 11.1% in FY 2011-12 compared to 14.5% in FY 2010-11.

C. CASH FLOW

₹ in Million

Particulars	Financial Year	
	2011-12	**2010-11**
Net cash flow from operating activities	6,654	4,706
Net cash flow from (used in) investing activities	(4,009)	(1,317)
Net cash flow from (used in) financing activities	(3,216)	(2,867)
Cash and cash equivalents at the beginning of the year	1,918	1,396
Cash and cash equivalents at the end of the year	1,347	1,918

D. Internal Control Systems

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

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

Despite a challenging year, Tech Mahindra has continued to make addition to its human resources during FY 2011-12. We had a net addition of 2,430 (previous year 4,809) employees mainly through campus recruitment in addition to lateral hiring. The global headcount of the company as on 31st March, 2012 was 40,763 employees compared to 38,333 employees as on 31st March, 2011. The Company used various sources for attracting talent during the year. It hired Engineering Graduates and Science Graduates for technical positions whereas MBAs were recruited from premier management institutes such as IIMs, ISB and XLRI to be groomed for future leadership positions.

The IT attrition was 19% for the last quarter of the fiscal, witnessing a drop from 22% in the corresponding period of previous year. The Company has been working towards controlling the attrition rate by continuously investing in learning and development programs for associates, competitive compensation, creating a compelling work environment, empowering associates at all levels as well as a well-structured reward and recognition mechanism.

Cautionary Statement

Certain statements made in the management discussion and analysis report relating to the Company's objectives, projections, outlook, expectations, estimates and others may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations, projections and so on whether express or implied. Several factors could make significant difference to the Company's operations. These include economic conditions affecting demand and supply, government regulations and taxation, natural calamities and so on over which the Company does not have any direct control.

CORPORATE GOVERNANCE REPORT

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

Your Company believes that Corporate Governance is a set of guidelines to help fulfill its responsibilities to all its stakeholders. It is a voluntary code of self-discipline to ensure that the Company abides by highest ethical standards. In line with this philosophy, your Company follows healthy Corporate Governance practices and has been reporting the same in annual report even before the Company was listed in August 2006.

II. BOARD OF DIRECTORS:

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

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

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

The Board meets at least four times a year and the maximum gap between two meetings is not more than four months. During the year 2011-12, six meetings of the Board of Directors were held on 20th April 2011, 26th May 2011, 12th August 2011, 15th November 2011, 8th February 2012 and 21st March 2012.

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

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

The names and categories of the Directors on the Board, their attendance at the Board and the Annual General Meeting held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them in other companies as on 31st March, 2012 is given below:

Sr. No.	Name	Category	No. of Board Meetings attended (Held = 6)	Attendance at the AGM held on 12th August 2011	Directorship in other Companies (*)	No. of Committee positions held in other public companies (**)	
						As Chairman	As Member
1.	Mr. Anand G. Mahindra	Non-Executive Chairman	5	Yes	7	Nil	1
2.	Hon. Akash Paul	Non-Executive, Independent	5	Yes	Nil	Nil	Nil
3.	Mr. Anupam Puri	Non-Executive, Independent	5	Yes	3	Nil	1
4.	Mr. Bharat N. Doshi	Non-Executive	6	Yes	7	2	1
5.	Mr. B.H. Wani	Non-Executive, Independent	6	Yes	Nil	Nil	Nil
6.	Mr. M. Damodaran	Non-Executive, Independent	3[1]	Yes	6	Nil	2
7.	Mr. Nigel Stagg #	Non- Executive	2	Yes	Nil	Nil	Nil
8.	Mr. Paul Zuckerman	Non-Executive, Independent	5[1]	Yes	2	Nil	1
9.	Dr. Raj Reddy	Non-Executive, Independent	5	Yes	1	Nil	Nil
10.	Mr. Ravindra Kulkarni	Non-Executive, Independent	6	Yes	7	2	4
11.	Mr. Richard Cameron#	Non- Executive	3	Yes	Nil	Nil	Nil
12.	Mr. Vineet Nayyar	Vice Chairman & Managing Director	5	Yes	8	Nil	Nil
13.	Mr. Ulhas N. Yargop	Non-Executive	6	Yes	6	2	4

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

[#] Resigned with effect from 23rd December, 2011

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

(**) Committees include Audit Committee and Investor Grievances-Cum-Share Transfer Committee, excluding that of Tech Mahindra Limited.

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

During the year under review, Mr. Richard Cameron and Mr. Nigel Stagg, Directors representing British Telecommunications plc. resigned as directors with effect from 23rd December, 2011.

Directors seeking re-appointment: Hon. Akash Paul, Mr. B.H. Wani, Mr. M. Damodaran and Mr. Ravindra Kulkarni retire by rotation and being eligible, have offered themselves for re-appointment. As required by clause 49 (G) (i) of the Listing Agreement, details of Directors seeking re-appointment are set out at the end of this Report.

CEO / CFO Certification

As required under Clause 49 V of the Listing Agreement with the Stock Exchanges, a Certificate on the Financial Statements for the financial year ended on 31st March, 2012 has been given to the Board of Directors by the Vice Chairman & Managing Director and the Chief Financial Officer of the Company.

Code of Conduct

All the Directors and senior management personnel have affirmed compliance with the Code of Conduct/ Ethics as approved and adopted by the Board of Directors and a declaration to that effect signed by the Managing Director is attached and forms part of this report. The Code has been posted on the Company's website - www.techmahindra.com

Policy for prohibition of Insider Trading

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

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

Whistle Blower Policy

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

III. RISK MANAGEMENT:

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

IV. COMMITTEES OF THE BOARD:

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

A. AUDIT COMMITTEE:

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

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

Four meetings of the Audit Committee were held during the Financial Year 2011-12. The meetings were held on 26th May 2011, 12th August 2011, 15th November, 2011 and 8th February 2012. The gap between two Meetings did not exceed four months.

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

Name of Director	Category	Number of Audit Committee meetings attended (Held = 4)
Mr. M. Damodaran	Chairman, Non-Executive, Independent	3
Mr. Anupam Puri	Non-Executive, Independent	4
Mr. Paul Zuckerman	Non-Executive, Independent	4
Dr. Raj Reddy	Non-Executive, Independent	4
Mr. Richard Cameron #	Non Executive	3
Mr. Ulhas N. Yargop	Non Executive	4

Resigned with effect from 23rd December 2011.

The necessary quorum was present at all the meetings.

2. Recommendations of the Committee:

All the recommendations of the Audit Committee were accepted by the Board of Directors.

3. Brief terms of reference:

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

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

Mr. M Damodaran, Chairman of the Committee, was present at the Annual General Meeting of the Company held on 12th August 2011.

The Company Secretary is the Secretary to the Committee.

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

B. COMPENSATION (REMUNERATION) COMMITTEE:

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

Four meetings of the Compensation Committee were held during the Financial Year 2011-12. The meetings were held on 26th May 2011, 12th August 2011, 15th November 2011 and 8th February 2012.

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

Name of Director	Category	Number of Compensation Committee meetings attended (Held = 4)
Mr. Ravindra Kulkarni	Chairman, Non-Executive Independent	4
Mr. Anupam Puri	Non-Executive Independent	4
Mr. Nigel Stagg #	Non-Executive	2
Mr. Paul Zuckerman	Non-Executive Independent	4
Mr. Ulhas N. Yargop	Non-Executive	4

Resigned with effect from 23rd December 2011

The necessary quorum was present at all the meetings.

2. Brief terms of reference:

The terms of reference of the Compensation Committee include determining the terms and conditions including the remuneration payable to Managing Director of the Company as well as the Employee Stock Option Plans (ESOPs) of the Company. During the course of its review, the Committee also decides on the commission of the Directors and/or other incentives payable, taking into account the individual's performance as well as that of the Company.

3. Remuneration Policy:

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

4. Compensation of Directors:

i. Remuneration to Non-Executive Directors:

Your Company's Non-Executive Directors are entitled to sitting fees and/ or commission and actual expenses for attending the Board/ Committee meetings. Presently, the Company does not pay sitting fees to its Directors.

The eligible Non-Executive Directors are paid commission upto a maximum of 1% of the net profits of the Company, as specifically computed for this purpose. A commission of ₹ 22,120,372 Million (GBP 283,500) has been provided as payable to the eligible Non-Executive Directors in the accounts of the year under review. The said commission will be paid after approval of the members in the Annual General Meeting. The details of the stock options granted till date to the Non-Executive Directors and the commission of ₹ 20 Million (provided in the accounts for the year ended 31st March 2011), paid to them during the year under review are as under:

Sr. No.	Name of Director	Commission for FY 2010-11, paid during the year (Amount in ₹)	Stock options granted till date
1	Mr. Anand G. Mahindra	-	-
2	Hon. Akash Paul	1,996,512	30,000
3	Mr. Anupam Puri	2,067,816	25,000
4	Mr. Bharat Doshi	-	20,000
5	Mr. B. H. Wani	1,925,208	-
6	Mr. M. Damodaran	2,067,816	20,000
7	Mr. Nigel Stagg #	1,996,512	-
8	Mr. Paul Zuckerman	1,996,512	20,000
9	Dr. Raj Reddy	2,067,816	30,000
10	Mr. Ravindra Kulkarni	2,067,816	-
11	Mr. Richard Cameron #	1,996,512	-
12	Mr. Ulhas N. Yargop	2,067,816	35,000
	Total	**20,250,336**	**180,000**

Resigned with effect from 23rd December, 2011.

All these options (except those granted to Mr. M. Damodaran) are granted prior to the listing of Company's shares, based on the annual valuation by an independent chartered accountant. The options granted to Mr. M. Damodaran during FY 2008-09 were in line with the provisions of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. Under ESOP 2000, options vest over a period of three years in the ratio of 33%, 33% and 34%. Under ESOP 2006, options vest over five years in the ratio of 10%, 15%, 20%, 25% and 30%.

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

ii. Remuneration paid / payable to Managing Director for the year ended 31st March 2012:

Remuneration to Managing Director is fixed by the Compensation Committee. Following is the remuneration paid / payable to the Managing Director during the year ended 31st March 2012:

(₹ in Million)

Director	Salary	Company's contribution to Provident Fund	Benefits, Perquisites & Allowances	Commission payable	Total	Contract Period	No. of options (under ESOP 2004 and ESOP 2010)
Mr. Vineet Nayyar, Vice Chairman & Managing Director	10.08	1.21	13.91	10.80	36.00	Re-appointed from 17th January 2010 to 16th January 2013	ESOP 2004 -3,406,620 ESOP 2010 - 800,000

5. **Details of Equity Shares of the Company held by the Directors as on 31st March 2012 are as below:**

Sr. No.	Name of Director	No. of Shares held	% to total paid-up Capital
1.	Mr. Anand Mahindra+	47,138	0.03
2.	Mr. Vineet Nayyar+	747,208	0.58
3.	Hon. Akash Paul	21,015	0.01
4.	Mr. Bharat Doshi+	17,831	0.01
5.	Dr. Raj Reddy	27,000	0.02
6.	Mr. Ravindra Kulkarni +	1,037	0.00
7.	Mr. Ulhas N. Yargop+	38,340	0.03
	Total	**899,569**	**0.68**

+ Held jointly

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

C. INVESTOR GRIEVANCES-CUM-SHARE TRANSFER COMMITTEE:

The Board of Directors constituted the Investor Grievances-cum-Share Transfer Committee of the Board at its meeting held on 4th May, 2006. Mr. Ulhas N. Yargop, a Non-Executive Director is the Chairman of the Committee. Mr. Vineet Nayyar and Mr. Richard Cameron (Resigned with effect from 23rd December, 2011) are the other members of the Committee. Mr. Anil Khatri, Company Secretary is the Compliance Officer. During the year, the Committee has held one meeting on 15th November, 2011 which was attended by all Committee members.

Terms of reference: The Investor Grievances-cum-Share Transfer Committee looks into redressal of shareholders' and investors' complaints, issue of duplicate/ consolidated share certificates, allotment and listing of shares and review of cases for refusal of transfer/ transmission of shares and debentures and reference to statutory and regulatory authorities. The Company also has an Investor Relations Department focused on servicing the needs of the investors, analysts, brokers and the general public. The status of complaints received and resolved during the year is as under:

Opening balance of the number of Shareholders' complaints/requests as on 1st April, 2011	Number of Shareholders' complaints /requests received during the year	Number of Shareholders' complaints / requests disposed during the year	Number of Shareholders' complaints / requests pending as on 31st March, 2012
0	170	170	0

Number of Complaints/requests received during the year as a percentage of total number of members as on 31st March, 2012 is 0.13%

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

The Committee was formed to deal with urgent matters requiring immediate action of the Board of Directors before a meeting of the Board could be convened. The Committee also approves the making of loans and investments in accordance with the guidelines prescribed by the Board. Mr. Vineet Nayyar is the Chairman of the Committee. Mr. Ulhas N. Yargop and Mr. Nigel Stagg (Resigned with effect from 23rd December 2011) are the other Members of the Committee.

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

The Committee was formed in the year 2006 to enable exercise of Options and allotment of shares under ESOP. The Board in its meeting held on 27th April, 2009 renamed the Committee as "Securities Allotment Committee" to increase its scope with power to allot any marketable securities of the Company. Mr. Vineet Nayyar is the Chairman of the Committee. Mr. Ulhas N. Yargop and Mr. Richard Cameron (Resigned with effect from 23rd December, 2011) are the other Members of the Committee.

V. SUBSIDIARY COMPANIES:

Clause 49 defines a material non-listed Indian subsidiary as an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year. Venturbay Consultants Private Limited (Venturbay), a wholly owned subsidiary of the Company is a material non-listed Indian subsidiary. The Company regularly places before the Board minutes of all subsidiaries of the Company.

VI. GENERAL BODY MEETINGS:

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

Year	Location of AGM	Date	Time	Special Resolutions passed
2009	Birla Matushri Sabhagar,19, New Marine Lines, Mumbai 400 020	July 23, 2009	3.00 p.m.	- Resolution under Section 81(1A) of the Companies Act, 1956 for further issue of shares.
2010	Birla Matushri Sabhagar,19, New Marine Lines, Mumbai 400 020	July 26, 2010	3.30 p.m.	- Resolution under Section 81(1A) of the Companies Act, 1956 for further issue of shares. - Re-appointment and revision of remuneration payable to Managing Director.
2011	Sir Patkar Hall, 1, Nathibai Thackersey Road, Marine Lines, Mumbai 400 020	August 12, 2011	3.30 p.m.	- Approval for payment of commission to Non - Executive Directors. - Resolution under Section 81(1A) of the Companies Act, 1956 for further issue of shares. - Approval for enhancing the ceiling on total holdings of Foreign Institutional Investors upto 35% of paid up equity capital.

Details of Resolutions passed through Postal Ballots during the year 2011-12: NIL

VII. DISCLOSURES:

i) There have been no materially significant transactions, pecuniary transactions or relationships between the Company and directors, management, subsidiary or related parties except those disclosed in the financial statements for the year ended 31st March, 2012.

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

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

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

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

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

(b) During the period under review, there is no audit qualification in the Company's financial statements. The Company continues to adopt best practices to ensure regime of unqualified financial statements. The Consolidated Audited Accounts were qualified by Auditors with qualifications flowing from audit qualifications in Audit Report of Satyam Computer Services Limited, an associate of the Company.

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

VIII. COMMUNICATION OF RESULTS:

- The Company has 132,930 shareholders as on 31st March, 2012. The main channel of communication to the shareholders is through the annual report which includes inter alia, the Directors' report, the report on Corporate Governance and the quarterly and annual audited financial results.
- The website of the Company www.techmahindra.com acts as the primary source of information regarding the operations of the Company.

  The quarterly, half-yearly and annual results of the Company are published in leading newspapers in India which include Business Standard, Economic Times and Maharashtra Times. The results are also displayed on the Company's website www.techmahindra.com. Official Press Releases made by the Company from time to time are also displayed on the website. A Fact sheet providing a gist of the quarterly, half yearly and annual results of the Company is displayed on the Company's website. The Company regularly posts information relating to its financial results and shareholding pattern on Corporate Filing and Dissemination System (CFDS) viz. www.corpfiling.co.in. Besides, the Company also submits electronically various compliance reports / statements periodically in accordance with the provisions of the Listing Agreement on NSE's Electronic Application Processing System (NEAPS).
- A Management Discussion and Analysis forms part of this Annual Report.

IX. GENERAL SHAREHOLDER INFORMATION:

1. Annual General Meeting:

Date	Friday, 10th August 2012
Time	3.30 P.M.
Venue	Y. B. Chavan Auditorium, General Jagannath Bhosle Marg, Nariman Point, Mumbai -400 021.

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

Financial Calendar:

Financial reporting for	**Tentative Board Meeting schedule (subject to change)**
Quarter ending 30th June 2012	First fortnight of August 2012
Half year ending 30th September 2012	First fortnight of November 2012
Quarter ending 31st December 2012	First fortnight of February 2013
Year ending 31st March 2013	Second fortnight of May 2013
Annual General Meeting for the year ending 31st March 2013	First fortnight of August 2013

3. Book Closure / Record Date:

6th August, 2012 to 10th August, 2012 (both days inclusive) for the purpose of Annual General Meeting and payment of dividend.

4. Date of Dividend Payment

Date of payment of Dividend if declared would be on or after 10th August, 2012.

5. Listing on Stock Exchanges:

The Company's equity shares are listed on The National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE). Listing Fee for FY 2012-13 has been paid in full for both the stock exchanges.

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

6. **Stock Code:**

National Stock Exchange of India Limited - TECHM

Bombay Stock Exchange Limited - 532755

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

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

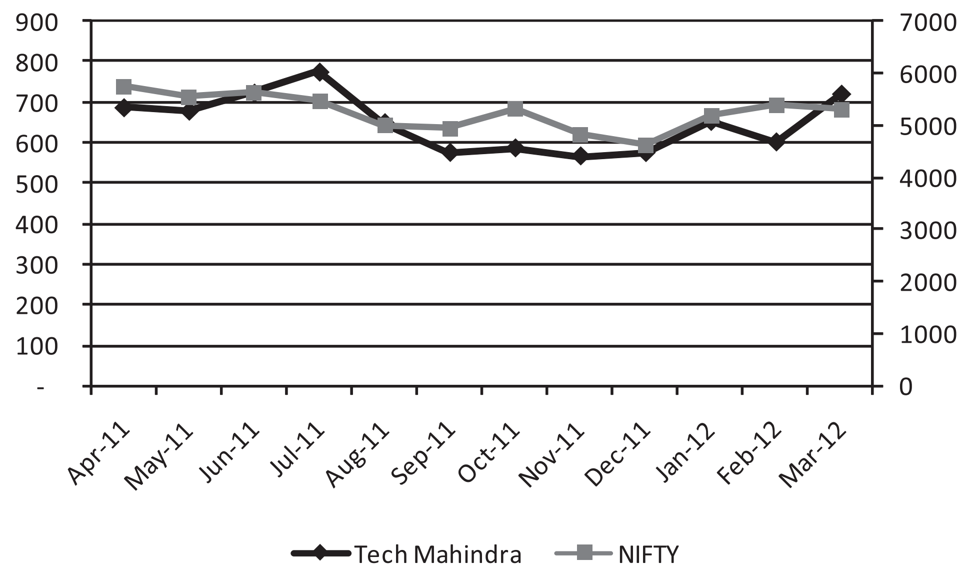
- 10.25% Non-convertible Debentures (17 April 2013) Face Value ₹ 10 Lac: INE669C07025
- 10.25% Non-convertible Debentures (17 April 2014) Face Value ₹ 10 Lac: INE669C07033

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

	Equity Shares			
Month	**NSE**		**BSE**	
	High (₹)	**Low (₹)**	**High (₹)**	**Low (₹)**
April 2011	761.00	671.00	760.00	675.85
May 2011	696.45	636.60	697.00	587.15
June 2011	795.00	654.80	724.70	658.05
July 2011	798.00	714.35	797.70	715.00
August 2011	786.25	602.00	784.00	604.00
September 2011	699.60	555.55	699.00	524.20
October 2011	615.00	529.70	615.85	531.00
November 2011	634.00	550.00	635.00	550.10
December 2011	618.75	528.00	602.45	537.20
January 2012	656.00	565.05	656.00	567.45
February 2012	691.80	609.10	694.40	579.25
March 2012	749.00	590.10	745.00	590.65

9. **Performance in comparison to broad-based indices such as NSE (NIFTY), BSE Sensex index etc.:**

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



Last trading day of the month

10. Registrar and Transfer Agents:

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

Link Intime India Private Limited
Block No. 202, 2nd Floor,
Akshay Complex, Near Ganesh Temple,
Off Dhole Patil Road,
Pune 411 001
Tel No. +91 20 2616 0084, 2616 1629
Fax: +91 20 2616 3503
Contact Person: Mr. Bhagavant Sawant
Email address: bhagavant.sawant@linkintime.co.in

11. Share Transfer System:

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

12. Distribution of shareholding as on 31st March 2012:

No. of Equity Shares held	Shareholders		Equity shares held	
	No. of Shareholders	% to Total	No. of shares	% to Total
001 - 500	130,853	98.44	4,617,598	3.62
501 - 1000	905	0.68	685,782	0.54
1001 - 2000	594	0.45	841,230	0.66
2001 - 3000	213	0.16	529,035	0.41
3001 - 4000	106	0.08	376,502	0.30
4001 - 5000	62	0.05	282,237	0.22
5001 - 10000	86	0.06	633,484	0.50
10,001 & above	111	0.08	119,520,673	93.75
Total	**132,930**	**100.00**	**127,486,541**	**100.00**

13. Shareholding Pattern as on 31st March 2012:

Category	No. of shares held	% to Total
Promoters holdings	90,283,901	70.82
Public Share holding:		
Mutual Funds	528,628	0.41
Banks, Financial Institutions & others	18,307,918	14.36
Foreign Institutional Investors	7,284,179	5.71
Bodies Corporate	667,042	0.52
NRI/Foreign Nationals	462,281	0.36
Indian Public & others	9,952,592	7.82
Total	**127,486,541**	**100.00**

14. Dematerialization of shares and liquidity:

99.89% of the total equity share capital of the Company is held in a dematerialized form with National Securities Depository Limited and Central Depository Services (India) Limited as on 31st March 2012. The market lot is one share as the trading in equity shares of the Company is permitted only in dematerialized form. The stock is highly liquid.

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

As on 31st March 2012, the Company did not have any outstanding GDRs/ADRs/Warrants or any Convertible instruments (excluding ESOPs).

16. Plant Locations:

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

17. Address for correspondence:

Shareholders' Correspondence: Shareholders may correspond with

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

Link Intime India Private Limited
Block No. 202, 2nd Floor
Akshay Complex, Near Ganesh Temple
Off Dhole Patil Road
Pune 411 001
Tel No. +91 20 2616 0084, 2616 1629
Fax: +91 20 2616 3503
Contact Person: Mr. Bhagavant Sawant
Email address: bhagavant.sawant@linkintime.co.in

ii. Respective Depository Participants (DPs) for shares held in demat mode. Shareholders are requested to take note that all queries in connection with change in their resident address, bank account details, etc. are to be sent to their respective DPs.

iii. For all investor related matters:

Mr. Anil Khatri
Company Secretary
Tech Mahindra Limited
2nd Floor, Corporate Block, Rajiv Gandhi Infotech Park, Phase III, Pune – 411 057 India.
Tel No. +91 20 42250000
Tel No. +91 20 6601 8100
Email address: investor.relations@techmahindra.com

18. Details of shares held in Demat Suspense Account:

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

Sr. No.	Particulars	(In Numbers)
(i)	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year	24 Shareholders 662 Shares
(ii)	Number of shareholders who approached Company for transfer of shares from suspense account during the year	None
(iii)	Number of shareholders to whom shares were transferred from suspense account during the year	None
(iv)	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	24 Shareholders 662 Shares

The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

19. Transfer of Unclaimed Dividend to IEPF:

Pursuant to Sections 205A and 205C and other applicable provisions, if any, of the Companies Act, 1956, dividends that are unclaimed for a period of seven years, are statutorily required to be transferred to Investor Education and Protection Fund (IEPF) administered by the Central Government, and thereafter, cannot be claimed by the investors.

No claim shall lie against the said Fund or the Company for unpaid dividends transferred to the Fund nor shall any payment be made in respect of such claim. Members, who have not yet encashed their dividend warrant(s), are requested to make their claims without any delay to the Company's Registrar and Transfer Agent, i.e. Link Intime India Private Limited.

Calendar for transfer of unclaimed dividend to IEPF:

Financial Year	Type of Dividend	Date of Declaration	Due for Transfer to IEPF
2005-2006	First Interim Dividend	18/07/2005	August, 2012
2005-2006	Second Interim Dividend	17/10/2005	November, 2012
2005-2006	Third Interim Dividend	16/01/2006	February, 2013
2005-2006	Fourth Interim Dividend	04/05/2006	June, 2013
2005-2006	Final Dividend	18/07/2006	August, 2013
2006-2007	First Interim Dividend	17/07/2006	August, 2013
2006-2007	Second Interim Dividend	14/03/2007	April, 2014
2007-2008	Final Dividend	22/07/2008	August, 2015
2008-2009	Interim Dividend	21/10/2008	November, 2015
2009-2010	Final Dividend	26/07/2010	September, 2017
2010-2011	Final Dividend	12/08/2011	September, 2018

X. GREEN INITIATIVES:

The Company has taken steps in furtherance of the recent Green initiative proposed by the Ministry of Corporate Affairs (MCA). In order to save the forest and the economy the Company has sent a circular to all the shareholders seeking their concurrence on the electronic communication. The circular was sent by electronic communication as well as through post along with reply paid envelopes provided by the Company to enable the shareholders to intimate their email id's and help the Company and the country in the green initiative.

In order to save the precious forest, preserve the natural resources of the country and to help your Company to save on cost, Members are requested to register their email id's with the Company's Registrar & Transfer Agent i.e. Link Intime India Private Limited or with your DP or by sending email to techmahindragogreen@linkintime.co.in

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

1. Hon. Akash Paul

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

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

Hon. Akash Paul holds 21,015 equity shares of the Company.

2. Mr. B. H. Wani

Mr. B. H. Wani is a senior solicitor and advocate. Subsequent to his retirement as senior partner of Little & Co, an old firm of solicitors and advocates, he is now practicing more in advisory capacity. During his career, he has handled civil matters of corporate bodies relating to formation of companies, joint ventures, collaborations, take overs and amalgamations as well as relating to sale and purchase of properties and matters covering commercial and banking laws, arbitrations.

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

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

3. Mr. M. Damodaran

Mr. Damodaran had been Chairman of SEBI upto February 2008. As Chairman of SEBI, he was instrumental in setting the pace for appropriate regulation of the securities market in India. His initiatives at SEBI have resulted in India's financial markets being recognized as being amongst the best regulated in the world. Mr. Damodaran's prior appointments include Chairman of IDBI and Chairman of UTI. Earlier, he was Joint Secretary (Banking Division), Ministry of Finance for five years. He was also a member of the Indian Administrative Service and has served as Chief Secretary, Government of Tripura, apart from various assignments with the Central Government at the Ministry of Finance, Ministry of Commerce and Ministry of Information & Broadcasting. Mr. Damodaran holds degrees in Economics and Law from the Universities of Madras and Delhi.

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

Mr. Damodaran is a Director of Hero Honda Motors Limited, ING Vysya Bank Limited, SKNL Group, RSB Transmissions India Limited, Sobha Developers Limited and TVS Automobiles Solutions Limited.

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

4. Mr. Ravindra Kulkarni

Mr. Ravindra Kulkarni holds Masters degree in Law from University of Mumbai. Having been in the legal arena for nearly four decades, Mr. Kulkarni has vast experience as a legal practitioner particularly on matters relating to foreign collaborations, joint ventures, mergers and acquisitions, capital markets, public offerings for listing of securities in India as well as in international markets, infrastructure projects, etc.

He is a Senior Partner of M/s. Khaitan & Co., one of India's leading law firms and heads their Mumbai office. He is on the Boards of several listed companies as an independent director. He is also a member of the Advisory Committee and also a faculty member of the Post Graduate Diploma Course in Securities Law at the Government Law College, Mumbai.

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

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

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

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

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

I confirm that the Company has in respect of the financial year ended March 31, 2012, received from the senior management team of the Company and the Members of the Board, a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team comprises of employees in the President and Executive Vice President Cadre as on March 31, 2012 and Chief Financial Officer of the Company.

For Tech Mahindra Limited

Place: Noida
Date: May 23, 2012

Vineet Nayyar
Vice Chairman & Managing Director

CERTIFICATE

To the Members of Tech Mahindra Limited

We have examined the compliance of conditions of Corporate Governance by Tech Mahindra Limited ("the Company") for the year ended on March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the Company with the stock exchanges.

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

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

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

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

Hemant M. Joshi
Partner
(Membership No. 38019)

Place: Noida
Date: May 23, 2012

Financial Statements of Tech Mahindra Limited

Auditors' Report

To The Members of Tech Mahindra Limited

1. We have audited the attached Balance Sheet of **TECH MAHINDRA LIMITED** ("the Company") as at 31st March, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

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

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

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

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

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

      (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;

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

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

5. On the basis of the written representations received from the Directors as on 31st March, 2012 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of Section 274(1) (g) of the Companies Act, 1956.

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

Hemant M. Joshi
Partner
(Membership No. 38019)

Place : Noida
Dated : May 23, 2012

Annexure to the Auditors' Report

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

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

(ii) In respect of its fixed assets:

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

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

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

(iii) In respect of its inventory:

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

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

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

(iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of Sub Clauses (b), (c), (d), (f) and (g) of the Clause (iii) of paragraph 4 of Companies (Auditors' Report) Order, 2003 are not applicable to the Company.

(v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.

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

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

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

(ix) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act. Accordingly, the provisions of Clause (viii) of paragraph 4 of Companies (Auditors' Report) Order, 2003 is not applicable to the Company.

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

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

(b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2012 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2012 on account of disputes are given below:

(₹ in Million)

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved
The Income Tax Act, 1961	Income tax	Assessing Officer	2001-02	68.88
The Income Tax Act, 1961	Income tax	Assessing Officer	2001-02	162.55
The Income Tax Act, 1961	Income tax	Assessing Officer	2002-03	0.55
The Income Tax Act, 1961	Income tax	High Court	2002-03	240.65
The Income Tax Act, 1961	Income tax	Assessing Officer	2002-03	1.97
The Income Tax Act, 1961	Income tax	Commissioner of Income Tax (Appeals)	2003-04	9.42
The Income Tax Act, 1961	Income tax	Income Tax Appellate Tribunal	2003-04	151.69
The Income Tax Act, 1961	Income tax	Income Tax Appellate Tribunal	2004-05	150.46
The Income Tax Act, 1961	Income tax	Assessing Officer	2004-05	1.32
The Income Tax Act, 1961	Income tax	Assessing Officer	2004-05	39.55
The Income Tax Act, 1961	Income tax	Income Tax Appellate Tribunal	2005-06	1.57
The Income Tax Act, 1961	Income tax	High court	2005-06	2.83
The Income Tax Act, 1961	Income tax	Commissioner of Income Tax (Appeals)	2007-08	16.63
The Income Tax Act, 1961	Fringe Benefit Tax	Assessing Officer	2005-06	1.57
Karnataka VAT Act, 2003	Sales Tax	Deputy Commissioner of Commercial Taxes, Karnataka	2005-06 to 2008-09	9.22
Finance Act, 1994	Service Tax	Commissioner of Central Excise, (Appeals) Pune	2003-04 to 2006-07	12.86
Finance Act, 1994	Service Tax	Commissioner of Service Tax (Appeals), Bangalore	2004-05 to 2007-08	86.60
Finance Act, 1994	Service Tax	Customs Excise & Service Tax Appellate Tribunal *	2010-11	76.26

* The Company is in process of filing the appeal

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

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

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

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

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

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

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

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

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

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

Hemant M. Joshi
Partner
(Membership No. 38019)

Place : Noida
Dated : May 23, 2012

BALANCE SHEET AS AT MARCH 31, 2012

	Note	March 31, 2012	₹ in Million March 31, 2011
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share Capital	2	**1,275**	1,260
(b) Reserves and Surplus	3	**33,157**	32,580
		34,432	33,840
2 Share Application Money Pending Allotment		**0**	0
3 Non-Current liabilities			
(a) Long-Term Borrowings	4	**6,000**	6,400
(b) Other Long Term Liabilities	5	**4,309**	3,931
(c) Long-Term Provisions	6	**1,706**	1,338
		12,015	11,669
4 Current Liabilities			
(a) Short-Term Borrowings	7	**5,266**	5,427
(b) Trade Payables	8	**4,684**	3,034
(c) Other Current Liabilities	9	**5,669**	5,324
(d) Short-Term Provisions	10	**1,388**	1,510
		17,007	15,295
		63,454	60,804
II. ASSETS			
1 Non-Current Assets			
(a) Fixed Assets	11		
(i) Tangible Assets		**6,463**	5,970
(ii) Intangible Assets		**63**	30
(iii) Capital Work-In-Progress		**1,627**	608
		8,153	6,608
(b) Non-Current Investments	12	**31,331**	31,149
(c) Deferred Tax Asset (refer note 39)		**820**	532
(d) Long-Term Loans and Advances	13	**3,341**	4,103
		43,645	42,392
2 Current assets			
(a) Current Investments	14	**1,203**	-
(b) Inventories	15	**2**	6
(c) Trade Receivables	16	**12,431**	9,643
(d) Cash and Cash Equivalents	17	**1,389**	1,938
(e) Short-Term Loans and Advances	18	**4,784**	6,825
		19,809	18,412
		63,454	60,804
See accompanying notes to the financial statements	1 To 51		

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Hemant M. Joshi
Partner

Noida, Dated: May 23, 2012

For Tech Mahindra Limited

Anand G. Mahindra Chairman	Vineet Nayyar Vice Chairman & Managing Director	
Hon. Akash Paul Director	Anupam Puri Director	Bharat Doshi Director
B.H. Wani Director	M. Damodaran Director	Paul Zuckerman Director
Dr. Raj Reddy Director	Ravindra Kulkarni Director	Ulhas N. Yargop Director
Sonjoy Anand Chief Financial Officer	Anil Khatri Company Secretary	

Noida, Dated: May 23, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

₹ in Million except Earnings per share

		Note	**Year ended March 31, 2012**	Year ended March 31, 2011
I.	Revenue from Services (refer note 28)		**52,430**	49,655
II.	Other Income	19	**677**	1,266
III.	**Total Revenue (I + II)**		**53,107**	50,921
IV.	**Expenses:**			
	Employee Benefits Expense	20	**22,510**	19,438
	Operating and Other Expenses	21	**21,598**	20,927
	Finance Costs	22	**1,025**	1,113
	Depreciation and Amortisation Expense	11	**1,505**	1,383
	Total Expenses		**46,638**	42,861
V.	**Profit Before Exceptional Items and Tax (III-IV)**		**6,469**	8,060
VI.	Exceptional Items (net) (refer note 35)		**679**	-
VII.	**Profit Before Tax (V - VI)**		**5,790**	8,060
VIII.	Tax Expense:			
	(1) Current Tax (refer note 44) - Net of MAT credit of ₹ Nil (previous year: ₹ 180 Million)		**1,472**	1,402
	(2) Deferred Tax (refer note 39)		**(288)**	(309)
IX.	**Profit for the year (VII-VIII)**		**4,606**	6,967
	Earnings Per Equity Share (Before exceptional items) in ₹ (refer note 43)			
	(1) Basic		**41.61**	55.81
	(2) Diluted		**40.00**	53.36
	Earnings Per Equity Share (After exceptional items) in ₹			
	(1) Basic		**36.27**	55.81
	(2) Diluted		**34.86**	53.36
	See accompanying notes to the financial statements	1 To 51		

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Hemant M. Joshi
Partner

Noida, Dated: May 23, 2012

For Tech Mahindra Limited

Anand G. Mahindra
Chairman

Vineet Nayyar
Vice Chairman & Managing Director

Hon. Akash Paul
Director

Anupam Puri
Director

Bharat Doshi
Director

B.H. Wani
Director

M. Damodaran
Director

Paul Zuckerman
Director

Dr. Raj Reddy
Director

Ravindra Kulkarni
Director

Ulhas N. Yargop
Director

Sonjoy Anand
Chief Financial Officer

Anil Khatri
Company Secretary

Noida, Dated: May 23, 2012

CASH FLOW FOR THE YEAR ENDED MARCH 31, 2012

₹ in Million

	Particulars		Year ended March 31, 2012	Year ended March 31, 2011
A	**Cash flow from operating activities**			
	Net Profit before exceptional items and tax		**6,469**	8,060
	Adjustments for :			
	Depreciation and Amortisation	**1,505**		1,383
	Amortisation of Deferred Revenue	**(2,065)**		(2,217)
	Provision for doubtful trade and other receivables, bad debts and loans and advances (net)	**138**		81
	Provision for Customer Claims and Warranties (net)	**(104)**		90
	(Profit) / Loss on sale of Fixed Assets (net)	**(1)**		(11)
	Finance costs	**1,025**		1,113
	Net unrealised exchange (gain) / loss	**851**		152
	Expense on Employee Stock Option Scheme	**412**		69
	Interest Income	**(70)**		(84)
	Dividend Income	**(3)**		-
	Net (gain) / loss on sale of investments	**-**		(0)
			1,688	576
	Operating profit before working capital changes		**8,157**	8,636
	Adjustments for (increase) / decrease in operating assets :			
	Trade receivables (including Finance lease) and short term loans and advances	**(1,147)**		(2,767)
	Trade payables and other current liabilities	**1,719**		348
	Settlement Fees received	**-**		377
			572	(2,042)
	Cash generated from operations		**8,729**	6,594
	Net income tax (paid) / refunds		**(2,075)**	(1,888)
	Net cash flow from / (used in) operating activities (A)		**6,654**	4,706
B	**Cash flow from investing activities**			
	Capital expenditure on fixed assets, including capital advances	**(2,705)**		(1,412)
	Proceeds from sale of fixed assets	**9**		21
	Purchase of current Investments	**(1,200)**		-
	Purchase of Government bonds/securities	**-**		(12)
	Sale of Government Bond/Securities	**-**		11
	Purchase of long-term investments in subsidiary	**(182)**		(9)
	Interest received from others	**69**		84
	Net cash flow from/(used in) investing activities (B)		**(4,009)**	(1,317)
C	**Cash flow from financing activities**			
	Proceeds from issue of equity shares and application money	**119**		260
	Loan given to subsidiary	**(45)**		(40)
	Loans repaid by subsidiary	**-**		40

CASH FLOW FOR THE YEAR ENDED MARCH 31, 2012 (Contd.)

₹ in Million

Particulars		Year ended March 31, 2012	Year ended March 31, 2011
Interest from Loan to Subsidiary	**1**		-
Dividend (including dividend tax) paid	**(591)**		(508)
Proceeds from short term borrowings	**23,541**		12,024
Repayment of short term borrowings	**(25,331)**		(13,584)
Finance cost	**(910)**		(1,059)
Net cash flow from / (used in) financing activities (C)		**(3,216)**	(2,867)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		**(571)**	522
Cash and cash equivalents at the beginning of the year		**1,918**	1,396
Cash and cash equivalents at the end of the year		**1,347**	1,918

Notes :

1 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.

2 **Cash and cash equivalents :**	**March 31, 2012**	March 31, 2011
Cash and Bank balances*	**1,389**	1,938
Unrealised loss / (gain) on foreign currency	**(42)**	(20)
Less Fixed deposits with original maturity over three months	**-**	0
Total Cash and cash equivalents	**1,347**	1,918
*** Cash and cash equivalents comprises**		
a) In current accounts	**1,369**	1,803
b) In deposit accounts with original maturity of less than three months	**15**	131
c) In earmarked accounts	**5**	4
	1,389	1,938

3 Cash and cash equivalents include equity share application money of ₹ **0 Million** (previous year: ₹ 0 Million) and Unclaimed dividend of ₹ **5 Million** (previous year: ₹ 4 Million)

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Hemant M. Joshi
Partner

Noida, Dated: May 23, 2012

For Tech Mahindra Limited

Anand G. Mahindra
Chairman

Vineet Nayyar
Vice Chairman & Managing Director

Hon. Akash Paul
Director

Anupam Puri
Director

Bharat Doshi
Director

B.H. Wani
Director

M. Damodaran
Director

Paul Zuckerman
Director

Dr. Raj Reddy
Director

Ravindra Kulkarni
Director

Ulhas N. Yargop
Director

Sonjoy Anand
Chief Financial Officer

Anil Khatri
Company Secretary

Noida, Dated: May 23, 2012

Notes forming part of the Balance Sheet and Statement of Profit and Loss

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012.

1. Significant accounting policies:

(a) Basis for preparation of accounts:

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

(b) Use of Estimates:

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

(c) Fixed Assets including intangible assets:

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

(d) Leases:

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

(i) Finance lease

Where the Company, as a lessor, leases assets under finance leases such amounts are recognized as receivables at an amount equal to the net investment in the lease and the finance income is based on constant rate of return on the outstanding net investment.

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

Lease arrangements under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease rental under operating lease are recognised in Statement of Profit and Loss on straight line basis.

(e) Depreciation / amortization of fixed assets:

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

Buildings	28 years*
Computers	3 years
Plant and machinery	5 years
Furniture and fixtures	5 years
Vehicles	3-5 Years
Office Equipments	5 years

*Refer foot note 1 of Note 11 of Fixed Assets

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

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

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

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

(vi) The cost of software purchased for internal use is capitalized and depreciated in full in the month in which it is put to use.

(f) Impairment of Assets:

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

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

(g) Investments:

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

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

(h) Inventories:

Components and parts:

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

Finished Goods:

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

(i) Revenue recognition:

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

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

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

The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the year in which the change becomes known.

Liquidated damages and penalties are accounted as per the contract terms wherever there is a delayed delivery attributable to the Company and when there is a reasonable certainty with which the same can be estimated.

Revenues from the sale of software and hardware products are recognised upon delivery/deemed delivery, which is when title passes to the customer, along with risk and rewards.

Unbilled revenues comprise revenues recognised in relation to efforts incurred, not billed as of the period end, where services are performed in accordance with agreed terms.

The Company recognizes unearned finance income as financing revenue over the lease term using the effective interest method.

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

(j) (a) Foreign currency transactions:

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the period 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 period is recognised as income or expense, as the case may be.

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

(b) Derivative instruments and hedge accounting:

The Company uses foreign currency forward contracts / options to hedge its risks associated with foreign currency fluctuations relating to certain forecasted transactions. Effective April 1st 2007 the Company designates some of these as cash flow hedges applying the recognition and measurement principles set out in the Accounting Standard 30 "Financial Instruments: Recognition and Measurements"(AS 30).

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

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

The accumulated gains and losses on the derivatives in reserves are transferred to Statement of Profit and Loss in the same period in which gains or losses on the item hedged are recognized in Statement of Profit and Loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the Statement of Profit and Loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. When hedge accounting is discontinued for a cash flow hedge, the net gain or loss will remain in reserves and be reclassified to Statement of Profit and Loss in the same period or periods during which the formerly hedged transaction is reported in Statement of Profit and Loss. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in reserves is transferred to Statement of Profit and Loss

(k) Employee Retirement Benefits:

(a) Gratuity:

The Company accounts for its gratuity liability, 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 at the Balance Sheet date using the Projected Unit Credit method.

Actuarial gains and losses are recognised in full in the Statement of Profit and Loss in the year in which they occur. (Refer note 29 below)

(b) Provident fund:

The eligible employees of the Company are entitled to receive the benefits of Provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently at 12% of the basic salary) and super annuation contributions, which are charged to the Statement of Profit and Loss on accrual basis. The provident fund contributions are paid to the Regional Provident Fund Commissioner by the Company.

The Company has no further obligations for future provident fund and superannuation fund benefits other than its annual contributions.

(c) Compensated absences:

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

Actuarial gains and losses are recognised in full in the Statement of Profit and Loss in 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.

(d) Other short term employee benefits:

Other short-term employee benefits, including overseas social security contributions and performance incentives expected to be paid in exchange for the services rendered by employees, are recognised during the period when the employee renders the service.

(l) Borrowing costs:

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

(m) Taxation:

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

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

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

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

(n) Employee Stock Option Plans:

Stock options granted to the employees are accounted as per the accounting treatment prescribed by the Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 (“ESOP Guidelines”) issued by Securities and Exchange Board of India (“SEBI”) and the Guidance Note on Accounting for Employee Share-based Payments, issued by the ICAI. Employees eligible for Employee Stock Option Plan 2010 are granted an option to purchase shares of TML at predetermined exercise price. These options vest over a period of three years from the date of grant. The stock compensation cost is computed under the intrinsic value method and amortised on a straight line basis over the total vesting period of three years.

(o) Provision, Contingent Liabilities and Contingent Assets:

Provision is recognised, when the Company has a present obligation as a result of arising out of past events and it becomes probable that any outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made.

Contingent liabilities are not recognised in the financial statement. A Contingent asset is neither recognised nor disclosed in Financial statements.

Note 2: Share Capital

Share Capital	As at March 31, 2012 Number	As at March 31, 2012 ₹ Million	As at March 31, 2011 Number	As at March 31, 2011 ₹ Million
Authorised				
Equity Shares of ₹ 10/- each	**175,000,000**	**1,750**	175,000,000	1,750
Issued, Subscribed & Paid up				
Equity Shares of ₹ 10/- each	**127,486,541**	**1,275**	125,955,481	1,260
	127,486,541	**1,275**	125,955,481	1,260

Disclosure pursuant to Part I of Schedule VI to the Companies Act, 1956
Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:

Particulars	March 31, 2012 Equity Shares		March 31, 2011 Equity Shares	
	Number	₹	Number	₹
Shares outstanding at the beginning of the year	**125,955,481**	**1,259,554,810**	122,320,114	1,223,201,140
Shares Issued during the year	**1,531,060**	**15,310,600**	3,635,367	36,353,670
Shares outstanding at the end of the year	**127,486,541**	**1,274,865,410**	125,955,481	1,259,554,810

No of shares held by each shareholder holding more than 5 percent equity shares of the Company are as follows:

Name of Shareholder	March 31, 2012		March 31, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Mahindra & Mahindra Limited	**60,676,252**	**47.59**	60,676,252	48.17
British Telecommunications PLC	**29,546,923**	**23.18**	29,546,923	23.46
Life Insurance Corporation of India	**7,114,140**	**5.58**	6,753,525	5.36

Information about bonus shares issued by capitalisation of free reserves.

Amount in ₹

Particulars	As at					
	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Aggregate No. of Equity Shares :						
Fully paid up equity shares of ₹ 2 each issued by way of bonus shares by capitalisation of						
a) Balance in Statement of Profit and Loss	**51,000,100**	51,000,100	51,000,100	51,000,100	51,000,100	51,000,100
b) Balance in General reserve	**25,000,000**	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000

Refer note 37 for stock options.

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share.

The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

The Board of Directors in their meeting on 23rd May, 2012 proposed a final dividend of ₹ 4 per equity share. The proposal is subject to approval of shareholders at the Annual General Meeting to be held on 10th August, 2012.

Note 3: Reserves and Surplus

		₹ in Million	
		As at March 31, 2012	As at March 31, 2011
a.	**Securities Premium Account**		
	Opening Balance	**2,599**	2,374
	Add: Received during the year from exercise of stock options	**103**	225
	Closing Balance	**2,702**	**2,599**
b.	**Debenture Redemption Reserve**		
	Opening Balance	**2,637**	1,935
	Add: Transfer from statement of Profit and Loss (net)	**1,353**	702
	Closing Balance	**3,990**	2,637
c.	**Share Options Outstanding Account (refer note 1(n))**		
	Opening Balance	**69**	-
	Add: Amortised amount of stock compensation cost	**412**	69
	Closing Balance	**481**	69
d.	**General Reserve**		
	Opening Balance	**4,451**	3,451
	Add: Transfer from statement of Profit and Loss	**1,000**	1,000
	Closing Balance	**5,451**	4,451
e.	**Hedging Reserve (refer note 40)**		
	Opening Balance	**412**	1,942
	Add: Movement during the year (net)	**(3,947)**	(1,530)
	Closing Balance	**(3,535)**	412
f.	**Surplus in Statement of Profit and Loss**		
	Opening balance	**22,412**	17,740
	Add: Net Profit for the year	**4,606**	6,967
	Less: Final Dividend (refer note 45)	**4**	6
	Less: Proposed Final Dividend (refer note 2)	**510**	504
	Less: Tax on Dividend (refer note 2 and 45)	**83**	83
	Less: Transfer to Debenture redemption reserve (net)	**1,353**	702
	Less: Transfer to General reserve	**1,000**	1,000
	Closing Balance	**24,068**	22,412
		33,157	32,580

Note 4: Long Term Borrowings

₹ **In Million**

	As at March 31, 2012	As at March 31, 2011
(a) Secured Debentures		
(i) 10.25% (previous year: 10.25%) Privately placed Non-Convertible Debentures (Due for redemption on 17th April 2014, at par)	**3,000**	3,000
(ii) 10.25% (previous year: 10.25%) Privately placed Non-Convertible Debentures (Due for redemption on 17th April 2013, at par)	**3,000**	3,000
(The above debentures are secured by pari passu charge over the immovable property located in Gujrat. The Company has also deposited the title deeds of certain other immovable properties of the Company with the debenture trustees.)		
(b) Unsecured Term Loan from Bank	**-**	400
	6,000	6,400

Note 5: Other Long Term Liabilities

(a) Deferred revenue (refer note 28)	**1,708**	3,772
(b) Fair values of foreign exchange forward and currency option contracts (refer note 40)	**2,543**	107
(c) Deposits	**20**	20
(d) Others	**38**	32
	4,309	3,931

Note 6: Long Term Provisions

Provision for employee benefits (refer note 29)	**1,706**	1,338
	1,706	1,338

Note 7: Short Term Borrowings

		₹ in Million
	As at March 31, 2012	As at March 31, 2011
Secured Loans from Bank		
Cash credit *	**106**	-
Unsecured Loans from Banks		
Export Packing credit **	**5,160**	5,427
*Cash credit is secured by charge over current assets, present and future, including receivables.		
** Due for repayment within 6 months from date of disbursement of loan.		
	5,266	5,427

Note 8: Trade Payables

Sundry Creditors:		
Total outstanding dues of Micro, Small and Medium Enterprises (refer note 50)	**-**	-
Total outstanding dues of Creditors other than Micro, Small and Medium Enterprises *	**4,684**	3,034
* Includes		
₹ 1,288 Million (previous year: ₹ 622 Million) due to Tech Mahindra (Americas) Inc., a subsidiary company.		
₹ 209 Million (previous year: ₹ 195 Million) due to Tech Mahindra GmbH, a subsidiary company.		
₹ 61 Million (previous year: ₹ 42 Million) due to Tech Mahindra (Singapore) Pte. Limited, a subsidiary company.		
₹ 4 Million (previous year: ₹ 0 Million) due to Tech Mahindra (Thailand) Limited, a subsidiary company.		
₹ 59 Million (previous year: ₹ 19 Million) due to Tech Mahindra (Malaysia) Sdn. Bhd., a subsidiary company		
₹ 122 Million (previous year: ₹ 52 Million) due to CanvasM Technologies Limited, a subsidiary company.		
₹ 61 Million (previous year: ₹ 53 Million) due to Tech Mahindra (Bahrain) Limited S.P.C., a subsidiary company		
₹ NIL (previous year: ₹ 0 Million) due to Mahindra Logisoft Business Solutions Limited, a subsidiary company.		
₹ 8 Million (previous year: ₹ Nil) due to Tech Mahindra (Nigeria) Limited, a subsidiary company		
₹ 568 Million (previous year: ₹ 569 Million) due to Satyam Computer Services Limited, an associate company		
₹ 71 Million (previous year: ₹ 88 Million) due to Satyam BPO Limited, an associate company		
₹ 1 Million (previous year: ₹ Nil) due to Satyam Computer Services (Shanghai) Co. Limited an associate Company		
	4,684	3,034

Note 9: Other Current Liabilities

₹ in Million

		As at March 31, 2012	As at March 31, 2011
(a)	Current maturities of long term debt	**-**	400
(b)	Deferred Revenue (refer note 28)	**2,065**	2,065
(c)	Interest accrued but not due on borrowings	**601**	589
(d)	Fair values of foreign exchange forward and currency option contracts (Refer note 40)	**1,163**	-
(e)	Advance from customers	**61**	58
(f)	Unearned revenue	**47**	17
(g)	Unpaid dividends	**5**	4
(h)	Accrued salaries and benefits	**1,186**	1,549
(i)	Others*	**541**	642
		5,669	5,324

* Others mainly include withholding and other taxes payable.

Note 10: Short Term provisions

		As at March 31, 2012	As at March 31, 2011
(a)	Provision for employee benefits (refer note 29)	**364**	193
(b)	Provision for Dividend	**510**	504
(c)	Provision for Dividend tax	**83**	82
(d)	Provision for Taxation	**431**	731
		1,388	1,510

Note 11: Fixed Assets

₹ in Million

	Gross Block				Accumulated Depreciation / Amortisation				Net Block	
	Cost as at April 01, 2011	Additions during the year	Deletions during the year	Balance as at March 31, 2012	As at April 01, 2011	For the year	Deductions during the year	Upto March 31, 2012	As at March 31, 2012	As at March 31, 2011
a **Tangible Assets**										
Freehold Land	175	-	-	**175**	-	-	-	**-**	**175**	175
Leasehold Land	425	254	-	**679**	36	24	-	**60**	**619**	389
Buildings	4,102	577	-	**4,679**	1,334	131	-	**1,465**	**3,214**	2,768
Plant and Equipment	2,348	246	28	**2,566**	1,267	390	23	**1,634**	**932**	1,081
Furniture and Fixtures	1,579	142	37	**1,684**	996	228	34	**1,190**	**494**	583
Vehicles	48	14	3	**59**	38	7	2	**42**	**17**	10
Computers	2,470	328	264	**2,534**	2,050	299	264	**2,085**	**449**	421
Office Equipments	440	51	0	**491**	239	80	0	**319**	**172**	200
Leasehold Improvements	822	289	223	**888**	479	241	223	**497**	**391**	343
Total	**12,409**	**1,901**	**555**	**13,755**	**6,439**	**1,400**	**546**	**7,292**	**6,463**	5,970
b **Intangible Assets**										
Intellectual property rights	76	-	-	**76**	46	30	-	**76**	**0**	30
Software	-	138	-	**138**	-	75	-	**75**	**63**	-
Total	**76**	**138**	**-**	**214**	**46**	**105**	**-**	**151**	**63**	30
Grand Total (a+b)	**12,485**	**2,039**	**555**	**13,969**	**6,485**	**1,505**	**546**	**7,443**	**6,526**	6,000
Previous year	11,128	1,454	97	12,485	5,188	1,383	86	6,485		
c **Capital Work In Progress**									**1,627**	608
Total									**8,153**	6,608

Notes:

1. The useful life of buildings has been revised from 15 years to 28 years with effect from 1st April 2011. The net book value of these fixed assets as at 31st March 2011 is being depreciated over the revised remaining useful life of the assets. As a result of this change, depreciation charge for the year ended 31st March 2012 is lower and the profit for the year is higher by ₹ **159 Million.**
2. Depreciation includes accelerated charge of ₹ **83 Million** on assets in leased premises consequent to the early termination of the lease.

Note 12: Non Current Investments

₹ in Million

		As at March 31, 2012	As at March 31, 2011
Long Term (Unquoted - at cost)			
Trade :			
In Subsidiary Companies :			
375,000 Ordinary Shares (previous year: 375,000) of US$ 1 each fully paid-up of Tech Mahindra (Americas) Inc.		**12**	12
3 Shares of Euro 25,000, Euro 50,000 and Euro 500,000 each, fully paid-up of Tech Mahindra GmbH (refer note 1 below)	**389**		389
Less : Provision for Diminution (refer note 25)	**354**		354
		35	35
5,000 Equity Shares (previous year: 5,000) of Singapore $ 10 each fully paid-up of Tech Mahindra (Singapore) Pte. Limited		**1**	1
50,000 Equity Shares (previous year: 50,000) of Tech Mahindra (Thailand) Limited of THB 100 each fully paid-up		**6**	6
50,000 Equity Shares (previous year: 50,000) of Tech Mahindra Foundation of ₹ 10 each fully paid-up		**1**	1
500,000 Equity Shares (previous year: 500,000) of PT Tech Mahindra Indonesia of US $ 1 each fully paid-up		**22**	22
5,767,330 Equity Shares (previous year: 4,619,631) of CanvasM Technologies Limited of ₹ 100 each fully paid-up (refer note 48)		**603**	462
312,820 Equity Shares (previous year: 312,820) of Tech Mahindra (Malaysia) Sdn Bhd of Ringgit 1 each fully paid-up		**4**	4
Investment in Tech Mahindra (Beijing) IT Services Limited		**21**	21
30,472,300 Equity Shares (previous year: 30,472,300) of Venturbay Consultants Private Limited of ₹ 10 each fully paid-up		**30,461**	30,461
12,450,000 Equity Shares (previous year: 12,450,000) of Mahindra Logisoft Business Solutions Limited of ₹ 10 each fully paid-up		**112**	112
500 Equity Shares (previous year: 500) of Tech Mahindra (Bahrain) Limited S.P.C. of BD 100 each fully paid-up		**6**	6
153,040,026 Equity Shares (previous year: 15,250,026) of Tech Mahindra (Nigeria) Limited of Naira 1 each fully paid up (Refer Note 47)		**46**	5
		31,330	31,148

Note 12: Non Current Investments (Contd.)

		As at March 31, 2012	As at March 31, 2011
In Other Company			
In Preference shares:			
1,603,380 E1 Preference shares (previous year: 1,603,380) of Servista Limited of GBP 0.002 each fully paid up	**54**		54
896,620 E2 Preference shares (previous year: 896,620) of Servista Limited of GBP 0.002 each fully paid up	**30**		30
In Equity shares:			
4,232,622 Ordinary shares (previous year: 4,232,622) of Servista Limited of GBP 0.002 each fully paid up	**1**		1
	85		85
Less : Provision for Diminution (refer note 26)	**85**		85
		-	-
Long Term (Unquoted - at cost)			
Non Trade :			
Treasury Bills & Government Bonds	**1**		1
(refer note 2 below)		**1**	1
		31,331	31,149

₹ in Million

Notes :

1. Includes ₹ **360 Million** (previous year: ₹ 360 Million) invested towards capital reserve of the Company in accordance with the German Commercial Code.
2. As per statutory requirements for overseas branches.

Particulars	As at March 31, 2012	As at March 31, 2011
Aggregate amount of quoted investments	**-**	-
Aggregate amount of unquoted investments	**31,770**	31,588
Aggregate amount of provision for diminution in value of investments	**439**	439

Statement showing percentage of holding

Name of the Body Corporate	As at March 31, 2012	As at March 31, 2011
Tech Mahindra (Americas) Inc.	**100%**	100%
Tech Mahindra GmbH	**100%**	100%
Tech Mahindra (Singapore) Pte. Limited	**100%**	100%
Tech Mahindra (Thailand) Limited	**100%**	100%
Tech Mahindra Foundation	**100%**	100%
PT Tech Mahindra Indonesia	**100%**	100%
CanvasM Technologies Limited	**100%**	80.10%
Tech Mahindra (Malaysia) Sdn Bhd	**100%**	100%
Tech Mahindra (Beijing) IT Services Limited	**100%**	100%
Venturbay Consultants Private Limited	**100%**	100%
Mahindra Logisoft Business Solutions Limited	**100%**	100%
Tech Mahindra (Bahrain) Limited S.P.C.	**100%**	100%
Tech Mahindra (Nigeria) Limited	**100%**	100%

Note 13: Long Term Loans and Advances

		₹ in Million
	As at March 31, 2012	As at March 31, 2011
Unsecured, considered good unless otherwise stated		
a. Capital Advances		
Considered good	**122**	495
Considered doubtful	**5**	5
	127	500
Less: Provision	**5**	5
	122	495
b. Security Deposits		
Considered good	**671**	613
Considered doubtful	**15**	9
	686	622
Less: Provision	**15**	9
	671	613
c. Loan to subsidiary	**51**	-
d. VAT credit receivable	**9**	27
e. Advance Income Taxes (Net of provisions)	**1,766**	1,237
f. Advance Fringe Benefit Tax (Net of provisions)	**16**	7
g. Long term lease receivable - Secured (refer note 35)	**-**	1,112
h. Advances recoverable in cash or in kind for value to be received	**706**	612
	3,341	4,103

Note 14: Current Investments

Short Term (Unquoted - at cost)		
Trade :		
Investment in Mutual Fund		
601,500.17 (Previous year: Nil) units of ₹ 1000.25 IDFC Cash Fund - Super Inst Plan C - Daily Dividend plan	**602**	-
6,003,769.20 (Previous year: Nil) units of ₹ 100.20 Birla Sun Life Cash Plus Inst. Prem. Daily Dividend - Reinvestment plan	**601**	-
	1,203	-
Aggregate amount of quoted investments	**-**	-
Aggregate amount of unquoted investments	**1,203**	-
Aggregate amount of provision for diminution in value of investments	**-**	-

Note 15: Inventories

	As at March 31, 2012	As at March 31, 2011
		₹ in Million
Raw Materials and components	**2**	6
	2	6

Note 16: Trade Receivables

	As at March 31, 2012	As at March 31, 2011
Trade Receivables (Unsecured)		
(a) Over six months		
(i) Considered good*	**210**	211
(ii) Considered doubtful	**298**	130
(b) Others		
(i) Considered good**	**12,221**	9,432
(ii) Considered doubtful	**160**	-
	12,889	9,773
Less: Provision for doubtful debts	**458**	130
	12,431	9,643

1. * Net of advances aggregating to ₹ **63 Million** (previous year: ₹ 166 Million) pending adjustments with invoices.
2. ** Net of advances aggregating to ₹ **304 Million** (previous year: ₹ 313 Million) pending adjustments with invoices.

Note 17: Cash and Cash Equivalents

	As at March 31, 2012	As at March 31, 2011
(a) Cash and Cash Equivalents		
Balances with banks		
In current accounts	**1,369**	1,803
In deposit accounts	**15**	131
	1,384	1,934
(b) Earmarked balances with banks	**5**	4
	1,389	1,938

Note 18: Short Term Loans and Advances

₹ in Million

		As at March 31, 2012	As at March 31, 2011
(Unsecured, considered good unless otherwise stated)			
a.	Advances to subsidiaries *	**352**	186
	₹ 77 Million (previous year: ₹ 96 Million) due from Tech Mahindra (Americas) Inc.		
	₹ 22 Million (previous year: ₹ 9 Million) due from Tech Mahindra GmbH		
	₹ 1 Million (previous year: ₹ 5 Million) due from Tech Mahindra (Singapore) Pte. Limited		
	₹ 22 Million (previous year: ₹ 12 Million) due from Tech Mahindra (Beijing) IT Services Limited		
	₹ 1 Million (previous year: ₹ 2 Million) due from Tech Mahindra (Malaysia) Sdn. Bhd.		
	₹ 14 Million (previous year: ₹ 3 Million) due from CanvasM Technologies Limited		
	₹ 19 Million (previous year: ₹ 34 Million) due from Tech Mahindra (Bahrain) Limited S.P.C.		
	₹ 154 Million (previous year: ₹ 6 Million) due from PT Tech Mahindra Indonesia		
	₹ 41 Million (previous year: ₹ 19 Million) due from Tech Mahindra (Nigeria) Limited		
	₹ 1 Million (previous year: ₹ Nil) due from Mahindra Logisoft Business Solutions Limited		
	* Non Interest bearing, in normal course of business.		
b.	Unbilled revenues	**2,039**	2,174
c.	Fair values of foreign exchange forward and currency option contracts (refer note 40)	**-**	877
d.	MAT Credit Entitlement	**233**	467
e.	Balance with Excise and Customs	**1,278**	1,029
f.	Lease receivable - Considered doubtful (refer note 35)	**231**	866
	Less: Provision	**231**	-
		-	866
g.	Advances recoverable in cash or in kind or for value to be received		
	Considered good	**882**	1,226
	Considered doubtful	**96**	43
		978	1,269
	Less: Provision	**96**	43
		882	1,226
		4,784	6,825

Note 19: Other Income

	₹ in Million	
	Year Ended March 31, 2012	Year Ended March 31, 2011
(a) Interest on:		
Deposit with banks	**2**	39
Others	**68**	45
	70	84
(b) Foreign exchange gain / (loss) - Net	**372**	911
(c) Rent Income	**70**	83
(d) Dividend received	**3**	-
(e) Sundry balances written back	**128**	79
(f) Miscellaneous income	**34**	109
	677	1,266

Note 20: Employee Benefits Expenses

(a) Salaries and Bonus	**19,791**	17,446
(b) Contribution to Provident and other funds	**1,029**	965
(c) Gratuity (Refer note 29)	**273**	182
(d) Employee stock compensation cost	**412**	69
(e) Staff welfare expenses	**1,005**	776
	22,510	19,438

Note 21: Operating and Other expenses

			₹ in Million
		Year Ended March 31, 2012	Year Ended March 31, 2011
Power & Fuel		**550**	522
Rent		**1,240**	996
Rates and taxes		**94**	70
Communication expenses		**658**	680
Travelling expenses		**2,937**	2,983
[Net of recoveries ₹ 339 Million (previous year: ₹ 400 Million)]			
Recruitment expenses		**86**	52
Training		**98**	56
Hire charges		**342**	228
Sub-contracting costs (net)		**12,528**	10,389
Professional and Legal fees (Refer note 30)		**423**	226
Repairs and maintenance :			
Buildings (including leased premises)	**127**		94
Machinery	**275**		239
Others	**109**		156
		511	489
Insurance		**279**	199
Software, hardware and project specific expenses*		**1,070**	3,209
Claims and warranties (net) (refer note 46)		**(104)**	90
Advertising, marketing and selling expenses		**47**	49
(Profit) / Loss on sale of fixed assets (net)		**(1)**	(11)
Provision for doubtful debts and Bad debts (net)		**174**	52
Provision for doubtful advances		**(36)**	29
Advances written off		**81**	8
Cost of materials consumed		**5**	15
Donations		**69**	100
Miscellaneous expenses		**547**	496
		21,598	20,927

*(Includes ₹ **Nil** (previous year: ₹ 2,871 Million) for a customer specific project under finance lease)

Note 22: Finance Cost

Interest expense:		
On long term loans	**617**	698
On working capital loans / cash credit	**155**	293
	772	991
Other borrowing costs	**3**	8
Foreign currency translations	**250**	114
	1,025	1,113

Notes on Accounts:

23. The estimated amount of contracts remaining to be executed on capital account (net of capital advances), and not provided for as at March 31, 2012 ₹ **443 Million** (previous year: ₹ 1,382 Million).

24. Contingent liabilities:

    i) The Company has received demand notices from Income Tax Authorities resulting in a contingent liability of ₹ **946 Million** (previous year: ₹ 920 Million). This is mainly on account of the following: (a) An amount of ₹ **140 Million** (Previous year: ₹ 123 Million) relating to Transfer pricing adjustment on account of arm's length transactions; (b) Deduction under Section 10A amounting to ₹ **790 Million** (previous year: ₹ 781 Million) in relation to adjustment of expenditure in foreign currency being excluded only from Export turnover and not from Total turnover. The Company has already won the appeal before the Mumbai ITAT for the Assessment Year 2003-04. The Income Tax Department has filed appeal before the High Court. The Company has already won the appeal before the CIT (A) for Assessment Year 2004-05, 2005-06 and 2007-08. The Income Tax Department has filed appeal before ITAT for Assessment Year 2004-05 and 2005-2006. For Assessment Year 2007-2008 the Income Tax Department may intend to appeal against the said order before ITAT; (c) an amount of ₹ **16 Million** (previous year: ₹ 16 Million) relating to Fringe Benefit Tax. The Company has won the appeal before the CIT (A) and the Income Tax Department may intend to appeal against the said order before ITAT.

    ii) The Company has received demand notices from Sales Tax Authority for ₹ **18 Million** (previous year: ₹ 18 Million) towards Software services classified under Works Contract Act for the financial year 2005-06 to 2008-09. The Company has filed an appeal before the Joint Commissioner of Commercial Tax (JCCT). The Joint Commissioner of Commercial Taxes (JCCT) has allowed the said Appeal vide its order dated December 30, 2011 in favour of the Company. The JCCT has directed the Dy. Commissioner of Commercial Taxes to issue a revised demand notice in accordance with this order.

    iii) The Company has received demand / show cause notice / Order from Service Tax Authorities for ₹ **166 Million** (net of provision), (previous year: ₹ 90 Million) out of which:

        1) ₹ **77 Million** (previous year: ₹ 77 Million) relates to marketing and onsite services rendered by the subsidiaries abroad for the financial years 2004-05 to 2007-08 for erstwhile Tech Mahindra (R & D Services) Limited (TMRDL) and has paid an amount of ₹ **7 Million** (previous year: ₹ 7 Million) "Under Protest",

        2) ₹ **13 Million** (previous year: ₹ 13 Million) towards services provided under Management consultancy services for Tech Mahindra Limited for which the Company has filed an appeal against the same.

        3) The Deputy Commissioner of Service Tax (Refunds) has appealed against the Order of Assistant Commissioner of Service Tax towards refund granted ₹ **76 Million** (previous year: Nil) to Company for the month of October, 2010 by holding a view that the amounts paid by the Company under reverse charge as per the provisions of Section 66A of Service Tax Act relate to the input for services rendered by the entities situated abroad and such amounts are not entitled to refund under Rule 5 of the Service Tax Rules, 2004. Against the said appeal the Company had filed its cross objection, which was rejected by the Commissioner (Appeals). The Company prefers an appeal against the said order before the Customs, Excise & Service Tax Appellate Tribunal (CESTAT).

    iv) The Company has bank guarantees outstanding ₹ **1,085 Million** (previous year: ₹ 1,131 Million)

25. The Company holds investment (unquoted) in subsidiary, Tech Mahindra GmbH (TMGMBH) aggregating to ₹ **389 Million** (previous year: ₹ 389 Million) which is held as strategic long-term investment. The Company had made provision in the year ended March 31, 2005, to the extent of accumulated losses in TMGMBH aggregating to ₹ **354 Million** (previous year: ₹ 354 Million) towards diminution in the value of its investment. TMGMBH has started earning profits from financial year 2006-07 onwards, however TMGMBH still has accumulated losses as of March 31, 2012 and in view of this, no change in provision is required.

26. In September 2008 the Company had made investment of ₹ 85 Million for 17.28% of the share capital of Servista Limited a leading European system integrator. With this investment the Company became Servista's exclusive delivery arm for three years and will assist Servista in securing more large scale European IT off shoring business. The business plan of Servista was adversely affected by the economic downturn and it

continued to incur losses and therefore, Servista in June 2009 decided to close down its operations. The Company had made provision of ₹ 85 Million in the year ended March 31, 2010, for diminution in the value of its investments in Servista. Servista is in process of winding up and in the view of the management; the Company would have no further unrecorded obligations towards settlement of any further liability.

27. The Company has on July 21, 2010 incorporated a Company in Brazil under the name of Tech Mahindra Brasil Servicecos De Informatica Ltda (TMBSL). There are no transactions till March 31, 2012 and Company is yet to infuse share capital into TMBSL.

28. During the year ended March 31, 2010 a customer had restructured long term contracts with the Company from April 01, 2009 which involves changes in commercial, including rate reduction, and other agreed contract terms. As per the amended contracts the customer had paid the Company restructuring fees of ₹ 9,682 Million. The services under the restructured contracts would continue to be rendered over the life of the contract. The restructuring fees received would be amortized and recognized as revenue over the term of the contract on a straight line basis.

    An amount of ₹ **2,005 Million** (previous year: ₹ 2,005 Million) has been recognized as revenue for the year and the balance amount of ₹ **3,667 Million** (previous year: ₹ 5,672 Million) has been carried forward and disclosed as deferred revenue in the Balance Sheet. In addition, it also includes a part of contract termination fees received from a customer, to the extent there is a continuing customer involvement.

29. 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 Statement of Profit and Loss for the year ended March 31, 2012 in respect of defined contribution plan is ₹ **842 Million** (previous year: ₹ 688 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:

₹ in Million

Particulars	**March 31, 2012**	March, 31, 2011
Projected benefit obligation, beginning of the year*	**908**	796
Service cost	**213**	199
Interest cost	**66**	58
Actuarial (Gain) / Loss	**(3)**	(72)
Benefits paid	**(113)**	(72)
Trust Fund Receivable (erstwhile TMRDL)*	**(35)**	(34)
Projected benefit obligation, at the end of the year	**1,036**	875

* The Trust fund was created to fund the gratuity liability of the erstwhile TMRDL. After amalgamation of TMRDL with the Company, the balance in Trust Fund can be utilized only for the payment of obligation arising for gratuity payable to employees of erstwhile TMRDL. The composition of the Trust Balance as on March 31, 2012 is as follows:

Particulars	**March 31, 2012**	March 31, 2011
Government of India Securities / Gilt Mutual Funds	**9**	9
State Government Securities / Gilt Mutual Funds	**5**	5
Public Sector Unit Bonds	**13**	14
Private Sector Bonds / Equity Mutual Funds	**0**	0
Mutual Funds	**0**	1
Bank Balance	**8**	5
Total	**35**	34

Components of expenses recognized in the Statement of Profit and Loss for the year ended March 31, 2012:

₹ in Million

Particulars	**March 31, 2012**	March 31, 2011
Service cost	**213**	199
Interest cost	**66**	58
Expected Return on Plan Assets	**(3)**	(3)
Actuarial (Gain)/Loss	**(3)**	(72)
Total	**273**	182

Experience Adjustments

Particulars	**March 31, 2012**	March 31, 2011	March 31, 2010	March 31, 2009
1. Defined Benefit Obligation	**(1,071)**	(908)	(796)	(692)
2. Fair value of plan assets	**35**	33	31	31
3. Surplus/(Deficit)	**(1,036)**	(875)	(765)	(661)
4. Experience adjustment on plan liabilities [Gain/(Loss)]	**30**	74	95	8
5. Experience adjustment on plan assets [Gain/(Loss)]	**(1)**	(1)	2	0
6. Actuarial Gain / (Loss) due to change on assumptions	**(25)**	(2)	31	11

Principal Actuarial Assumptions	**March 31, 2012**	March 31, 2011
Discount Rate	**8.6 %**	7.7 %
Rate of increase in compensation levels of covered employees	**11% for the 1st Year** **9% thereafter**	9% for the 1st Year 8% 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 increase is considered taking into account the inflation, seniority, promotion and other relevant factors.

30. Payment to Auditors (net of service tax):

Particulars	**March 31, 2012**	March 31, 2011
Audit Fees (including quarterly audits)	**7**	7
For other services	**3**	2
For taxation matters	**1**	1
For reimbursement of expenses	**0**	0
Total	**11**	10

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

₹ in Million

Particulars	March 31, 2012	March 31, 2011
Raw materials	Nil	Nil
Components and spare parts	9	14
Capital goods	637	736
Total	646	750

(b) Expenditure in Foreign Currency:

Particulars	March 31, 2012	March 31, 2011
Professional Fees	410	92
Subcontracting cost	11,333	9,152
Travelling Expenses	2,702	2,559
Salaries	4,798	3,602
Software / Hardware	272	1,330
Royalty	-	2
Foreign Taxes	303	276
Others	1,016	603
Total	20,834	17,616

32. Remittance in foreign currency on account of dividends to non-Resident shareholders:

Number of Shareholders	Dividend	Number of Equity Shares	Amount remitted ₹ in Million	Dividend relating to Year ended
2011-12				
10	Final	29,691,404	119	2010-2011
2010-2011				
13	Final	37,880,259	133	2009-2010

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

33. Earnings in foreign currency:

Particulars	March 31, 2012	March 31, 2011
Income from Services	47,028	41,657
Contract Settlement Fees received	-	377
Rent Received	41	51
Interest Received	5	2
Total	47,074	42,087

34. Assets taken / given on Lease:

a) The Company has taken vehicles on operating lease for a period of three to five years. The lease rentals recognized in the Statement of Profit and Loss for the year ended March 31, 2012 are ₹ **28 Million** (previous year ended March 31, 2011 ₹ 26 Million). The future lease payments of operating lease are as follows:

₹ in Million

Particulars	**Not later than 1 year**	**Later than 1 year not later than 5 years**	**Later than 5 years**
Minimum Lease rentals payable (previous year: ₹ 22 Million and ₹ 33 Million and ₹ Nil, respectively)	**24**	**37**	**Nil**

b) The Company has taken premises on operating lease for a period of one to ten years. The lease rentals recognized in the Statement of Profit and Loss for the year ended March 31, 2012 are ₹ **1,137 Million** (previous year ended March 31, 2011 ₹ 936 Million). The future lease payments of operating lease are as follows:

Particulars	**Not later than 1 year**	**Later than 1 year not later than 5 years**	**Later than 5 years**
Minimum Lease rentals payable (previous year: ₹ 663 Million, ₹ 1,292 Million and ₹ 154 Million respectively)	**869**	**2,418**	**376**

c) The Company has taken computer equipments on operating lease for a period of one to five years. The lease rentals recognized in the Statement of Profit and Loss for the year ended March 31, 2012 are ₹ **40 Million** (previous year ended March 31, 2011 ₹ 33 Million). The future lease payments of operating lease are as follows:

Particulars	**Not later than 1 year**	**Later than 1 year not later than 5 years**	**Later than 5 years**
Minimum Lease rentals payable (previous year: ₹ 32 Million, ₹ 17 Million and ₹ Nil respectively)	**26**	**36**	**Nil**

d) The Company has given premises on operating lease for a period of one to five years. The lease rentals recognized in the Statement of Profit and Loss for the year ended March 31, 2012 are ₹ **70 Million** (previous year ended March 31, 2011 ₹ 83 Million). The future lease receivable of operating lease are as follows:

Particulars	**Not later than 1 year**	**Later than 1 year not later than 5 years**	**Later than 5 years**
Minimum Lease rentals receivable (previous year: ₹ 51 Million , ₹ 2 Million and ₹ Nil respectively)	**12**	**35**	**Nil**

35. The Company had provided in the previous year, end to end solution which includes sale of software and hardware to a customer in India which qualifies as Finance Lease and has accordingly accounted as such. These receivables are due in quarterly installments over the contractual period of 4 years.

The components of finance lease receivables are:

₹ in Million

Particulars	**March 31, 2012**	March 31, 2011
Gross Investment in lease for the period	-	2,085
Not later than 1 year	-	922
Later than 1 year not later than 5 years	-	1,163
Unguaranteed residual values	-	-
Unearned Finance Income	-	107
Net Investment in Finance Receivables *	-	1,978

Present value of Minimum lease receivables are ₹ **Nil**

Particulars	**Not later than 1 year**	**Later than 1 year not later than 5 years**
Present value of minimum Lease receivable	- [866]	- [1,112]

* The Hon'ble Supreme Court vide its order dated 2nd February 2012 cancelled 2G licenses issued to some of Telecom Operators in India in 2008. As a result of the cancellation, the business of Company's two customers has become unviable and one of the customers has started winding up proceedings of the Indian operations. The Company has made a provision of ₹ 679 Million on account of likely impairment in the carrying value of the related assets.

36. As per the requirements of Accounting Standard 17 on 'Segment Reporting' (AS 17), the primary segment of the Company is business segment by category of customers in the Telecom Service Providers (TSP), Telecom Equipment Manufacturer (TEM), Business Process Outsourcing (BPO) and Others, which includes non telecom vertical customers and the secondary segment is the geographical segment by location of its customers.

The accounting principles consistently used in the preparation of the financial statements are also applied to record income and expenditure in the individual segments. There are no inter-segment transactions during the year ended March 31, 2012.

A. Primary Segments:

For the year ended March 31, 2012

Particulars	**Telecom Service Provider**	**Telecom Equipment Manufacturer**	**Business Process Outsourcing**	**Others**	**Total**
Revenues	42,752	3,342	4,807	1,529	52,430
Less : Direct Expenses	29,500	2,558	2,995	1,389	36,442
Segmental Operating Income	**13,252**	**784**	**1,812**	**140**	**15,988**
Less : Unallocable Expenses (net)					
Depreciation / Amortisation					1,505
Finance Charges					1,025
Other Unallocable Expenses (net)					7,666
Total Unallocable Expenses (net)					**10,196**

₹ in Million

Particulars	Telecom Service Provider	Telecom Equipment Manufacturer	Business Process Outsourcing	Others	Total
Operating Income					**5,792**
Add : Other Income (net)					677
Net Profit before exceptional items and tax					**6,469**
Less: Exceptional items					679
Net Profit before tax					**5,790**
Less : Provision for Tax					
Current Tax (net of MAT credit)					1,472
Deferred tax benefit					(288)
Net Profit after tax					**4,606**

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

B. Secondary Segments:

Revenues from secondary segments are as under –

Geography	₹ in Million
Europe	25,867
Americas	18,155
Rest of world	8,408
Total	**52,430**

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, 2011

₹ in Million

Particulars	Telecom Service Provider	Telecom Equipment Manufacturer	Business Process Outsourcing	Others	Total
Revenues	43,531	2,206	3,191	727	49,655
Less : Direct Expenses	30,021	1,554	1,794	595	33,964
Segmental Operating Income	**13,510**	**652**	**1,397**	**132**	**15,691**
Less : Unallocable Expenses (net)					
Depreciation / Amortisation					1,383
Finance Charges					1,113
Other Unallocable Expenses (net)					6,401
Total Unallocable Expenses (net)					**8,897**

₹ in Million

Particulars	**Telecom Service Provider**	**Telecom Equipment Manufacturer**	**Business Process Outsourcing**	**Others**	**Total**
Operating Income					**6,794**
Add : Other Income (net)					1,266
Net Profit before tax					**8,060**
Less : Provision for Tax					
Current Tax (net of MAT credit)					1,402
Deferred tax benefit (includes ₹ 215 Million in respect of earlier years)					(309)
Net Profit after tax					**6,967**

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

B. Secondary Segments:

Revenues from secondary segments are as under –

Geography	**₹ in Million**
Europe	25,973
Americas	14,602
Rest of world	9,080
Total	**49,655**

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.

37. A) The Company has instituted "Employee Stock Option Plan 2000" (ESOP) for its employees and Directors. For this purpose it had created a trust viz. MBT ESOP Trust. In terms of the said Plan, the trust has granted options to the employees and Directors 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 option 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, 2012**	**March 31, 2011**
Options outstanding at the beginning of the year	**-**	82,490
Options granted during the year	**494,500**	-
Options lapsed during the year	**-**	1,670
Options cancelled during year	**46,000**	1,670
Options exercised during the year	**-**	79,150
Options outstanding at the end of the year	**448,500**	-

Out of the options outstanding at the end of the year ended March 31, 2012, there are **Nil** (previous year: Nil) (Net of exercised & lapsed) vested options, which have not been exercised.

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

Particulars	March 31, 2012	March 31, 2011
Options outstanding at the beginning of the year	**2,935,134**	5,677,701
Options granted during the year	**-**	-
Options lapsed during the year	**-**	-
Options cancelled during the year	**-**	-
Options exercised during the year	**700,000**	2,742,567
Options outstanding at the end of the year	**2,235,134**	2,935,134

Out of the options outstanding at the end of the year ended March 31, 2012, there are **2,235,134** (previous year: 2,935,134) (Net of exercised & lapsed) vested options, which have not been exercised.

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

The details of the options are as under:

Particulars	March 31, 2012	March 31, 2011
Options outstanding at the beginning of the year	**2,529,103**	3,165,188
Options granted during the year	**539,500**	398,725
Options lapsed during the year	**-**	-
Options cancelled during the year	**305,660**	221,160
Options exercised during the year	**831,060**	813,650
Options outstanding at the end of the year	**1,931,883**	2,529,103

Out of the options outstanding at the end of year ended March 31, 2012, there are **1,090,008** (previous year: 1,907,933) (net of exercised & lapsed) vested options, which have not been exercised.

D) The Company has instituted "Employee Stock Option Plan 2010 "(ESOP 2010) for the employees and Directors of TML and its subsidiary companies. In terms of the said Plan, options to the employees and Directors in form of option shall 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 option carries with it the right to purchase one equity share of the Company at the exercise price determined by Compensation Committee.

The details of the options are as under:

Particulars	March 31, 2012	March 31, 2011
Options outstanding at the beginning of the year	**1,600,000**	-
Options granted during the year	**683,500**	1,600,000
Options lapsed during the year	**-**	-
Options cancelled during the year	**5,000**	-
Options exercised during the year	**-**	-
Options outstanding at the end of the year	**2,278,500**	1,600,000

Out of the options outstanding at the end of year ended March 31, 2012, there are **533,280** (previous year: Nil) (net of exercised & lapsed) vested options, which have not been exercised.

E) 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 profit would be lower by ₹ **32 Million** (previous year higher by ₹ 14 Million) and earnings per share as reported would be as indicated below:

₹ in Million except earnings per share

Particulars	For the year ended	
	March 31, 2012	**March 31, 2011**
Net profit after exceptional items and tax (As reported)	**4,606**	6,967
Add /(Less): Total stock-based employee compensation expense determined under fair value base method	**(32)**	14
Adjusted net profit	**4,574**	6,981
Basic earnings per share (in ₹)		
- As reported	**36.27**	55.81
- Adjusted	**36.01**	55.93
Diluted earnings per share (in ₹)		
- As reported	**34.86**	53.36
- Adjusted	**34.61**	53.47

The fair value of each option is estimated on the date of grant based on the following assumptions (on weighted average basis):

Particulars	**March 31, 2012**	March 31, 2011
Dividend yield (%)	**0.50**	0.46
Expected life	**4.07 years**	3.85 years
Risk free interest rate (%)	**8.54**	7.97
Volatility (%)	**52.72**	55.16

F) The stock compensation cost for the Employee Stock Option Plan 2010 issued at par has been computed under the intrinsic value method and amortized on a straight line basis over the total vesting period of three years. For the year ended March 31, 2012 the Company has recorded stock compensation expense of ₹ **412 Million** (previous year: ₹ 69 Million).

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

(a) List of Related Parties and Relationships

Name of Related Party	**Relation**
Mahindra & Mahindra Limited	Promoter holding more than 20% stake
British Telecommunications Plc.	Promoter holding more than 20% stake
Mahindra BT Investment Company (Mauritius) Limited	Promoter group company
Tech Mahindra (Americas) Inc, USA	100% subsidiary company
Tech Talenta Inc, USA*	100% subsidiary company
Tech Mahindra GmbH	100% Subsidiary company
Tech Mahindra (Singapore) Pte Limited	100% Subsidiary company
Tech Mahindra (Thailand) Limited	100% Subsidiary company
PT Tech Mahindra Indonesia	100% Subsidiary company

CanvasM Technologies Limited**	100% Subsidiary company
CanvasM (Americas) Inc**	100% Subsidiary company
Tech Mahindra (Malaysia) SDN. BHD	100% Subsidiary company
Tech Mahindra (Beijing) IT Services Limited	100% Subsidiary company
Venturbay Consultant s Private Limited	100% Subsidiary company
Tech Mahindra Foundation #	100% Subsidiary company
Mahindra Logisoft Business Solutions Limited	100% Subsidiary Company
Tech Mahindra (Nigeria) Limited	100% Subsidiary Company
Tech Mahindra (Bahrain) Limited. S.P.C.	100% Subsidiary Company
Tech Mahindra Brasil Servicecos De Informatica Ltda	100% Subsidiary Company
Satyam Computer Services Limited	Associate Company
Satyam BPO Limited	Associate Company
Satyam Computer Services (Shanghai) Co. Limited	Associate Company
Mr. Vineet Nayyar Vice Chairman and Managing Director Mr. Sanjay Kalra Chief Executive Officer @	Key Management Personnel

Section 25 Company not considered for consolidation

* with effect from 6th March 2012

** 100% subsidiary with effect from 3rd February 2012

@ Upto 15th September 2010

(b) Related Party Transactions for the year ended March 31, 2012:

₹ in Million

Transactions	**Promoter Companies**	**Subsidiary Companies**	**Associate Companies**	**Key Management Personnel**
Reimbursement of Expenses (Net)-Paid/ (Receipt)	**(211)** [(263)]	**(547)** [(592)]	**(150)** [(4)]	**-** [-]
Income from Services	**19,925** [20,452]	**1,194** [1,038]	**373** [142]	**-** [-]
Paid for Services Received	**21** [31]	**-** [0]	**-** [33]	**-** [-]
Interest on Loan/ICD Given	**-** [-]	**1** [1]	**-** [-]	**-** [-]
Loan/ICD Given	**-** [-]	**45** [40]	**-** [-]	**-** [-]
Loan/ICD Given Repaid	**-** [-]	**-** [40]	**-** [-]	**-** [-]
Sub-contracting cost	**-** [-]	**8,702** [6,503]	**683** [540]	**-** [-]

Transactions	**Promoter Companies**	**Subsidiary Companies**	**Associate Companies**	**Key Management Personnel**
Investments made	**-** [-]	**41** [9]	**-** [-]	**-** [-]
Salary, Perquisites & Commission	**-** [-]	**-** [-]	**-** [-]	**36** [62]
Stock Options	**-** [-]	**-** [-]	**-** [-]	**-**** [-]
Rent Paid/ Payable	**36** [53]	**-** [-]	**129** [57]	**-** [-]
Donation Paid / Payable	**-** [-]	**67** [99]	**-** [-]	**-** [-]
Rent Received/ Receivable	**41** [51]	**4** [3]	**14** [20]	**-** [-]
Software/Hardware & project specific expenses	**-** [-]	**-** [-]	**592** [-]	**-** [-]
Contract Settlement Fees Received	**-** [377]	**-** [-]	**-** [-]	**-** [-]
Dividend Paid	**361** [320]	**-** [-]	**-** [-]	**3** [2]
Purchases of Fixed Assets	**-** [-]	**-** [-]	**0** [271]	**-** [-]
Debit / (Credit) balances (Net) (inclusive of unbilled) outstanding as on March 31, 2012	**5,248** [5,302]	**(914)** [(349)]	**(475)** [(447)]	**(11)** [(11)]

Figures in brackets "[ ]"are for the previous year ended March 31, 2011

**Stock options: Key Management Personnel

Transactions	**Mr. Vineet Nayyar Vice Chairman & Managing Director**	**Mr. Sanjay Kalra Chief Executive Officer**
Options exercised during the year ended March 31, 2012	**700,000** [Nil]	**Nil** [1,892,567]
Options granted and outstanding at the end of the year	**1,992,567** [2,692,567]	**Nil** [Nil]

Figures in brackets "[ ]"are for the previous year ended March 31, 2011.

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

₹ in Million

Transactions	**For the Year ended March 31, 2012**	For the Year ended March 31, 2011
Reimbursement of Expenses (net) - Paid/(Receipt)		
Promoter Company		
- British Telecommunications Plc.	**(218)**	(266)
Subsidiary Companies		
- Tech Mahindra (Americas) Inc.	**(218)**	(273)
- Tech Mahindra (Bahrain) Limited S.P.C.	**(58)**	(169)
- PT Tech Mahindra Indonesia		
Associate Company	**(156)**	(15)
- Satyam Computer Services Limited		
	(102)	8
	(752)	(715)
Income from Services		
Promoter Company		
- British Telecommunications Plc.	**19,888**	20,403
	19,888	20,403
Paid for Services Received		
Promoter Company		
- British Telecommunications Plc.	**21**	31
Associate Company		
- Satyam Computer Services Limited	**-**	33
	21	64
Interest on Loan/ ICD given		
Subsidiary Company		
-Tech Mahindra (Nigeria) Limited	**1**	-
- PT Tech Mahindra Indonesia	**-**	1
	1	1
Loan/ICD Given		
Subsidiary Companies		
- PT Tech Mahindra Indonesia	**-**	40
- Tech Mahindra (Nigeria) Limited	**45**	-
	45	40
Loan/ICD Given Repaid		
Subsidiary Companies		
- PT Tech Mahindra Indonesia	**-**	40
	-	40
Sub-contracting cost		
Subsidiary Companies		
- Tech Mahindra (Americas) Inc.	**6,667**	4,729
- Tech Mahindra GmbH	**724**	765
	7,391	5,494

Transactions	For the Year ended March 31, 2012	For the Year ended March 31, 2011
Investments made		
Subsidiary Companies		
-Tech Mahindra (Beijing) IT Services Ltd	**-**	4
-Tech Mahindra (Nigeria) Limited	**41**	5
	41	9
Salary , Perquisites and Commission		
Key Management Personnel		
- Mr. Vineet Nayyar	**36**	36
- Mr. Sanjay Kalra	**-**	26
	36	62
Rent Paid/(Payable)		
Promoter Company		
- British Telecommunications Plc	**36**	53
Associate Company		
-Satyam Computer Services Limited	**129**	57
	165	110
Donation Paid / Payable		
Subsidiary Company		
- Tech Mahindra Foundation	**67**	99
	67	99
Rent Received/Receivable		
Promoter Company		
- British Telecommunications Plc.	**41**	51
Associate Company		
- Satyam Computer Services Limited	**14**	20
	55	71
Software/Hardware & project specific expenses		
Associate Company		
-Satyam Computer Services Limited	**592**	-
	592	-
Contract Settlement Fees Received		
Promoter Company		
- British Telecommunications Plc.	**-**	377
	-	377
Dividend Paid		
Promoter Companies		
- Mahindra & Mahindra Limited	**243**	188
- British Telecommunications Plc	**118**	132
	361	320
Purchase of Fixed Assets		
Associate Company		
- Satyam Computer Services Limited	**0**	271
	0	271

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

₹ in Million

Particulars	**March 31, 2012**	March 31, 2011
Deferred Tax Asset :		
Gratuity, Leave Encashment, superannuation and FBT etc.	**223**	245
Doubtful Debts	**311**	55
Depreciation	**286**	232
Total Deferred Tax Asset	**820**	532

This includes deferred tax asset of ₹ **Nil** (previous year ₹ 215 Million) created in the current year pertaining to earlier years based on reassessment of deferred tax position post sunset of Section 10A of Income Tax Act, 1961.

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

a) The Company enters into Foreign Exchange Forward Contracts and Currency Option Contracts to offset the foreign currency risk arising from the amounts denominated in currencies other than the Indian Rupee. The counter party to the Company's foreign currency Forward Contracts and Currency Option Contracts is generally a bank. These contracts are entered into to hedge the foreign currency risks of certain forecasted transactions. Forward Exchange Contracts and Currency Option Contracts in UK Pound exposure are split into two legs, which are GBP to USD and USD to INR. These contracts are for a period between 1 day and 5 years.

b) The following are the outstanding GBP:USD Currency Exchange Contracts entered into by the Company which have been designated as Cash Flow Hedges as at March 31, 2012:

Type of cover	**Amount outstanding in Foreign currency (in Million)**	**Fair Value Gain / (Loss) (₹ in Million)**
Forward	**GBP 279** (previous year: 212)	**(50)** (previous year: (154))
Option	**GBP 12** (previous year: 72)	**258** (previous year: 1,317)

The following are the outstanding USD: INR Currency Exchange Contracts entered into by the Company which has been designated as Cash Flow Hedges as at March 31, 2012:

Type of cover	**Amount outstanding in Foreign currency (in Million)**	**Fair Value Gain / (Loss) (₹ in Million)**
Forward	**USD 840** (previous year: 653)	**(2,886)** [previous year: 683]
Option	**USD 87** (previous year: 189)	**(1,028)** (previous year: (1075))

Net loss on derivative instruments of ₹ **1,206 Million** (previous year gain: ₹ 621 Million) recognised in hedging reserve as of March 31, 2012 is expected to be reclassified to the Statement of Profit and Loss by March 31, 2013.

The movement in hedging reserve during year ended March 31, 2012 for derivatives designated as Cash Flow Hedges is as follows:

₹ in Million

Particulars	**Year ended March 31, 2012**	Year ended March 31, 2011
Credit Balance at the beginning of the year	**412**	1,942
Gain/(Loss) transferred to income statement on occurrence of forecasted hedge transaction	**(207)**	869
Changes in the fair value of effective portion of outstanding cash flow derivative	**(4,154)**	(661)
(Debit) / Credit Balance at the end of year	**(3,535)**	412

In addition to the above cash flow hedges, the Company has outstanding Foreign Exchange Currency Options Contracts aggregating to ₹ **396 Million** (previous year: ₹ 6,993 Million) whose fair value showed a loss of ₹ **154 Million** (previous year gain of ₹ 654 Million). Although these contracts are effective as hedges from an economic perspective, they do not qualify for hedge accounting and accordingly these are accounted as derivative instruments at fair value with changes in fair value recorded in the Statement of Profit and Loss and the cumulative gain of ₹ **94 Million** as at March 31, 2009 would be recycled to Statement of Profit and Loss as and when the cash flows materialise.

Exchange loss of ₹ **207 Million** (previous year gain: ₹ 869 Million) on foreign exchange forward contracts and currency options contracts have been recognised in the year ended March 31, 2012.

c) As at March 31, 2012, the Company has net foreign exchange exposures that are not hedged by a derivative instruments or otherwise amounting to ₹ **7,074 Million** (previous year: ₹ 6,183 Million)

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

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

Name of the Company	**Balance as on March 31, 2012**	**Maximum outstanding during the year**
- PT Tech Mahindra Indonesia	**-** [-]	**-** [40]
- Tech Mahindra (Nigeria) Limited	**51** [-]	**53** [-]

Figures in brackets "[ ]"are for the previous year ended March 31, 2011.

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

43. Earnings Per Share is calculated as follows:

₹ in Million except earnings per share

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Profit after taxation and before exceptional items	**5,285**	6,967
Less: Exceptional items	**679**	-
Profit after taxation and exceptional items	**4,606**	6,967
Net Profit attributable to shareholders	**4,606**	6,967
Equity Shares outstanding as at the end of the year (in nos.)	**127,486,541**	125,955,481
Weighted average Equity Shares outstanding as at the end of the year (in nos.)	**127,005,143**	124,827,129
Weighted average number of Equity Shares used as denominator for calculating Basic Earnings Per Share	**127,005,143**	124,827,129
Add: Diluted number of Shares		
ESOP outstanding as at the end of the year	**5,118,848**	5,736,254
Number of Equity Shares used as denominator for calculating Diluted Earnings Per Share	**132,123,991**	130,563,383
Nominal Value per Equity Share (in ₹)	**10**	10
Earnings Per Share		
- Before Exceptional Item		
Earnings Per Share (Basic) (in ₹)	**41.61**	55.81
Earnings Per Share (Diluted) (in ₹)	**40.00**	53.36
- After Exceptional Item		
Earnings Per Share (Basic) (in ₹)	**36.27**	55.81
Earnings Per Share (Diluted) (in ₹)	**34.86**	53.36

44. Current tax for the year ended March 31st 2012 includes taxes for foreign branches amounting to ₹ **287 Million** (previous year: ₹ 276 Million).

    Current tax for the year ended 31st March 2012 includes reversal of excess provision of ₹ **241 Million** (previous year: ₹ 6 Million) of earlier years written back, no longer required.

    The Company had calculated its tax liability under Minimum Alternate Tax (MAT) from financial year 2007-08. The MAT credit can be carried forward and set off against the future tax payable. In the current year ended March 31, 2012, the Company has calculated its tax liability under normal provisions of the Income Tax Act, 1961 and utilized the brought forward MAT credit of ₹ **234 Million**.

45. In respect of equity shares pursuant to Employees Stock Option Scheme, the Company paid dividend of ₹ 4 Million for the year 2010-11 and tax on dividend of ₹ 1 Million as approved by the shareholders at the Annual General Meeting held on August 12, 2011.

46. The Company had made provision for claims and warranties of ₹ 168 Million (net) in the previous year as per contractual terms, the outcome of the same would get crystallized by next year. During the current year, the Company has made an additional provision of ₹ **157 Million**. Further, the Company has reversed a portion of the said provision of ₹ **209 Million** in the current year, being no longer required.

The Movement of the provision is as under:

₹ **In Million**

Particulars	**For the year ended March 31, 2012**	For the year ended March 31, 2011
Carrying amount as at the beginning of the year	**168**	102
Additional provision made during the year	**157**	264
Less: Amount paid/Utilised during the year	**16**	24
Less: Amount recovered from subcontractor	**100**	-
Less: Reversal of provision no longer required	**209**	174
Balance as at	**-**	168

47. During the year ended March 31, 2012, the Company has invested an additional amount of ₹ **41 Million** in its subsidiary company Tech Mahindra (Nigeria) Limited towards equity share capital. Against this additional investment, 137,790,000 equity shares of Naira one each have been issued to the Company.

48. During the year ended March 31, 2012, the Company has purchased by way of private arrangement 1,147,699 equity shares of CanvasM Technologies Ltd. at a consideration of ₹ 141 Million representing balance 19.90% stake from Motorola Cyprus Holdings Ltd. With this, CanvasM Technologies Ltd. has become 100% subsidiary of the Company with effect from 3rd February 2012. Consequently CanvasM (Americas) Inc. has also become 100% step down subsidiary of the Company with effect from 3rd February 2012.

49. The Board of Directors of the Company in their meeting held on March 21, 2012 have approved the "Scheme of Amalgamation and Arrangement under Sections 391 to 394 read with Sections 78, 100 to 104 and other applicable provisions of the Companies Act, 1956 of Venturbay Consultants Private Limited and Satyam Computer Services Limited and C&S System Technologies Private Limited and Mahindra Logisoft Business Solutions Limited and CanvasM Technologies Limited with the Company (TML)" ("the Scheme"). The Appointed date of the Scheme is April 1, 2011.

    The Board of Directors of the Company has recommended issue of 2 fully paid up Equity Shares of ₹ 10 each of the Company for every 17 fully paid Equity Shares of ₹ 2 each of Satyam. As the other amalgamating companies are wholly owned by the Company / Satyam, no shares would be issued to shareholders of these companies.

    The Bombay Stock Exchange and the National Stock Exchange of India Limited have conveyed to the Company, their no-objection under Clause 24(f) of the Listing Agreement to the said Scheme. TML has also received approval of Competition Commission of India for the said Scheme. Further, TML has obtained directions from the Hon'ble High Court of Judicature at Bombay ("Court") for convening the shareholders meeting on 7th June 2012 to approve the Scheme.

    The proposed Scheme is subject to the approvals of the shareholders, Hon'ble Bombay High Court, Hon'ble High Court of Andhra Pradesh and other authorities.

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

51. Previous period's figures have been regrouped wherever necessary, to confirm to the classification for year ended March 31, 2012

Signatures to Notes

For Tech Mahindra Limited

Anand G. Mahindra Chairman	Vineet Nayyar Vice Chairman & Managing Director	
Hon. Akash Paul Director	Anupam Puri Director	Bharat Doshi Director
B.H. Wani Director	M. Damodaran Director	Paul Zuckerman Director
Dr. Raj Reddy Director	Ravindra Kulkarni Director	Ulhas N. Yargop Director
Sonjoy Anand Chief Financial Officer	Anil Khatri Company Secretary	

Noida, Dated: May 23, 2012

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

Particulars	Names of the subsidiary companies													
	Tech Mahindra (Americas) Inc.	**Tech Mahindra GMBH**	**Tech Mahindra (Singapore) Pte Limited**	**Tech Mahindra (Thailand) Co Limited**	**Tech Mahindra Foundation**	**PT Tech Mahindra Indonesia**	**CanvasM Technologies Limited**	**CanvasM Americas Inc.**	**Tech Mahindra (Malaysia) Sdn. Bhd.**	**Tech Mahindra (Beijing) IT Services Limited**	**Tech Mahindra (Bahrain) Ltd. S.P.C.**	**Tech Mahindra (Nigeria) Limited**	**Mahindra Logisoft Business Solutions Limited**	**Venturbay Consultants Private Limited**
The Financial Year of the Subsidiary ended on	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012
	US $	Euro	S$	THB	INR	US $	INR	US $	RM	RMB	BD	NGN	INR	INR
Number of shares of the subsidiary Company held by Tech Mahindra Limited at the above date														
Number of shares	375,000	3	5,000	50,000	50,000	500,000	5,767,330	100	312,820	3,314,450	500	153,040,026	12,450,000	30,472,300
Extent of holding	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
The Net Aggregate of profits/losses of the Subsidiary Company for its financial year so far as they concern the members of Tech Mahindra Limited														
a) Dealth with in the accounts of Tech Mahindra Ltd. for the Year ended March 31,2012														
b) Not dealth with in the accounts of Tech Mahindra Ltd. for the Year ended March 31,2012	4,857,527	625,691	279,337	(869,773)	-	793,058	161,619,750	159,273	827,781	109,261	172,798	232,128,500	18,805,569	(678,209)
The Net Aggregate of profits/losses of the Subsidiary Company for its previous financial years so far as they concern the members of Tech Mahindra Limited														
a) Dealth with in the accounts of Tech Mahindra Ltd. for the Year ended March 31,2012														
b) Not dealth with in the accounts of Tech Mahindra Ltd. for the Year ended March 31,2012	3,613,612	724,458	408,149	183,032	-	2,565,688	93,752,900	185,582	431,010	(1,104,125)	183,113	50,071,347	11,272,687	(846,955)

Note: The above Statement does not include information related to Tech Mahindra Brasil Servicecos De Informatica Ltda (TMBSL) and Tech Talenta Inc. (TTI) incorporated on July 21, 2010 and March 6, 2012 respectively, since there have been no transactions till March 31, 2012 and the holding Company is yet to infuse share capital in them.

For Tech Mahindra Limited

Anand G. Mahindra
Chairman
Hon. Akash Paul
Director
B.H. Wani
Director
Dr. Raj Reddy
Director
Sonjoy Anand
Chief Financial Officer
Noida, Dated: May 23, 2012

Vineet Nayyar
Vice Chairman & Managing Director
Anupam Puri
Director
M. Damodaran
Director
Ravindra Kulkarni
Director
Anil Khatri
Company Secretary

Bharat Doshi
Director
Paul Zuckerman
Director
Ulhas N. Yargop
Director

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Consolidated Financial Statements

Auditors' Report

To The Board of Directors of Tech Mahindra Limited

1. We have audited the attached Consolidated Balance Sheet of **TECH MAHINDRA LIMITED** ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group") as at 31st March 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement of the Group for the year ended on that date both annexed thereto (all together referred to as 'Consolidated Financial Statements'). The Consolidated Financial Statements include investments in an associate accounted on the equity method in accordance with Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006. These Consolidated Financial Statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

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

3. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets (net) of ₹ 2,579 Million as at 31st March 2012, total revenues of ₹ 3,493 Million and net cash inflows amounting to ₹ 188 Million for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the reports of the other auditors.

4. As stated in Note 40 (a) to the Consolidated Financial Statements, the auditors of Satyam Computer Services Limited (SCSL) have qualified their auditor's report for the year ended 31st March 2012, expressing their inability to ascertain the impact and the consequential effects, if any, thereof which are not quantifiable on a number of items, namely, ongoing investigations and legal proceedings by various regulators / investigating agencies in respect of the financial irregularities relating to prior years, Net debit amounts aggregating to ₹ 11,394 Million booked to 'Unexplained Differences Suspense Account' and fully provided for in prior years on grounds of prudence, alleged advances of ₹ 12,304 Million relating to prior years as claimed by various companies which is presented separately in the Balance Sheet of SCSL under "Amount Pending Investigation Suspense Account (Net)", certain lawsuits (the "Aberdeen Action", USA and the "Aberdeen(UK) Complaint") filed by certain investors in the United States of America and the United Kingdom, and adequacy or otherwise of the provision for taxation pertaining to prior years.

5. Without qualifying our opinion, we draw attention to the matters as mentioned in Note 40 (b), where the auditors of SCSL have drawn attention on certain items including various demands/disputes raised by the indirect tax authorities and non-compliances with the provisions of certain statutory Acts /guidelines.

6. The post acquisition profit (net) of SCSL, the amount of goodwill in the investment value, investment in associate and reserves and surplus in the Consolidated Financial Statements of the group are subject to the matters referred in Para 4 above, due to which we are unable to comment on the impact of the same on the post acquisition profit (net) of SCSL, amount of goodwill in investment value in associate and reserves and surplus in the consolidated financial statements of the group.

7. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) and Accounting Standard 23 (Accounting for Investment in Associates in Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006.

8. Further to our comments in Paragraph 5 above and subject to the matters referred to in paragraph 6 above, based on our audit and on consideration of the separate audit reports on the individual financial statements of the Company, its aforesaid subsidiaries and associates, and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March 2012;

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

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

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

Hemant M. Joshi
Partner
(Membership No. 38019)

Place : Noida
Dated: May 23, 2012

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2012

		Note	March 31, 2012	March 31, 2011
				₹ in Million
I.	**EQUITY AND LIABILITIES**			
1	**Shareholders' funds**			
	(a) Share Capital	2	**1,275**	1,260
	(b) Reserves and Surplus	3	**39,234**	32,254
			40,509	33,514
2	**Share application money pending allotment**		**0**	0
3	**Minority Interest**		**-**	159
4	**Non-current liabilities**			
	(a) Long-term borrowings	4	**6,000**	6,400
	(b) Other Long term liabilities	5	**4,295**	3,917
	(c) Long-term provisions	6	**1,886**	1,458
			12,181	11,775
5	**Current liabilities**			
	(a) Short-term borrowings	7	**5,266**	5,427
	(b) Trade payables	8	**3,649**	2,474
	(c) Other current liabilities	9	**6,080**	5,582
	(d) Short-term provisions	10	**1,506**	1,621
			16,501	15,104
			69,191	60,553
II.	**ASSETS**			
	Non-current assets			
1	(a) Fixed assets	11		
	(i) Tangible assets		**6,729**	6,107
	(ii) Intangible assets		**96**	63
	(iii) Capital work-in-progress		**1,671**	608
			8,496	6,778
	(b) Non-current investments	12	**34,271**	28,701
	(c) Deferred tax asset (refer note 35)		**998**	638
	(d) Long-term loans and advances	13	**3,384**	4,146
			47,149	40,263
2	**Current assets**			
	(a) Current investments	14	**1,605**	379
	(b) Inventories	15	**2**	6
	(c) Trade receivables	16	**13,172**	10,361
	(d) Cash and cash equivalents	17	**2,418**	2,665
	(e) Short-term loans and advances	18	**4,845**	6,879
			22,042	20,290
			69,191	60,553
	See accompanying notes to the financial statements	1 to 46		

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Hemant M. Joshi
Partner

Noida, Dated: May 23, 2012

For Tech Mahindra Limited

Anand G. Mahindra
Chairman

Vineet Nayyar
Vice Chairman & Managing Director

Hon. Akash Paul
Director

Anupam Puri
Director

Bharat Doshi
Director

B.H. Wani
Director

M. Damodaran
Director

Paul Zuckerman
Director

Dr. Raj Reddy
Director

Ravindra Kulkarni
Director

Ulhas N. Yargop
Director

Sonjoy Anand
Chief Financial Officer

Anil Khatri
Company Secretary

Noida, Dated: May 23, 2012

STATEMENT OF CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

₹ in Million except Earnings per share

		Note	Year ended March 31, 2012	Year ended March 31, 2011
I.	Revenue from Services (refer note 27)		**54,897**	51,402
II.	Other income	19	**982**	1,288
III.	**Total Revenue (I + II)**		**55,879**	52,690
IV.	**Expenses:**			
	Employee benefits expense	20	**28,681**	24,116
	Operating and other expenses	21	**17,022**	17,252
	Finance costs	22	**1,026**	1,113
	Depreciation and amortisation expense	11	**1,613**	1,435
	Total expenses		**48,342**	43,916
V	**Profit before Exceptional Items, Tax, Minority Interest and Share in Earnings of Associate (III - IV)**		**7,537**	8,774
VI	Exceptional Items (net) (refer note 31)		**679**	-
	Profit before Tax, Minority Interest and Share in Earnings of Associate (V - VI)		**6,858**	8,774
VII	Tax expense:			
	(1) Current tax (refer note 39) - Net of MAT credit of ₹ 3 Million (previous year: ₹ 182 Million)		**1,797**	1,678
	(2) Deferred tax (refer note 35)		**(360)**	(362)
VIII	**Profit after tax and before Minority Interest and share in earnings in Associate (VI-VII)**		**5,421**	7,458
IX	Minority interest		**(36)**	(20)
X	**Profit after tax and Minority Interest and before share in earnings of Associate (VIII-IX)**		**5,385**	7,438
XI	Share in Associate (refer note 40)			
	(i) Profit after tax and minority interest (excluding exceptional items)		**5,103**	2,106
	- Exceptional items		**467**	(2,735)
	(ii) Earlier period items (refer note 40)			
	- Profit after tax and minority interest (excluding exceptional items)		**-**	1,066
	- Exceptional items		**-**	(1,433)
XII	**Profit for the year (X+XI)**		**10,955**	6,442
	Earnings per equity share (Before exceptional items) in ₹ (refer note 38)			
	(1) Basic		**91.60**	51.60
	(2) Diluted		**88.05**	49.34
	Earnings per equity share (After exceptional items) in ₹			
	(1) Basic		**86.25**	51.60
	(2) Diluted		**82.91**	49.34
	See accompanying notes to the financial statements	1 to 46		

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Hemant M. Joshi
Partner

Noida, Dated: May 23, 2012

For Tech Mahindra Limited

Anand G. Mahindra Chairman	Vineet Nayyar Vice Chairman & Managing Director	
Hon. Akash Paul Director	Anupam Puri Director	Bharat Doshi Director
B.H. Wani Director	M. Damodaran Director	Paul Zuckerman Director
Dr. Raj Reddy Director	Ravindra Kulkarni Director	Ulhas N. Yargop Director
Sonjoy Anand Chief Financial Officer	Anil Khatri Company Secretary	

Noida, Dated: May 23, 2012

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

₹ in Million

	Particulars		Year ended March 31, 2012	Year ended March 31, 2011
A	**Cash flow from operating activities**			
	Net Profit before exceptional items and tax		**7,537**	8,774
	Adjustments for :			
	Depreciation and Amortisation	**1,613**		1,435
	Amortisation of Deferred Revenue	**(2,065)**		(2,217)
	Provision for doubtful trade and other receivables, bad debts and loans and advances (net)	**197**		159
	Provision for Customer Claims and warranties (net)	**(97)**		90
	(Profit) / Loss on sale of Fixed Assets (net)	**(0)**		(11)
	Finance costs	**1,026**		1,113
	Net unrealised exchange (gain) / loss	**851**		164
	Expense on employee stock option scheme	**412**		69
	Interest Income	**(79)**		(90)
	Dividend income	**(31)**		(19)
	Net (profit) / loss on sale of current investments	**(2)**		(1)
	Decrease in fair value of current investments	**0**		(0)
			1,825	692
	Operating profit before working capital changes		**9,362**	9,466
	Adjustments for (increase) / decrease in operating assets and liabilities:			
	Trade receivables (including Finance lease) and short term loans and advances	**(1,271)**		(3,009)
	Trade payables and other current liabilities	**1,497**		(111)
	Settlement Fees received	**-**		377
			226	(2,743)
	Cash generated from operations		**9,588**	6,724
	Net income tax (paid) / refunds		**(2,471)**	(2,087)
	Net cash flow from / (used in) operating activities (A)		**7,117**	4,637
B	**Cash flow from investing activities**			
	Capital expenditure on fixed assets, including capital advances	**(2,958)**		(1,534)
	Proceeds from sale of fixed assets	**9**		21
	Purchase of current Investments	**(1,506)**		(226)
	Sale of current investments	**313**		316
	Purchase of Government Bonds/Securities	**-**		(12)
	Sales of Government Bond/Securities	**-**		11
	Purchase of long-term investments in subsidiary	**(141)**		-
	Interest received from others	**79**		90
	Net cash flow from / (used in) investing activities (B)		**(4,203)**	(1,334)

CONSOLIDATED CASH FLOW FOR THE YEAR ENDED MARCH 31, 2012 (Contd.)

₹ in Million

	Particulars		**Year ended March 31, 2012**	Year ended March 31, 2011
C	**Cash flow from financing activities**			
	Proceeds from issue of equity shares and application money	**118**		260
	Dividend (including dividend tax) paid	**(591)**		(508)
	Proceeds from short term borrowings	**23,541**		12,024
	Repayment of short term borrowings	**(25,331)**		(13,584)
	Finance cost	**(911)**		(1,059)
	Net cash flow from / (used in) financing activities (C)		**(3,174)**	(2,867)
	Net increase / (decrease) in Cash and cash equivalents (A+B+C)		**(260)**	436
	Cash and cash equivalents at the beginning of the year		**2,649**	2,213
	Cash and cash equivalents at the end of the year		**2,389**	2,649

Notes :

1 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, 2012	March 31, 2011
2	**Cash and cash equivalents :**		
	Cash and Bank balances*	**2,418**	2,665
	Unrealised loss/(gain) on foreign currency	**(29)**	(16)
	Less Fixed deposits with original maturity over three months	**-**	0
	Total Cash and cash equivalents	**2,389**	2,649
	*** Cash and cash equivalents comprises**		
	a) In current accounts	**2,107**	2,340
	b) In deposit accounts with original maturity of less than three months	**306**	321
	c) In earmarked accounts	**5**	4
		2,418	2,665

3 Cash and cash equivalents include equity Share application money of ₹ **0 Million** (previous year: ₹ 0 Million) and Unclaimed dividend of ₹ **5 Million** (previous year: ₹ 4 Million)

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Hemant M. Joshi
Partner

Noida, Dated: May 23, 2012

For Tech Mahindra Limited

Anand G. Mahindra
Chairman

Vineet Nayyar
Vice Chairman & Managing Director

Hon. Akash Paul
Director

Anupam Puri
Director

Bharat Doshi
Director

B.H. Wani
Director

M. Damodaran
Director

Paul Zuckerman
Director

Dr. Raj Reddy
Director

Ravindra Kulkarni
Director

Ulhas N. Yargop
Director

Sonjoy Anand
Chief Financial Officer

Anil Khatri
Company Secretary

Noida, Dated: May 23, 2012

Notes forming part of the Consolidated Balance Sheet and Statement of Profit and Loss

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012

1. Significant accounting policies:

(a) Basis for preparation of accounts:

The accompanying Consolidated Financial Statements of Tech Mahindra Limited (TML) and its subsidiaries (together constitute "the Group") have been prepared to comply with generally accepted accounting principles applicable in India, the relevant 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.

(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 like items of assets, liabilities, income, expenses, after eliminating intra-group transactions and any unrealized gains or losses in accordance with the Accounting Standard - 21 on "Consolidated Financial Statements" (AS 21).

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

The excess of cost of investments in the subsidiary company/s over the share of the equity of the subsidiary company/s at the date on which the investment in the subsidiary company/s is made is recognised 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 recognised 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 recognised to the extent of their interest in the equity of the subsidiary/s.

Investment in an entity in which the Group has significant influence but not a controlling interest, is reported according to the equity method i.e. the investment is initially recorded at cost in accordance with Accounting Standard 23 "Accounting for Investments in associates in Consolidated Financial Statements". The carrying amount of the investment is adjusted thereafter for the post acquisition change in the Company's share of net assets of the associate. The excess of cost of investment in associate, over the net assets at the date of acquisition of the investment in the associate is separately disclosed in the investment schedule as Goodwill.

(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 twelve months. 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 of 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

Where TML, as a lessor, leases assets under finance leases such amounts are recognised as receivables at an amount equal to the net investment in the lease and the finance income is based on constant rate of return on the outstanding net investment.

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

Lease arrangements under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease rental under operating lease are recognised in Statement of Profit and Loss on straight line basis.

(f) Depreciation / Amortisation of fixed assets:

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

Buildings	28 years*
Computers	3 years
Plant and machinery	5 years
Furniture and fixtures	5 years
Vehicles	3-5 years
Office Equipments	5 years

*Refer foot note 1 of Note 11 of Fixed Assets

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

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

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

(v) Assets costing up to ₹ 5,000 are fully depreciated in the year of purchase.

(vi) The cost of software purchased for internal use is capitalized and depreciated in full in the month in which it is put to use.

(g) Impairment of Assets:

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

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

(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.

Finished Goods:

Finished goods are valued at the lower of the cost or net realisable value. Cost is determined on First-In-First Out basis.

(j) Revenue recognition:

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

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

The Group also performs time bound fixed price engagements, under which revenue is recognised 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.

The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the year in which the change becomes known.

Liquidated damages and penalties are accounted as per the contract terms wherever there is a delayed delivery attributable to the Group and when there is a reasonable certainty with which the same can be estimated.

Revenues from the sale of software and hardware products are recognised upon delivery/deemed delivery, which is when title passes to the customer, along with risk and reward.

Unbilled revenues comprise revenues recognised in relation to efforts incurred, not billed as of the period end, where services are performed in accordance with agreed terms.

The Group recognizes unearned finance income as financing revenue over the lease term using the effective interest method.

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

(k) (a) Foreign currency transactions:`

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the period 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 period is recognised as income or expense, as the case may be.

Any premium or discount arising at the inception of the forward exchange contract is recognised 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 Group uses foreign currency forward contracts / options to hedge its risks associated with foreign currency fluctuations relating to certain forecasted transactions. Effective April 01, 2007, the Group designates some of these as cash flow hedges applying the recognition and measurement principles set out in the Accounting Standard 30 "Financial Instruments: Recognition and Measurements" (AS-30).

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

Foreign currency forward contract/ option derivative instruments are initially measured at fair value and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised directly in reserves and the ineffective portion is recognised immediately in Statement of Profit and Loss.

The accumulated gains and losses on the derivatives in reserves are transferred to Statement of Profit and Loss in the same period in which gains or losses on the item hedged are recognised in Statement of Profit and Loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the Statement of Profit and Loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. When hedge accounting is discontinued for a cash flow hedge, the net gain or loss will remain in reserves and be reclassified to Statement of Profit and Loss in the same period or periods during which the formerly hedged transaction is reported in Statement of Profit and Loss. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in reserves is transferred to Statement of Profit and Loss.

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

In respect of foreign subsidiaries, the Group has classified all of them as "Integral Foreign Operations" in terms of AS 11 with effect from April 01, 2009. The subsequent exchange differences arising on account of such translation is taken to Statement of Profit and Loss.

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

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

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

c. The resulting exchange differences are accumulated in currency translation reserve till March 31, 2009, which is shown under Reserves & Surplus.

(m) Employee Retirement Benefits:

a) Gratuity :

The Group accounts for its gratuity liability, 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 at the Balance Sheet date using the Projected Unit Credit method for TML and its Indian subsidiaries.

Actuarial gains and losses are recognised in full in the Statement of Profit and Loss in the year in which they occur. (refer note 28 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 TML and its Indian subsidiaries make monthly contributions at a specified percentage of the covered employees' salary (currently at 12% of the basic salary) and super annuation contributions, which are charged to the Statement of Profit and Loss on accrual basis. The provident fund contributions are paid to the Regional Provident Fund Commissioner by TML and its Indian subsidiaries.

The TML and its Indian subsidiaries have no further obligations for future provident fund and superannuation fund benefits other than its annual contributions.

c) Compensated absences:

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

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

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

The Group 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.

d) Other short term employee benefits:

Other short-term employee benefits, including overseas social security contributions and performance incentives expected to be paid in exchange for the services rendered by employees, are recognised during the period when the employee renders the service.

(n) 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.

(o) Taxation:

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

Minimum Alternative Tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability is considered as an asset if there is convincing evidence that the Group will pay normal tax after the tax holiday period. Accordingly, it is recognised as an asset in the Balance Sheet when it is probable that the future economic benefit associated with it will flow to the Group 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.

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 Institute of Chartered Accountants of India (ICAI).

(p) Employee Stock Option Plan:

Stock options granted to the employees are accounted as per the accounting treatment prescribed by the Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 (“ESOP Guidelines”) issued by Securities and Exchange Board of India (“SEBI”) and the Guidance Note on Accounting for Employee Share-based Payments, issued by the ICAI. Employees eligible for Employee Stock Option Plan 2010 are granted an option to purchase shares of TML at predetermined exercise price. These options vest over a period of three years from the date of grant. The stock compensation cost is computed under the intrinsic value method and amortized on a straight line basis over the total vesting period of three years.

(q) Provision, Contingent Liabilities and Contingent Assets:

Provision is recognised, when The Group has a present obligation as a result of arising out of past events and it becomes probable that any outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made.

Contingent liabilities are not recognised in the financial statement. A Contingent asset is neither recognised nor disclosed in financial statements.

Note 2: Share Capital

Share Capital	**As at March 31, 2012**		As at March 31, 2011	
	Number	**₹ Million**	Number	₹ Million
Authorised				
Equity Shares of ₹ 10/- each	**175,000,000**	**1,750**	175,000,000	1,750
Issued, Subscribed & Paid up				
Equity Shares of ₹ 10/- each	**127,486,541**	**1,275**	125,955,481	1,260
	127,486,541	**1,275**	125,955,481	1,260

Disclosure pursuant to Part I of Schedule VI to the Companies Act, 1956
Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:

Particulars	**March 31, 2012 Equity Shares**		March 31, 2011 Equity Shares	
	Number	**₹**	Number	₹
Shares outstanding at the beginning of the year	**125,955,481**	**1,259,554,810**	122,320,114	1,223,201,140
Shares Issued during the year	**1,531,060**	**15,310,600**	3,635,367	36,353,670
Shares outstanding at the end of the year	**127,486,541**	**1,274,865,410**	125,955,481	1,259,554,810

No of shares held by each shareholder holding more than 5 percent equity shares of the Company are as follows:

Name of Shareholder	**March 31, 2012**		March 31, 2011	
	No. of Shares held	**% of Holding**	No. of Shares held	% of Holding
Mahindra & Mahindra Limited	**60,676,252**	**47.59**	60,676,252	48.17
British Telecommunications PLC	**29,546,923**	**23.18**	29,546,923	23.46
Life Insurance Corporation of India	**7,114,140**	**5.58**	6,753,525	5.36

Information about bonus shares issued by capitalisation of free reserves.

Amount in ₹

Particulars	**As at**					
	March 31, 2012	**March 31, 2011**	**March 31, 2010**	**March 31, 2009**	**March 31, 2008**	**March 31, 2007**
Aggregate No. of Equity Shares :						
Fully paid up equity shares of ₹ 2 each issued by way of bonus shares by capitalisation of						
a) Balance in Statement of Profit and Loss	**51,000,100**	51,000,100	51,000,100	51,000,100	51,000,100	51,000,100
b) Balance in General reserve	**25,000,000**	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000

Refer note 33 for stock options.

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share.

The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

The Board of Directors in their meeting on 23rd May, 2012 proposed a final dividend of ₹ 4 per equity share. The proposal is subject to approval of shareholders at the Annual General Meeting to be held on 10th August, 2012.

Note 3: Reserves and Surplus

₹ in Million

		As at March 31, 2012	As at March 31, 2011
a.	**Capital Reserve**		
	Opening Balance	-	-
	Add: Additions during the year (refer note 23(c))	55	-
	Closing Balance	55	-
b.	**Securities Premium Account**		
	Opening Balance	2,599	2,374
	Add: Received during the year from exercise of stock options	103	225
	Closing Balance	2,702	2,599
c.	**Debenture Redemption Reserve**		
	Opening Balance	2,637	1,935
	Add: Transfer from statement of Profit and Loss (net)	1,353	702
	Closing Balance	3,990	2,637
d.	**Share Options Outstanding Account (refer note 1(p))**		
	Opening Balance	69	-
	Add: Amortised amount of stock compensation cost	412	69
	Closing Balance	481	69
e.	**Statutory Reserve (refer note 41)**		
	Opening Balance	3	3
	Add: Movement during the year	-	-
	Closing Balance	3	3
f.	**Currency Translation Reserve**		
	As per last Balance Sheet (refer note 1 (l))	105	105
	Add: Movement during the year	-	-
	Closing Balance	105	105
g.	**General Reserve**		
	Opening Balance	4,451	3,451
	Add: Transfer from statement of Profit and Loss	1,000	1,000
	Closing Balance	5,451	4,451
h.	**Hedging Reserve (refer note 36)**		
	Opening Balance	412	1,942
	Add: Movement during the year (net)	(3,947)	(1,530)
	Closing Balance	(3,535)	412
i.	**Surplus in Statement of Profit and Loss**		
	Opening balance	21,977	17,830
	Add: Net Profit for the year	10,955	6,442
	Less: Final Dividend (refer note 44)	4	6
	Less: Proposed Final Dividend (refer note 2)	510	504
	Less: Tax on Dividend (refer note 2 and 44)	83	83
	Less: Transfer to Debenture redemption reserve (net)	1,353	702
	Less: Transfer to General reserve	1,000	1,000
	Closing Balance	29,982	21,977
		39,234	32,254

Note 4: Long Term Borrowings

	As at March 31, 2012	As at March 31, 2011
		₹ in Million
(a) Secured Debentures		
(i) 10.25% (Previous Year: 10.25%) Privately placed Non-Convertible Debentures (Due for redemption on 17th April 2014, at par)	**3,000**	3,000
(ii) 10.25% (Previous Year: 10.25%) Privately placed Non-Convertible Debentures (Due for redemption on 17th April 2013, at par)	**3,000**	3,000
(The above debentures are secured by pari passu charge over the immovable property located in Gujrat. The Company has also deposited the title deeds of certain other immovable properties of the Company with the debenture trustees.)		
(b) Unsecured Term Loan from Bank	**-**	400
	6,000	6,400

Note 5: Other Long Term Liabilities

(a) Deferred revenue (refer note 27)	**1,708**	3,772
(b) Fair values of foreign exchange forward and currency option contracts (refer note 36)	**2,543**	107
(c) Deposits	**6**	5
(d) Others	**38**	33
	4,295	3,917

Note 6: Long Term Provisions

Provision for employee benefits (refer note 28)	**1,886**	1,458
	1,886	1,458

Note 7: Short Term Borrowings

Secured Loans from Bank		
Cash credit *	**106**	-
Unsecured Loans from Banks		
Export Packing credit **	**5,160**	5,427
*Cash credit is secured by charge over current assets, present and future, including receivables.		
** Due for repayment within 6 months from date of disbursement of loan.		
	5,266	5,427

Note 8: Trade Payables

	₹ in Million	
	As at March 31, 2012	As at March 31, 2011
Sundry Creditors*	**3,649**	2,474
* Includes		
₹ 711 Million (previous year: ₹ 588 Million) due to Satyam Computer Services Limited, an associate company		
₹ 71 Million (previous year: ₹ 88 Million) due to Satyam BPO Limited, an associate company		
₹ 1 Million (previous year: ₹ Nil) due to Satyam Computer Services (Shanghai) Co. Limited an associate Company		
	3,649	2,474

Note 9: Other Current Liabilities

(a) Current maturities of long term debt	**-**	400
(b) Deferred Revenue (refer note 27)	**2,065**	2,065
(c) Interest accrued but not due on borrowings	**601**	589
(d) Fair values of foreign exchange forward and currency option contracts (refer note 36)	**1,163**	-
(e) Advance from customers	**115**	94
(f) Unearned revenue	**153**	63
(g) Unpaid dividends	**5**	4
(h) Accrued salaries and benefits	**1,350**	1,661
(i) Others*	**628**	706
	6,080	5,582

* Others mainly include withholding and other taxes payable.

Note 10: Short Term Provisions

(a) Provision for employee benefits (refer note 28)	**432**	237
(b) Provision for Dividend	**510**	504
(c) Provision for Dividend Tax	**83**	82
(d) Provision for Taxation	**481**	798
	1,506	1,621

Note 11: Fixed Assets

₹ in Million

	Gross Block				Accumulated Depreciation / Amortisation				Net Block	
	Cost as at April 01, 2011	Additions during the year	Deletions during the year	Balance as at March 31, 2012	As at April 01, 2011	For the year	Deductions during the year	Upto March 31, 2012	As at March 31, 2012	As at March 31, 2011
a Tangible Assets										
Freehold Land	176	-	-	**176**	-	-	-	**-**	**176**	176
Leasehold Land	425	254	-	**678**	36	24	-	**60**	**618**	389
Buildings	4,103	577	-	**4,680**	1,334	131	-	**1,465**	**3,215**	2,769
Plant and Equipment	2,550	452	29	**2,973**	1,351	476	23	**1,803**	**1,170**	1,199
Furniture and Fixtures	1,593	145	37	**1,701**	1,007	230	34	**1,203**	**498**	586
Vehicles	48	17	2	**63**	38	8	2	**43**	**20**	11
Computers	2,517	344	264	**2,596**	2,083	308	264	**2,128**	**468**	433
Office Equipments	440	51	0	**491**	239	80	0	**320**	**171**	201
Leasehold Improvements	822	290	223	**889**	479	241	223	**497**	**392**	343
Total	**12,674**	**2,129**	**556**	**14,247**	**6,567**	**1,498**	**547**	**7,518**	**6,729**	6,107
b Intangible Assets										
Goodwill on consolidation	33	-	-	**33**	-	-	-	**-**	**33**	33
Intellectual property rights	76	-	-	**76**	46	30	-	**76**	**0**	30
Software	-	148	-	**148**	-	85	-	**85**	**63**	-
Total	**109**	**148**	**-**	**257**	**46**	**115**	**-**	**161**	**96**	63
Grand Total (a+b)	**12,783**	**2,277**	**556**	**14,505**	**6,613**	**1,613**	**547**	**7,680**	**6,825**	6,170
Previous year	11,312	1,572	101	12,783	5,269	1,435	91	6,613		
c Capital Work In Progress									**1,671**	608
Total									**8,496**	6,778

Notes:

1. The useful life of Buildings has been revised from 15 years to 28 years with effect from 1st April 2011. The net book value of these fixed assets as at 31st March 2011 is being depreciated over the revised remaining useful life of the assets. As a result of this change, depreciation charge for the year ended 31st March 2012 is lower and the profit for the year is higher by ₹ **159 Million.**
2. Depreciation includes accelerated charge of ₹ **83 Million** on assets in a leased premises consequent to the early termination of the lease.

Note 12: Non Current Investments

₹ in Million

		As at March 31, 2012	As at March 31, 2011
Long Term (Unquoted - at cost)			
Trade :			
In Subsidiary Companies :			
50,000 Equity shares (previous year: 50,000) of Tech Mahindra Foundation of ₹ 10 each fully paid up		**1**	1
In Other Company			
1,603,380 E1 Preference shares (previous year: 1,603,380) of Servista Limited of GBP 0.002 each fully paid up	**54**		54
896,620 E2 Preference shares (previous year: 896,620) of Servista Limited of GBP 0.002 each fully paid up	**30**		30
4,232,622 Ordinary shares (previous year: 4,232,622) of Servista Limited of GBP 0.002 each fully paid up	**1**		1
	85		85
Less: Provision for Diminution (refer note 26)	**85**	**-**	85
		1	1
Long Term (Quoted- at cost)			
Trade:			
501,843,740 (previous year: 501,843,740) equity shares of Satyam Computer Services Limited of ₹ 2/- each, fully paid up #		**34,269**	28,699
# includes Goodwill of ₹ **24,777 Million** (previous year: ₹ 24,777 Million) and cumulative group share of post acquisition profit/loss (net) of ₹ **4,574 Million** (previous year loss (net) of ₹ 996 Million) (refer note 40)			
Long Term (Unquoted - at cost)			
Non Trade :			
Treasury Bills & Government Bonds (refer note1 below)		**1**	1
		1	1
		34,271	28,701
Market value of quoted investment		**40,449**	32,971

Note :

As per statutory requirements for overseas branches

	As at March 31, 2012	As at March 31, 2011
Aggregate amount of quoted investments	**34,269**	28,699
Aggregate amount of provision for diminution in value of investments	**85**	85

Statement showing percentage of holding

Name of the Body Corporate	As at March 31, 2012	As at March 31, 2011
Satyam Computer Services Limited	**42.64%**	42.65%

Note 13: Long Term Loans and Advances

	As at March 31, 2012	As at March 31, 2011
		₹ in Million
Unsecured, considered good unless otherwise stated		
a. Capital Advances		
Considered good	**122**	497
Considered doubtful	**5**	5
	127	502
Less: Provision	**5**	5
	122	497
b. Security Deposits		
Considered good	**679**	620
Considered doubtful	**15**	9
	694	629
Less: Provision	**15**	9
	679	620
c. VAT credit receivable	**10**	27
d. Advance Income Taxes (Net of provisions)	**1,851**	1,273
e. Advance Fringe Benefit Tax (Net of provisions)	**16**	7
f. Long term lease receivable - Secured (refer note 35)	**-**	1,112
g. Advances recoverable in cash or in kind for value to be received	**706**	610
	3,384	4,146

Note 14 : Current Investments (Unquoted)

Non Trade : Investment in Mutual Fund		
310,252 (previous year: 289,659) units of ₹ 100.04 (previous year: ₹ 100.02) each of ICICI Prudential Floating Rate Plan D-Daily Dividend	**31**	29
Nil (previous year: 11,613,267) units of ₹ Nil (previous year: ₹ 10.13) each of Birla Sunlife Short Term Fund - Inst - Fortnightly Dividend	**-**	118
601,500.17 (Previous year: Nil) units of ₹ 1000.25 IDFC Cash Fund - Super Inst Plan C - Daily Dividend plan	**602**	-
6,003,769.20 (Previous year: Nil) units of ₹ 100.20 Birla Sun Life Cash Plus Inst - Prem. Daily Dividend - Reinvestment plan	**601**	-
5,000,000 (Previous year: Nil) units of ₹ 10.00 IDFC Fixed Maturity Quarterly Series 69 Dividend Plan	**50**	-
5,006,861 (Previous year: Nil) units of ₹ 10.00 IDFC Fixed Maturity Quarterly Series 70 Dividend Plan	**50**	-
5,000,000 (Previous year: Nil) units of ₹ 10.00 DSP Black Rock FMP - Series 35 - 3M Plan	**50**	-
Nil (previous year: 5,000,000) units of ₹ Nil (previous year: ₹ 10.00) each of Birla Sun Life Fixed Term Plan - series CP - Growth option	**-**	50
5,499,850 (previous year: Nil) units of ₹ 10.00 (previous year: ₹ Nil) each of Birla Sun Life Fixed Term Plan - series EM - Growth option	**55**	-
Nil (previous year: 7,683,056) units of ₹ Nil (previous year: ₹ 10.01) each of Birla Sunlife Savings Fund - Inst - Weekly Dividend - Reinvestment	**-**	77
824,625 (previous year: Nil) units of ₹ 100.13 (previous yea: ₹ Nil) each of Birla Sunlife Savings Fund - Inst - Weekly Dividend - Reinvestment	**83**	-

Note 14 : Current Investments (Unquoted) (Contd.)

	₹ in Million	
	As at March 31, 2012	As at March 31, 2011
Nil (previous year: 6,124,372) units of ₹ Nil (previous year: ₹ 10.00) each of Reliance Fixed Horizon Fund- XVIII Series 3 Dividend Plan	**-**	61
38,533 (previous year: Nil) units of ₹ 1,001.37 (previous year: ₹ Nil) each of Reliance Money Manager Fund - Inst - option Daily Dividend Plan	**39**	-
4,433,314 (previous year: 4,433,314) units of ₹ 10.00 (previous year: ₹ 10.00) each of Kotak Quarterly Interval Plan Series I Dividend	**44**	44
	1,605	379
Provision for Diminution in value of current Investment	**(0)**	(0)
	1,605	379
Aggregate amount of unquoted investments	**1,605**	379

Note 15: Inventories

Raw Materials and components	**2**	6
	2	6

Note 16: Trade Receivables

Trade Receivables (Unsecured)		
(a) Over six months		
(i) Considered good*	**211**	351
(ii) Considered doubtful	**400**	225
(b) Others		
(i) Considered good**	**12,961**	10,010
(ii) Considered doubtful	**211**	-
	13,783	10,586
Less: Provision for doubtful debts	**611**	225
	13,172	10,361

1. * Net of advances aggregating to ₹ **184 Million** (previous year: ₹ 166 Million) pending adjustments with invoices

2. ** Net of advances aggregating to ₹ **464 Million** (previous year: ₹ 314 Million) pending adjustments with invoices

Note 17: Cash and Cash Equivalents

		₹ in Million	
		As at March 31, 2012	As at March 31, 2011
(a)	Cash and Cash equivalents		
	Balances with banks		
	In current accounts	**2,107**	2,340
	In deposit accounts	**306**	321
		2,413	2,661
(b)	Earmarked balances with banks	**5**	4
		2,418	2,665

Note 18: Short Term Loans and Advances

(Unsecured, considered good unless otherwise stated)

a.	Unbilled revenue	**2,124**	2,206
b.	Fair values of foreign exchange forward and currency option contracts (refer note 1 k (b))	**-**	877
c.	MAT Credit entitlement	**240**	471
d.	Balance with Excise and Customs	**1,278**	1,032
e.	Lease receivable - Considered doubtful (refer note 31)	**231**	866
	Less : Provision	**231**	-
		-	866
f.	Advances recoverable in cash or in kind or for value to be received		
	Considered good	**1,203**	1,427
	Considered doubtful	**97**	43
		1,300	1,470
	Less : Provision	**97**	43
		1,203	1,427
		4,845	6,879

Note 19: Other Income

₹ in Million

	Year ended March 31, 2012	Year ended March 31, 2011
(a) Interest on:		
Deposit with banks	**11**	45
Others	**68**	45
	79	90
(b) Foreign exchange gain / (loss) - Net	**594**	907
(c) Rent Income	**66**	79
(d) Dividend received	**31**	19
(e) Profit on sale of Current Investments	**2**	1
(f) Sundry balances written back	**133**	80
(g) Miscellaneous income	**77**	112
	982	1,288

Note 20: Employee Benefits Expenses

	Year ended March 31, 2012	Year ended March 31, 2011
(a) Salaries and Bonus	**25,525**	21,776
(b) Contribution to Provident and other funds	**1,425**	1,296
(c) Gratuity (Refer note 28)	**287**	188
(d) Employee stock compensation cost	**412**	69
(e) Staff welfare expenses	**1,032**	787
	28,681	24,116

Note 21: Operating and Other Expenses

₹ in Million

		Year ended March 31, 2012	Year ended March 31, 2011
Power & Fuel		**564**	524
Rent		**1,285**	1,031
Rates and taxes		**112**	83
Communication expenses		**739**	739
Travelling expenses		**3,548**	3,487
Recruitment expenses		**96**	59
Training		**119**	59
Hire charges		**343**	228
Sub-contracting costs (net)		**5,802**	4,946
Professional and Legal fees (refer note 29)		**534**	304
Repairs and maintenance :			
Buildings (including leased premises)	**127**		94
Machinery	**289**		249
Others	**127**		159
		543	502
Insurance		**626**	474
Software, hardware and project specific expenses *		**1,789**	3,846
Claims and warranties (net) (refer note 42)		**(97)**	90
Advertising, marketing and selling expenses		**69**	70
(Profit) / Loss on sale of fixed assets (net)		**(0)**	(11)
Excess of cost over fair value of current investments		**0**	(0)
Provision for doubtful debts and Bad debts (net)		**232**	130
Provision for doubtful advances		**(35)**	29
Advances / bad debts written off		**81**	8
Cost of materials consumed		**5**	15
Donations		**69**	100
Miscellaneous expenses		**598**	540
		17,022	17,252

*(Includes ₹ **Nil** (previous year: ₹ 2,871 Million) for a customer specific project under finance lease)

Note 22: Finance Cost

	Year ended March 31, 2012	Year ended March 31, 2011
Interest expense:		
On long term loans	**617**	698
On working capital loans / cash credit	**156**	293
	773	991
Other borrowing costs	**3**	8
Foreign currency translations	**250**	114
	1,026	1,113

Notes on Accounts:

23 (a) The consolidated financial statements present the consolidated accounts of the Group, which consists of accounts of TML and its following subsidiaries:

Name of the Subsidiary Company	Country of incorporation	Extent of Holding (%) as on March 31, 2012
Tech Mahindra (Americas) Inc. (TMA)	United States of America	100 %
Tech Mahindra GmbH (TMGMBH)	Germany	100 %
Tech Mahindra (Singapore) Pte. Limited. (TMSL)	Singapore	100 %
Tech Mahindra (Thailand) Limited (TMTL)	Thailand	100%
PT Tech Mahindra Indonesia (TMI)	Indonesia	100%
CanvasM Technologies Limited (CTL) and its following subsidiary:	India	100% (with effect from 3rd February 2012)
CanvasM (Americas) Inc. (CAI) Refer note (c) below	United States of America	100% (with effect from 3rd February 2012)
Tech Mahindra (Malaysia) SDN. BHD. (TMM)	Malaysia	100%
Tech Mahindra (Beijing) IT Services Limited (TMB)	China	100%
Venturbay Consultants Private Limited (VCPL)	India	100%
Mahindra Logisoft Business Solutions Limited (MLBSL)	India	100%
Tech Mahindra (Nigeria) Limited (TMNL) Refer note (d) below	Nigeria	100%
Tech Mahindra (Bahrain) Limited. S.P.C.(TMBL)	Bahrain	100%
Tech Mahindra Brasil Servicecos De Informatica Ltda (TMBSDIL) Refer note (e) below	Brazil	100%
Tech Talenta Inc. (TTI) Refer note (f) below	United States of America	100% (With effect from 6th March 2012)

b) TML has an investment in a subsidiary company viz. Tech Mahindra Foundation (TMF). TMF has been incorporated primarily for charitable purposes. TMF is not consolidated as a subsidiary as it can apply its income for charitable objects only and cannot pay dividend or transfer funds to its parent.

c) During the year ended March 31, 2012, the TML has purchased by way of private arrangement 1,147,699 equity shares of CanvasM Technologies Limited at a consideration of ₹ 141 Million representing balance 19.90% stake from Motorola Cyprus Holdings Ltd. With this, CanvasM Technologies Limited has become 100% subsidiary of TML with effect from 3rd February 2012. Consequently CanvasM (Americas) Inc. has also become 100% step down subsidiary of TML with effect from 3rd February 2012.

d) TML has infused additional capital of ₹ 41 Million into TMNL and given a loan of ₹ 45 Million during the year ended March 31, 2012.

e) TMBSDIL was incorporated on July 21, 2010 and TML is yet to infuse share capital into TMBSDIL and there have been no transactions for the period April 1, 2011 to March 31, 2012.

f) TTI was incorporated on March 6, 2012 and TMA is yet to infuse share capital into TTI and there have been no transactions for the period March 6, 2012 to March 31, 2012.

24. The estimated amount of contracts remaining to be executed on capital account, (net of capital advances) and not provided for as at March 31, 2012 for TML ₹ **478 Million** (previous year: ₹ 1,382 Million).

25. Contingent liabilities:

i) TML has received demand notices from Income Tax Authorities resulting in a contingent liability of ₹ **946 Million** (previous year: ₹ 920 Million). This is mainly on account of the following: (a) An amount of ₹ **140 Million** (previous year: ₹ 123 Million) relating to Transfer pricing adjustment on account of arm's length transactions; (b) Deduction under Section 10A amounting to ₹ **790 Million** (previous year: ₹ 781 Million) in relation to adjustment of expenditure in foreign currency being excluded only from Export turnover and not from Total turnover. TML has already won the appeal before the Mumbai ITAT for the Assessment Year 2002-03 & 2003-04. The Income Tax Department has filed appeal before the High Court. TML has already won the appeal before the CIT (A) for Assessment Year 2004-05, 2005-06 and 2007-08. The Income Tax Department has filed appeal before ITAT for Assessment Year 2004-05, 2005-2006. For Assessment Year 2007-2008 the Income Tax Department may intend to appeal against the said order before ITAT; (c) an amount of ₹ **16 Million** (previous year: ₹ 16 Million) relating to Fringe Benefit Tax. TML has won the appeal before the CIT (A) and the Income Tax Department may intend to appeal against the said order before ITAT.

ii) CTL has received demand notice from Income Tax Authority resulting in a contingent liability of ₹ **25 Million** (previous year: ₹ Nil). This is mainly in relation to Transfer pricing adjustment on account of arm's length transactions. CTL has appealed before Appellate Authority and is hopeful of succeeding in the same.

iii) TML has received demand notices from Sales Tax Authorities for ₹ **18 Million** (previous year: ₹ 18 Million) towards Software services classified under Works Contract Act for the financial year 2005-06 to 2008-09. TML has filed an appeal before the Joint Commissioner of Commercial Tax (JCCT). The Joint Commissioner of Commercial Taxes (JCCT) has allowed the said Appeal vide its order dated December 30, 2011 in favour of TML. The JCCT has directed the Dy. Commissioner of Commercial Taxes to issue a revised demand notice in accordance with this order.

iv) The Company has received demand / show cause notice / Order from Service Tax Authorities for ₹ **166 Million** (net of provision), (Previous year: ₹ 90 Million) out of which:

a. ₹ **77 Million** (previous year: ₹ 77 Million) relates to marketing and onsite services rendered by the subsidiaries abroad for the financial years 2004-05 to 2007-08 for erstwhile Tech Mahindra (R & D Services) Limited (TMRDL) and has paid an amount of ₹ **7 Million** (Previous year: ₹ 7 Million) "Under Protest".

b. ₹ **13 Million** (previous year: ₹ 13 Million) towards services provided under Management consultancy services for TML for which TML has filed an appeal against the same.

c. The Deputy Commissioner of Service Tax (Refunds) has appealed against the Order of Assistant Commissioner of Service Tax towards refund granted ₹ **76 Million** (previous year ₹ Nil) to TML for the month of October, 2010 by holding a view that the amounts paid by TML under reverse charge as per the provisions of Section 66A of Service Tax Act relate to the input for services rendered by the entities situated abroad and such amounts are not entitled to refund under Rule 5 of the Service Tax Rules, 2004. Against the said appeal the TML had filed its cross objection, which was rejected by the Commissioner (Appeals). TML prefers an appeal against the said order before the Customs, Excise & Service Tax Appellate Tribunal (CESTAT).

v) The Group has bank guarantees outstanding ₹ **1,087 Million** (previous year: ₹ 1,140 Million).

vi) Claim on the Group not acknowledged as debts for Stamp duty and other matter are ₹ **5 Million** (previous year: ₹ 5 Million). The above matter is subject to legal proceeding in the ordinary course of business. In the opinion of the management the legal proceeding, when ultimately concluded, will not have a material effect on result of operations or financial position of the Group.

26. In September 2008, TML had made investment of ₹ 85 Million for 17.28% of the share capital of Servista Limited a leading European system integrator. With this investment, TML became Servista's exclusive delivery arm for three years and will assist Servista in securing more large scale European IT off shoring business. The business plan of Servista was adversely affected by the economic downturn and it continued to incur losses and therefore, Servista in June 2009 decided to close down its operations. TML had made provision of ₹ 85 Million in the year ended March 31, 2010, for diminution in the value of its investments in Servista. Servista is in process of winding up and in the view of the management; TML would have no further unrecorded obligations towards settlement of any further liability.

27. During the year ended March 31, 2010, a customer had restructured long term contracts with TML from April 01, 2009 which involves changes in commercial, including rate reduction and other agreed contract terms. As per the amended contracts the customer had paid TML restructuring fees of ₹ 9,682 Million. The services under the restructured contracts would continue to be rendered over the life of the contract. The restructuring fees received would be amortized and recognized as revenue over the term of the contract on a straight line basis.

An amount of ₹ **2,005 Million** (previous year: ₹ 2,005 Million) has been recognized as revenue for the year and the balance amount of ₹ **3,667 Million** (previous year: ₹ 5,672 Million) has been carried forward and disclosed as deferred revenue in the Balance Sheet. In addition, it also includes a part of contract termination fees received from a customer, to the extent there is a continuing customer involvement.

28. 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 Statement of Profit and Loss for the year ended March 31, 2012 in respect of defined contribution plan is ₹ **885 Million** (previous year: ₹ 759 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:

₹ in Million

Particulars	**March 31, 2012**	March, 31, 2011
Projected benefit obligation, beginning of the year*	**922**	803
Service cost	**220**	203
Interest cost	**67**	59
Actuarial (Gain) / Loss	**3**	(71)
Benefits paid	**(115)**	(72)
Trust Fund Receivable (erstwhile TMRDL)*	**(35)**	(34)
Projected benefit obligation, at the end of the year	**1,062**	888

* The Trust fund was created to fund the gratuity liability of the erstwhile TMRDL. After amalgamation of TMRDL with TML, the balance in Trust Fund can be utilized only for the payment of obligation arising for gratuity payable to employees of erstwhile TMRDL. The composition of the Trust Balance as on March 31, 2012 is as follows:

₹ in Million

Particulars	**March 31, 2012**	March 31, 2011
Government of India Securities/ Gilt Mutual Funds	**9**	9
State Government Securities/ Gilt Mutual Funds	**5**	5
Public Sector Unit Bonds	**13**	14
Private Sector Bonds / Equity Mutual Funds	**0**	0
Mutual Funds	**0**	1
Bank Balance	**8**	5
Total	**35**	34

Components of expenses recognized in the Statement of Profit and Loss for the year ended March 31, 2012:

₹ in Million

Particulars	**March 31, 2012**	March 31, 2011
Net gratuity cost		
Service cost	**220**	203
Interest cost	**67**	59
Expected return on plan Assets	**(3)**	(3)
Actuarial (Gain) / loss	**3**	(71)
Total	**287**	188

Experience Adjustments

₹ in Million

Particulars	**March 31, 2012**	March 31, 2011	March 31, 2010	March 31, 2009
1. Defined Benefit Obligation	**(1,097)**	(922)	(801)	(696)
2. Fair value of plan assets	**35**	34	31	31
3. Surplus/(Deficit)	**(1,062)**	(888)	(770)	(665)
4. Experience adjustment on plan liabilities [Gain/(Loss)]	**23**	75	95	7
5. Experience adjustment on plan assets [Gain/(Loss)]	**(1)**	(1)	2	0
6. Actuarial gain / (loss) due to change on assumptions	**(25)**	(2)	31	11

Principal Actuarial Assumptions	**March 31, 2012**	March 31, 2011
Discount Rate	**8.6 %**	7.7 %
Rate of increase in compensation levels of covered employees	**11% for the 1st Year** **9% thereafter**	9% for the 1st Year, 8% 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 increase is considered taking into account the inflation, seniority, promotion and other relevant factors.

29. Payment to Auditors (net of service tax):

₹ in Million

Particulars	**March 31, 2012**	March 31, 2011
Audit Fees (Including quarterly audits)	**8**	8
For other Services	**4**	2
For taxation matters	**1**	1
For Reimbursement of Expenses	**0**	0
Total	**13**	11

30. Assets taken / given on Lease:

a) TML has taken vehicles on operating lease for a period of three to five years. The lease rentals recognized in the Statement of Profit and Loss for the year ended March 31, 2012 are ₹ **28 Million** (previous year: ₹ 26 Million). The future lease payments of operating lease are as follows:

₹ in Million

Particulars	**Not later than 1 year**	**Later than 1 year not later than 5 years**	**Later than 5 years**
Minimum Lease rentals payable (previous year: ₹ 22 Million and ₹ 33 Million and ₹ Nil, respectively)	**24**	**37**	**Nil**

b) Group has taken premises on operating lease for a period of one to ten years. The lease rentals recognized in the Statement of Profit and Loss for the year ended March 31, 2012 are ₹ **1,186 Million** (previous year: ₹ 974 Million). The future lease payments of operating lease are as follows:

₹ in Million

Particulars	**Not later than 1 year**	**Later than 1 year not later than 5 years**	**Later than 5 years**
Minimum Lease rentals payable (previous year: ₹ 695 Million, ₹ 1,331 Million and ₹ 154 Million, respectively)	**897**	**2,439**	**376**

c) Group has taken computer equipments on operating lease for a period of one to five years. The lease rentals recognized in the Statement of Profit and Loss for the year ended March 31, 2012 are ₹ **40 Million** (previous year: ₹ 33 Million). The future lease payments of operating lease are as follows:

₹ in Million

Particulars	**Not later than 1 year**	**Later than 1 year not later than 5 years**	**Later than 5 years**
Minimum Lease rentals payable (previous year: ₹ 32 Million, ₹ 17 Million and ₹ Nil, respectively)	**26**	**36**	**Nil**

d) TML has given premises on operating lease for a period of one to five years. The lease rentals recognized in the Statement of Profit and Loss for the year ended March 31, 2012 are ₹ **70 Million** (previous year: ₹ 83 Million). The future lease receivable of operating lease are as follows:

₹ in Million

Particulars	**Not later than 1 year**	**Later than 1 year not later than 5 years**	**Later than 5 years**
Minimum Lease rentals receivable (previous year: ₹ 51 Million, ₹ 2 Million and ₹ Nil, respectively)	**12**	**35**	**Nil**

31. TML had provided in the previous year, end to end solutions, which includes sale of software and hardware to a customer in India which qualifies as Finance Lease and has accordingly accounted as such. These receivables are due in quarterly installments over the contractual period of 4 years.

The components of finance lease receivables are:

₹ in Million

Particulars	**March 31, 2012**	March 31, 2011
Gross Investment in lease for the period	**-**	2,085
Not later than 1 year	**-**	922
Later than 1 year not later than 5 years	**-**	1,163
Unguaranteed residual values	**-**	-
Unearned Finance Income	**-**	107
Net Investment in Finance Receivables*	**-**	1,978

Present value of Minimum lease receivables is ₹ **Nil**

₹ in Million

Particulars	**Not later than 1 year**	**Later than 1 year not later than 5 years**
Present value of minimum Lease receivable	**-** [866]	**-** [1,112]

*The Hon'ble Supreme Court vide its order dated 2nd February 2012 cancelled 2G licenses issued to some of Telecom Operators in India in 2008. As a result of the cancellation, the business of TML`s two customers has become unviable and one of the customers has started winding up proceedings of the Indian operations. TML has made a provision of ₹ 679 Million on account of likely impairment in the carrying value of the related assets.

32. As per the requirements of Accounting Standard 17 on 'Segment Reporting' (AS 17), the primary segment of the Group is business segment by category of customers in the Telecom Service Providers (TSP), Telecom Equipment Manufacturer (TEM), Business Process Outsourcing (BPO) and Others, which includes non telecom vertical customers and the secondary segment is the geographical segment by location of its customers.

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

A. Primary Segments

For the Year ended March 31, 2012 **₹ in Million**

Particulars	**Telecom Service Provider**	**Telecom Equipment Manufacturer**	**Business Process Outsourcing**	**Others**	**Total**
Revenues	44,290	3,599	5,322	1,686	54,897
Less : Direct Expenses	29,276	2,657	3,383	1,462	36,778
Segmental Operating Income	**15,014**	**942**	**1,939**	**224**	**18,119**
Less : Unallocable Expenses (net)					
Depreciation / Amortisation					1,613
Finance charges					1,026
Other Unallocable Expenses (net)					8,925
Total Unallocable Expenses (net)					**11,564**
Operating Income					**6,555**
Add : Other Income (net)					982
Net Profit before tax and Exceptional Item					**7,537**
Less : Exceptional Item					679
Net Profit before Tax					**6,858**
Less : Provision for Tax					
Current Tax (net of MAT credit)					1,797
Deferred Tax benefit					(360)
Net Profit after tax					**5,421**
Minority Interest					(36)
Net Profit before earnings in share of associate					**5,385**
Share in Profit of Associate (Refer note 40)					5,570
Net Profit for the year					**10,955**

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 ad-hoc allocation will not be meaningful.

B. Secondary Segments:

Revenues from secondary segments are as under -

Geography	**₹ in Million**
Europe	25,872
Americas	18,817
Rest of world	10,208
Total	**54,897**

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, 2011

₹ in Million

Particulars	**Telecom Service Provider**	**Telecom Equipment Manufacturer**	**Business Process Outsourcing**	**Others**	**Total**
Revenues	44,722	2,630	3,213	837	51,402
Less : Direct Expenses	29,824	1,750	1,812	643	34,029
Segmental Operating Income	**14,898**	**880**	**1,401**	**194**	**17,373**
Less : Un-allocable Expenses (net)					
Depreciation / Amortisation					1,435
Finance charges					1,113
Other Un-allocable Expenses (net)					7,339
Total Un-allocable Expenses (net)					**9,887**
Operating Income					**7,486**
Add : Other Income (net)					1,288
Net Profit before tax					**8,774**
Less : Provision for Tax					
Current Tax (net of MAT credit)					1,678
Deferred Tax benefit (includes ₹ 215 Million In respect of earlier years)					(362)
Net Profit before Minority Interest					**7,458**
Minority Interest					(20)
Net Profit before earnings in share of associate					**7,438**
Share in Loss of Associate (refer note 40)					**(996)**
Net Profit for the year					**6,442**

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 ad-hoc allocation will not be meaningful.

B. Secondary Segments:

Revenues from secondary segments are as under –

Geography	**₹ in Million**
Europe	25,975
Americas	15,355
Rest of world	10,072
Total	**51,402**

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.

33. 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 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 option carries with it the right to purchase one equity share of the TML 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, 2012	March 31, 2011
Options outstanding at the beginning of the year	**-**	82,490
Options granted during the year	**494,500**	-
Options lapsed during the year	**-**	1,670
Options cancelled during the year	**46,000**	1,670
Options exercised during the year	**-**	79,150
Options outstanding at the end of the year	**448,500**	-

Out of the options outstanding at the end of the year ended March 31, 2012, there are **Nil** (previous year: Nil) (Net of exercised & lapsed) vested options, which have not been exercised.

B) TML has instituted "Employee Stock Option Plan 2004" (ESOP 2004) for its employees. In terms of the said Plan, the Compensation Committee has granted options to employees of the Group. 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, 2012	March 31, 2011
Options outstanding at the beginning of the year	**2,935,134**	5,677,701
Options granted during the year	**-**	-
Options lapsed during the year	**-**	-
Options cancelled during the year	**-**	-
Options exercised during the year	**700,000**	2,742,567
Options outstanding at the end of the year	**2,235,134**	2,935,134

Out of the options outstanding at the end of the year ended March 31, 2012, there are **2,235,134** (previous year 2,935,134) (Net of exercised & lapsed) vested options, which have not been exercised.

C) TML has instituted "Employee Stock Option Plan 2006"(ESOP 2006) for the employees and Directors of the Group. In terms of the said plan, the compensation committee has granted options to the employees of the Group. 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, 2012	March 31, 2011
Options outstanding at the beginning of the year	**2,529,103**	3,165,188
Options granted during the year	**539,500**	398,725
Options lapsed during the year	**-**	-
Options cancelled during the year	**305,660**	221,160
Options exercised during the year	**831,060**	813,650
Options outstanding at the end of the year	**1,931,883**	2,529,103

Out of the options outstanding at the end of the year ended March 31, 2012, there are **1,090,008** (previous year: 1,907,933) (net of exercised & lapsed) vested options, which have not been exercised.

D) TML has instituted "Employee Stock Option Plan 2010" (ESOP 2010) for the employees and Directors of the Group. In terms of the said Plan, options to the employees and Directors in form of option shall 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 option carries with it the right to purchase one equity share of TML at the exercise price determined by Compensation Committee.

The details of the options are as under:

Particulars	**March 31, 2012**	March 31, 2011
Options outstanding at the beginning of the year	**1,600,000**	-
Options granted during the year	**683,500**	1,600,000
Options lapsed during the year	**-**	-
Options cancelled during the year	**5,000**	-
Options exercised during the year	**-**	-
Options outstanding at the end of the year	**2,278,500**	1,600,000

Out of the options outstanding at the end of year ended March 31, 2012, there are **533,280** (previous year: Nil) (net of exercised & lapsed) vested options, which have not been exercised.

E) TML uses the intrinsic value-based method of accounting for stock options granted after April 1, 2005. Had the compensation cost for the TML's stock based compensation plan been determined in the manner consistent with the fair value approach, the Group's net profit would be lower by ₹ **32 Million** (previous year higher by ₹ 14 Million) and earnings per share as reported would be lower as indicated below:

₹ in Million except earnings per share

Particulars	**For the year ended**	
	March 31, 2012	March 31, 2011
Net profit after exceptional items and tax (As reported)	**10,955**	6,442
(Add) / Less: Total stock-based employee compensation expense determined under fair value base method	**(32)**	(14)
Adjusted net profit	**10,923**	6,456
Basic earnings per share (in ₹)		
- As reported	**86.25**	51.60
- Adjusted	**86.00**	51.72
Diluted earnings per share (in ₹)		
- As reported	**82.91**	49.34
- Adjusted	**82.66**	49.44

The fair value of each option is estimated on the date of grant based on the following assumptions (on weighted average basis):

Particulars	**March 31, 2012**	March 31, 2011
Dividend yield (%)	**0.50**	0.46
Expected life	**4.07 years**	3.85 years
Risk free interest rate (%)	**8.54**	7.97
Volatility (%)	**52.72**	55.16

F) The stock compensation cost for the Employee Stock Option Plan 2010 issued at par has been computed under the intrinsic value method and amortized on a straight line basis over the total vesting period of three years. For the year ended March 31, 2012 TML has recorded stock compensation expense of ₹ **412 Million** (previous year: ₹ 69 Million).

34. As required under Accounting Standard 18 "Related Party Disclosures" (AS – 18), following are details of transactions during the year ended March 31, 2012 with the related parties of the Group as defined in AS – 18:

(a) List of Related Parties and Relationships

Name of Related Party	**Relation**
Mahindra & Mahindra Limited British Telecommunications Plc. Mahindra BT Investment Company (Mauritius) Limited	Promoter holding more than 20% stake Promoter holding more than 20% stake Promoter group company
Tech Mahindra Foundation#	100% subsidiary company
Satyam Computer Services Limited Satyam BPO Limited Satyam Computer Services (Shanghai) Co. Limited	Associate Company Associate Company Associate Company
Mr. Vineet Nayyar Vice Chairman and Managing Director Mr. Sanjay Kalra Chief Executive Officer @	Key Management Personnel

Section 25 Company not considered for consolidation

@ Up to September 15th, 2010

(b) Related Party Transactions for the year ended March 31, 2012:

₹ in Million

Transactions	**Promoter Companies**	**Subsidiary Companies**	**Associate Companies**	**Key Management Personnel**
Reimbursement of Expenses (Net) - Paid/ (Receipt)	**(211)** [(263)]	**-** [-]	**(160)** [(1)]	**-** [-]
Income from Services	**19,925** [20,457]	**-** [-]	**409** [148]	**-** [-]
Paid for Services Received	**21** [31]	**-** [-]	**-** [33]	**-** [-]
Sub-contracting cost	**-** [-]	**-** [-]	**802** [545]	**-** [-]
Software/Hardware & project specific expenses	**-** [-]	**-** [-]	**592** [-]	**-** [-]
Salary, Perquisites & Commission	**-** [-]	**-** [-]	**-** [-]	**36** [62]
Stock Options	**-** [-]	**-** [-]	**-** [-]	**-**** [-]
Rent Paid/ Payable	**36** [53]	**-** [-]	**143** [64]	**-** [-]
Dividend paid	**361** [320]	**-** [-]	**-** [-]	**3** [2]

Transactions	Promoter Companies	Subsidiary Companies	Associate Companies	Key Management Personnel
Donation Paid / Payable	**-** [-]	**67** [99]	**-** [-]	**-** [-]
Rent Received/ Receivable	**41** [51]	**-** [-]	**15** [20]	**-** [-]
Contract Settlement Fees Received	**-** [377]	**-** [-]	**-** [-]	**-** [-]
Purchase of Fixed Assets	**-** [-]	**-** [-]	**0** [271]	**-** [-]
Debit / (Credit) balances (Net) (inclusive of unbilled) outstanding as on March 31, 2012	**5,248** [5303]	**(2)** [(8)]	**(589)** [(459)]	**(11)** [(11)]

Figures in brackets "[ ]"are for the previous period ended March 31, 2011.

** Stock options: Key Management Personnel

Transactions	Mr. Vineet Nayyar Vice Chairman & Managing Director	Mr. Sanjay Kalra Chief Executive Officer
Options exercised during the year ended March 31, 2012	**700,000** [Nil]	**Nil** [1,892,567]
Options granted and outstanding at the end of the period	**1,992,567** [2,692,567]	**Nil** [Nil]

Figures in brackets "[ ]"are for the previous year ended March 31, 2011

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

₹ in Million

Transactions	For the year ended March 31, 2012	For the year ended March 31, 2011
Reimbursement of Expenses (net) - Paid/(Receipt)		
Promoter Company		
- British Telecommunications Plc.	**(218)**	(266)
Associate Company		
- Satyam BPO Limited	**(48)**	(12)
- Satyam Computer Services Limited	**(112)**	11
	(378)	(267)
Income from Services		
Promoter Company		
- British Telecommunications Plc.	**19,888**	20,403
	19,888	20,403
Paid for Services Received		
Promoter Company		
- British Telecommunications Plc.	**21**	31
Associate Company		
- Satyam Computer Services Limited	**-**	33
	21	64

Transactions	For the year ended March 31, 2012	For the year ended March 31, 2011
Sub-contracting cost		
Associate Company		
- Satyam Computer Services Limited	**577**	406
- Satyam BPO Limited	**224**	139
	801	545
Software/Hardware & project specific expenses		
Associate Company		
- Satyam Computer Services Limited	**592**	-
	592	-
Salary, Perquisites and Commission		
Key Management Personnel		
- Mr. Vineet Nayyar	**36**	36
- Mr. Sanjay Kalra	**-**	26
	36	62
Rent Paid/(Payable)		
Promoter Company		
- British Telecommunications Plc	**36**	53
Associate Company		
- Satyam Computer Services Limited.	**143**	64
	179	117
Donation Paid / Payable		
Subsidiary Company		
- Tech Mahindra Foundation	**67**	99
	67	99
Dividend Paid/Payable		
Promoter Company		
- British Telecommunications Plc	**118**	132
- Mahindra & Mahindra Limited	**243**	188
	361	320
Rent Received/Receivable		
Promoter Company		
- British Telecommunications Plc.	**41**	51
Associate Company		
- Satyam Computer Services Limited	**15**	20
	56	71
Purchase of Fixed Assets		
Associate Company		
- Satyam Computer Services Limited	**0**	271
	0	271
Contract Settlement Fees Received		
Promoter Company		
- British Telecommunications Plc.	**-**	377
	-	377

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

₹ in Million

Particulars	**March 31, 2012**	March 31, 2011
Deferred Tax Asset :		
Gratuity, Leave Encashment, superannuation and FBT etc.	**292**	290
Doubtful Debts	**338**	80
Depreciation	**316**	241
Others	**52**	27
Total Deferred Tax Asset	**998**	638

This includes deferred tax asset of ₹ **Nil** (previous year: ₹ 215 Million) created in the current year pertaining to earlier years based on reassessment of deferred tax position post sunset of Section 10A of Income Tax Act, 1961.

36. Exchange gain/(loss)(net) accounted during the period:

a) TML enters into Foreign Exchange Forward Contracts and Currency Option Contracts to offset the foreign currency risk arising from the amounts denominated in currencies other than the Indian Rupee. The counter party to TML's foreign currency Forward Contracts and Currency Option Contracts is generally a bank. These contracts are entered into to hedge the foreign currency risks of certain forecasted transactions. Forward Exchange Contracts and Currency Option Contracts in UK Pound exposure are split into two legs, which are GBP to USD and USD to INR. These contracts are for a period between 1 day and 5 years.

b) The following are the outstanding GBP:USD Currency Exchange Contracts entered into by TML which have been designated as Cash Flow Hedges as at March 31, 2012:

Type of cover	**Amount outstanding in Foreign currency (in Million)**	**Fair Value Gain / (Loss) (₹ in Million)**
Forward	**GBP 279** (previous year: 212)	**(50)** (previous year: (154))
Option	**GBP 12** (previous year: 72)	**258** (previous year: (1,317)

The following are the outstanding USD: INR Currency Exchange Contracts entered into by TML which have been designated as Cash Flow Hedges as at March 31, 2012:

Type of cover	**Amount outstanding in Foreign currency (in Million)**	**Fair Value Gain / (Loss) (₹ in Million)**
Forward	**USD 840** (previous year: 653)	**(2,886)** (previous year: 683)
Option	**USD 87** (previous year: 189)	**(1,028)** (previous year: (1075))

Net loss on derivative instruments of ₹ **1,206 Million** (previous year gain: ₹ 621 Million) recognized in hedging reserve as of March 31, 2012 is expected to be reclassified to the Statement of Profit and Loss by March 31, 2013.

The movement in hedging reserve during year ended March 31, 2012 for derivatives designated as Cash Flow Hedges is as follows:

₹ in Million

Particulars	**Year ended March 31, 2012**	Year ended March 31, 2011
Credit Balance at the beginning of the year	**412**	1,942
Gain/(Loss) transferred to income statement on occurrence of forecasted hedge transaction	**(207)**	869
Changes in the fair value of effective portion of outstanding cash flow derivative	**(4,154)**	(661)
(Debit) / Credit Balance at the end of year	**(3,535)**	412

In addition to the above cash flow hedges, TML has outstanding Foreign Exchange Currency Options Contracts aggregating to ₹ **396 Million** (previous year: ₹ 6,993 Million) whose fair value showed a loss of ₹ **154 Million** (previous year gain: ₹ 654 Million). Although these contracts are effective as hedges from an economic perspective, they do not qualify for hedge accounting and accordingly these are accounted as derivative instruments at fair value with changes in fair value recorded in the Statement of Profit and Loss and the cumulative gain of ₹ **94 Million** as at March 31, 2009 would be recycled to Statement of Profit and Loss as and when the cash flows materialise.

Exchange Loss of ₹ **207 Million** (previous year gain: ₹ 869 Million) on foreign exchange forward contracts and currency options contracts have been recognised in the year ended March 31, 2012.

c) As at March 31, 2012, the Group has net foreign exchange exposures that are not hedged by a derivative instruments or otherwise amounting to ₹ **8,281 Million** (previous year: ₹ 6,864 Million)

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

38. Earnings Per Share is calculated as follows:

₹ in Million except earnings per share

Particulars	**Year ended March 31, 2012**	Year Ended March 31, 2011
Profit after taxation and before exceptional item	**11,634**	6,442
Less: Exceptional Item	**679**	-
Profit after taxation and exceptional items	**10,955**	6,442
Net Profit attributable to shareholders	**10,955**	6,442
Equity Shares outstanding as at the end of the year (in nos.)	**127,486,541**	125,955,481
Weighted average Equity Shares outstanding as at the year end (in nos.)	**127,005,143**	124,827,129
Weighted average number of Equity Shares used as denominator for calculating Basic Earnings Per Share	**127,005,143**	124,827,129
Add: Diluted number of Shares		
ESOP outstanding at the end of the year	**5,118,848**	5,736,254
Number of Equity Shares used as denominator for calculating Diluted Earnings Per Share	**132,123,991**	130,563,383
Nominal Value per Equity Share (in ₹)	**10.00**	10.00
Earnings Per Share Before Exceptional Item		
Earnings Per Share (Basic) (in ₹)	**91.60**	51.60
Earnings Per Share (Diluted) (in ₹)	**88.05**	49.34
Earnings Per Share After Exceptional Item		
Earnings Per Share (Basic) (in ₹)	**86.25**	51.60
Earnings Per Share (Diluted) (in ₹)	**82.91**	49.34

39. Current tax for the year ended 31st March 2012 includes reversal of excess provision of ₹ **241 Million** (previous year: ₹ 6 Million) of earlier years written back, no longer required.

TML and its Indian Subsidiaries had calculated its tax liability under Minimum Alternate Tax (MAT) from financial year 2007-08.The MAT credit can be carried forward and set off against the future tax payable. In the current year ended March 31, 2012, TML and its Indian subsidiaries has calculated its tax liability under normal provisions of the Income Tax Act, 1961 and utilized the brought forward MAT credit of ₹ **234 Million.**

40. The Board of Directors of Satyam Computer Services Limited (SCSL) on April 13, 2009 selected VCPL, a wholly owned subsidiary of Tech Mahindra Ltd (TML) as the highest bidder to acquire a controlling stake in SCSL and upon the Hon'ble Company Law Board's approval on April 16, 2009, VCPL was declared as the winning bidder.

    TML through VCPL, acquired stake in Satyam Computer Services Limited, on May 5, 2009 through preferential allotment, representing 31% of equity share capital and further increased the share holding to 42.70 % by July 10, 2009 through a combination of open offer and a further preferential allotment. As a result of this investment, SCSL became an associate of TML as per Accounting Standard 23 "Accounting for Investments in Associates in Consolidated Financial Statements". VCPL holds 501,843,740 equity shares, which is 42.64% of share capital of SCSL as at March 31, 2012. As per the share subscription agreement dated April 13, 2009, these investments have lock-in period of three years from the date of allotment.

    a) The auditors of SCSL have issued a qualified auditors report on the consolidated financial results of SCSL for the year ended March 31, 2012 on certain matters set out below:

    - Inability to comment on any adjustments/disclosures which may become necessary as a result of further findings of the ongoing investigations/legal proceedings by the regulatory authorities and the consequent impact, if any, on the financial results.
    - Inability to comment on the accounting treatment/disclosure of the unexplained amounts aggregating to ₹ 11,394 Million (accounted under "Unexplained Differences Suspense Account (Net)" in the financial statements of SCSL) which was fully provided in the financial results for the year ended March 31, 2009.
    - Inability to determine whether any adjustments/disclosure will be required in respect of the alleged advances amounting to ₹ 12,304 Million (net) (presented separately under "Amounts Pending Investigation Suspense Account (Net)" in the financial statements of SCSL) and in respect of the non-accounting of any damages / compensation / interest in the financial results.
    - Inability to comment on the consequential impact, if any, in relation to certain lawsuits (the "Aberdeen Action", USA and the "Aberdeen (UK) Complaint") filed by certain investors in United States of America and the United Kingdom, the outcome of which is not determinable at this stage.
    - Inability to comment on the adequacy or otherwise of the provision for taxation pertaining to prior years and the consequential impact, if any, due to uncertainties regarding the outcome of the tax disputes and tax demands pending before various authorities.

    The impact of the above qualifications on the Company's share of post acquisition share of profit (net) of SCSL, the amount of goodwill in the investment value, investment in associate and reserves and surplus in the Consolidated Financial Statements of the Company is not ascertainable.

    b) The auditors of SCSL have invited attention to the following matters in their auditors report for the year ended March 31, 2012:

    - Various demands/disputes raised in respect of the past years by the indirect tax authorities in India.
    - Matters relating to non-compliance with Foreign Exchange Management Act (FEMA), 1999 in respect of realisation and repatriation of export proceeds relating to earlier years.
    - Non-compliances and breaches in the prior years under the erstwhile Management relating to certain provisions of the Companies Act, 1956 and certain employee stock option guidelines issued by the Securities and Exchange Board of India.
    - In the case of one of the subsidiaries of SCSL, the other auditors have drawn attention to the write-back of liability in respect of sales commission pertaining to prior years and recording of provision for contingencies pending final outcome of the ongoing dispute between the promoters of the subsidiary.

    Profit after tax for the year ended 31st March 2012 and 2011 are not comparable as the figures in respect of 2011 include share in SCSL for May 2009 up to March 2010 (post acquisition period).

41. As required by the Bahrain Commercial Companies Law and the TMBL's Articles of Association, 10% of the profit for each period is required to be transferred to a statutory reserve. TMBL may resolve to discontinue such annual transfers when the reserve totals 50% of the issued share capital. Accordingly during the previous

year, TMBL has transferred fifty percent of share capital to statutory reserve. The reserve is not available for distribution, except in the circumstances stipulated in the Bahrain Commercial Companies Law.

42. TML had made provision for claims and warranties of ₹ 168 Million (net) in the previous year as per contractual terms, the outcome of the same would get crystallized by next year. During the current year, TML has made an additional provision of ₹ **164 Million**. Further, TML has reversed a portion of the said provision of ₹ **209 Million** in the current year, being no longer required.

    The Movement of the provision is as under:

    ₹ in Million

Particulars	**For the year ended March 31, 2012**	For the year ended March 31, 2011
Carrying amount as at the beginning of the year	**168**	102
Additional provision made during the year	**164**	264
Less: Amount paid/Utilised during year	**23**	24
Less: Amount recovered from subcontractor	**100**	-
Less: Reversal of provision no longer required	**209**	174
Balance as at year end	**-**	168

43. The Board of Directors of the Company in their meeting held on March 21, 2012 have approved the "Scheme of Amalgamation and Arrangement under Sections 391 to 394 read with Sections 78, 100 to 104 and other applicable provisions of the Companies Act, 1956 of Venturbay Consultants Private Limited and Satyam Computer Services Limited and C&S System Technologies Private Limited and Mahindra Logisoft Business Solutions Limited and CanvasM Technologies Limited with the Company(TML)" ("the Scheme"). The Appointed date of the Scheme is April 1, 2011.

    The Board of Directors of the Company has recommended to issue 2 fully paid up Equity Shares of ₹ 10 each of the Company for every 17 fully paid Equity Shares of ₹ 2 each of Satyam. As the other amalgamating companies are wholly owned by the Company / Satyam, no shares would be issued to shareholders of these companies.

    The Bombay Stock Exchange and the National Stock Exchange of India Limited have conveyed to the Company, their no-objection under Clause 24(f) of the Listing Agreement to the said Scheme. TML has also received approval of Competition Commission of India for the said Scheme. Further, TML has obtained directions from the Hon'ble High Court of Judicature at Bombay ("Court") for convening the shareholders meeting on 7th June 2012 to approve the Scheme.

    The proposed Scheme is subject to the approvals of the shareholders, Hon'ble Bombay High Court, Hon'ble High Court of Andhra Pradesh and other authorities.

44. In respect of equity shares pursuant to Employees Stock Option Scheme, TML paid dividend of ₹ 4 Million for the year 2010-11 and tax on dividend of ₹ 1 Million as approved by the shareholders at the Annual General Meeting held on August, 12, 2011.

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

46. Previous period's figures have been regrouped wherever necessary, to confirm to the classification for the year ended March 31, 2012.

Signatures to Notes **For Tech Mahindra Limited**

Anand G. Mahindra
Chairman

Vineet Nayyar
Vice Chairman & Managing Director

Hon. Akash Paul
Director

Anupam Puri
Director

Bharat Doshi
Director

B.H. Wani
Director

M. Damodaran
Director

Paul Zuckerman
Director

Dr. Raj Reddy
Director

Ravindra Kulkarni
Director

Ulhas N. Yargop
Director

Sonjoy Anand
Chief Financial Officer

Anil Khatri
Company Secretary

Noida, Dated: May 23, 2012

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

₹ in Million

Sr. No.	Name of the Subsidiary Company	Country	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investment other than investment in Subsidiary	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend
1	Tech Mahindra (Americas) Inc.	USA	USD	50.87	19.08	870.01	1,611.63	722.53	-	7,825.94	397.99	150.89	247.10	-
2	Tech Mahindra GmbH	Germany	EUR	68.01	39.11	273.23	452.83	140.50	-	895.55	42.55	-	42.55	-
3	Tech Mahindra (Singapore) Pte. Limited	Singapore	SGD	40.51	2.03	140.78	228.10	85.30	-	293.06	11.25	(0.07)	11.32	-
4	Tech Mahindra (Thailand) Limited	Thailand	THB	1.65	8.25	3.37	12.47	0.85	-	3.89	(1.44)	-	(1.44)	-
5	Tech Mahindra Foundation	India	INR	1.00	0.50	473.69	474.34	0.14	-	83.32	(0.27)	-	(0.27)	-
6	PT Tech Mahindra Indonesia	Indonesia	USD	50.87	25.44	339.83	708.94	343.68	-	1,179.06	58.19	17.85	40.34	-
7	CanvasM Technologies Limited	India	INR	1.00	576.73	375.40	1,364.36	412.23	401.51	1,197.38	215.26	53.64	161.62	-
8	CanvasM (Americas) Inc.	USA	USD	50.87	0.01	21.02	300.25	279.23	-	819.27	12.50	4.40	8.10	-
9	Tech Mahindra (Malaysia) Sdn. Bhd.	Malaysia	RM	16.62	5.20	28.34	107.62	74.08	-	523.56	13.76	-	13.76	-
10	Tech Mahindra (Beijing) IT Services Limited	China	CNY	8.09	26.80	(43.43)	15.69	32.32	-	25.43	0.88	-	0.88	-
11	Tech Mahindra (Bahrain) Limited S.P.C.	Bahrain	BD	135.08	6.75	101.07	382.83	275.01	-	1,049.94	23.34	-	23.34	-
12	Tech Mahindra (Nigeria) Limited	Nigeria	NGN	0.32	48.97	90.30	546.58	407.30	-	900.44	109.77	35.49	74.28	-
13	Mahindra Logisoft Business Solutions Limited	India	INR	1.00	124.50	(4.86)	124.95	5.30	0.00	64.67	19.48	0.68	18.81	-
14	Venturbay Consultants Private Limited	India	INR	1.00	304.72	29,414.95	29,720.23	0.56	-	-	(0.68)	-	(0.68)	-

Note: The above Statement does not include information related to Tech Mahindra Brasil Servicecos De Informatica Ltda. (TMBSL) and Tech Talenta Inc. (TTI) incorporated on July 21, 2010 and March 6, 2012 respectively, since there have been no transactions till March 31, 2012 and the holding Company is yet to infuse share capital in them.

Asia-Pacific

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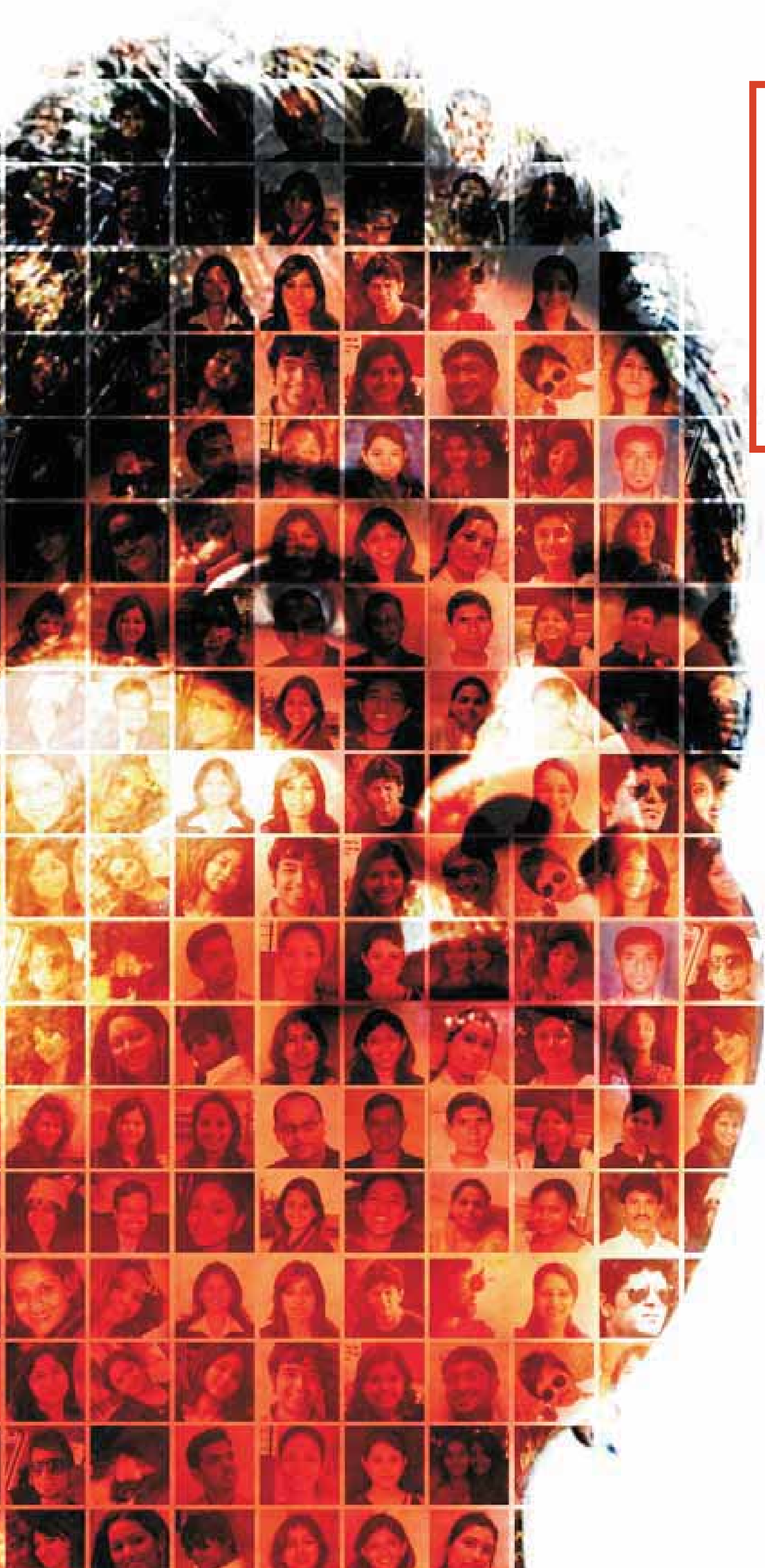

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