Annual Report 2010-11

CREATE THE NEXT WAVE

Tech Mahindra

IT Services and Telecom Solutions

Rise.

ACCEPTING NO LIMITS

ALTERNATIVE THINKING

DRIVING POSITIVE CHANGE

Tech Mahindra Limited

Rise.

In January 2011, we launched a new brand positioning spanning all industries, companies, and geographies. The new brand positioning, expressed by the word "Rise", is amplified by a simple group core purpose: "We will challenge conventional thinking and innovatively use all our resources to drive positive change in the lives of our stakeholders and communities across the world, to enable them to Rise."

Rise captures a sense of optimism about the future and a determination to shape one's own destiny. It means that our products and services empower our customers to achieve their aspirations. From providing farmers in rural India with equipment and agri-services that help them raise farm productivity to building reliable pickups for businessmen, from creating IT solutions for some of the world's leading companies to pioneering green real estate in India, we enable our customers to achieve a better future.

Building a strong, universally relevant brand is a key driver of business success. Rise is expected to play a major role in our plans to build a strong global presence and market leadership to become a truly global multinational. Rise unifies the varied perceptions of brand Mahindra across our existing companies, from automotive to retail. It also provides a clear guiding principle for all Group companies to follow.

The idea of "Rise" arose from 18 months of in-depth conversations with employees and customers. It is an articulation of values the Group has always held. The idea of Rise rests on three brand pillars: accepting no limits, alternative thinking, and driving positive change. Accepting no limits means taking on big challenges - like building the Scorpio, our ground-breaking indigenous SUV, at a fraction of the cost of developing it abroad. Alternative thinking means fostering innovation and looking for creative solutions - like using solar power to bring electricity to rural India. Driving positive change means positively impacting all the lives we touch, from employees to customers to the communities we operate in - like offering loans to entrepreneurs in rural India.

In addition to guiding our product and service development, Rise has important implications for the internal working of the group. It is currently driving internal business transformation to help all of us to live our core purpose and enablethe group to achieve its goal of becoming a leading global player. We are re-evaluating processes from HR policies to brand and digital architecture to drive positive change in our employees' work experience, our business success, and our relationships with all our stakeholders.

In the coming years, we expect Rise to yield strong business results by creating strong relationships with customers and all stakeholders, providing a clear guide for business decisions across the Group, and catalyzing ambitious and innovative growth.

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

Mr. Paul Zuckerman

Dr. Raj Reddy

Mr. Ravindra Kulkarni

Mr. Richard Cameron

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
- Mr. Ulhas N. Yargop

Compensation Committee

- Mr. Ravindra Kulkarni, Chairman
- Mr. Anupam Puri
- Mr. Nigel Stagg
- Mr. Paul Zuckerman
- Mr. Ulhas N. Yargop

Investor Grievances-cum-Share Transfer Committee

- Mr. Ulhas N. Yargop, Chairman
- Mr. Vineet Nayyar
- Mr. Richard Cameron

Executive Committee

- Mr. Vineet Nayyar, Chairman
- Mr. Nigel Stagg
- Mr. Ulhas N. Yargop

Securities Allotment Committee

- Mr. Vineet Nayyar, Chairman
- Mr. Richard Cameron
- Mr. Ulhas N. Yargop

Bankers

IDBI Bank
HSBC Bank
State Bank of India
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

The fiscal year 2010-2011 was a year of steady revival, not just for Tech Mahindra but for the entire industry as well. Stepping out of arguably one of the worst recessions, our clients had varied responses to growth imperatives this year. During this economic recovery, investments were closely evaluated and business models were realigned by most of our clients. Today, more than ever before, customers are focused on sustainability of benefits and are looking at strong and reliable partners who will enable growth.

The new business paradigm emerging post the recession demands a lot of agility from your Company, but also provides us a great opportunity to demonstrate our differentiated value propositions and advanced engagement models. The shift in demand patterns has led client organizations to explore innovative means that will enable them to benefit from the global delivery model. We find ourselves increasingly well-positioned to capitalize on the changing demand cycle and our recent wins with leading telecom operators in Australia and Middle East are testimony to the fact that clients are recognizing our commitment to provide value and build long term partnerships. Our investments in our "six pillar" strategy, where we consciously invested in creating new service offerings which address changing customer needs, are also beginning to show signs of success.

This year has been a good year for Tech Mahindra. Our revenues crossed a billion dollars for the first time, our associate strength grew to more than 38,300 and our initiatives to diversify our revenue stream saw success with significant wins in BPO and Managed Services. Our constant efforts to drive excellence won us the 2011 AT&T Supplier Award for the second consecutive year. We were bestowed this honour in recognition of our outstanding performance and contribution to AT&T's success last year: for consistently exceeding AT&T's expectations and helping exceed those of their customers as well.

Our focus on innovation and new technologies continues and we have set up a Cloud Competency Lab to develop new service offerings in this area. This initiative is aimed at enabling our customers to benefit from best of the breed technologies and assist them in enhancing their revenues through cloud based services. We have also set up an Innovation Center for Mobility Solutions in Toronto to provide device certification services to North America wireless operators.

This year we launched our new brand positioning, expressed by the word "Rise". The three precepts of Rise - Accepting no limits, Alternative thinking and Driving positive change capture our sense of optimism about the future and a determination to shape one's own destiny. It also reflects our philosophy of constantly raising the bar and providing service offerings that deliver superior value to our customers.

Stepping into the new year, we are confident of our way forward and are committed to delivering enhanced value to all our stakeholders. I would like to thank our valued customers and associates for their support that has been critical and integral to our success. Last but not the least, I thank our Shareholders for their continued confidence and faith; I assure you that my team and I will live upto the trust you have reposed in us.

We look forward to an exciting year ahead with new milestones and accomplishments.

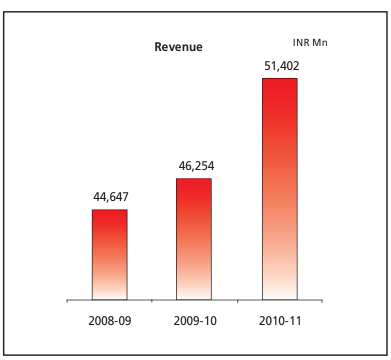
Sincerely,

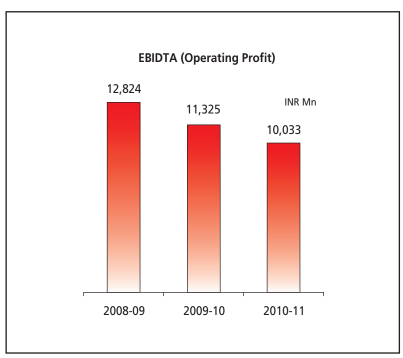
Vineet Nayyar
Vice Chairman & Managing Director

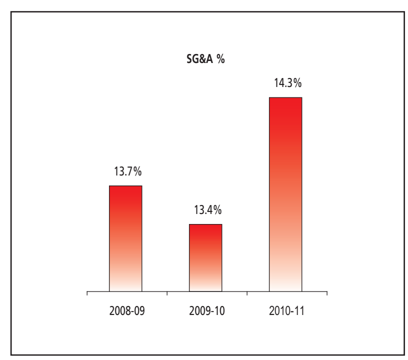
CONSOLIDATED FINANCIAL HIGHLIGHTS

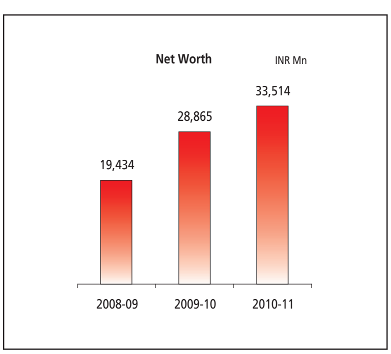
	Particulars	2007		2008		2009		2010		2011	
		Rs. Mn	US$Mn	Rs. Mn	US$ Mn	Rs. Mn	US$ Mn	Rs. Mn	US$ Mn	Rs. Mn	US$ Mn
1	Revenue	29,290	648.0	37,661	934.7	44,647	984.9	46,254	976.6	51,402	1126.6
2	Total Income	29,350	649.5	38,705	960.8	44,269	977.0	47,008	992.9	52,577	1152.6
3	EBIDTA (Operating Profit)	7,384	163.3	8,257	205.3	12,824	281.9	11,326	239.9	10,033	219.3
4	PBIT	6,928	153.4	8,505	211.6	11,350	249.9	10,741	227.9	9,773	213.7
5	Interest	61	1.4	62	1.5	25	0.5	2,184	45.7	999	21.9
6	PBT	6,867	152.0	8,443	210.1	11,325	249.4	8,557	182.3	8,774	191.7
7	PAT before exceptional items and share of profit/(loss) in Associate	6,127	135.6	7,695	191.5	10,145	223.6	7,117	151.5	7,458	163.0
8	PAT	1,215	24.3	3,299	81.7	10,145	223.6	7,005	149.1	6,442	140.7
9	EBIDTA Margin %	25.2%	25.2%	21.9%	21.9%	28.7%	28.7%	24.5%	24.5%	19.5%	19.5%
10	PAT Margin %*	20.9%	20.9%	20.4%	20.4%	22.7%	22.7%	15.4%	15.4%	14.5%	14.5%
11	Equity Capital	1,212	27.9	1,214	30.3	1,217	24.0	1,223	27.2	1,260	28.2
12	Net Worth	9,185	211.2	12,572	313.4	19,434	383.2	28,865	643.0	33,514	751.6
13	Net Block Incl CWIP	4,421	101.7	5,996	149.5	6,522	128.6	7,231	161.1	7,275	163.2
14	Investments	979	22.5	633	15.8	4,346	85.7	30,145	671.5	29,080	652.2
15	Current Assets	10,395	239.0	15,562	387.9	17,370	342.5	21,366	476.0	23,455	526.0
16	Current Liabilities & Provisions	6,435	148.0	9,268	231.0	8,888	175.2	8,665	193.0	8,711	195.4
17	Total Assets	15,869	364.9	22,251	554.6	28,434	560.6	59,018	1,314.8	60,448	1,355.7
18	Current Ratio	1.6	1.6	1.7	1.7	2.0	2.0	2.5	2.5	2.7	2.7
19	ROCE %*	88.7%	88.7%	75.8%	75.8%	70.0%	70.0%	34.7%	34.7%	22.1%	22.1%
20	EPS (Diluted, in Rs. and US$)*	49.6	1.0	58.9	1.5	78.8	1.7	54.4	1.1	49.3	1.1

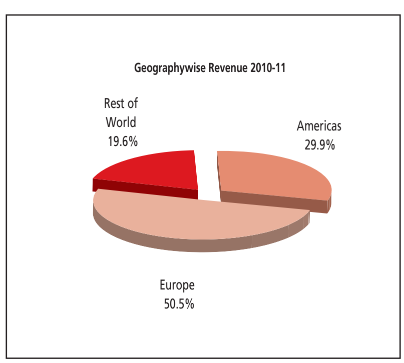
* Before exceptional item and share of profit/(loss) in Associate

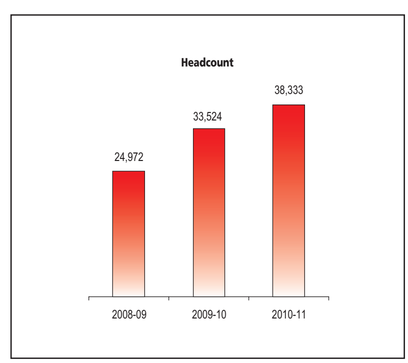












DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Twenty-fourth Annual Report together with the audited accounts of your Company for the year ended 31st March, 2011.

FINANCIAL RESULTS			**Rs. in Million**
For the year ended 31st March		**2011**	2010
Income		**50,807**	45,747
Profit before Interest, Depreciation and tax		**10,442**	11,726
Interest		**(999)**	(1,600)
Profit before Depreciation and tax		**9,443**	10,126
Depreciation		**(1,383)**	(1,299)
Profit before tax		**8,060**	8,827
Provision for taxation		**(1,093)**	(1,314)
Profit after tax before non-recurring / exceptional items		**6,967**	7,513
Non-recurring / exceptional items		**-**	(85)
Profit for the year after tax and non-recurring / exceptional items		**6,967**	7,428
Balance brought forward from previous year		**17,739**	13,497
Profit available for appropriation		**24,706**	20,925
Transfer to Debenture Redemption Reserve		**(702)**	(1,935)
Dividend	Final Dividend*	**(6)**	-
	– Final (Proposed)	**(504)**	(428)
Tax on dividend	– On final dividend	**(83)**	(73)
Transfer to General Reserve		**(1,000)**	(750)
Balance carried forward		**22,411**	17,739

* In respect of equity shares issued pursuant to ESOP after 31st March, 2010 but before book closure date, the Company paid dividend of Rs. 6 Million for the year 2009-10 and tax on dividend of Rs. 1 million.

DIVIDEND

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

The equity dividend outgo for the financial year 2010-11, inclusive of tax on distributed profits would absorb a sum of Rs. 586 Million (Rs. 501 Million for the previous year) at Rs. 4 per Equity Share).

CHANGES IN SHARE CAPITAL

During the year under review, your Company allotted 3,635,367 equity shares of face value Rs. 10 each on the exercise of stock options under its various Employee Stock Option Plans and consequently the number of issued, subscribed and paid-up equity shares has increased from 122,320,114 equity shares to 125,955,481 equity shares of Rs.10 each aggregating to Rs. 1,259,554,810.

BUSINESS PERFORMANCE / FINANCIAL OVERVIEW

Your Company is a leading Telecom focused provider of IT Services and Solutions to Global Telecommunication Industry, encompassing Telecom Service Providers (TSPs), Telecom Equipment Manufacturers (TEMs) and Independent Software Vendors (ISVs). Your Company serves a broad spectrum of customers in the telecom ecosystem

2010-11 was a momentous year for your Company with revenues exceeding a billion dollars for the first time. Your Company's deep domain capabilities and commitment to the industry was yet again recognized by leading industry forums and clients this year. For the second consecutive year, your Company won the 2011 AT&T Supplier Award for its support to AT&T and its affiliates. Recognizing Tech Mahindra's exceptional business performance for the year 2010 in the Indian region, your company was also awarded the 'System Integrator of the Year in the Telecom sector' by a leading global Analyst and Research firm as a part of the India IT & Telecom Excellence Award.

Your company has been providing complex solutions to telecom companies over the last 20 years, with a robust "six pillars" strategy with services spanning across IT applications; Network Technology Solutions and Services, BPO (which has been rebranded as Business Services Group-BSG), Infrastructure Management Services (IMS), Security Services and Value Added Services (VAS). It has augmented its capabilities by adding service offerings in IT and other areas in which its customers have significant expenses. In view of the evolving demands of our clients, your company is constantly looking at avenues to streamline its offerings. With the changing demands of our customers and increasingly connected nature of various platforms in our customers business portfolio, we combined three key capabilities namely – contact centres and customer relationship platforms, internal business services like provisioning and activation, and Consulting focused around process improvements into a new unit called Business Services Group (BSG). This new group would integrate offerings across the capabilities to deliver business value to our customers.

With the convergence of media and telecom, the landscape of the telecom industry is becoming extremely competitive. Your Company has helped various customers in their transformation journey with differentiated services and flexible partnership models. During the year under review, your Company has further broadened its relationship with its key customers by expanding its service offerings to cover a wide range of the customers' businesses. It had 128 active relationships in FY11 as compared with 113 Active Client relationships in the previous year

Your company has augmented its footprint in geographies like Philippines, Australia and Africa with expanded reach and addition of new services and customers. Your Company now has 15 delivery centers and 17 regional offices supported by the competency and solutions units and it strongly believes that this model enables it to deliver superior solutions to its clients, spread in over 40 countries.

In line with its commitment to innovation and new technologies, your company has opened a Cloud Competency Lab that will develop business use cases, customer specific demonstrations and solutions specific to the Telecom domain. Furthermore, your company inaugurated its Innovation Center for Mobility Solutions in Toronto to serve North American operators.

During the year under review, total income increased to Rs. 50,807 Million from Rs. 45,747 Million in the previous year, growth of 11%. On a consolidated level, total income increased to Rs. 52,577 Million from Rs. 47,008 Million in the previous year, growth of 12%

During the year, 50.5% consolidated revenue came from Europe, 29.9% came from Americas and 19.6% came from Rest of the World (ROW).

The Profit before interest, depreciation and tax amounts to Rs.10,442 Million against Rs. 11,726 Million in the previous year.

The Profit before depreciation and tax amounts to Rs. 9,443 Million (19% of income) as against Rs. 10,126 Million (22% of income) in the previous year. Profit after tax, before exceptional items, amounts to Rs. 6,967 Million as against Rs. 7,513 Million in the previous year. On a consolidated level, Profit after tax, before exceptional items, amounts to Rs. 7,458 Million as against Rs. 7,117 Million in the previous year.

UPDATE ON SATYAM COMPUTER SERVICES LIMITED (MAHINDRA SATYAM)

The financial Year 2010-11 has been a momentous year for Satyam Computer Services Ltd (Mahindra Satyam). Mahindra Satyam from a phase of revenue declines, managed to exit the year with two quarters of decent growth in revenues and profitability. For Mahindra Satyam the year saw a number of stellar achievements; beginning with its flawless execution of the FIFA World Cup in June 2010. On the financial reporting front, Mahindra Satyam completed the restatement of past financials, and achieved currency in reporting. Another significant milestone was the settlement of various legal issues like the Upaid case, the Class Action suite and the Securities and Exchange Commission, USA settlement.

Mahindra Satyam's Consolidated Revenue for FY11 was Rs. 51,450 millions, the Profit Before Interest, Tax, Depreciation and Amortisation and before exceptional items was Rs. 7,493 millions. Profit After Tax (before exceptional items) was Rs. 4,971 millions.

Mahindra Satyam continued to march ahead and remains one of the largest Indian IT software and services companies with a marquee client base spread across Banking, Financial Services & Insurance (BFSI), manufacturing, retail, transport, logistics, telecom, media, healthcare and pharma etc. The Company's belief that the acquisition presented a compelling strategic opportunity has been vindicated in FY 2010-11.

Post acquisition, the new management of Mahindra Satyam has brought about significant changes in operating policies and procedure to facilitate not only the revival of Mahindra Satyam but also to help it grow sequentially from a phase of declining revenues witnessed in the previous year.

RECENT MATERIAL CHANGES

During the year, British Telecommunications Plc. (BT) sold 6,900,000 shares aggregating 5.48% to Mahindra & Mahindra Ltd (M&M) by way of an inter se transfer between the promoters. BT also sold 1,270,000 shares aggregating to 1.009% on the stock exchange. Pursuant to these transfers of shares, M&M's holding in the Company as on 31st March 2011 was 48.17% and that of BT was 23.46%.

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

We continue our journey towards excellence with a very critical focus on 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.

Like in the past, your company was successful in all the surveillance audits and continues to be certified for ISO 9001:2008, ISO/IEC 20000-1:2005, ISO/IEC27001:2005, BS25999:2008, SSE-CMM Level 3 and SEI-CMMI Level 5. We are also assessed at Stage 4 of the Mahindra Quality Way which is a structured approach to quality improvement and a strategic tool for efficiently achieving business goals.

Our quality department undertakes change management initiatives to drive Quality and Productivity improvements across the organization, and institutionalizes these through the balanced scorecard.

HUMAN RESOURCES

During the Financial Year 2010-11, your Company, along with its subsidiaries, made a net addition of 4,809 to its workforce. The strength was 38,333 as at 31st March 2011, as compared to 33,524 a year before, registering an increase of 14.3%. BPO headcount included in this figure is 11,011 up from 8,067, a year before.

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

Apart from providing new platforms for associates to enhance their business acumen, your Company has implemented various training programs to provide them with relevant industry exposure. One such 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 your Company to be prepared for the ever changing telecom market, thus nurturing the leadership talent within the organization.

There is no dearth of talent in your Company and, to tap this talent and to nurture their skills your company has introduced Young Leaders Program (YLP). This program aims to groom the upcoming talent and help them move from a Team Member's role to a Team Leader's role, focusing on their competencies for managerial roles. Further to YLP, an in-house Leadership Development Program – Excellence in Leadership Program (ELP) grooms the promising leaders of your Company to step up from a Manager's role to a Business Leader's role.

The Mature Talent Program that taps associates from different industries who bring in their expertise and thus helps to incubate the best practices within the organization continues. The associates are then groomed and absorbed into the organization culture to perform and grow.

The Global Leadership Cadre (GLC) program, has entered into its sixth fruitful year, and continues to infuse fresh ideas and young talent into your Company. The associates in this cadre are young management graduates from Tier I Business institutes across the globe and technical specialists from within the organization. Members of this elite cadre continue to showcase their talent and their ability to adapt and learn and innovate, which helps them in accelerating their career progression. This program strengthens your companies succession planning. Complementing the GLC program is the Management Trainee (MT) program in which candidates from Business Schools across India are recruited and groomed to take on to the path of Global Leadership Cadre.

SUBSIDIARY COMPANIES & ASSOCIATE COMPANY

During the year under review, the Company incorporated a new subsidiary at Brazil viz. Tech Mahindra Brasil Servicos De Informatica LTDA. This is a wholly owned subsidiary of your Company.

As on 31st March 2011, your Company had 15 subsidiaries, including one step-down subsidiary & an associate company viz. Satyam Computer Services Limited (SCSL) (Mahindra Satyam with its 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 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 as a single entity, after elimination of minority interest. As required by AS 23 "Accounting for Investments in Associates in Consolidated financial statements", the Company has followed Equity method of Accounting & its results include share in profits/(loss) of its associate company SCSL. In terms of general exemption granted by the Ministry of Corporate Affairs under section 212(8) of the Companies Act, 1956, the Copy of the Balance Sheet, etc. of the subsidiaries are not required to be attached with the Balance Sheet of the Company. The Company Secretary will make these documents available upon receipt of request from any member of the Company interested in obtaining the same. These documents will be available at Registered Office / Corporate Office of the Company and the office of the respective subsidiary companies, during working hours up to the date of the Annual General Meeting.

EMPLOYEE STOCK OPTION PLAN

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

Tech Mahindra Foundation

Tech Mahindra Foundation was established in its present form in 2006 by Tech Mahindra as one of the major manifestations of its Corporate Social Responsibility. Tech Mahindra Foundation (TMF) focuses on activities for Social and Inclusive Development mainly in the area of education particularly education of girl child. The Foundation works through four broad areas of community intervention that are fundamental to a nation's sustainable development:

A) **Education -** Child development through support of Education – special thrust on municipal school students and school dropouts. There is a special focus on improvement of English standards in these Schools.

B) **Women's Empowerment -** with focus on underprivileged girls and women from the minority community

C) **Empowering People With Disability (PWD) with special focus on Visually Impaired (VI) -** to live life with dignity and honour through appropriate training and technology interventions. TMF has today carved a niche for itself in the country in the domain of enabling the VI through partnerships with outstanding & committed individuals (themselves VI in many cases) or organisations led by inspirational and passionate activists

D) **Vocational Training (VT) -** to underprivileged youth so that they find suitable jobs as per market needs. Special thrust is on employability

TMF seeks to achieve its objectives by working in partnership with those who share its goals and values and have demonstrated competence, dedication and integrity. Beginning on a relatively small scale in Pune, the Foundation has grown rapidly and today has a large number of outstanding partners in Maharashtra, Delhi-Noida region and Bangalore.

Besides providing the Foundation with a healthy corpus of Rs. 15 crores while founding TMF, the Company contributes 1.5% of its profit after tax. TMF has a corpus of Rs. 43.84 Crores as on 31st March 2011 and contributed Rs. 7.42 Crores as grant to various organizations during the year 2010-11.

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 developed a culture 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 FY 2007-08. During the year under review the 3rd Sustainability Report for the year 2009-10 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 developed a 5 Year Sustainability Road map. This would help in consciously reducing GHG emissions and waste, as well as conserve water, bio-diversity and natural resources.

During the year the company also made a beginning for encouraging Sustainable practices by our business partners. Our Sustainable Supply Chain Management process promotes good governance and shared commitment to Environmental, Social and Management best practices and their continual improvement, within Global Parameters.

*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' in the Annual Report.

DIRECTORS

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

Mr. Richard Cameron, nominee of British Telecommunications plc. was appointed as Director in the vacancy caused by the resignation of Mr. Arun Seth at the Meeting of the Board of Directors held on 22nd January 2010.

Mr. Richard Cameron holds office upto the date of the forthcoming Annual General Meeting as Mr. Arun Seth, in whose place he has been appointed, would have retired by rotation at the forthcoming Annual General Meeting.

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

ii. they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March 2011 and of the profit of the Company for the year ended on that date;

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

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

AUDITORS

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

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

The foreign exchange earnings of your Company during the year were Rs. 42,087 Million (Previous Year Rs. 51,274 Million), while the outgoings were Rs. 17,616 Million (Previous Year Rs. 18,087 Million).

During the year under the review 83% of your Company's revenues were derived from exports.

PARTICULARS OF EMPLOYEES

The information required under Section 217(2A) of the Act and the Rules made there under, is to be 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 the year

- Won the AT&T Supplier Award 2011 for outstanding performance & service to AT&T and its affiliates for the second consecutive year. Tech Mahindra Ltd. is one of top 7 vendors selected for this award this year.
- 'System Integrator of the Year in the Telecom sector' award by a leading global Analyst and Research firm as a part of the India IT & Telecom Excellence Award. This award recognizes Tech Mahindra's exceptional business performance for the year 2010 in the Indian region.
- Winner of CMAI's 5th National Telecom Awards 2011 for "Excellence in Innovation with Rural Telecom Focus".
- Ranked 12th in Gartner's annual ranking of Worldwide Telecom Operations Management Systems 2010.
- Tech Mahindra BPO is amongst India's Top ITeS and BPO Companies (by employee strength) – Dun & Bradstreet 2010.

- Tech Mahindra Ltd. is positioned in the strong performers category in Forrester Wave for Global IT Infrastructure Outsourcing, 2011.

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

For and on behalf of the Board

Mumbai
Date : 26th May 2011

Anand G. Mahindra
Chairman

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

Loans and advances in the nature of loans to subsidiaries:

Rs. in Million

Name of the Company	**Balance as on March 31, 2011** [as on 31st March 2010]	**Maximum outstanding during the year** [during the previous year]
PT Tech Mahindra Indonesia	**-** [-]	**40** [25]
Venturbay Consultants Private Limited	**-** [-]	**-** [6,486]

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

Disclosure as required under SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as on March 31, 2011

	Particulars	ESOP 2000	ESOP 2004	ESOP 2006	ESOP 2010
	Total options granted under the plan	3,779,850	10,219,860	6,095,030	1,600,000
a)	Options Granted during the year	Nil	Nil	398,725	1,600,000
b)	The Pricing Formula	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 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 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 2011	Nil	2,935,134	1,907,933	Nil
d)	Options exercised during the year	79,150	2,742,567	813,650	Nil
e)	The Total number of shares arising as a result of exercise of options	79,150	2,742,567	813,650	Nil
f)	Options lapsed during the year	3,340	Nil	221,160	Nil
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	6,569,450	183,751,989	70,870,045	Nil
i)	Total Number of Options in force	Nil	2,935,134	2,529,103	1,600,000
j)	Employee-wise details of options granted to:				
	i. Senior Managerial Personnel	Nil	Nil	Nil	Vineet Nayyar - 800,000 C. P.Gurnani - 800,000
	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

Disclosure as required under SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as on March 31, 2011

	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 Mr.C.P.Gurnanai - 3,406,620 *Mr. Sanjay Kalra - 3,406,620 * Resigned w.e.f. 15th September 2010	Nil	Nil
k	Diluted Earnings Per Share pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20	53.36	53.36	53.36	53.36
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 **higher by Rs 13.69 Million and earnings per share (Basic) would have been Rs. 55.93**	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 **higher by Rs 13.69 Million and earnings per share (Basic) would have been Rs. 55.93**	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 **higher by Rs 13.69 Million and earnings per share (Basic) would have been Rs. 55.93**	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 **higher by Rs 13.69 Million and earnings per share (Basic) would have been Rs. 55.93**

Disclosure as required under SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as on March 31, 2011

	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	No options were granted during the year	No options were granted during the year	**Grant Date**	**29-April-2010**	**02-Feb-2011**	**21-Jan-2011**
				Exercise price (Rs)	770.00	634.00	10.00
				Fair Value (Rs)	439.29	359.54	671.92
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				
					29-Apr-10	**2-Feb-11**	**21-Jan-11**
	I. Risk Free Interest Rate				7.46%	7.16%	7.94%
	II. Expected Life				5.25	5.25	3.50
	III. Expected Volatility				58.51%	61.33%	55.28%
	IV. Expected dividends, and				0.46%	4.01%	0.46%
	V. The Price of the underlying share in market at the time of the option grant (Rs.)				768.25	941.60	690.45

MANAGEMENT DISCUSSION AND ANALYSIS

Company Overview

Tech Mahindra Limited is a leading provider of IT, networking technology solutions and Business Support Services to the global telecommunications industry. Formed in 1986, it is part of the US $11.1 billion Mahindra Group, in partnership with British Telecommunications plc (BT), one of the world's leading communications service providers, focused primarily on the telecommunications industry. In 2009 it expanded its IT portfolio by acquiring the leading global business and information technology services company Satyam Computer Services Limited (Mahindra Satyam).

Tech Mahindra's capabilities spread across a broad spectrum, including Business Support Systems (BSS), Operations Support Systems (OSS), Network Design & Engineering, Next Generation Networks, Mobility Solutions, Security consulting and Testing. The solutions portfolio includes Consulting, Application Development & Management, Network Services, Solution Integration, Product Engineering, Infrastructure Managed Services, Remote Infrastructure Management and Business Support Services (earlier BPO). With an array of service offerings for TSPs, TEMs and ISVs, Tech Mahindra is a chosen transformation partner for several leading wireline, wireless and broadband operators in Europe, Asia-Pacific and North America.

Tech Mahindra has a global footprint through operations in more than 30 countries with 17 sales offices and 15 delivery centers. It has over 128 active customer engagements mostly in the Telecom sector. Assessed at SEI CMMi Level 5, Tech Mahindra's track record for value delivery is supported by over 38,300 professionals who provide a unique blend of culture, domain expertise and in depth technology skill sets. Its development centers are ISO 9001:2008 & BS7799 certified.

During the year, your Company was ranked by NASSCOM as the fifth largest Indian IT services company, in terms of export revenues and Dataquest ranked your Company in its coveted DQ Top 20 list of year 2010.

Industry Structure and Development

The Global IT Services industry is operating in a rapidly changing economic and business environment. Technology innovation is creating opportunities for market expansion, where the global companies are investing in cutting edge solutions to improve customer experience. The focus of the IT services sector is shifting from basic outsourcing advantage of cost arbitrage and talent to higher value added services, innovation and transformation. Global sourcing is now evolving from being tactical to being of strategic benefit to clients.

From a telecom industry perspective, traditional service providers in developed markets are seeing erosion in margins and emergence of non traditional competition. In most developed markets, subscriber growth is not possible due to the high levels of penetration of telecom services. Continuous service innovation and a strong network strategy have been imperative tools for telecom companies to retain subscribers. Consolidation through merger and acquisition activity has been adopted by certain operators as a growth and margin enhancement strategy.

The situation is different in the emerging markets. These markets are still underpenetrated from a telecom perspective and are seeing continued subscriber growth. This growth is attracting capital investments either in the form of new Greenfield operators or through strategic investments into existing operators. This is leading to growth across markets in Asia Pacific, Middle East and Africa.

From an overall perspective, the telecommunications industry, over the past few years, has also seen rapid changes with several key trends emerging. Mobile connections are driving significant growth. According to Ovum, global mobile connections reached 5.3 billion in 2010 and will reach 7.6 billion in 2015, a CAGR of 8% from 2010 to 2015. Devices like smartphones, tablets & netbooks have already become a common phenomenon in developed countries and are fast penetrating into developing markets. Introduction of third-generation (3G) mobile broadband network has transformed information sharing and data transfer. Applications focused around virtual learning, shopping, gaming and banking are continuously expanding the services market around smart devices. The growth in broadband (fixed and mobile) is also generating higher interests in applications like Internet Protocol television (IPTV) and mobile TV.

In order to cope with the increased demand for bandwidth and services, the industry is moving to new technologies like 4G networks and cloud computing. Telecom companies are expected to be early adopters of cloud technology since this would offer them and their customers significant benefits in terms of both cost of ownership as well as quality of service. The commoditization of voice has led to a focus on non voice revenue streams like fixed broadband service and IPTV.

These changes in the business environment have created opportunities for companies like Tech Mahindra. Cost containment initiatives have led to an increased acceptance of the global delivery model and most customers are now looking at offshoring as a strategic long term initiative. Consolidation seen in some markets across the world could lead to increased spend on integration in the near term. New services — such as IPTV, direct to home, voice over Internet Protocol, triple-play and mobile value-added services — and a growing customer focus, are leading to demand for specialized solutions such as convergent billing, Web self-care and real-time provisioning.

Outlook

Year 2010 was a turning point world over with varied economic environment across developed and emerging markets. However, IT spending witnessed an upsurge, with global sourcing growth outpacing the IT spending worldwide. According to Gartner Inc, in 2010, worldwide IT spending totaled $3.4 trillion, up 5.4 percent from 2009 levels.

While the robust demand backdrop continued throughout 2010, there is cautious optimism for sustained growth for 2011 with clients focusing on growth initiatives. Gartner has raised its outlook for 2011 global IT spending from its previous forecast of 3.5 percent growth. According to Gartner the growth for IT services for the year 2011 would be 4.6% from US$ 782 billion to US$ 818 billion, however growth forecast for Telecom Services is lower at 3.4%, which is expected to grow from 1,592 billion in 2010 to 1,647 billion in 2011.

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

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

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

Opportunities

Growth in Emerging Markets

Emerging markets will continue to drive 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.

Legacy to Next Generation IT transformation

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

Increased scope of outsourced activities

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

Threats

Reduction in Telecom Spending

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

Global IT companies posing challenge with growing India presence

Global IT service providers such as Accenture, 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 fiscal 2011, Revenues from Top, Top 5, and Top 10 clients account for 41%, 73% and 81% 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.

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 & 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 forseen, 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 at Hinjewadi Pune, Chennai and Chandigarh SEZ and more units are coming up at Noida & Kolkata. But despite this tax incidence will increase over the previous years due to withdrawal of Section 10A benefits. 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 last year and may continue to fluctuate significantly in the future. The average value of the rupee as on March 31, 2011 against the British pound appreciated by approx 7% and against U.S. dollar by approx 4% over March 31, 2010. Accordingly, our operating results have been and will continue to be impacted by fluctuations in the exchange rate between the Indian rupee and the British pound and the Indian rupee and the U.S. dollar, as well as exchange rates with other foreign currencies. Any strengthening of the Indian rupee against the British pound, the U.S. dollar or other foreign currencies, 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 Rs. 1,750 Million, divided into 175 Million equity shares of Rs. 10 each. The paid up share capital stands at Rs. 1,260 Million as on 31st March 2011 compared to Rs. 1,223 Million on 31st March 2010. The increase in paid up capital during the year is due to conversion of options into shares by employees under Employee Stock Option Plan.

2. Reserves and surplus

a) Share premium account

The addition to the share premium account of Rs. 225 Million during the year is due to the premium received on issue of 3,635,367 equity shares on exercise of option under stock option plan.

b) General reserve

General reserve stands at Rs. 4,451 Million on 31st March 2011 as compared to Rs. 3,451 Million on 31st March 2010. Rs. 1000 Million has been transferred from profit and loss account as compared to Rs. 750 Million in previous year.

c) Profit and loss account

The balance retained in the profit and loss account as of 31st March 2011 is Rs. 22,411 Million compared to Rs. 17,739 Million as of 31st March 2010.

3. Loan Funds

Loan funds as on 31st March 2011 stand at Rs. 12,227 Million including Rs. 6,000 Million of secured loans and Rs. 6,227 Million of unsecured loans, compared to Rs.13,672 Million including Rs. 7,500 Million of secured loans and Rs. 6,172 Million of unsecured loans as on 31st March 2010.

4. Fixed Assets

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

Rs. in Million

As of 31st March	2011	2010
Gross Book Value		
Land - free-hold	175	175
- lease-hold	425	425
Buildings	4,102	3,939
Leasehold Improvements	822	633

As of 31st March	2011	2010
Plant and machinery	2,784	2,279
Computer equipments	2,470	2,174
Furniture and fixtures	1,583	1,384
Vehicles		
- Leased	0	-
- Owned	48	43
Intangible assets	76	76
Total	12,485	11,128
Less: Accumulated depreciation & amortization	6,485	5,188
Net block	6,000	5,940
Add: Capital work-in-progress	1,103	1,188
Net fixed assets	7,103	7,128

The Net Block of Fixed Assets and Capital Work in Progress decreased to Rs. 7,103 Million from Rs. 7,128 Million as at 31st March 2010 as a result of depreciation provided in the year. During the year, Company incurred capital expenditure (gross) of Rs.1,454 Million (previous year Rs. 2,339 Million). The major items of Capital Expenditure included Leasehold improvements, Office building, Plant and Machinery, Computer equipment and Furniture & Fixtures including amount spent on Hinjewadi, Pune and Chandigarh & Chennai campus.

5. Investments-

The summary of Company's investments is given below

Rs. in Million

Investments	**As at 31st March 2011**	**As at 31st March 2010**
Investment in Subsidiaries	31,502	31,493
Investment (others)	1	-
Total Investments	31,503	31,493
Less : Provision for diminution of value	354	354
Net Investments	31,149	31,139

I. Investment in Subsidiaries

The Company had investment in the following subsidiaries:

a) CanvasM Technologies Limited

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

b) Tech Mahindra (Americas) Inc.

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

c) Tech Mahindra GmbH

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

d) Tech Mahindra (Singapore) Pte. Limited

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

e) Tech Mahindra (Thailand) Limited

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

f) PT Tech Mahindra Indonesia

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

g) Tech Mahindra Foundation

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

h) Tech Mahindra (Beijing) IT Services Limited

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

i) Tech Mahindra (Malaysia) Sdn. Bhd.

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

j) Venturbay Consultants Private Limited (VCPL)

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

k) Mahindra Logisoft Business Solutions Limited

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

l) Tech Mahindra (Nigeria) Limited

Tech Mahindra (Nigeria) Limited was incorporated in 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.

m) Tech Mahindra (Bahrain) Limited (SPC)

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

n) 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.

II. Investment in liquid mutual funds

The Company has been investing its 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 no investments in liquid mutual funds as at 31st March 2011 as in previous year also.

6. Deferred Tax Asset

Deferred tax asset as at 31st March 2011 was at Rs. 532 Million as compared to Rs. 223 Million as of 31st March 2010. 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 Rs. 11,720 Million (net of provision for doubtful debts amounting to Rs. 130 Million) as of 31st March 2011 from Rs. 9,930 Million (net of provision for doubtful debts amounting to Rs. 78 Million) as of 31st March 2010. Debtor days as of 31st March 2011 (calculated based on per-day sales in the last quarter) were 95 days, compared to 84 days as of 31st March 2010.

8. Cash and Bank Balance

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

Rs. in Million

As of 31st March	2011	2010
Bank balances in India & Overseas		
- Current accounts	1,807	1,367
- Deposit accounts	131	13
Total cash and bank balances*	1,938	1,380

*including unrealized (gain)/loss on foreign currency

9. Loans and Advances

Loans and advances as on 31st March 2011 were Rs. 8,251 Million compared to Rs. 8,551 Million as on 31st March 2010. Significant items of loans and advances include payments towards rent/lease deposits, finance lease receivables, fair value of foreign exchange forward and currency option contracts and advance income tax.

10. Current Liabilities and Provisions

Current liabilities and provisions were Rs. 8,795 Million as of 31st March 2011 compared to Rs. 8,349 Million as of 31st March 2010. Liabilities and provisions increased mainly due to higher employee related 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:

	Fiscal 2011		Fiscal 2010	
	Rs. (In Million)	% of Total Income	Rs. (In Million)	% of Total Income
INCOME				
Revenue from Services	49,655		44,838	
Other Income	1,152		909	
Total Income	50,807	100.00%	45,747	100.00%
EXPENDITURE				
Personnel Cost	19,438	38.26%	16,071	35.13%
Operating and Other Expenses	20,927	41.19%	17,950	39.24%
Depreciation	1,383	2.72%	1,299	2.84%
Interest	999	1.97%	1,600	3.50%
Total Expenditure	42,747	84.14%	36,920	80.70%
Profit before tax and exceptional items	8,060	15.86%	8,827	19.30%
Provision for Taxation	1,093	2.15%	1,314	2.87%
Profit after taxation and before exceptional item	6,967	13.71%	7,513	16.42%
Exceptional items	-	-	(85)	0.18%
Net profit for the year	6,967	13.71%	7,428	16.24%

1. Revenue

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

The revenue increased by 10.7% to Rs. 49,655 Million in fiscal 2011 from Rs. 44,838 Million in fiscal 2010. 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 52.3% in fiscal 2011 compared to 61.0% in fiscal 2010. Revenue from the Americas increased to 29.4% in fiscal 2011 from 28.8% in fiscal 2010 while the share of revenue attributable to the Rest of the World (including India) segment was 18.3% in fiscal 2011 compared to 10.3% in the previous year.

Consolidated Revenue

Consolidated Revenue for the fiscal 2011 stood at Rs. 51,402 Million compared to Rs. 46,254 Million last fiscal, a growth of 11.1%.

Consolidated revenue by Geography

Europe contributed 50.5% of the consolidated revenue in fiscal 2011 while Americas and Rest of the World contributed 29.9% and 19.6% respectively. The revenue share from Europe, Americas and Rest of the World in fiscal 2010 was 58.6%, 29.4% and 12.0% respectively.

Consolidated Revenue by Segment

For fiscal 2011, 87.0% of revenue came from TSP segment, 5.1% from TEM, 6.3% came from BSG(BPO) segment while 1.6% from others. The revenue share in fiscal 2010 from TSP, TEM, BPO and Others segment was 85.9%, 5.7%, 5.8% and 2.8% 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 Rs. 1,152 Million in fiscal 2011 compared to Rs. 909 Million in fiscal 2010.

3. Expenditure

Particulars	FY 2010-11		FY 2009-10	
	Amt Rs. Mn	% of Total Income	Amt Rs. Mn	% of Total Income
Personnel Cost	19,438	38.26%	16,071	35.13%
Operating and Other Expenses	20,927	41.19%	17,950	39.24%
Depreciation	1,383	2.72%	1,299	2.84%
Interest	999	1.97%	1,600	3.50%
Total Expenses	42,747	84.14%	36,920	80.70%

Personnel cost 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 personnel cost in absolute value is mainly due to increase in headcount and annual increments.

Operating and other expenses mainly include Subcontracting costs, Travelling expenses, 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 Rs. 999 Million in fiscal 2011 as compared to Rs. 1,600 Million in fiscal 2010. The borrowings which were taken to fund acquisition of Mahindra Satyam were partly repaid in in 2010 & 2011 which along with lower interest rates on borrowings resulted in reduced interest.

4. Profit before tax

Profit before tax was Rs. 8,060 Million in fiscal 2011 compared Rs. 8,742 Million in fiscal 2010. Profit before tax as a percentage of total income was 15.9% in fiscal 2011 compared to 19.1% in fiscal 2010.

5. Income taxes

The provision for income tax for the year ended 31st March 2011 was Rs. 1,093 Million as compared to Rs. 1,314 Million in the previous year, lower by 16.8% due to lower profits & higher deferred tax asset. As a percentage of revenue, provision for taxes decreased to 2.2% in fiscal 2011 from 2.9% in fiscal 2010. The effective tax rate in these years was 13.6% and 15.0% respectively.

6. Profit after tax before exceptional items

Profit after tax before exceptional items was Rs. 6,967 Million in fiscal 2011 compared to 7,513 Million in fiscal 2010. Profit after tax as a percentage of revenue was 14.0% in fiscal 2011 and 16.8% in fiscal 2010.

Consolidated PAT

Consolidated PAT before exceptional item and minority interest for the fiscal 2011 was Rs. 7,458 Million compared to Rs. 7,117 Million last fiscal. PAT as a percentage of revenue was 14.5% in fiscal 2011 compared to 15.4% in fiscal 2010.

C. CASH FLOW

Rs. in Million

The cash flow position for fiscal 2011 and fiscal 2010 is summarized in the table below	**Fiscal Year**	
Particulars	2011	2010
Net cash flow from operating activities*	4,707	14,123
Net cash flow from (used in) investing activities	(1,318)	(25,709)
Net cash flow from (used in) financing activities	(2,867)	8,039
Cash and cash equivalents at the beginning of the year	1,396	4,943
Cash and cash equivalents at the end of the year	1,918	1,396

* excludes unrealized gain/(loss) on foreign currency

D. Internal Control Systems

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

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

Despite economic slowdown, Company continued to make addition to its human resources during fiscal 2011. The Company had a net addition of 4,809 (previous year 8,552) employees through campus recruitment in addition to lateral hiring. The global headcount of the Company as on 31st March 2011 was 38,333 compared to 33,524 as on 31st March 2010, a growth of 14.3%. The Company used various sources for attracting talent during the year. It hires Engineering Graduates and Science Graduates for technical positions whereas MBA's are typically recruited from premier management institutes such as IIM's, ISB, XLRI, London Business School etc for the future leadership positions.

The IT attrition was around 25% for the last quarter of year. The Company has been working towards containing the attrition rate by continuously investing in learning and development programs for associates, competitive compensation, creating a compelling work environment, empowering associates at all levels as well as a well-structured reward and recognition mechanism.

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

CORPORATE GOVERNANCE REPORT

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

Your Company believes that Corporate Governance is a set of guidelines to help fulfill its responsibilities to all its stakeholders. It is a voluntary code of self-discipline to ensure that the Company abides by high ethical standards. In line with this philosophy, your Company follows healthy Corporate Governance practices and has been reporting the same to the shareholders 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 thirteen. 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 are seven which is more than half of the total strength of the Board as required by the provisions of the Listing Agreement. The number of Non-Executive Directors is twelve which is more than 50% of the total number of Directors.

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

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

The Board meets at least four times a year and the maximum gap between two meetings is not more than four months. During the year 2010-11, five meetings of the Board of Directors were held on 30th April 2010, 26th July 2010, 25th October 2010, 26th October 2010 and 21st January 2011.

Agenda papers for Board Meetings containing all necessary information / documents are made available to the Board in advance to help the Board to discharge its responsibilities effectively and take informed decisions. In some instances, additional 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 to each other.

The names and categories of the Directors on the Board, their attendance at the Board and the Annual General Meeting held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them in other companies as on 31st March 2011 is given below:

Sr. No.	Name	Category	No. of Board Meetings attended (Held = 5)	Attendance at the AGM held on 26th July 2010	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	4[1]	Yes	7	Nil	1
2.	Hon. Akash Paul	Non-Executive, Independent	4[1]	Yes	Nil	Nil	Nil
3.	Mr. Anupam Puri	Non-Executive, Independent	5	Yes	3	Nil	1
4.	Mr. B.H. Wani	Non-Executive, Independent	2	Yes	Nil	Nil	Nil
5.	Mr. Bharat N. Doshi	Non-Executive	4[1]	Yes	8	2	1
6.	Mr. M. Damodaran	Non-Executive, Independent	5	Yes	5	Nil	3
7.	Mr. Nigel Stagg	Non-Executive	3	Yes	Nil	Nil	Nil
8.	Mr. Paul Zuckerman	Non-Executive, Independent	4	Yes	2	Nil	1
9.	Dr. Raj Reddy	Non-Executive, Independent	5	Yes	Nil	Nil	Nil
10.	Mr. Ravindra Kulkarni	Non-Executive, Independent	5	Yes	6	2	4
11.	Mr. Richard Cameron	Non-Executive	4	No	Nil	Nil	Nil
12.	Mr. Vineet Nayyar	Vice Chairman & Managing Director	4[1]	Yes	7	Nil	Nil
13.	Mr. Ulhas N. Yargop	Non-Executive	5	Yes	6	1	3

[1]In addition participated one meeting through teleconference

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

**Committees considered are Audit Committee and Investor Grievance Committee, excluding that of Tech Mahindra Limited.

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

Directors seeking appointment / re-appointment: Mr. Anupam Puri Mr. Bharat N. Doshi, Dr. Raj Reddy, and Mr. Paul Zuckerman retire by rotation and being eligible, have offered themselves for re-appointment. Mr. Richard Cameron holds office up to the date of forthcoming Annual General Meeting as Mr. Arun Seth, in whose place he has been appointed, would have retired by rotation at the forthcoming Annual General Meeting. The Company has received a Notice from a Member under Section 257 of the Companies Act, 1956, signifying his intention to propose Mr. Richard Cameron for the office of Director. As required by clause 49 IV (G) (i) of the Listing Agreement, details of Directors seeking appointment/ re-appointment are set out at the end of this Report.

CEO / CFO Certification

As required under Clause 49 V of the Listing Agreement with the Stock Exchanges, the Vice Chairman & Managing Director and the Chief Financial Officer of the Company have certified to the Board regarding Financial Statements for the year ended 31st March 2011.

Code of Conduct

All the Directors and senior management personnel have affirmed compliance with the Code of Conduct 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 behavior, fraud, violation of the Company's Code of Conduct or any behavior 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 also been posted on the Company's intranet for ready access.

III. RISK MANAGEMENT:

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

IV. COMMITTEES OF THE BOARD:

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

A. AUDIT COMMITTEE:

The Audit Committee of the Board of Directors has been constituted in line with the provisions of Section 292A of the Companies Act, 1956, read with Clause 49 of the Listing Agreement. The Committee meets at least four times a year.

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

   Four meetings of the Audit Committee were held during the Financial Year 2010-11. The meetings were held on 30th April 2010, 26th July 2010, 25th October 2010 and 21st January 2011. 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	4
Mr. Anupam Puri	Non-Executive, Independent	4
Mr. Paul Zuckerman	Non-Executive, Independent	3
Dr. Raj Reddy	Non-Executive, Independent	4
Mr. Richard Cameron	Non Executive	3
Mr. Ulhas N. Yargop	Non Executive	4

The necessary quorum was present at all the meetings

2. Recommendations of the Committee:

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

3. Brief terms of reference:

The terms of reference of this Committee are very wide. Besides having access to all the required information within the Company, the Committee can obtain external professional advice whenever required. The Committee acts as a link between the Statutory and the Internal Auditors and the Board of Directors of the Company. It is authorised to select and establish accounting policies, review reports of the Statutory and the Internal Auditors and meet with them to discuss their findings, suggestions and other related matters. The Committee is empowered to review the remuneration payable to the Statutory Auditors and to recommend a change in Auditors, if felt necessary. It is also empowered to review Financial Statements and investments of unlisted subsidiary companies, Management Discussion & Analysis and material individual transactions with related parties not in normal course of business or which are not on an arm's length basis. 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 26th July 2010.

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 2010-2011. The meetings were held on 29th April 2010, 26th July 2010, 25th October 2010 and 21st January 2011.

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	3
Mr. Paul Zuckerman	Non-Executive Independent	3
Mr. Ulhas N. Yargop	Non-Executive	4

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 non executive Directors as per decision of the Company in the general meeting and/or other incentives payable, taking into account the individual's performance as well as that of the Company.

3. Remuneration Policy :

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

4. Compensation to Directors:

i. Remuneration to Non-Executive Directors :

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

The eligible Non-Executive Directors are paid commission upto a maximum of 1% of the net profits of the Company, as specifically computed for this purpose. A commission of Rs. 20.25 Million 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 Rs. 22.44 Million (provided in the accounts for the year ended 31st March 2010), paid to them during the year under review is as under :

Sr. No.	Name of Director	Commission For FY 2009 - 2010 paid during the year (Amount in Rs.)	Stock options granted till date
1	Mr. Anand G. Mahindra	N.A.	N.A.
2	Hon. Akash Paul	1,972,261	30,000
3	Mr. Al-Noor Ramji@	1,768,234	20,000
4	Mr. Anupam Puri	2,108,279	25,000
5	Mr. Arun Seth@	1,632,216	25,000*
6	Mr. Bharat N. Doshi	N.A.	20,000
7	Mr. B. H. Wani	2,244,297	N.A.
8	Mr. Clive Goodwin@	1,496,198	25,000
9	Mr. Meleveetil Damodaran	1,972,261	20,000
10	Mr. Nigel Stagg	408,054	NIL
11	Mr. Paul Zuckerman	1,972,261	20,000
12	Dr. Raj Reddy	1,972,261	30,000
13	Mr. Ravindra Kulkarni	2,244,297	N.A.
14	Mr. Richard Cameron	408,054	NIL
15	Mr. Ulhas N. Yargop	2,244,297	35,000
	Total	**22,442,970**	**250,000**

@Since resigned

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

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

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

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

Khaitan & Co., Advocates & Solicitors, in which Mr. Ravindra Kulkarni, Non-Executive Independent Director is a partner, received professional fees of Rs. 1,52,567.

ii. Remuneration paid / payable to Managing Director for the year ended 31st March 2011 :

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 2011 :

(Rs. in Million)

Director	Salary	Company's contribution to Provident Fund	Benefits, Perquisites & Allowances	Commission payable	Total	Contract Period	No. of options granted (under ESOP 2004 & 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 2011 are as below :

Sr. No.	Name of Director	No. of Shares held	% to total paid-up Capital
1.	Mr. Anand Mahindra+	47,138	0.04
2.	Mr. Vineet Nayyar	47,208	0.04
3.	Hon. Akash Paul	21,015	0.02
4.	Mr. Bharat N. Doshi+	18,831	0.02
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	2,00,569	0.17

+ Held joinly

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

C. INVESTOR GRIEVANCES-CUM-SHARE TRANSFER COMMITTEE :

The Board of Directors constituted the Investor Grievances-cum-Share Transfer Committee of the Board in its meeting held on 4th May 2006. Mr. Ulhas N. Yargop, a Non-Executive Director is the Chairman of the Committee. Mr. Vineet Nayyar and Mr. Richard Cameron 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 29th April 2010 and passed 2 circular resolutions on 14th June 2010 and 23rd December 2010 for transfer of shares / issue of duplicate share certificates.

Terms of reference :

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

Opening balance of the number of Shareholders' complaints/requests as on 1st April 2010	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 2011
1	246	247	0

Number of complaints/requests received during the year as a percentage of total number of members as on 31st March 2011 is 0.17%.

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

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

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
2008	Birla Matushri Sabhagar,19, New Marine Lines, Mumbai 400 020	July 22, 2008	3.00 p.m.	NIL
2009	Birla Matushri Sabhagar,19, New Marine Lines, Mumbai 400 020	July 23, 2009	3.00 p.m.	Resolution under Section 81(1A) 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) for further issue of shares Re-appointment and revision of remuneration payable to Managing Director

Details of Resolution/s passed through Postal Ballot during the year 2010-11 :

Resolution was passed for issue of further shares under Section 81(1A) of the Companies Act 1956 through Employee Stock Option Plan 2010.

Details of voting pattern were as under :

Sr. No.	Particulars	No. of Postal Ballot forms	No. of shares	% to the total number of shares representing valid votes
(a)	Total Postal Ballot forms received	4149	11,00,00,731	-
(b)	Less: Invalid Postal Ballot Forms	534	29,145	-
(c)	Net: Valid Postal Ballot forms	3615	10,99,71,586	100.00%
(d)	Votes in favour of the Resolution*	3241	10,98,17,739	99.86%
(e)	Votes Against the Resolution *	376	1,53,696	0.14%
(f)	Difference**	-	151	0.0001%

** Two shareholders have voted both in favour and against.*

*** Seven shareholders have casted less votes than their shareholding and hence there is a difference of 151 shares.*

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

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 2011.

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

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

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

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

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

(b) During the period under review, there is no audit qualification in the Company's financial statements. The Company continues to adopt best practices to ensure regime of unqualified financial statements. The Consolidated Audited Accounts were quailified 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 has been denied access to the Audit Committee.

VIII. COMMUNICATION OF RESULTS:

- The Company has 148,446 shareholders as on 31st March 2011. The main channel of communication to the shareholders is through the annual report which includes *inter alia*, the Directors' report, the report on Corporate Governance and the quarterly and annual audited financial results advertisements.
- The website of the Company www.techmahindra.com acts as the primary source of information regarding the operations of the Company.

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

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

IX. GENERAL SHAREHOLDER INFORMATION :

1. Annual General Meeting:

Date	Friday, 12th August 2011
Time	3.30 p.m.
Venue	Patkar Hall, 1, Nathibai Thackersey Road, Mumbai – 400 020

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

Financial Calendar:

Financial reporting for	Tentative Board Meeting schedule (subject to change)
Quarter ending 30th June 2011	Second fortnight of August 2011
Half year ending 30th September 2011	First fortnight of November 2011
Quarter ending 31st December 2011	First fortnight of February 2012
Year ending 31st March 2011	Second fortnight of May 2012
Annual General Meeting for the year ending 31st March 2012	First fortnight of August 2012

3. Book Closure / Record Date:

8th August 2011 to 12th August 2011 (both days inclusive) for the purpose of Annual General Meeting and payment of dividend.

4. Date of Dividend Payment:

Date of payment of Dividend would be on or after 12th August 2011.

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 2011-12 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 Security Identification Number (ISIN) in NSDL and CDSL for equity shares: INE669C01028

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

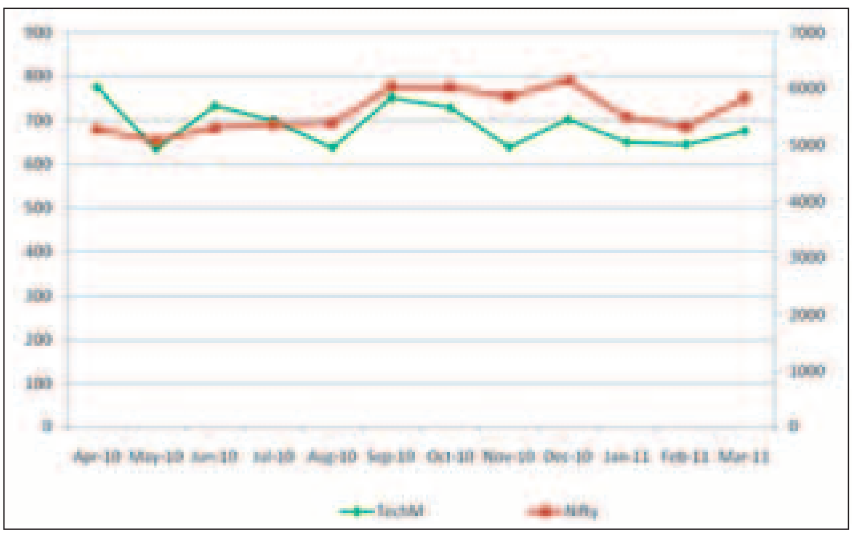
- 7.25% Non-convertible Debentures (24 September 2010) Face Value Rs.10 Lac: INE669C08015: These debentures were redeemed during the year.
- 7.75% Non-convertible Debentures (24 March 2011) Face Value Rs. 10 Lac: INE669C08023: These debentures were redeemed during the year.
- 10.25% Non-convertible Debentures (17 April 2013) Face Value Rs.10 Lac: INE669C07025
- 10.25% Non-convertible Debentures (17 April 2014) Face Value Rs.10 Lac: INE669C07033

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

Month	Equity Shares			
	NSE		BSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2010	861.15	768.25	891.00	762.00
May 2010	743.75	620.55	786.80	617.00
June 2010	750.65	638.15	761.90	631.00
July 2010	776.70	700.20	846.00	697.40
August 2010	737.25	638.25	741.80	634.50
September 2010	800.90	646.80	812.60	634.00
October 2010	787.25	729.25	801.50	720.10
November 2010	754.50	623.65	762.00	600.00
December 2010	702.40	640.65	736.00	621.00
January 2011	744.60	650.95	752.00	633.35
February 2011	683.65	561.45	701.80	539.15
March 2011	743.05	676.15	758.70	642.50

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

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



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 2605 3503, 2605 1629, 2605 0084
Fax: +91 20 2605 3503
Contact Person: Mr. Bhagavant Sawant
Email address: bhagavant.sawant@linkintime.co.in

11. Share Transfer System:

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

12. Distribution of shareholding as on 31st March 2011 :

No. of Equity Shares held	Shareholders		Equity shares held	
	No. of Shareholders	% to Total	No. of shares	% to Total
001 - 500	1,46,214	98.4964	53,24,970	4.2277
501 - 1000	1,101	0.7417	8,28,434	0.6577
1001 - 2000	602	0.4055	8,53,510	0.6776
2001 - 3000	181	0.1219	4,47,652	0.3554
3001 - 4000	104	0.0700	3,66,886	0.2913
4001 - 5000	51	0.0344	2,35,371	0.1869
5001 - 10000	85	0.0573	617493	0.4902
10,001 & above	108	0.0728	11,72,81,165	93.1132
Total	**1,48,446**	**100.00**	**125,955,481**	**100.00**

13. Shareholding Pattern as on 31st March 2011 :

Category	No. of shares held	% to Total
Promoters holdings	90,283,901	71.68
Public Share holding :		
Mutual Funds	575,830	0.46
Banks, Financial Institutions & others	12,726,568	10.10
Insurance Companies	5,725,266	4.55
Foreign Institutional Investors	3,639,472	2.89
Bodies Corporate	1,248,615	0.99
NRI/Foreign Nationals	465,405	0.37
Indian Public	11,290,424	8.96
Total	**125,955,481**	**100.00**

14. Dematerialization of shares and liquidity :

99.88% 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 2011. 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 2011, the Company did not have any outstanding GDRs/ADRs/Warrants or any Convertible instruments (excluding ESOPs).

16. Plant Locations:

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

17. Address for correspondence:

Shareholders' Correspondence: Shareholders may correspond with:

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

Link Intime India Private Limited
Block No. 202, 2nd Floor,
Akshay Complex,
Near Ganesh Temple,
Off Dhole Patil Road,
Pune 411 001
Tel No. +91 20 2605 3503, 2605 1629, 2605 0084
Fax: +91 20 2605 3503
Contact Person: Mr. Bhagavant Sawant
Email address: bhagavant.sawant@linkintime.co.in

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

iii. For all investor related matters:

Mr. 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
Email address: investor.relations@techmahindra.com

18. Details of shares held in Suspense Account:

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

Sr. No.	Particulars	(In No's)
(i)	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year	25 Shareholders 679 Shares
(ii)	Number of shareholders who approached Company for transfer of shares from suspense account during the year	1 shareholder 17 Shares
(iii)	Number of shareholders to whom shares were transferred from suspense account during the year	1 Shareholders 17 Shares
(iv)	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	24 Shareholders 662 Shares
(v)	The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.	

X. GREEN INITIATIVES :

The Company has taken a steps in furtherance of the recent Green initiative proposed by the 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 ids and help the company and the country in the green intiative.

Members are requested to register their email - id's as indicated at note no. i of AGM Notice.

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

1. **Mr. Anupam Puri**

   Mr. Anupam Puri is Non-Executive Independent Director of the Company. He was a management consultant with McKinsey for 30 years, working with companies, governments and multilateral agencies on strategy and organization. He founded McKinsey's practice in India. Since 2000, he has served as Non Executive Director of several Indian companies.

   His education includes a BA in Economics from Delhi University, and MA and M.Phil degrees in Economics from Oxford University.

   Mr. Anupam Puri does not hold any shares of the Company.

2. **Mr. Bharat N. Doshi**

   Mr. Bharat N. Doshi is a Non-Executive Director of the Company. He is a fellow member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India and has a Master's Degree in Law from the University of Bombay. He has participated in the Program for Management Development (PMD) at Harvard Business School. He was also a Fellow of the Salzburg Seminar on 'Asian Economies: Regional and Global Relationships' held in December 2000.

   Mr. Bharat N. Doshi is on the Board of Mahindra & Mahindra Limited since 1992 and is presently designated as Executive Director & Group Chief Financial Officer (Group CFO). He is Chairman of Mahindra & Mahindra Financial Services Ltd. and Mahindra Intertrade Ltd. and Director of several companies in the Mahindra Group.

   He is also an independent Director of Godrej Consumer Products Limited and NSE.IT Limited.

   Mr. Doshi was a member of the High Powered Expert Committee constituted by the Ministry of Finance, Government of India, on making Mumbai an International Financial Centre and is currently a Member of Reserve Bank of India (RBI) constituted Working Group to examine a range of emerging issues pertaining to regulation of the NBFC (non-banking financial companies) sector.

   Mr. Doshi has been associated with the Bombay Chamber of Commerce & Industry (BCCI) for the last 30 years and served as its President for the year 2009-10.

   Mr. Doshi, over the years, has spoken on economic and management topics at several international and domestic fora.

   Mr. Doshi was adjudged 'India's Best CFO' by the leading business fortnightly Business Today (India Today Group Publication) in April 2005. He was also conferred the 'CFO of the Year' Award, honouring financial excellence, instituted by IMA India, an associate of The Economist Group, in December 2005. In November 2007, Mr. Bharat N. Doshi was honoured with the prestigious CNBC CFO of the Year 2007 award. Mr. Doshi has been inducted by CFO India as a Founding Member to the *CFO Hall of Fame* in recognition of an exemplary career and a lifetime of contribution to the field of Finance.

   Mr. Bharat N. Doshi holds 18,831 shares of the Company.

3. **Dr. Raj Reddy.**

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

   Dr. Raj Reddy holds 27,000 shares of the Company.

4. **Mr. Paul Zuckerman**

   Mr. Paul Zuckerman is Non-Executive Independent Director of the Company. He is the Chairman and CEO of Zuckerman & Associates Limited, which advises technology and life science related start ups and works with strategic and venture capital sources of finance. He has obtained a BA and MA in Economics and a Higher National Diploma in Agricultural Economics from Trinity College, Cambridge University. He also holds a Ph.D. in Agricultural Economics from the Reading University, United Kingdom. Mr. Zuckerman was Vice Chairman of S.G. Warburg International and a founding Board member of Caspian Securities Ltd. also he was on the staff of the World Bank before he joined S.G. Warburg & Co Ltd.

   He is an independent director on a number of international boards and was deputy chairman of Icap plc.

   Mr. Paul Zuckerman does not hold any shares of the Company.

5. **Mr. Richard Cameron**

Mr. Richard Cameron is Non-Executive Director of the Company. Mr. Cameron started his career in the construction industry working on infrastructure projects such as the construction of pharmaceutical plants and cable TV infrastructure build before moving into the Communications industry in 1998. After working at Telewest and Level 3 Communications, he joined BT in 2003, initially heading revenue operations for BT Retail. He then lead the formation of the Revenue and Margin operations centre of excellence across the group as part of a pan BT centralisation project focused on delivering accounting, reporting, planning and sales tracking across the lines of business. In 2005 he took up the role as Finance Director of the Consumer Division, during this time the business returned to sustainable profit and ARPU growth. In 2008 moved to become CFO BT Operate. During this time, the division delivered significant cost transformation programmes as it delivered synergies across the delivery of in life management of the IT & Network platforms which support the products and services sold across the business. Since 2010 he has been CFO BT Retail also with responsibility for billing across the group.

Mr. Richard Cameron does not hold any shares of the Company.

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

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

I confirm that the Company has in respect of the financial year ended 31st March 2011, received from the senior management team of the Company and the Members of the Board, a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team comprises of employees in the President and Executive Vice President Cadre as on 31st March 2011 and Chief Financial Officer of the Company.

For Tech Mahindra Limited

Vineet Nayyar
Vice Chairman & Managing Director

26th May, 2011

CERTIFICATE

To the Members of Tech Mahindra Limited

We have examined the compliance of the conditions of Corporate Governance by Tech Mahindra Limited (the Company) for the year ended on March 31, 2011, as stipulated in Clause 49 of the Listing Agreement of the Company with the stock exchanges.

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

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

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

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

Hemant M. Joshi
Partner
(Membership No. 38019)

Place : Mumbai
Date : May 26, 2011

Financial Statement 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, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

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

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

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

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

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

      (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;

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

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

5. On the basis of the written representations received from the Directors as on 31st March, 2011 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2011 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)

Mumbai, Dated : May 26, 2011

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, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

  As explained to us, the Company was not required to deposit any amounts with the Investor Education and Protection Fund.
- (b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2011 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, 2011 on account of disputes are given below :

(Rs. in Million)

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved
The Income Tax Act, 1961	Income Tax	Assessing Officer	2001-02	67.88
The Income Tax Act, 1961	Income Tax	High Court	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	251.44
The Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	2002-03	1.97
The Income Tax Act, 1961	Income Tax	Assessing Officer	2003-04	0.14
The Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	2003-04	45.21
The Income Tax Act, 1961	Income Tax	Assessing Officer	2004-05	29.45
The Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	2005-06	262.58
The Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	2005-06	2.83
The Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	2006-07	508.10
The Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	2006-07	28.80
The Income Tax Act, 1961	Fringe Benefit Tax	Commissioner of Income Tax (Appeals)	2005-06	10.25
Karnataka VAT Act, 2003	Sales Tax	Joint Commissioner of Commercial Taxes, Karnataka	2005-06 to 2008-09	9.22
Finance Act, 1994	Service Tax	Commissioner of Service Tax	2003-04 to 2006-07	12.86
Finance Act, 1994	Service Tax	Commissioner of Service Tax	2004-05 to 2007-08	86.60

(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 or advances on the basis of security by way of pledge of shares, debentures and other securities.

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

(xiv) 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, *prima facie*, 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)

Mumbai, Dated : May 26, 2011

BALANCE SHEET AS AT MARCH 31, 2011

Rs. in Million

		Schedule	**March 31, 2011**	March 31, 2010
I.	**SOURCES OF FUNDS :**			
	SHAREHOLDERS' FUNDS :			
	Share Capital	I	**1,260**	1,223
	Share Application Money		**0**	2
	Reserves and Surplus	II	**32,580**	27,442
			33,840	28,667
	LOAN FUNDS :	III		
	Secured Loans		**6,000**	7,500
	Unsecured Loans		**6,227**	6,172
			12,227	13,672
	Deferred revenue (refer note 8 of schedule XIII)		**5,837**	7,677
			51,904	50,016
II.	**APPLICATION OF FUNDS :**			
	FIXED ASSETS :	IV		
	Gross Block		**12,485**	11,128
	Less : Accumulated Depreciation		**6,485**	5,188
	Net Block		**6,000**	5,940
	Capital Work-in-Progress, including Capital Advances		**1,103**	1,188
			7,103	7,128
	INVESTMENTS :	V	**31,149**	31,139
	DEFERRED TAX ASSET (refer note 20 of schedule XIII)		**532**	223
	CURRENT ASSETS, LOANS AND ADVANCES :			
	Inventory		**6**	14
	Sundry Debtors	VI	**11,720**	9,930
	Cash and Bank Balances	VI	**1,938**	1,380
	Loans and Advances	VI	**8,251**	8,551
			21,915	19,875
	Less : CURRENT LIABILITIES AND PROVISIONS :			
	Current Liabilities	VII	**5,947**	5,744
	Provisions	VIII	**2,848**	2,605
			8,795	8,349
	Net Current Assets		**13,120**	11,526
			51,904	50,016
	SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS :	XIII		

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

Hemant M Joshi
Partner

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

Nigel Stagg
Director

Paul Zuckerman
Director

Richard Cameron
Director

Dr. Raj Reddy
Director

Ravindra Kulkarni
Director

Ulhas N. Yargop
Director

Sonjoy Anand
Chief Financial Officer

Anil Khatri
Company Secretary

Mumbai, Dated : May 26, 2011

Mumbai, Dated : May 26, 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

Rs. in Million except earnings per share

	Schedule	**Year Ended March 31, 2011**	Year Ended March 31, 2010
INCOME :			
Income from operations (refer note 8 of schedule XIII)		**49,655**	44,838
Other Income (net)	IX	**1,152**	909
Total Income		**50,807**	45,747
EXPENDITURE :			
Personnel	X	**19,438**	16,071
Operating and Other Expenses	XI	**20,927**	17,950
Depreciation / Amortisation	IV	**1,383**	1,299
Finance Charges	XII	**999**	1,600
Total Expenditure		**42,747**	36,920
PROFIT BEFORE EXCEPTIONAL ITEM AND TAX		**8,060**	8,827
Less: Exceptional item (refer note 5 of schedule XIII)		**-**	85
PROFIT BEFORE TAX		**8,060**	8,742
Provision for Tax			
- Current tax [net of MAT credit of **Rs.180 Million** (previous year Rs. 6 Million)] (refer note 26 of schedule XIII)		**1,402**	1,382
- Deferred tax benefit [includes **Rs. 215 Million** (previous year Rs. Nil) in respect of earlier years] - (refer note 20 of schedule XIII)		**(309)**	(68)
NET PROFIT AFTER TAX		**6,967**	7,428
Balance brought forward from previous year		**17,739**	13,497
Balance available for appropriation		**24,706**	20,925
Transfer to Debenture Redemption Reserve		**2,202**	1,935
Transfer from Debenture Redemption Reserve on account of redemption of debentures		**(1,500)**	-
Final Dividend (refer note 30 of Schedule XIII)		**6**	-
Proposed Final Dividend		**504**	428
Dividend Tax (refer note 30 of Schedule XIII)		**83**	73
Transfer to General Reserve		**1,000**	750
Balance carried to Balance Sheet		**22,411**	17,739
Earnings Per Share (refer note 24 of schedule XIII)			
Before exceptional item (in Rs.)			
- Basic		**55.81**	61.58
- Diluted		**53.36**	57.62
After exceptional item (in Rs.)			
- Basic		**55.81**	60.89
- Diluted		**53.36**	56.97
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS	XIII		

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

Hemant M Joshi
Partner

Mumbai, Dated : May 26, 2011

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

Nigel Stagg
Director

Paul Zuckerman
Director

Richard Cameron
Director

Dr. Raj Reddy
Director

Ravindra Kulkarni
Director

Ulhas N. Yargop
Director

Sonjoy Anand
Chief Financial Officer

Anil Khatri
Company Secretary

Mumbai, Dated : May 26, 2011

CASH FLOW FOR THE YEAR ENDED MARCH 31, 2011

Rs. in Million

	Particulars		Year Ended March 31, 2011	Year Ended March 31, 2010
A	**Cash flow from operating activities :**			
	Net profit before tax and after exceptional item		**8,060**	8,742
	Adjustments for :			
	Depreciation / Amortisation	**1,383**		1,299
	Amortisation of Deferred Revenue	**(2,217)**		(2,005)
	(Profit) / Loss on sale of Fixed Assets (net)	**(11)**		(0)
	Finance charges	**999**		1,600
	Exchange loss / (gain) (net)	**266**		(608)
	Provision for doubtful debts,advances and customer claims	**171**		51
	Amortisation of Stock compensation expenses	**70**		-
	Interest income	**(84)**		(236)
	Dividend income	**-**		(19)
	Diminution in value of long term investments	**-**		85
			577	167
	Operating profit before working capital changes		**8,637**	8,909
	Adjustments for :			
	Trade and other receivables (including Finance lease receivables)	**(2,767)**		(2,715)
	Trade and other payables	**348**		(133)
	Contract restructuring fees received (refer note 8 of schedule XIII)	**-**		9,682
	Settlement Fees received	**377**		-
			(2,042)	6,834
	Cash generated from operations		**6,595**	15,743
	Taxes paid		**(1,888)**	(1,620)
	Net cash from operating activities		**4,707**	14,123
B	**Cash flow from investing activities:**			
	Purchase of Fixed Assets	**(1,413)**		(4,064)
	Sale of Fixed Assets	**21**		2
	Purchase of Current investments	**-**		(6,000)
	Sale of Current investments	**-**		9,919
	Purchase of Government Bonds / Securities	**(12)**		-
	Sale of Government Bonds / Securities	**11**		-
	Investment in Subsidiary companies	**(9)**		-
	Acquisition of Company / Investments in Subsidiary / Company (refer note 4,5,6 and 7 of schedule XIII)	**-**		(25,627)
	Interest received	**84**		61
	Net cash used in investing activities		**(1,318)**	(25,709)
C	**Cash flow from financing activities:**			
	Proceeds from issue of equity shares and application money	**260**		51
	Dividend (including dividend tax paid)	**(508)**		-
	Loan given to subsidiary	**(40)**		(4,826)
	Loan repaid by subsidiary	**40**		65
	Proceeds from borrowings	**12,024**		43,386
	Repayment of borrowings	**(13,584)**		(29,686)
	Finance Charges	**(1,059)**		(951)
	Net cash from / (used in) financing activities		**(2,867)**	8,039

CASH FLOW FOR THE YEAR ENDED MARCH 31, 2011 (Contd.)

Rs. in Million

Particulars	**Year Ended March 31, 2011**	Year Ended March 31, 2010
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**522**	(3,547)
Cash and cash equivalents at the beginning of the year	**1,396**	4,943
Cash and cash equivalents at the end of the year	**1,918**	1,396

Notes :

1 Components of cash and cash equivalents includes Cash, Bank Balances in current and deposit accounts as disclosed under Schedule VI (b) of the accounts.

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

Rs. in Million

3 **Cash and cash equivalents include :**

	March 31, 2011	March 31, 2010
Cash and Bank Balances	**1,938**	1,380
Unrealised loss/(gain) on foreign currency	**(20)**	27
Less : Fixed Deposits with original maturity over three months	**0**	11
Total Cash and cash equivalents	**1,918**	1,396

4 Cash and cash equivalents include equity share application money of **Rs. 0 Million** (previous year : Rs. 2 Million) and Unclaimed dividend of **Rs. 4 Million** (previous year : Rs. 3 Million)

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

Hemant M Joshi
Partner

Mumbai, Dated : May 26, 2011

For Tech Mahindra Limited

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Director

Sonjoy Anand
Chief Financial Officer

Anil Khatri
Company Secretary

Mumbai, Dated : May 26, 2011

Schedules forming part of the Balance Sheet

Rs. in Million

	As at March 31, 2011	As at March 31, 2010
Schedule I		
SHARE CAPITAL :		
Authorised :		
175,000,000 (previous year 175,000,000) Equity Shares of Rs. 10/- each	**1,750**	1,750
	1,750	1,750
Issued, Subscribed and Paid up :		
125,955,481 (previous year 122,320,114) Equity Shares of Rs. 10/- (previous year Rs. 10/-) each fully paid-up	**1,260**	1,223
	1,260	1,223

Notes :

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

2 The Company had consolidated 5 equity shares of face value of Rs. 2/- each into 1 equity share of face value of Rs. 10/- each.

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

4 Refer note 18 of schedule XIII for stock options.

Schedules forming part of the Balance Sheet

Rs. in Million

		As at March 31, 2011	As at March 31, 2010
Schedule II			
RESERVES AND SURPLUS :			
Securities Premium			
As per last Balance Sheet	**2,374**		2,330
Add : Received during the year	**225**		44
		2,599	2,374
General Reserve			
As per last Balance Sheet	**3,451**		2,701
Add : Transfer from Profit and Loss Account	**1,000**		750
		4,451	3,451
Debenture Redemption Reserve			
As per last Balance Sheet	**1,935**		-
Add : Transfer from Profit and Loss Account (net)	**702**		1,935
		2,637	1,935
Hedging Reserve		**412**	1,942
Employees Stock Options Reserve (refer note 1(o) of schedule XIII)			
Employees Stock Options Outstanding	**1,098**		-
Less: Deferred employee compensation expense	**1,028**		-
		70	-
Balance in Profit and Loss Account		**22,411**	17,739
		32,580	27,442
Schedule III			
LOAN FUNDS:			
Secured Loans :			
- Privately placed Non-Convertible Debentures (refer note no 28 of schedule XIII)		**6,000**	7,500
		6,000	7,500
Unsecured Loans :			
Pre Shipment Export Packing Credit #		**5,427**	946
Loan from Bank @		**800**	2,000
Commercial Papers		-	2,750
Loan from others		-	476
		6,227	6,172

Entire loan amount is repayable within one year

@ Loan repayable within one year Rs. 400 Million

Schedules forming part of the Balance Sheet

Schedule IV

FIXED ASSETS:

Rs. in Million

	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
Description of Assets	**Cost as at April 01, 2010**	**Additions during the year**	**Deductions during the year**	**Cost as at March 31, 2011**	**As at April 01, 2010**	**For the year**	**Deductions during the year**	**Upto March 31, 2011**	**As at March 31, 2011**	**As at March 31, 2010**
Tangible Fixed Assets :										
Freehold Land	175	-	-	**175**	-	-	-	**-**	**175**	175
Leasehold Land	425	-	-	**425**	26	10	-	**36**	**389**	399
Leasehold Improvements	633	190	1	**822**	321	159	1	**479**	**343**	312
Office Building / Premises	3,939	163	-	**4,102**	1,065	269	-	**1,334**	**2,768**	2,874
Computers	2,174	335	39	**2,470**	1,779	307	36	**2,050**	**420**	394
Plant and Machinery	2,279	535	30	**2,784**	1,122	409	27	**1,504**	**1,280**	1,157
Furniture and Fixtures	1,384	222	23	**1,583**	803	213	18	**998**	**585**	581
Vehicles	43	9	4	**48**	37	5	4	**38**	**10**	7
Intangible Assets :										
Intellectual Property Rights	76	-	-	**76**	35	11	-	**46**	**30**	41
Total	**11,128**	**1,454**	**97**	**12,485**	**5,188**	**1,383**	**86**	**6,485**	**6,000**	5,940
Previous year	8,962	2,339	173	11,128	4,061	1,299	172	5,188		
Capital Work-in-Progress (include capital advances * **Rs. 495 Million** # (previous year Rs. 464 Million))									**1,103**	1,188
								Total	**7,103**	7,128

Note : #1) Includes capital advances of **Rs. 254 Million** (previous year Rs. 254 Million) paid towards purchase of leasehold land and building constructed on it and inclusive of plant and machinery (Property) under an auction through Debt Recovery Tribunal (DRT), New Delhi. The Company has received the Certificate of Sale dated June 28, 2010 from DRT and subsequently received the possession of the property from the Court Receiver. However the Customs department has filed appeal against DRT order which is pending for the final decision.

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

Schedules forming part of the Balance Sheet

Rs. in Million

		As at March 31, 2011	As at March 31, 2010
Schedule V			
INVESTMENTS :			
Long Term (Unquoted - at cost)			
Trade :			
In Subsidiary Companies :			
375,000 Ordinary Shares (previous year 375,000) of US$ 1 each fully paid-up of Tech Mahindra (Americas) Inc.		**12**	12
3 Shares of Euro 25,000, 50,000 and 500,000 each, fully paid-up of Tech Mahindra GmbH (refer note 1 below)	**389**		389
Less : Provision for Diminution (refer note 4 of schedule XIII)	**354**		354
		35	35
5,000 Equity Shares (previous year 5,000) of Singapore $ 10 each fully paid-up of Tech Mahindra (Singapore) Pte. Limited		**1**	1
50,000 Equity Shares (previous year 50,000) of Tech Mahindra (Thailand) Limited of THB 100 each fully paid-up		**6**	6
50,000 Equity Shares (previous year 50,000) of Tech Mahindra Foundation of Rs.10 each fully paid-up		**1**	1
500,000 Equity Shares (previous year 500,000) of PT. Tech Mahindra Indonesia of US $ 1 each fully paid-up		**22**	22
4,619,631 Equity Shares (previous year 4,619,631) of CanvasM Technologies Limited of Rs. 100 each fully paid-up		**462**	462
312,820 Equity Shares (previous year 312,820) of Tech Mahindra (Malaysia) Sdn. Bhd. of Ringgit 1 each fully paid-up		**4**	4
Investment in Tech Mahindra (Beijing) IT Services Limited		**21**	17
30,472,300 Equity Shares (previous year 30,472,300) of Venturbay Consultants Private Limited of Rs. 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 Rs. 10 each fully paid-up		**112**	112
500 Shares (previous year 500) of Tech Mahindra (Bahrain) Limited S.P.C. of BD 100 each fully paid-up		**6**	6
15,250,026 Shares (previous year Nil) of Tech Mahindra (Nigeria) Limited of Naira 1 each fully paid up (refer note 7 of schedule XIII)		**5**	-
		31,148	31,139
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 5 of schedule XIII)	**85**		85

Schedules forming part of the Balance Sheet

Schedule V (Contd.)

Rs. in Million

		As at March 31, 2011	As at March 31, 2010
		-	-
Long Term (Unquoted - at cost)			
Non Trade :			
Treasury Bills & Government Bonds (refer note 2 below)	**1**		-
		1	-
		31,149	31,139

Note :

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

Schedule VI		
CURRENT ASSETS, LOANS AND ADVANCES :		
Current Assets :		
(a) **Sundry Debtors * :**		
(Unsecured)		
Debts outstanding for a period exceeding six months		
- considered good **	**449**	519
- considered doubtful	**130**	78
	579	597
Other debts :		
- considered good ***	**11,271**	9,411
- considered doubtful	**-**	-
	11,850	10,008
Less: Provision	**130**	78
	11,720	9,930

1. * Debtors include on account of unbilled revenue aggregating to **Rs. 2,174 Million** (previous year Rs. 2,617 Million)
2. ** Net of advances aggregating to **Rs. 193 Million** (previous year Rs. 100 Million) pending adjustments with invoices
3. *** Net of advances aggregating to **Rs. 286 Million** (previous year Rs. 69 Million) pending adjustments with invoices

Schedules forming part of the Balance Sheet

Schedule VI (Contd.)

Rs. in Million

(b)	**Cash and Bank Balances :**			
	Balance with scheduled banks :			
	(i) In Current Accounts	**753**		340
	(ii) In Fixed Deposit Accounts	**131**		13
	Balance with other banks		**884**	353
	In Current Accounts		**1,054**	1,027
	(refer note 27 of schedule XIII)		**1,938**	1,380
(c)	**Loans and Advances :**			
	(Unsecured, considered good unless otherwise stated)			
	Advance to Subsidiaries		**186**	42
	Advances recoverable in cash or in kind or for value to be received			
	— considered good *	**2,576**		3,320
	— considered doubtful	**49**		20
		2,625		3,340
	Less : Provision	**49**		20
			2,576	3,320
	Balance with Excise and Customs		**1,029**	1,166
	Fair value of foreign exchange forward and currency option contracts (refer note 1 (k) (b) of schedule XIII)		**770**	2,797
	Finance lease receivables (refer note 16 of schedule XIII)		**1,978**	-
	MAT Credit Entitlement		**467**	287
	Advance Taxes (net of provisions)		**1,238**	931
	Advance Fringe Benefit Tax (net of provisions)		**7**	7
			8,251	8,551

* includes **Rs. 981 Million** (previous year Rs. 2,182 Million) for a customer specific project.

Schedules forming part of the Balance Sheet

Rs. in Million

	As at March 31, 2011	As at March 31, 2010
Schedule VII		
CURRENT LIABILITIES :		
Sundry Creditors :		
Total outstanding dues of Micro, Small and Medium Enterprises	**-**	-
Total outstanding dues of Creditors other than Micro, Small and Medium Enterprises* (refer note 25 of schedule XIII)	**4,617**	4,533
* includes		
Rs. 622 Million (previous year Rs. 401 Million) due to Tech Mahindra (Americas) Inc. USA , a subsidiary company.		
Rs. 195 Million (previous year Rs. 214 Million) due to Tech Mahindra GmbH, a subsidiary company.		
Rs. 42 Million (previous year Rs. 28 Million) due to Tech Mahindra (Singapore) Pte. Ltd., a subsidiary company.		
Rs. 0 Million (previous year Rs. 8 Million) due to Tech Mahindra Thailand Limited, a subsidiary company.		
Rs. 19 Million (previous year Rs. 40 Million) due to Tech Mahindra (Malaysia) Sdn. Bhd., a subsidiary company.		
Rs. 52 Million (previous year Rs. 39 Million) due to CanvasM Technologies Limited, a subsidiary company.		
Rs. 53 Million (previous year Rs. 156 Million) due to Tech Mahindra (Bahrain) Ltd. SPC, a subsidiary company.		
Rs. 0 Million (previous year Rs. Nil) due to Mahindra Logisoft Business Solutions Limited, a subsidiary company.		
Rs. 569 Million (previous year Rs. 332 Million) due to Satyam Computer Services Limited, an associate company.		
Rs. 88 Million (previous year Rs. 26 Million) due to Satyam BPO Limited, an associate company.		
Other Liabilities	**662**	450
Advance from customers	**58**	109
Unearned Revenue	**17**	-
Interest accrued but not due on loans	**589**	649
Unclaimed Dividend	**4**	3
	5,947	5,744
Schedule VIII		
PROVISIONS :		
Provision for Tax (net of advance taxes)	**731**	731
Proposed Dividend	**504**	428
Dividend tax	**82**	73
Employee Retirement Benefits (refer note 9 of schedule XIII)	**1,531**	1,373
	2,848	2,605

Schedules forming part of the Profit and Loss Account

Rs. in Million

		Year ended March 31, 2011	Year ended March 31, 2010
Schedule IX			
OTHER INCOME (net) :			
Interest on :			
Deposits with banks	**39**		10
[Tax deducted at source **Rs. 4 Million** (previous year Rs. 1 Million)]			
Others	**45**		226
[Tax deducted at source **Rs. 0 Million** (previous year Rs. 46 Million)]		**84**	236
Dividend received on current investments (non - trade)		**-**	19
Exchange gains (net)		**797**	313
Sundry balances written back		**79**	239
Rent Income		**83**	30
[Tax deducted at source **Rs. 2 Million** (previous year Rs. 1 Million)]			
Miscellaneous income (net)		**109**	72
		1,152	909
Schedule X			
PERSONNEL :			
Salaries and bonus		**17,515**	14,449
Contribution to provident and other funds		**1,147**	998
Staff welfare		**776**	624
		19,438	16,071

Schedules forming part of the Profit and Loss Account

Rs. in Million

		Year ended March 31, 2011	Year ended March 31, 2010
Schedule XI			
OPERATING AND OTHER EXPENSES :			
Power & Fuel		**522**	452
Rent		**996**	738
Rates and taxes		**70**	60
Communication expenses		**680**	701
Travelling expenses		**2,983**	2,696
[Net of recoveries **Rs. 400 Million** (previous year Rs.164 Million)]			
Recruitment expenses		**52**	48
Training		**56**	118
Hire charges		**228**	118
Sub-contracting costs (net)		**10,389**	10,730
Professional and Legal fees (refer note 10 of schedule XIII)		**226**	277
Repairs and maintenance :			
Buildings (including leased premises)	**94**		37
Machinery	**239**		122
Others	**156**		136
		489	295
Insurance		**199**	164
Software,hardware and project specific expenses *		**3,209**	908
Provision for claims and warranties (net) (refer note 31 of schedule XIII)		**90**	-
Advertising, marketing and selling expenses		**49**	13
(Profit) / Loss on sale of Fixed Assets (net)		**(11)**	(0)
Provision for doubtful debts (net)		**52**	25
Provision for doubtful advances		**29**	26
Advances / bad debts written off		**8**	6
Donations		**100**	74
Consumption of components		**15**	3
Miscellaneous expenses		**496**	498
		20,927	17,950

*(includes **Rs. 2,871 Million** (previous year Rs. Nil) for a customer specific project under finance lease)

	Year ended March 31, 2011	Year ended March 31, 2010
Schedule XII		
FINANCE CHARGES :		
Interest on		
- Fixed loans and Debentures	903	1,405
- Cash credit / overdraft	51	145
- Others	37	2
Loan processing charges	8	48
	999	1,600

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

Schedule XIII

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011.

1. Significant accounting policies :

(a) Basis for preparation of accounts :

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

(b) Use of Estimates :

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

(c) Fixed Assets including intangible assets :

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

(d) Leases :

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

(i) Finance lease

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

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

(e) Depreciation / amortisation 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	15 years
Computers	3 years
Plant and machinery	5 years
Furniture and fixtures	5 years
Vehicles	3-5 years

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

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

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

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

(f) Impairment of Assets:

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

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

(g) Investments :

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

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

(h) Inventories :

Components and parts :

Components and parts are valued at lower of cost or 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 and indirect taxes.

The Company 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.

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

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

The Company recognizes unearned 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) Expenditure :

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

(k) (a) Foreign currency transactions :

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the year end rates. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of monetary items at the end of the year is recognized 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 Profit and Loss Account.

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

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

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

(l) Employee Retirement Benefits :

(a) Gratuity :

The Company provides for gratuity, a defined retirement benefit plan covering eligible employees. The gratuity plan provides for a lumpsum 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.

Actuarial gains and losses are recognized in full in the Profit and Loss Account in the year in which they occur. (Refer note 9 below)

(b) Provident Fund :

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

(c) Compensated absences :

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

The liability is provided based on the number of days of unavailed leave at each balance sheet date on the basis of an independent actuarial valuation.

Actuarial gains and losses are recognized in full in the Profit and Loss Account 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.

(m) Borrowing costs :

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

(n) Taxation :

Tax expense comprises of current tax 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 recognized 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.

(o) Employee Stock Option Plans :

Employees eligible for Employee Stock Option Plan 2010 are granted an option to purchase shares of the Company 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.

(p) Contingent Liabilities :

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

Notes on Accounts :

2. The estimated amount of contracts remaining to be executed on capital account (net of capital advances), and not provided for as at March 31, 2011 **Rs. 1,382 Million** (previous year: Rs. 2,677 Million).

3. Contingent liabilities :

   i) The Company has received demand notices from Income Tax Authorities resulting in a contingent liability of **Rs. 920 Million** (previous year : Rs. 510 Million). This is mainly on account of the following: (a) An amount of **Rs. 123 Million** (previous year : Rs. Nil) relating to Transfer pricing adjustment on account of arm's length transactions (b) Deduction under Section 10A amounting to **Rs. 781 Million** (previous year : Rs. 494 Million) in relation to adjustment of expenditure in foreign currency being excluded only from Export turnover and not from Total turnover. The Company has already won the appeal before the Mumbai ITAT for the Assessment year 2002-03 & 2003-04. The Income Tax Department has filed the appeal before the High Court. The Company has already won the appeal before the CIT (A) for Assessment Year 2004-05 & 2005-06. The Income Tax Department intends to pursue the matter before Mumbai ITAT and (c) an amount of **Rs. 16 Million** (previous year : Rs. 16 Million) relating to Fringe Benefit Tax. The Company has appealed before Appellate Authorities and is hopeful of succeeding in the same.

   ii) The Company has received demand notices from Sales Tax Authorities for **Rs. 18 Million** (previous year: Rs. 148 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 Appellate Authority.

   iii) The Company has received demand/ show cause notice from Service Tax Authorities for **Rs. 90 Million** (Net of provision), (previous year: Rs. 13 Million) out of which **Rs. 77 Million** (previous year : Rs. Nil) 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) & has paid an amount of **Rs. 7 Million** (previous year: **Rs. 7 Million**) "Under Protest" and Rs. 13 Million (previous year: **Rs. 13 Million**) towards services provided under Management consultancy services for Tech Mahindra Ltd. for which the Company has filed appeal against the same.

   iv) The Company has bank guarantees outstanding **Rs. 1,131 Million** (previous year: Rs. 575 Million)

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

4. The Company holds investment (unquoted) in subsidiary, Tech Mahindra GmbH (TMGMBH) aggregating to **Rs. 389 Million** (previous year: Rs. 389 Million), (Refer note 1 of Schedule V), which is held as strategic long-term investment.

   The Company had made provision in the year ended March 31, 2005, to the extent of accumulated losses in TMGMBH aggregating to **Rs. 354 Million** (previous year: Rs. 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, 2011 and in view of this no change in provision is required.

5. In September 2008 the Company had made investment of Rs. 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 Rs 85 Million in the year ended March 31, 2010, for diminution in the value of its investments in Servista.

6. The Company has on July 21, 2010 incorporated a Company in Brazil under the name of Tech Mahindra Brasil Servicecos De Informatica Ltd. (TMBSL). There are no transactions till March 31, 2011 and Company is yet to infuse share capital into TMBSL.

7. During the current year ended March 31, 2011, the Company has invested an amount of USD 0.10 million (Rs. 5 Million) in subsidiary company Tech Mahindra (Nigeria) Ltd. towards equity share capital consisting of

15,250,026 equity shares of Naira one each. The Company has also infused an additional amount of USD 0.10 million (Rs. 5 Million) as equity share capital in Tech Mahindra (Beijing) IT Services Ltd.

8. During the previous year, 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 **Rs. 9,682 Million**. The services under the restructured contracts would continue to be rendered over the life of the contract. The restructuring fees received would be amortized and recognized as revenue over the term of the contract on a straight line basis.

   An amount of **Rs. 2,005 Million** (previous year: Rs. 2,005 Million) has been recognized as revenue for the year and the balance amount of **Rs. 5,672 Million** (previous year: Rs. 7,677 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.

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

   a) Defined Contribution Plan

      Amount recognized as an expense in the Profit and Loss Account in respect of defined contribution plan is **Rs. 688 Million** (previous year : Rs. 530 Million).

   b) Defined Benefit Plan

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

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

Rs. in Million

Particulars	**March 31, 2011**	March 31, 2010
Projected benefit obligation, beginning of the year*	**796**	692
Service cost	**199**	201
Interest cost	**58**	52
Actuarial (gain)/ loss	**(72)**	(126)
Benefits paid	**(72)**	(23)
Trust Fund Receivable (erstwhile TMRDL)*	**(34)**	(31)
Projected benefit obligation, at the end of the year	**875**	765

* 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, 2011 is as follows :

Rs. in Million

Particulars	**March 31, 2011**	March 31, 2010
Government of India Securities/ Gilt Mutual Funds	**9**	9
State Government Securities/ Gilt Mutual Funds	**5**	5
Public Sector Unit Bonds	**14**	14
Private Sector Bonds / Equity Mutual Funds	**0**	0
Mutual Funds	**1**	1
Bank Balance	**5**	2
Total	**34**	31

Components of expenses recognized in the statement of Profit and Loss for the year ended March 31, 2011 :

Rs. in Million

Particulars	**March 31, 2011**	March 31, 2010
Net gratuity cost		
Service cost	**199**	201
Interest cost	**58**	52
Expected Return on Plan Assets	**(3)**	(2)
Actuarial (gain)/loss	**(72)**	(128)
Total	**182**	123

Principal Actuarial Assumptions	**March 31, 2011**	March 31, 2010
Discount Rate	**7.7 %**	7.6 %
Rate of increase in compensation levels of covered employees	**9.00% for the 1st Year, 8 % thereafter**	9.00% 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 increases considered takes into account the inflation, seniority, promotion and other relevant factors.

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

Rs. in Million

Particulars	**March 31, 2011**	March 31, 2010
Audit Fees	**7**	5
As advisor and for other services.	**2**	4
In respect of taxation matters	**1**	-
Reimbursement of out of pocket expenses	**0**	0
Total	**10**	9

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

Rs. in Million

Particulars	**March 31, 2011**	March 31,2010
Raw materials	**Nil**	Nil
Components and spare parts	**14**	10
Capital goods	**736**	1,574

(b) Expenditure in Foreign Currency:

Rs. in Million

Particulars	**March 31, 2011**	March 31,2010
Professional Fees (includes **Rs. Nil** (previous year : Rs.113 Million) incurred on behalf of subsidiary)	**92**	182
Subcontracting cost	**9,152**	9,804
Travelling Expenses	**2,559**	2,248
Salaries	**3,602**	3,753

Particulars	March 31, 2011	March 31,2010
Software / Hardware	**1,330**	513
Royalty	**2**	2
Foreign Taxes	**276**	361
Others	**603**	1,224
Total	**17,616**	18,087

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

Number of Shareholders	Dividend	Number of Equity Shares	Amount remitted Rs. in Million	Dividend relating to Year ended
2010-2011				
13	**Final**	**37,880,259**	**133**	2009-2010
2009-10		Nil	Nil	Nil

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

13. Earnings in foreign currency:

Rs. in Million

Particulars	March 31, 2011	March 31, 2010
Income from Services	**41,657**	41,569
Contract Settlement Fees received	**377**	-
Restructuring fees received	**-**	9,682
Rent Received	**51**	25
Interest Received	**2**	8
Total	**42,087**	51,274

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

Rs. in Million

Particulars	March 31, 2011	March 31, 2010
Salaries and perquisites	**25**	24
Commission	**31**	32
Total	**56**	56

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

Computation of net profit in accordance with Section 309(5) of the Companies Act, 1956, for the year ended March 31, 2011.

Rs. in Million

Particulars		March 31, 2011	March 31, 2010
Profit before Tax and After Exceptional Item as per Profit and Loss Account		**8,060**	8,742
Add :			
Depreciation charged in the accounts	**1,383**		1,299
Loss on sale of assets as per section 349 of the Companies Act, 1956 (Net)	**-**		-

Particulars		**March 31, 2011**	March 31, 2010
Directors' Remuneration	**56**		56
Provision for Doubtful Debts and Advances	**81**		51
		1,520	1,406
		9,580	10,148
Less :			
Profit on sale of assets as per books		**11**	-
Profit on sale of investments		**-**	-
Depreciation as per section 350 of Companies Act, 1956		**1,383**	1,299
		1,394	1,299
Total		**8,186**	8,849
Commission payable to the Managing Director and Executive Director.		**11**	10
Commission payable to non-executive directors		**20**	22

15. Assets taken / given on Lease:

a) The Company has taken vehicles on operating lease for a period of three to five years. The lease rentals recognized in the Profit and Loss Account for the year ended March 31, 2011 are **Rs. 26 Million** (previous year : Rs.18 Million). The future lease payments of operating lease are as follows:

Rs. in Million

Particulars	**Not later than 1 year**	**Later than 1 year not later than 5 years**	**Later than 5 years**
Minimum Lease rentals payable (previous year : Rs. 16 Million, Rs. 19 Million and Rs. Nil, respectively)	**22**	**33**	**Nil**

b) The Company has taken premises on operating lease for a period of one to ten years. The lease rentals recognized in the Profit and Loss Account for the year ended March 31, 2011 are **Rs. 936 Million** (previous year : Rs. 713 Million). The future lease payments of operating lease are as follows:

Rs. in Million

Particulars	**Not later than 1 year**	**Later than 1 year not later than 5 years**	**Later than 5 years**
Minimum Lease rentals payable (previous year : Rs. 627 Million, Rs 847 Million and Rs 119 Million respectively)	**663**	**1292**	**154**

c) The Company has taken computer equipments on operating lease for a period of one to three years. The lease rentals recognized in the Profit and Loss Account for the year ended March 31, 2011 are **Rs. 33 Million** (previous year : Rs. 15 Million). The future lease payments of operating lease are as follows:

Rs. in Million

Particulars	**Not later than 1 year**	**Later than 1 year not later than 5 years**	**Later than 5 years**
Minimum Lease rentals payable (previous year : Rs. 29 Million, Rs. 43 Million and Rs. Nil respectively)	**32**	**17**	**Nil**

d) The Company has given premises on operating lease for a period of one to two years. The lease rentals recognized in the Profit and Loss Account for the year ended March 31, 2011 are **Rs. 83 Million** (previous year : Rs. 25 Million). The future lease receivable of operating lease are as follows:

Rs. in Million

Particulars	**Not later than 1 year**	**Later than 1 year not later than 5 years**	**Later than 5 years**
Minimum Lease rentals receivable (previous year : Rs. 29 Million, Rs. 19 Million and Rs. Nil respectively)	**51**	**2**	**Nil**

16. During the year the Company has provided 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:

Rs. in Million

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	**0**
Unearned finance income	**107**
Net Investment in Finance receivables	**1,978**

Present value of Minimum lease receivables is **Rs. 1,978 Million** :

Rs. 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**

17. 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.

A. Primary Segments:

For the year ended March 31, 2011

Rs. 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 Results	**13,510**	**652**	**1,397**	**132**	**15,691**
Less : Unallocable Expenses (net)					
Depreciation / Amortisation					1,383
Finance Charges					999

Particulars	**Telecom Service Provider**	**Telecom Equipment Manufacturer**	**Business Process Outsourcing**	**Others**	**Total**
Other Unallocable Expenses (net)					6,401
Total Unallocable Expenses (net)					**8,783**
Operating Income					**6,908**
Add : Other Income (net)					1,152
Net Profit before tax					**8,060**
Less : Provision for Tax					
Current Tax (net of MAT credit)					1,402
Deferred tax benefit (includes Rs. 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	**Rs. 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.

A. Primary Segments :

For the year ended March 31, 2010

Rs. in Million

Particulars	**Telecom Service Provider**	**Telecom Equipment Manufacturer**	**Business Process Outsourcing**	**Others**	**Total**
Revenues	38,852	2,498	2,660	828	44,838
Less : Direct Expenses	25,174	1,662	1,384	549	28,769
Segmental Operating Income	**13,678**	**836**	**1,276**	**279**	**16,069**
Less : Unallocable Expenses (net)					
Depreciation / Amortisation					1,299
Finance Charges					1,600
Other Unallocable Expenses (net)					5,252
Total Unallocable Expenses (net)					**8,151**

Particulars	**Telecom Service Provider**	**Telecom Equipment Manufacturer**	**Business Process Outsourcing**	**Others**	**Total**
Operating Income					**7,918**
Add : Other Income (net)					909
Less: Exceptional items (refer note 5 of Schedule XIII)					85
Net Profit before tax					**8,742**
Less : Provision for Tax					
Current Tax (net of MAT credit)					1,382
Deferred tax benefit					(68)
Net Profit after tax					**7,428**

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

B. Secondary Segments:

Revenues from secondary segments are as under:

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

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

18. A) The Company has instituted “Employee Stock Option Plan 2000” (ESOP) for its employees and Directors. For this purpose it had created a trust viz. MBT ESOP Trust. In terms of the said Plan, the trust has granted options to the employees and Directors in form of option 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, 2011**	March 31, 2010
Options outstanding at the beginning of the year	**82,490**	253,360
Options granted during the year	**-**	-
Options lapsed during the year	**1,670**	26,640
Options cancelled during the year	**1,670**	(1,000)
Options exercised during the year	**79,150**	145,230
Options outstanding at the end of the year	**-**	82,490

Out of the options outstanding at the end of the year ended March 31, 2011, there are **Nil** (previous year : 82,490) (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 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, 2011**	March 31, 2010
Options outstanding at the beginning of the year	**5,677,701**	5,677,701
Options granted during the year	**-**	-
Options lapsed during the year	**-**	-
Options cancelled during the year	**-**	-
Options exercised during the year	**2,742,567**	-
Options outstanding at the end of the year	**2,935,134**	5,677,701

Out of the options outstanding at the end of the year ended March 31, 2011, there are **2,935,134** (previous year : 5,677,701) (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, 2011**	March 31, 2010
Options outstanding at the beginning of the year	**3,165,188**	3,736,868
Options granted during the year	**398,725**	86,500
Options lapsed during the year	**-**	-
Options cancelled during the year	**221,160**	216,930
Options exercised during the year	**813,650**	441,250
Options outstanding at the end of the year	**2,529,103**	3,165,188

Out of the options outstanding at the end of the year ended March 31, 2011, there are **1,907,933** (previous year : 1,685,668) (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 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, 2011**	March 31, 2010
Options outstanding at the beginning of the year	**-**	-
Options granted during the year	**1,600,000**	-
Options lapsed during the year	**-**	-
Options cancelled during the year	**-**	-
Options exercised during the year	**-**	-
Options outstanding at the end of the year	**1,600,000**	-

Out of the options outstanding at the end of year ended March 31, 2011, there are **Nil** (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 higher by **Rs. 14 Million** (previous year lower by Rs. 12 Million) and earnings per share as reported would be as indicated below :

Rs. in Million except earnings per share

Particulars	**Year ended**	
	March 31, 2011	March 31, 2010
Net profit after tax and before exceptional item (As reported)	**6,967**	7,513
Less: Exceptional item	–	85
Net profit after tax	**6,967**	7,428
(Add) / Less: Total stock-based employee compensation expense determined under fair value base method	**(14)**	12
Adjusted net profit	**6,981**	7,416
Basic earnings per share (in Rs.)		
- As reported	**55.81**	60.89
- Adjusted	**55.93**	60.79
Diluted earnings per share (in Rs.)		
- As reported	**53.36**	56.97
- Adjusted	**53.47**	56.88

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

Particulars	**March 31 2011**	March 31, 2010
Dividend yield (%)	**0.46**	4.01
Expected life	**3.85 years**	5 years
Risk free interest rate (%)	**7.97**	6.99
Volatility (%)	**55.16**	59.89

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, 2011 the Company has recorded stock compensation expense of Rs. 70 Million (previous year: Rs. Nil).

19. 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 Mahindra GmbH	100% Subsidiary Company
Tech Mahindra (Singapore) Pte Limited	100% Subsidiary Company
Tech Mahindra (Thailand) Limited	100% Subsidiary Company
PT Tech Mahindra Indonesia	100% Subsidiary Company
CanvasM Technologies Limited	80.10% Subsidiary Company
CanvasM (Americas) Inc.	80.10% Subsidiary Company

Name of Related Party	Relation
Tech Mahindra (Malaysia) SDN. BHD.	100% Subsidiary Company
Tech Mahindra (Beijing) IT Services Limited	100% Subsidiary Company
Venturbay Consultants 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 Ltd.	100% Subsidiary Company
Mahindra Engineering & Chemical Products Limited	Fellow Subsidiary Company**
Mahindra Engineering Services Limited	Fellow Subsidiary Company**
Bristlecone India Limited	Fellow Subsidiary Company**
Mahindra World City (Jaipur) Limited	Fellow Subsidiary Company**
Mahindra Renault Private Limited	Fellow Subsidiary Company**
Mahindra Navistar Automotives Limited	Fellow Subsidiary Company**
Mahindra Logistics Limited	Fellow Subsidiary Company**
Mahindra Navistar Engines Private Limited	Fellow Subsidiary Company**
Mahindra Automotive Limited	Fellow Subsidiary Company**
Mahindra Hinoday Industries Limited	Fellow Subsidiary Company**
Mahindra Holdings Limited	Fellow Subsidiary Company**
Mahindra Lifespace Developers	Fellow Subsidiary Company**
Mahindra Punjab Tractors Private Limited	Fellow Subsidiary Company**
Satyam Computer Services Limited	Associate Company
Satyam BPO Limited	Associate Company
Mr. Vineet Nayyar Vice Chairman and Managing Director Mr. Sanjay Kalra @ Chief Executive Officer	Key Management Personnel

* Holding Company up to March 22, 2010

** Fellow Subsidiary Company up to March 22, 2010

Section 25 Company not considered for consolidation

@ Up to September 15, 2010

(b) Related Party Transactions for the year ended March 31, 2011 :

Rs. in Million

Transactions	Promoter Companies	Subsidiary Companies	Fellow Subsidiary Companies	Associate Companies	Key Management Personnel
Reimbursement of Expenses (Net)-Paid/(Receipt)	**(263)** [(166)]	**(592)** [(1015)]	**-** [-]	**(4)** [(6)]	**-** [-]
Income from Services	**20,452** [22,363]	**1,038** [1,479]	**-** [2]	**142** [25]	**-** [-]
Paid for Services Received	**31** [58]	**0** [-]	**-** [17]	**33** [-]	**-** [-]
Interest on Loan/ICD Given	**-** [-]	**1** [221]	**-** [-]	**-** [-]	**-** [-]

Transactions	Promoter Companies	Subsidiary Companies	Fellow Subsidiary Companies	Associate Companies	Key Management Personnel
Loan/ICD Given	**-** [-]	**40** [4,826]	**-** [-]	**-** [-]	**-** [-]
Loan/ICD Given/Repaid	**-** [-]	**40** [4,850]	**-** [-]	**-** [-]	**-** [-]
Sub-contracting cost	**-** [-]	**6,503** [6,746]	**-** [5]	**540** [425]	**-** [-]
Investments made	**-** [-]	**9** [30,476]*	**-** [-]	**-** [-]	**-** [-]
Payment for acquisition of Mahindra Logisoft Business Solutions Limited	**-** [57]	**-** [-]	**-** [55]	**-** [-]	**-** [-]
Salary, Perquisites & Commission	**-** [-]	**-** [-]	**-** [-]	**-** [-]	**62** [47]
Stock Options	**-** [-]	**-** [-]	**-** [-]	**-** [-]	**-**** [-]
Rent Paid/ Payable	**53** [62]	**-** [-]	**-** [-]	**57** [15]	**-** [-]
Donation Paid / Payable	**-** [-]	**99** [65]	**-** [-]	**-** [-]	**-** [-]
Rent Received/ Receivable	**51** [25]	**3** [3]	**-** [-]	**20** [-]	**-** [-]
Contract Settlement Fees Received	**377** [-]	**-** [-]	**-** [-]	**-** [-]	**-** [-]
Restructuring Fees Received	**-** [9,682]	**-** [-]	**-** [-]	**-** [-]	**-** [-]
Dividend Paid	**320** [-]	**-** [-]	**-** [-]	**-** [-]	**2** [-]
Purchases of Fixed Assets	**-** [-]	**-** [-]	**-** [1]	**271** [5]	**-** [-]
Debit / (Credit) balances (Net) (inclusive of unbilled) outstanding as on March 31, 2011	**5,302** [4,241]	**(349)** [(159)]	**-** [56]	**(447)** [354]	**(11)** [(10)]

Figures in brackets "[ ]"are for the previous year ended March 31, 2010

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

** Stock options: Key Management Personnel

	Mr. Vineet Nayyar Vice Chairman & Managing Director	Mr. Sanjay Kalra Chief Executive Officer
Options exercised during the year ended March 31, 2011	**Nil** [Nil]	**1,892,567** [Nil]
Options granted and outstanding at the end of the year	**2,692,567** [1,892,567]	**Nil** [1,892,567]

Figures in brackets "[ ]"are for the previous year ended March 31, 2010.

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

Rs. in Million

Transactions	**For the Year ended March 31, 2011**	For the Year ended March 31, 2010
Reimbursement of Expenses (net) - Paid/(Receipt)		
Promoter Company		
- British Telecommunications Plc.	**(266)**	(167)
Subsidiary Companies		
- Tech Mahindra (Americas) Inc.	**(273)**	(184)
- Tech Mahindra (Bahrain) Limited. S.P.C.	**(169)**	(616)
	(708)	(967)
Income from Services		
Promoter Company		
- British Telecommunications Plc.	**20,403**	22,322
	20,403	22,322
Paid for Services Received		
Promoter Company		
- British Telecommunications Plc.	**31**	57
Associate Company		
- Satyam Computer Services Limited	**33**	-
Fellow Subsidiary Company		
- Mahindra Logistics Limited	**-**	17
	64	74
Interest on Loan/ ICD given		
Subsidiary Company		
- Venturbay Consultants Private Limited	**-**	221
- PT Tech Mahindra Indonesia	**1**	0
	1	221
Loan/ICD Given		
Subsidiary Companies		
- PT Tech Mahindra Indonesia	**40**	-
- Venturbay Consultants Private Limited	**-**	4,826
	40	4,826
Loan/ICD Given/(Repaid)		
Subsidiary Companies		
- PT Tech Mahindra Indonesia	**40**	24
- Venturbay Consultants Private Limited	**-**	4,826
	40	4,850
Sub-contracting cost		
Subsidiary Companies		
- Tech Mahindra (Americas) Inc.	**4,729**	4,314
- Tech Mahindra (Bahrain) Limited. S.P.C.	**-**	1,014
- Tech Mahindra GmbH	**765**	879

Rs. in Million

Transactions	**For the Year ended March 31, 2011**	For the Year ended March 31, 2010
	5,494	6,207
Investments made		
Subsidiary Companies		
- Venturbay Consultants Private Limited	**-**	30,461
- Tech Mahindra (Beijing) IT Services Ltd	**4**	-
- Tech Mahindra (Nigeria) Limited	**5**	-
	9	30,461
Payment for acquisition of Mahindra Logisoft Business Solutions Limited		
Promoter Company		
- Mahindra & Mahindra Limited	**-**	57
Fellow Subsidiary Company		
- Mahindra Holdings Limited	**-**	55
	-	112
Salary , Perquisites and Commission		
Key Management Personnel		
- Mr. Vineet Nayyar	**36**	34
- Mr. Sanjay Kalra	**26**	13
	62	47
Rent Paid/(Payable)		
Promoter Company		
- British Telecommunications Plc	**53**	62
Associate Company		
- Satyam Computer Services Limited	**57**	15
	110	77
Donation Paid / Payable		
Subsidiary Company		
- Tech Mahindra Foundation	**99**	65
	99	65
Rent Received/Receivable		
Promoter Company		
- British Telecommunications Plc.	**51**	25
Subsidiary Company		
- CanvasM Technologies Limited	**-**	3
Associate Company		
- Satyam Computer Services Limited	**20**	-
	71	28
Contract Settlement Fees Received		
Promoter Company		
- British Telecommunications Plc.	**377**	-
	377	-

Rs. in Million

Transactions	**For the Year ended March 31, 2011**	For the Year ended March 31, 2010
Restructuring Fees Received		
Promoter Company		
- British Telecommunications Plc.	**-**	9,682
	-	9,682
Dividend Paid		
Promoter Companies		
- Mahindra & Mahindra Limited	**188**	-
- British Telecommunications Plc	**132**	-
	320	-
Purchase of Fixed Assets		
Fellow Subsidiary Company		
- Mahindra Navistar Automotives Limited	**-**	1
Associate Company		
- Satyam Computer Services Limited	**271**	5
	271	6

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

Rs. in Million

Particulars	**March 31, 2011**	March 31, 2010
Deferred tax asset :		
Gratuity, Leave Encashment etc.	**245**	122
Doubtful Debts	**55**	13
Depreciation	**232**	88
Total Deferred Tax Asset	**532**	223

This includes deferred tax asset of **Rs. 215 Million** (previous year : Rs. Nil) 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.

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

a) The Company enters into foreign Exchange Forward Contracts and Currency Option Contracts to offset the foreign currency risk arising from the amounts denominated in currencies other than the Indian Rupee. The counter party to the Company's foreign currency Forward Contracts and Currency Option Contracts is generally a bank. These contracts are entered into to hedge the foreign currency risks of certain forecasted transactions. Forward Exchange Contracts and Currency Option Contracts in UK Pound exposure are split into two legs, which are GBP to USD and USD to INR. These contracts are for a period between 1 day and 4 years.

b) The following are the outstanding GBP:USD Currency Exchange Contracts entered into by the Company which have been designated as Cash Flow Hedges as at March 31, 2011 :

Type of cover	**Amount outstanding in Foreign currency (in Million)**	**Fair Value Gain / (Loss) (Rs. in Million)**
Forward	**GBP 212** (previous year : 137)	**(154)** (previous year : 281)
Option	**GBP 72** (previous year : 132)	**1,317** (previous year : 2,916)

The following are the outstanding USD: INR Currency Exchange Contracts entered into by the Company which have been designated as Cash Flow Hedges as at March 31, 2011:

Type of cover	**Amount outstanding in Foreign currency (in Million)**	**Fair Value Gain / (Loss) (Rs. in Million)**
Forward	**USD 653** (previous year : 382)	**683** (previous year : 1,192)
Option	**USD 189** (previous year : 291)	**(1,075)** (previous year : (1,593))

Net gain on derivative instruments of **Rs. 621 Million** (previous year : Rs. 1,149 Million) recognised in hedging reserve as of March 31, 2011 is expected to be reclassified to the Profit and Loss Account by March 31, 2012.

The movement in hedging reserve during year ended March 31, 2011 for derivatives designated as Cash Flow Hedges is as follows :

Rs. in Million

Particulars	**Year ended March 31, 2011**	Year ended March 31, 2010
Balance at the beginning of the year	**1942**	(936)
Add/(Less) : Gain transferred to income statement on occurrence of forecasted hedge transaction	**869**	(799)
Changes in the fair value of effective portion of outstanding cash flow derivative	**(2,399)**	3,677
Balance at the end of the year	**412**	1,942

In addition to the above cash flow hedges, the Company has outstanding Foreign Exchange Currency Options Contracts aggregating to **Rs. 6,993 Million** (previous year : Rs. 12,365 Million) whose fair value showed a gain of **Rs. 654 Million** (previous year : Rs. 1,656 Million). Although these contracts are effective as hedges from an economic perspective, they do not qualify for hedge accounting and accordingly these are accounted as derivative instruments at fair value with changes in fair value recorded in the Profit and Loss Account and the cumulative gain of **Rs. 94 Million** as at March 31, 2009 would be recycled to Profit and Loss Account as and when the cash flows materialise.

Exchange Gain of **Rs. 869 Million** (previous year: Rs. 799 Million) on foreign exchange forward contracts and currency options contracts have been recognised in the year ended March 31, 2011.

c) As at March 31, 2011, the Company has net foreign exchange exposures that are not hedged by a derivative instruments or otherwise amounting to **Rs. 6,183 Million** (previous year : Rs. 4,069 Million)

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

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

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

Rs. in Million

Name of the Company	**Balance as on March 31, 2011**	**Maximum outstanding during the year**
- PT Tech Mahindra Indonesia	**-** [-]	**40** [25]
- Venturbay Consultants Private Limited	**-** [-]	**-** [6,486]

Figures in brackets "[ ]"are for the previous year ended March 31, 2010.

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.

24. Earnings Per Share is calculated as follows:

Rs. in Million except earnings per share

Particulars	**Year ended March 31, 2011**	Year ended March 31, 2010
Profit after taxation and before exceptional item	**6,967**	7,513
Less: Exceptional item	**-**	85
Profit after taxation and exceptional item	**6,967**	7,428
Net Profit attributable to shareholders	**6,967**	7,428
Equity Shares outstanding as at the end of the year (in nos.)	**125,955,481**	122,320,114
Weighted average Equity Shares outstanding as at the end of the year (in nos.)	**124,827,129**	122,008,939
Weighted average number of Equity Shares used as denominator for calculating Basic Earnings Per Share	**124,827,129**	122,008,939
Add: Diluted number of Shares		
ESOP outstanding as at the end of the year	**5,736,254**	8,378,782
Number of Equity Shares used as denominator for calculating Diluted Earnings Per Share	**130,563,384**	130,387,721
Nominal Value per Equity Share (in Rs.)	**10**	10
Earnings Per Share		
- Before Exceptional Item		
Earnings Per Share (Basic) (in Rs.)	**55.81**	61.58
Earnings Per Share (Diluted) (in Rs.)	**53.36**	57.62
Earnings Per Share		
- After Exceptional Item		
Earnings Per Share (Basic) (in Rs.)	**55.81**	60.89
Earnings Per Share (Diluted) (in Rs.)	**53.36**	56.97

25. 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”.

26. Current tax includes taxes for foreign branches amounting to **Rs. 276 Million** (previous year : Rs. 361 Million).

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

Rs. in Million

(A)	**Balance with scheduled banks**	**As at**	
		March 31, 2011	March 31, 2010
	HDFC Bank	**13**	5
	HDFC Bank – Dividend A/C	**1**	-
	HSBC Bank	**71**	98
	HSBC Bank – EEFC GBP	**56**	0
	HSBC Bank – EEFC USD	**107**	32
	IDBI Bank	**417**	166
	IDBI Bank – EEFC USD	**32**	14
	IDBI BANK – Unclaimed dividend	**1**	1
	Kotak Mahindra Bank	**0**	0

Rs. in Million

(A)

Balance with scheduled banks	As at	
	March 31, 2011	March 31, 2010
Punjab National Bank	**0**	0
State Bank of India, UK in GBP	**50**	20
State Bank of India, UK in USD	**2**	1
HSBC Bank – Unclaimed dividend	**2**	2
HDFC Bank – Unclaimed dividend	**1**	1
Total	**753**	340

Rs. in Million

(B)

Balance with Other banks	As at	
	March 31, 2011	March 31, 2010
Bank of Italy, Italy	**0**	0
HSBC Bank, Dubai	**5**	1
HSBC Bank, Australia	**8**	12
HSBC Bank, Belgium	**10**	10
HSBC Bank, Canada	**40**	28
HSBC Bank, Egypt	**1**	1
HSBC Bank, New Zealand	**75**	9
HSBC Bank, USA	**467**	676
HSBC Bank, Taiwan – TWD	**0**	2
HSBC Bank, Taiwan – USD	**0**	1
HSBC Bank, United Kingdom - GBP-I	**140**	96
HSBC Bank Philippines – PHP	**89**	88
HSBC Bank Philippines – USD	**10**	0
HSBC Bank, United Kingdom - Euros	**64**	59
HSBC Bank, United Kingdom - GBP-II	**21**	21
HSBC Bank, United Kingdom – USD	**45**	23
HSBC Bank, South Africa- USD	**0**	-
Citibank Zambia ZMK	**40**	-
ECO Bank – Ghana CEDI	**10**	-
Citibank – DRC - USD	**0**	-
Citibank – DRC - CDF	**0**	-
ECO Bank Malawi - MWK	**22**	-
ECO Bank Congo - XAF	**7**	-
Total	**1054**	1,027

Rs. in Million

(C)

Balances in Deposit accounts	As at	
	March 31, 2011	March 31, 2010
HDFC Bank	**-**	-
HSBC Bank	**0**	1
IDBI Bank	**-**	11
Kotak Mahindra Bank	**131**	1
Total	**131**	13
Total (A+B+C)	**1,938**	1,380

Details of maximum balances during the year ended March 31, 2011 with other banks :

Rs. in Million

Maximum balance with Other banks	For the Year ended	
	March 31, 2011	March 31, 2010
Bank of Italy, Italy	**0**	11
HSBC Bank, Dubai	**7**	2
HSBC Bank, Australia	**38**	45
HSBC Bank, Belgium	**14**	14
HSBC Bank, Canada	**102**	81
HSBC Bank, Egypt	**1**	1
HSBC Bank, New Zealand	**497**	485
HSBC Bank, USA	**770**	979
HSBC Bank, Taiwan – TWD	**2**	30
HSBC Bank, Taiwan – USD	**2**	28
HSBC Bank, United Kingdom - GBP-I	**1,342**	1,321
HSBC Bank Philippines – PHP	**101**	93
HSBC Bank Philippines – USD	**24**	0
HSBC Bank, United Kingdom - Euro	**219**	261
HSBC Bank, United Kingdom - GBP-II	**203**	200
HSBC Bank, United Kingdom – USD	**45**	73
HSBC South Africa USD	**0**	-
Citibank Zambia ZMK	**40**	-
ECO Bank – Ghana CEDI	**14**	-
ECO Bank Congo - XAF	**7**	-
ECO Bank Malawi - MWK	**25**	-

28. The Company has outstanding secured Non Convertible Debentures, amounting to **Rs. 6,000 Million**.

Rs. in Million

Coupon rate	Issue date	Terms of redemption	Earliest redemption date	Security	Amount
10.25% p.a.	April 17, 2009	100% of face value of the debentures at the end of 4 years	April 17, 2013	see note (a) below	3,000
10.25% p.a.	April 17, 2009	100% of face value of the debentures at the end of 5 years	April 17, 2014	see note (a) below	3,000
Total					**6,000**

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

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

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

    During the year, Company invested an amount of Rs. 1 Million in Philippines Treasury bills as required by Branch regulations and sold Philippines Treasury bills costing Rs. 0.5 Million. The Company has also invested an amount of Rs. 11 Million in Government bonds of Canada which were sold during the year.

30. In respect of equity shares issued pursuant to Employee Stock Option Scheme, the Company paid dividend of Rs. 6 Million for the year 2009-10 and tax on dividend of Rs. 1 Million as approved by the shareholders at the Annual General Meeting held on July 26, 2010.

31. The Company has made the provision for claims and warranties of **Rs. 90 Million** in the current year as per contractual terms, the outcome of the same would get crystallized by next year.

    The Movement of the provision is as under :

Rs. in Million

Carrying amount as at April 1, 2010	**-**
Additional provision made during the year	**264**
Less : Amount paid/Utilised during the year	**-**
Less : Reversal of provision not required	**174**
Balance as at the March 31, 2011	**90**

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

Signatures to Schedules I to XIII

For Tech Mahindra Limited

	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	Nigel Stagg Director
	Paul Zuckerman Director	Richard Cameron Director	Dr. Raj Reddy Director
	Ravindra Kulkarni Director	Ulhas N. Yargop Director	
	Sonjoy Anand Chief Financial Officer	Anil Khatri Company Secretary	
Mumbai, Dated : May 26, 2011	Mumbai, Dated : May 26, 2011		

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE :

I Registration Details

Registration No. 41370 State Code 11

Balance Sheet Date 31 03 2011

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

Public Issue: NIL	Rights Issue : Equity: NIL
Bonus Issue: NIL	Preference Shares: NIL
ESOP Allotment: 262	Private Placement: NIL

III Position of Mobilisation and Deployment of Funds (Amount in Rs. in Million)

Total Liabilities (including shareholder's funds): 51904	Total Assets: 51904

Sources of Funds

Paid-up Capital: 1260	Reserves and Surplus: 32580
Secured Loans: 6000	Unsecured Loans: 6227

Application of Funds

Net Fixed Assets (including Capital WIP & advances): 7103	Investments: 31149
Net Current Assets: 13120	Deferred Tax Assets: 532

IV Performance of Company (Amount in Rs. Million)

Turnover/Income (including Other Income): 50807	Total Expenditure: 42747
Profit/(Loss)Before Tax: 8060	Profit/(Loss) After Tax: 6967
Earning per Share (basic) in Rs. (Refer note 24 above): 55.81	Dividend Rate %: 40

V Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code) 852490

Product Description COMPUTER SOFTWARE SERVICES

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	Nigel Stagg Director
Paul Zuckerman Director	Richard Cameron Director	Dr. Raj Reddy Director
Ravindra Kulkarni Director	Ulhas N. Yargop Director	
Sonjoy Anand Chief Financial Officer	Anil Khatri Company Secretary	

Mumbai, Dated : May 26, 2011

Mumbai, Dated : May 26, 2011

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

Particulars	Names of the subsidiary companies													
	Tech Mahindra (Americas) Inc.	**Tech Mahindra GMBH**	**Tech Mahindra (Singapore) Pte Limited**	**Tech Mahindra (Thailand) Co Limited**	**Tech Mahindra Foundation**	**Pt Tech Mahindra Indonesia**	**CanvasM Technologies Limited**	**CanvasM Americas Inc.**	**Tech Mahindra Malaysia Limited**	**Tech Mahindra (Beijing) IT Services Limited**	**Tech Mahindra (Bahrain) Ltd. S.P.C.**	**Tech Mahindra (Nigeria) Limited**	**Mahindra Logisoft Business Solutions Private Limited**	**Venturbay Consultants Private Limited**
The Financial Year of the Subsidiary ended on	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011
	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														
Equity	375,000	3	5,000	50,000	50,000	500,000	4,619,631	80	312,820	3,314,450	500	15,250,026	12,450,000	30,472,300
Extent of holding	100%	100%	100%	100%	100%	100%	80.10%	80.10%	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, 2011														
b) Not dealth with in the accounts of Tech Mahindra Ltd. for the Year ended March 31, 2011	3,613,612	724,458	408,149	183,032	-	2,565,688	93,752,900	185,582	431,010	(1,104,125)	183,183	50,071,347	11,272,687	(846,955)
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, 2011														
b) Not dealth with in the accounts of Tech Mahindra Ltd. for the Year ended March 31, 2011	3,082,340	756,299	601,768	534,535	-	420,736	136,612,330	51,794	335,844	(1,755,540)	392,304	NIL	10,499,721	(709,697,356)

For Tech Mahindra Limited

Anand G. Mahindra
Chairman

Hon. Akash Paul
Director

B.H. Wani
Director

Paul Zuckerman
Director

Ravindra Kulkarni
Director

Sonjoy Anand
Chief Financial Officer

Mumbai, Dated : May 26, 2011

Vineet Nayyar
Vice Chairman & Managing Director

Anupam Puri
Director

M. Damodaran
Director

Richard Cameron
Director

Ulhas N. Yargop
Director

Anil Khatri
Company Secretary

Bharat Doshi
Director

Nigel Stagg
Director

Dr. Raj Reddy
Director

Corporate Social Responsibility

The Tech Mahindra Foundation seeks to make a meaningful impact in the lives of people and communities by partnering and supporting NGOs that share our vision and objectives. Our CSR initiatives focus around four key areas: Education of school children, Women's empowerment, enabling People with Disability (PWD) and Vocational Training (VT) with focus on employment for the beneficiaries. TMF works with over 50 NGO partners across Maharashtra, Delhi-NOIDA and Karnataka and ensures that the contributions we make reach the rightful and deserving people.

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 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto (all together referred to as 'consolidated financial statements'). 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 Rs. 1,211 million as at 31st March 2011, total revenues of Rs. 2,512 million and net cash outflows amounting to Rs. 82 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 19 of Schedule XIII to the consolidated financial statements, Venturbay Consultants Private Limited (100 % subsidiary of the Company) has acquired a 31% stake in Satyam Computer Services Limited (SCSL) on 5th May 2009 and subsequently increased the stake to 42.70% on 10th July, 2009. During the current year, SCSL announced its financial results for the years ended March 31, 2009, 2010 and subsequently announced its financial results for the year ended March 31, 2011, the group's share of post acquisition loss (net) as disclosed in the consolidated Profit and Loss Account for the year ended 31st March, 2011 pertains to post acquisition period upto 31st March, 2011.

5. As stated in note 19 (a) of Schedule XIII, the auditors of SCSL have qualified the auditor's report for the year ended 31st March, 2010 as well as year ended 31st March, 2011, expressing their inability to ascertain the impact and the consequential effects thereof which are not quantifiable on a number of items including ongoing investigations and legal proceedings by various regulators in respect of financial irregularities, certain reservations and limitations in the investigation process carried out by the forensic auditors, net debit amounts aggregating to Rs. 11,394 million booked to 'Unexplained Differences Suspense Account' and fully provided for on the grounds of prudence in the previous year.

6. Without qualifying our opinion, we invite attention to the note 19 (c) of Schedule XIII, relating to accounting policies of SCSL not being aligned with the group and adjustments required if any have not been made to the associate's financial statements. In addition, the auditors of SCSL have, without qualifying the report, drawn attention to certain matters. For details refer note 19 (b) of Schedule XIII.

7. The post acquisition loss (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 matters referred in Paragraph 5 above, due to which we are unable to comment on the impact of the same on the post acquisition loss (net) of SCSL, amount of goodwill in investment value in associate and reserves and surplus in the consolidated financial statements of the group.

8. 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.

9. Further to our comments in Paragraph 6 above and subject to the matter referred to in paragraph 7 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 31^{st} March 2011;

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

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

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

Hemant M. Joshi
Partner
(Membership No. 38019)

Mumbai, Dated : May 26, 2011

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

		Schedule	March 31, 2011	Rs. in Million March 31, 2010
I.	**SOURCES OF FUNDS :**			
	SHAREHOLDERS' FUNDS :			
	Share Capital	I	**1,260**	1,223
	Share Application Money		**0**	2
	Reserves and Surplus	II	**32,254**	27,640
			33,514	28,865
	MINORITY INTEREST		**159**	139
	LOAN FUNDS :	III		
	Secured Loans		**6,000**	7,500
	Unsecured Loans		**6,227**	6,172
			12,227	13,672
	Deferred revenue (refer note 6 of schedule XIII)		**5,837**	7,677
			51,737	50,353
II.	**APPLICATION OF FUNDS :**			
	FIXED ASSETS:	IV		
	Gross Block		**12,783**	11,312
	Less : Accumulated Depreciation		**6,613**	5,269
	Net Block		**6,170**	6,043
	Capital Work-in-Progress, including Capital Advances		**1,105**	1,188
			7,275	7,231
	INVESTMENTS :	V	**29,080**	30,145
	DEFERRED TAX ASSET (refer note 14 of schdule XIII)		**638**	276
	CURRENT ASSETS, LOANS AND ADVANCES :			
	Inventory		**6**	14
	Sundry Debtors	VI	**12,468**	10,420
	Cash and Bank Balances	VI	**2,666**	2,187
	Loans and Advances	VI	**8,315**	8,745
			23,455	21,366
	Less : CURRENT LIABILITIES AND PROVISIONS :			
	Current Liabilities	VII	**5,631**	5,895
	Provisions	VIII	**3,080**	2,770
			8,711	8,665
	Net Current Assets		**14,744**	12,701
			51,737	50,353
	SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS	XIII		

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

Hemant M Joshi
Partner

Mumbai, Dated : May 26, 2011

For Tech Mahindra Limited

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

Mumbai, Dated : May 26, 2011

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

	Schedule	Year ended March 31, 2011	Year ended March 31, 2010
		Rs. in Million except earnnings per share	
INCOME :			
Income from operations (refer note 6 of schedule XIII)		**51,402**	46,254
Other Income (net)	IX	**1,175**	754
Total Income		**52,577**	47,008
EXPENDITURE :			
Personnel	X	**24,369**	20,768
Operating and Other Expenses	XI	**17,000**	14,160
Depreciation / Amortisation	IV	**1,435**	1,339
Finance Charges	XII	**999**	2,184
Total Expenditure		**43,803**	38,451
PROFIT BEFORE EXCEPTIONAL ITEM, TAX, MINORITY INTEREST AND SHARE IN EARNINGS OF ASSOCIATE		**8,774**	8,557
Less: Exceptional item (refer note 5 of schedule XIII)		**-**	85
PROFIT BEFORE TAX, MINORITY INTEREST AND SHARE IN EARNINGS OF ASSOCIATE		**8,774**	8,472
Provision for Tax			
- Current tax [net of MAT credit of **Rs. 182 Million** (previous year Rs. 6 Million)]		**1,678**	1,525
- Deferred tax benefit [includes **Rs. 215 Million** (previous year Rs. Nil) in respect of earlier years] (refer note 14 of schedule XIII)		**(362)**	(85)
PROFIT AFTER TAX AND BEFORE MINORITY INTEREST AND SHARE IN EARNINGS OF ASSOCIATE		**7,458**	7,032
Minority interest share in (profit)		**(20)**	(27)
PROFIT AFTER TAX AND MINORITY INTEREST AND BEFORE SHARE IN EARNINGS OF ASSOCIATE		**7,438**	7,005
Share in profit / (loss) of Associate (refer note 19 of schedule XIII)			
- Profit after tax and minority interest (excluding exceptional items)		**2,106**	-
- Exceptional items		**(2,735)**	-
Earlier period items - Share in profit/(loss) of Associate (refer note 19 of schedule XIII)			
- Profit after tax and minority interest (excluding exceptional items)		**1,066**	-
- Exceptional items		**(1,433)**	-
NET PROFIT FOR THE YEAR		**6,442**	7,005
Balance brought forward from previous year		**17,830**	14,014
Balance available for appropriation		**24,272**	21,019
Transfer to Debenture Redemption Reserve		**2,202**	1,935
Transfer from Debenture Redemption Reserve on account of redemption of debentures		**(1,500)**	-
Transfer to Statutory Reserve (refer note 22 of schedule XIII)		**-**	3
Final Dividend (refer note 24 of schedule XIII)		**6**	-
Proposed Final Dividend		**504**	428
Dividend Tax (refer note 24 of schedule XIII)		**83**	73
Transfer to General Reserve		**1,000**	750
Balance Carried to Balance Sheet		**21,977**	17,830
Earnings per Share (refer note 17 of schedule XIII)			
Before exceptional item (in Rs.)			
- Basic		**51.60**	58.10
- Diluted		**49.34**	54.37
After exceptional item (in Rs.)			
- Basic		**51.60**	57.41
- Diluted		**49.34**	53.72
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS	XIII		

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

Hemant M Joshi
Partner

Mumbai, Dated : May 26, 2011

For Tech Mahindra Limited

Anand G. Mahindra
Chairman

Vineet Nayyar
Vice Chairman & Managing Director

Hon. Akash Paul
Director

Anupam Puri
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Bharat Doshi
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M. Damodaran
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Director

Paul Zuckerman
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Richard Cameron
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Dr. Raj Reddy
Director

Ravindra Kulkarni
Director

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Director

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Chief Financial Officer

Anil Khatri
Company Secretary

Mumbai, Dated : May 26, 2011

CONSOLIDATED CASH FLOW FOR THE YEAR ENDED MARCH 31, 2011

Rs. in Million

	Particulars		Year Ended March 31, 2011	Year Ended March 31, 2010
A	**Cash flow from operating activities**			
	Net profit before tax and after exceptional item		**8,774**	8,472
	Adjustments for :			
	Depreciation / Amortisation	**1,435**		1,339
	Amortisation of Deferred Revenue	**(2,217)**		(2,005)
	(Profit) / Loss on sale of Fixed Assets (net)	**(11)**		(0)
	Finance charges	**999**		2,184
	Exchange loss/(gain) (net)	**278**		(588)
	Provision for doubtful debts, advances and customer claims	**249**		53
	Amortisation of Stock compensation expenses	**70**		-
	Interest Income	**(90)**		(121)
	Dividend income	**(19)**		(36)
	(Profit)/Loss on sale of current investments	**(1)**		(20)
	Decrease in fair value of current investments	**(0)**		-
	Provision for dimunition in value of Investments	**-**		85
			693	891
	Operating profit before working capital changes		**9,467**	9,363
	Adjustments for :			
	Trade and other receivables (including Finance lease receivable)	**(3,009)**		(2,734)
	Trade and other payables	**(111)**		32
	Contract restructuring fees received (refer note 6 of schedule XIII)	**-**		9,682
	Settlement Fees received	**377**		-
			(2,743)	6,980
	Cash generated from operations		**6,724**	16,343
	Taxes paid		**(2,087)**	(1,840)
	Net cash from operating activities		**4,637**	14,503
B	**Cash flow from investing activities**			
	Purchase of Fixed Assets	**(1,534)**		(4,108)
	Sale of Fixed Assets	**21**		2
	Purchase of current investments (including dividend reinvested)	**(226)**		(6,435)
	Sale of Current investments	**316**		10,303
	Purchase of Government bonds/securities	**(12)**		-
	Sales of Government Bond/Securities	**11**		-
	Acquisition of company / Investments in Subsidiary / company (refer note 5 and 19 of schedule XIII)	**-**		(29,808)
	Interest received	**90**		121
	Net cash used in investing activities		**(1,334)**	(29,925)

CONSOLIDATED CASH FLOW FOR THE YEAR ENDED MARCH 31, 2011 (Contd.)

Rs. in Million

	Particulars		Year Ended March 31, 2011	Year Ended March 31, 2010
C	**Cash flow from financing activities**			
	Proceeds from issue of equity shares and application money	**260**		51
	Dividend (including dividend tax paid)	**(508)**		-
	Proceeds from borrowings	**12,024**		48,886
	Repayment of borrowings	**(13,584)**		(35,186)
	Finance charges	**(1,059)**		(1,535)
	Net cash from / (used in) financing activities		**(2,867)**	12,216
	Net (decrease) / increase in cash and cash equivalents (A+B+C)		**436**	(3,206)
	Cash and cash equivalents at the beginning of the year		**2,213**	5,358
	Increase in Cash and cash equivalents on acquisition		**-**	61
	Cash and cash equivalents at the end of the year		**2,649**	2,213

Notes :

1 Components of cash and cash equivalents includes Cash, Bank balances in current and deposit accounts as disclosed under schedule VI (b) of the accounts.

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

Rs. in Million

		March 31, 2011	March 31, 2010
3	**Cash and cash equivalents include :**		
	Cash and Bank balances	**2,666**	2,187
	Unrealised loss/(gain) on foreign currency	**(17)**	37
	Less : Fixed deposits with original maturity over three months	**0**	11
	Total Cash and cash equivalents	**2,649**	2,213

4 Cash and cash equivalents include equity Share application money of **Rs. 0 Million** (previous year : Rs. 2 Million) and unclaimed dividend of **Rs. 4 Million** (previous year : Rs. 3 Million)

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

Hemant M Joshi
Partner

Mumbai, Dated : May 26, 2011

For Tech Mahindra Limited

Anand G. Mahindra
Chairman

Vineet Nayyar
Vice Chairman & Managing Director

Hon. Akash Paul
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Anupam Puri
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Dr. Raj Reddy
Director

Ravindra Kulkarni
Director

Ulhas N. Yargop
Director

Sonjoy Anand
Chief Financial Officer

Anil Khatri
Company Secretary

Mumbai, Dated : May 26, 2011

Schedules forming part of the Consolidated Balance Sheet

Rs. in Million

	As at March 31, 2011	As at March 31, 2010
Schedule I		
SHARE CAPITAL :		
Authorised :		
175,000,000 (previous year 175,000,000) Equity Shares of Rs. 10/- each	**1,750**	1,750
	1,750	1,750
Issued, Subscribed and Paid up:		
125,955,481 (previous year 122,320,114) Equity Shares of Rs. 10/- (previous year Rs. 10/-) each fully paid-up	**1,260**	1,223
	1,260	1,223

Notes :

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

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

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

4 Refer note 12 of schedule XIII for stock options.

Schedules forming part of the Consolidated Balance Sheet

Rs. in Million

		As at March 31, 2011	As at March 31, 2010
Schedule II			
RESERVES AND SURPLUS :			
Securities Premium			
As per last Balance Sheet	2,374		2,330
Add : Received during the year	225		44
		2,599	2,374
General Reserve			
As per last Balance Sheet	3,451		2,701
Add : Transfer from Profit and Loss Account	1,000		750
		4,451	3,451
Statutory Reserve (refer note 22 of schedule XIII)		3	3
Debenture Redemption Reserve			
As per last Balance Sheet	1,935		-
Add : Transfer from Profit and Loss Account (net)	702		1,935
		2,637	1,935
Hedging Reserve		412	1,942
Currency Translation Reserve As per last Balance Sheet (refer note 1 (m) of schedule XIII)		105	105
Employees Stock Option Reserve (refer note 1 (q) of schedule XIII)			-
Employees Stock Options Outstanding	1,098		-
Less: Deferred employee compensation expense	1,028	70	-
Balance in Profit and Loss Account		21,977	17,830
		32,254	27,640
Schedule III			
LOAN FUNDS :			
Secured Loans :			
- Privately placed Non-Convertible Debentures (refer note 20 of schedule XIII)		6,000	7,500
		6,000	7,500
Unsecured Loans :			
Pre Shipment Export Packing Credit #		5,427	946
Loan from Bank @		800	2,000
Commercial Papers		-	2,750
Loan from others		-	476
		6,227	6,172

Entire loan amount is repayable within one year

@ Loan amount repayable within one year Rs 400 Million

Schedules forming part of the Consolidated Balance Sheet

Schedule IV

FIXED ASSETS:

Rs. in Million

	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
		Additions										
Description of Assets	**Cost as at April 01, 2010**	**On acquisition**	**During the year**	**Deductions during the year**	**Cost as at March 31, 2011**	**As at April 01, 2010**	**On acquistion**	**For the year**	**Deductions during the year**	**Upto March 31, 2011**	**As at March 31, 2011**	As at March 31, 2010
Goodwill on consolidation	33	-	-	-	**33**	-	-	-	-	**-**	**33**	33
Tangible Fixed Assets :												
Freehold Land	177	-	-	-	**177**	-	-	-	-	**-**	**177**	177
Leasehold Land	425	-	-	-	**425**	26	-	10	-	**36**	**389**	399
Leasehold Improvements	633	-	190	1	**822**	321	-	159	1	**479**	**343**	312
Office Building / Premises	3,939	-	163	-	**4,102**	1,065	-	269	-	**1,334**	**2,768**	2,874
Computers	2,204	-	351	42	**2,513**	1,801	-	318	40	**2,079**	**434**	403
Plant and Machinery	2,383	-	634	30	**2,987**	1,167	-	448	27	**1,588**	**1,399**	1,216
Furniture and Fixtures	1,400	-	223	23	**1,600**	817	-	214	18	**1,013**	**587**	583
Vehicles	43	-	10	4	**48**	37	-	6	4	**38**	**10**	6
Intangible Assets :												
Intellectual property rights	76	-	-	-	**76**	35	-	11	-	**46**	**30**	41
Total	**11,312**	**-**	**1,572**	**101**	**12,783**	**5,269**	**-**	**1,435**	**91**	**6,613**	**6,170**	6,043
Previous year	9,079	2	2,403	173	11,312	4,100	2	1,339	172	5,269		
Capital Work-in-Progress [include capital advances* **Rs. 497 Million** # (previous year : Rs. 464 Million)]											**1,105**	1,188
										Total	**7,275**	7,231

Note : #1) Includes capital advances of **Rs. 254 Million** (previous year : Rs. 254 Million) paid towards purchase of leasehold land and building constructed on it and inclusive of plant and machinery (Property) under an auction through Debt Recovery Tribunal (DRT), New Delhi. The Company has received the Certificate of Sale dated June 28, 2010 from DRT and subsequently received the possession of the property from the Court Receiver. However the Customs department has filed appeal against DRT order which is pending for the final decision.

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

Schedules forming part of the Consolidated Balance Sheet

Rs. in Million

		As at March 31, 2011	As at March 31, 2010
Schedule V			
INVESTMENTS :			
Long Term (Unquoted - at cost)			
Trade :			
In Subsidiary Company			
50,000 Equity shares (previous year 50,000) of Tech Mahindra Foundation of Rs. 10 each fully paid up		**1**	1
In Other Company			
1,603,380 E1 Preference shares (previous year 1,603,380) of Servista Limited of GBP 0.002 each fully paid up	**54**		54
896,620 E2 Preference shares (previous year 896,620) of Servista Limited of GBP 0.002 each fully paid up	**30**		30
4,232,622 Ordinary shares (previous year 4,232,622) of Servista Limited of GBP 0.002 each fully paid up	**1**		1
	85		85
Less: Provision for Diminution (refer note 5 of schedule XIII)	**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 Rs 2/- each, fully paid up #		**28,699**	29,695
# includes Goodwill of **Rs. 24,777 Million** (previous year Rs. Nil) and share of post acquisition loss (net) of **Rs. 996 Million** (previous year Rs. Nil) (refer note 19 of schedule XIII)			
Long Term (Unquoted - at cost)			
Non Trade :			
Treasury Bills & Government Bonds *	**1**		-
* As per statutory requirements for overseas branches		**1**	-
Current Investments (Unquoted)			
Non Trade :			
289,659 (previous year 274,636) units of Rs.100.02 (previous year Rs.100.04) each of ICICI Prudential Floating Rate Plan D-Daily Dividend	**29**		28
Nil (previous year 14,933,258) units of Rs. Nil (previous year Rs. 10.42) each of Birla Sun Life Dynamic Bond Fund - Retail Plan - Monthly Dividend	**-**		155
11,613,267 (previous year 11,063,320) units of Rs. 10.13 (previous year Rs. 10.13) each of Birla Sunlife Short Term Fund- Institutional Fortnightly Dividend	**118**		112
5,000,000 (previous year Nil) units of Rs.10.00 (previous year Rs. Nil) each of Birla Sun Life Fixed Term Plan - series CP - Growth option	**50**		-

Schedules forming part of the Consolidated Balance Sheet

Schedule V (contd).

Rs. in Million

		As at March 31, 2011	As at March 31, 2010
7,683,056 (previous year 5,305,538) units of Rs. 10.01 (previous year Rs. 10.01) each of Birla Sunlife Savings Fund - Instl - Weekly Dividend - Reinvestment	**77**		53
Nil (previous year 3,429,361) units of Rs. Nil (previous year Rs. 17.10) each of Reliance Medium Term Fund- Daily Dividend Plan - Reinvestment	**-**		59
6,124,372 (previous year Nil) units of Rs. 10.00 (previous year Rs. Nil) each of Reliance Fixed Horizon Fund- XVIII Series 3 Dividend Plan	**61**		-
Nil (previous year 4,187,201) units of Rs. Nil (previous year Rs. 10.08) each of Kotak Floater Long Term - Weekly Dividend	**-**		42
4,433,314 (previous year Nil) units of Rs. 10.00 (previous year Rs. Nil) each of Kotak Quarterly Interval Plan Series I Dividend	**44**		-
		379	449
		29,080	30,145
Market value of quoted investment		**32,971**	46,345
Schedule VI			
CURRENT ASSETS, LOANS AND ADVANCES :			
Current Assets :			
(a) **Sundry Debtors * :**			
(Unsecured)			
Debts outstanding for a period exceeding six months:			
— considered good **		**585**	551
— considered doubtful		**225**	95
		810	646
Other debts			
— considered good ***		**11,883**	9,869
— considered doubtful		**-**	-
		12,693	10,515
Less : Provision		**225**	95
		12,468	10,420

1. * Debtors include on account of unbilled revenue aggregating to **Rs. 2,206 Million** (previous year Rs. 2,626 Million)
2. ** Net of advances aggregating to **Rs. 193 Million** (previous year Rs. 101 Million) pending adjustments with invoices
3. *** Net of advances aggregating to **Rs. 287 Million** (previous year Rs. 71 Million) pending adjustments with invoices

Schedules forming part of the Consolidated Balance Sheet

			Rs. in Million
		As at March 31, 2011	As at March 31, 2010
(b) **Cash and Bank Balances :**			
Balance with scheduled banks:			
(i) In Current Accounts	**821**		405
(ii) In Fixed Deposit Accounts	**321**		109
Balance with other banks :			
In Current Accounts	**1,524**	**2,666**	1,673
(refer note 18 of schedule XIII)			
		2,666	2,187
(c) **Loans and Advances :**			
(Unsecured, considered good unless otherwise stated)			
Advances recoverable in cash or in kind or for value to be received			
considered good *	**2,784**		3,498
considered doubtful	**49**		20
	2,833		3,518
Less : Provision	**49**		20
		2,784	3,498
Balance with Excise and Customs		**1,032**	1,167
Fair values of foreign exchange forward and currency option contracts (refer note 1(l)(b) of schedule XIII)		**770**	2,797
Finance Lease receivables (refer note 10 of schedule XIII)		**1,978**	-
MAT Credit Entitlement		**471**	289
Advance Taxes (net of provisions)		**1,273**	987
Advance Fringe Benefit Tax (net of provisions)		**7**	7
		8,315	8,745

* includes **Rs. 981 Million** (previous year Rs. 2,182 Million) for a customer specific project.

Schedules forming part of the Consolidated Balance Sheet

Rs. in Million

	As at March 31, 2011	As at March 31, 2010
Schedule VII		
CURRENT LIABILITIES :		
Sundry Creditors	**4,166**	4,610
Other Liabilities	**714**	524
Advance from Customers	**95**	109
Unearned Revenue	**63**	-
Interest accrued but not due on loans	**589**	649
Unclaimed Dividend	**4**	3
	5,631	5,895
Schedule VIII		
PROVISIONS :		
Provision for Tax (net of advance taxes)	**798**	739
Proposed Dividend	**504**	428
Dividend Tax	**82**	73
Employee Retirement Benefits (refer note 7 of schedule XIII)	**1,696**	1,530
	3,080	2,770

Schedules forming part of the Consolidated Profit and Loss Account

Rs. in Million

		Year ended March 31, 2011	Year ended March 31, 2010
Schedule IX			
OTHER INCOME (net) :			
Interest on :			
Deposits with banks	**45**		115
[Tax deducted at source **Rs. 4 Million**			
(previous year Rs. 1 Million)]			
Others [Tax deducted at source **Rs. 0 Million**			
(previous year Rs. 46 Million)]	**45**		6
		90	121
Dividend received on current investments (non - trade)		**19**	36
Profit on sale of current investments		**1**	20
Exchange gains (net)		**793**	216
Sundry balances written back		**79**	239
Rent Income [Tax deducted at source **Rs. 2 Million**		**80**	28
(previous year Rs. 1 Million)]			
Miscellaneous income (net)		**113**	94
		1,175	754
Schedule X			
PERSONNEL :			
Salaries and bonus		**22,098**	18,820
Contribution to provident and other funds		**1,484**	1,315
Staff welfare		**787**	633
		24,369	20,768

Schedules forming part of the Consolidated Profit and Loss Account

Rs. in Million

		Year ended March 31, 2011	Year ended March 31, 2010
Schedule XI			
OPERATING AND OTHER EXPENSES :			
Power & Fuel		**524**	453
Rent		**1,031**	767
Rates and taxes		**83**	89
Communication expenses		**739**	765
Traveling expenses		**3,487**	3,079
Recruitment expenses		**59**	51
Training		**59**	119
Hire charges		**228**	120
Sub-contracting costs (net)		**4,946**	4,789
Professional and Legal fees (refer note 8 of schedule of XIII)		**304**	433
Repairs and maintenance :			
Buildings (including leased premises)	**94**		37
Machinery	**249**		125
Others	**159**		137
		502	299
Insurance		**221**	181
Software, hardware and project specific expenses *		**3,846**	2,328
Provision for customer claims and warranties (net) (refer note 23 of schedule XIII)		**90**	-
Advertising, marketing and selling expenses		**70**	14
(Profit) / Loss on sale of fixed assets (net)		**(11)**	(0)
Loss / (Gain) on sale of current investments (net)		**(0)**	0
Excess of cost over fair value of current investments		**(0)**	0
Provision for doubtful debts (net)		**130**	27
Provision for doubtful advances		**29**	26
Advances / bad debts written off		**8**	6
Donations		**100**	74
Consumption of components		**15**	3
Miscellaneous expenses		**540**	537
		17,000	14,160

*(includes **Rs. 2,871 Million** (previous year : Rs. Nil) for a customer specific project under finance lease)

		Year ended March 31, 2011	Year ended March 31, 2010
Schedule XII			
FINANCE CHARGES :			
Interest			
- Fixed loans		**903**	1,770
- Cash credit/ overdraft		**51**	144
- Others		**37**	2
Loan processing charges		**8**	268
		999	2,184

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

Schedule XIII

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011

1. Significant accounting policies :

(a) Basis for preparation of accounts :

The accompanying Consolidated Financial Statements of Tech Mahindra Limited (TML) and its subsidiaries (together constitute "the Company") have been prepared to comply in all material aspects 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. The Company has one associate namely Satyam Computer Services Limited (SCSL) and in compliance with Accounting Standard 23 "Accounting for Investments in Associates in Consolidated Financial Statements", the Company accounts for its share of results in the associate using the latest reported results of the associate, adjusted for the effects of profit/loss impact of any significant events or transactions occurring between the date of SCSL's financial results and the date of these consolidated financial statements.

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

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

Investment in an entity in which the Company 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 year. Differences between the actual results and estimates are recognised in the year in which the results are known/ materialised.

(d) Fixed Assets including intangible assets :

Fixed assets are stated at cost less accumulated depreciation. Costs comprise 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 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

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

(f) Depreciation / Amortisation 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	15 years
Computers	3 years
Plant and machinery	5 years
Furniture and fixtures	5 years
Vehicles	3-5 years

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

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

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

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

(g) Impairment of Assets :

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

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

(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:

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

(j) Revenue recognition:

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

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

The Company 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.

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

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

The Company recognizes unearned 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.

(k) Expenditure:

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

(l) (a) Foreign currency transactions:

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

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

(b) Derivative instruments and hedge accounting:

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

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

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

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

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

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

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

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

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

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

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

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

(n) Employee Retirement Benefits :

a) Gratuity :

The Company provides for gratuity, a defined retirement benefit plan covering eligible employees. The Gratuity plan provides for a lumpsum 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 for TML and its Indian subsidiaries.

Actuarial gains and losses are recognized in full in the Profit and Loss Account in the year in which they occur. (refer note 7 below)

b) Provident Fund :

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

c) Compensated absences :

The Company provides for the encashment of leave subject to certain 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 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 recognized in full in the Profit and Loss Account 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.

(o) Borrowing costs :

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

(p) Taxation :

Tax expense comprises of current tax 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 recognized 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.

(q) Employee Stock Option Plan :

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.

(r) Contingent Liabilities :

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

Notes on Accounts :

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

Name of the Subsidiary company	Country of incorporation	Extent of Holding (%) as on March 31, 2011
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	80.10%
CanvasM (Americas) Inc. (CAI)	United States of America	80.10%
Tech Mahindra (Malaysia) SDN. BHD. (TMM)	Malaysia	100%
Tech Mahindra (Beijing) IT Services Limited (TMB) *Refer note (c) below*	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 Ltd. (TMBSDIL) *Refer note (e) below*	Brazil	100%

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

(c) TML has infused additional share capital of Rs. 5 Million into TMB.

(d) TML has infused Share capital of Rs. 5 Million into TMNL during the year and commercial operations have commenced.

(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 July 21, 2010 to March 31, 2011.

3. The estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for as at March 31, 2011 for TML **Rs. 1,382 Million** (previous year: Rs. 2,677 Million).

4. Contingent liabilities:

i) TML has received demand notices from Income Tax Authorities resulting in a contingent liability of **Rs. 920 Million** (previous year: Rs. 510 Million). This is mainly on account of the following: (a) An amount of **Rs. 123 Million** (previous year: Rs. Nil) relating to Transfer pricing adjustment on account of arm's length transactions (b) Deduction under Section 10A amounting to **Rs. 781 Million** (previous year: **Rs. 494 Million**) in relation to adjustment of expenditure in foreign currency being excluded only from Export turnover and not from Total turnover. The Company has already won the appeal before the Mumbai ITAT for the Assessment year 2002-03 & 2003-04. The Income Tax Department has filed the appeal before the High Court. The Company has already won the appeal before the CIT (A) for Assessment year 2004-05 & 2005-06. The Income Tax Department intends to pursue the matter before Mumbai ITAT and (c) an amount of **Rs. 16 Million** (previous year: Rs. 16 Million) relating to Fringe Benefit Tax. The Company has appealed before Appellate Authorities and is hopeful of succeeding in the same.

ii) TML has received demand notices from Sales Tax Authorities for **Rs. 18 Million** (previous year: Rs. 148 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 Appellate Authority.

iii) TML has received demand/show cause notice from Service Tax Authorities for **Rs. 90 Million** (Net of provision), (previous year: Rs. 13 Million) out of which **Rs. 77 Million** (previous year: Rs. Nil) 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 **Rs. 7 Million** (previous year: Rs. 7 Million) **"**Under Protest" and **Rs. 13 Million** (previous year: Rs. 13 Million) towards services provided under Management consultancy services for Tech Mahindra Ltd. for which the Company has filed appeal against the same.

iv) The Company has bank guarantees outstanding **Rs. 1,140 Million** (previous year : Rs. 582 Million).

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

vi) Claim on the Company not acknowledged as debts for Stamp duty and other matter are **Rs. 5 Million** (previous year: Rs. 2 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 Company.

5. In September 2008, TML had made investment of **Rs. 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 Rs 85 Million in the year ended March 31, 2010, for diminution in the value of its investments in Servista.

6. During the previous year, 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 the Company restructuring fees of **Rs. 9,682 Million**. The services under the restructured contracts would continue to be rendered over the life of the contract. The restructuring fees received would be amortized and recognized as revenue over the term of the contract on a straight line basis.

   An amount of **Rs. 2,005 Million** (previous year: Rs. 2,005 Million) has been recognized as revenue for the year and the balance amount of **Rs. 5,672 Million** (previous year: Rs. 7,677 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.

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

   a) Defined Contribution Plan

   Amount recognized as an expense in the Profit and Loss Account in respect of defined contribution plan is **Rs. 759 Million** (previous year: Rs. 536 Million).

   b) Defined Benefit Plan

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

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

Rs. in Million

Particulars	**March 31, 2011**	March 31, 2010
Projected benefit obligation, beginning of the year*	**803**	696
Service cost	**203**	203
Interest cost	**59**	52
Actuarial (Gain)/ Loss	**(71)**	(125)
Benefits paid	**(72)**	(23)
Trust Fund Receivable (erstwhile TMRDL)*	**(34)**	(31)
Projected benefit obligation, at the end of the year	**888**	772

* 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, 2011 is as follows :

Rs. in Million

Particulars	**March 31, 2011**	March 31, 2010
Government of India Securities / Gilt Mutual Funds	**9**	9
State Government Securities / Gilt Mutual Funds	**5**	5
Public Sector Unit Bonds	**14**	14
Private Sector Bonds / Equity Mutual Funds	**0**	0
Mutual Funds	**1**	1
Bank Balance	**5**	2
Total	**34**	31

Components of expenses recognized in the statement of Profit and Loss Account for the year ended March 31, 2011:

Rs. in Million

Particulars	**March 31, 2011**	March 31, 2010
Net gratuity cost		
Service cost	**203**	203
Interest cost	**59**	52
Expected return on plan Assets	**(3)**	(2)
Actuarial (Gain) / loss	**(71)**	(128)
Total	**188**	125

Principal Actuarial Assumptions	**March 31, 2011**	March 31, 2010
Discount Rate	**7.7%**	7.6%
Rate of increase in compensation levels of covered employees	**9.00 % for the 1st Year, 8.00% thereafter**	9.00 % for the 1st Year, 8.00% thereafter

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

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

Rs. in Million

Particulars	**March 31, 2011**	March 31, 2010
Audit Fees	**8**	6
As advisor and for other services	**2**	5
In respect of taxation matters	**1**	-
Reimbursement of out of pocket expenses	**0**	-
Total	**11**	11

9. 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 Profit and Loss Account for the year ended March 31, 2011 are **Rs. 26 Million** (previous year: Rs.18 Million). The future lease payments of operating lease are as follows :

Rs. in Million

Particulars	**Not later than 1 year**	**Later than 1 year not later than 5 years**	**Later than 5 years**
Minimum Lease rentals payable (previous year: Rs. 16 Million, Rs. 19 Million and Rs. Nil, respectively)	**22**	**33**	**Nil**

b) The Company has taken premises on operating lease for a period of one to ten years. The lease rentals recognized in the Profit and Loss Account for the year ended March 31, 2011 are **Rs. 974 Million** (previous year: Rs. 732 Million). The future lease payments of operating lease are as follows :

Rs. in Million

Particulars	**Not later than 1 year**	**Later than 1 year not later than 5 years**	**Later than 5 years**
Minimum Lease rentals payable (previous year: Rs. 633 Million, Rs. 851 Million and Rs. 119 Million, respectively)	**695**	**1,331**	**154**

c) TML has taken computer equipments on operating lease for a period of one to three years. The lease rentals recognized in the Profit and Loss Account for the year ended March 31, 2011 are **Rs. 33 Million** (previous year: Rs. 15 Million). The future lease payments of operating lease are as follows :

Rs. in Million

Particulars	**Not later than 1 year**	**Later than 1 year not later than 5 years**	**Later than 5 years**
Minimum Lease rentals payable (previous year: Rs. 29 Million, Rs. 43 Million and Rs. Nil, respectively)	**32**	**17**	**NIL**

d) TML has given premises on operating lease for a period of one to two years. The lease rentals recognized in the Profit and Loss Account for the year ended March 31, 2011 are **Rs. 83 Million** (previous year: Rs. 25 Million). The future lease receivable of operating lease are as follows :

Rs. in Million

Particulars	**Not later than 1 year**	**Later than 1 year not later than 5 years**	**Later than 5 years**
Minimum Lease rentals receivable (previous year: Rs. 29 Million, Rs. 19 Million and Rs. Nil, respectively)	**51**	**2**	**NIL**

10. During the year TML has provided 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 :

Rs. in Million

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	**0**
Unearned finance income	**107**
Net Investment in Finance receivables	**1,978**

Present value of Minimum lease receivables are **Rs. 1,978 Million**

Rs. 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**

11. 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.

    A. Primary Segments

For the year ended March 31, 2011 **Rs. 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 Results	**14,898**	**880**	**1,401**	**194**	**17,373**
Less : Unallocable Expenses (net)					
Depreciation / Amortisation					1,435
Finance charges					999
Other Unallocable Expenses (net)					7,340
Total Unallocable Expenses (net)					**9,774**
Operating Income					**7,599**
Add : Other Income (net)					1,175
Net Profit before Tax					**8,774**
Less : Provision for Tax					
Current Tax (net of MAT credit)					1,678
Deferred Tax benefit (includes Rs. 215 Million in respect of earlier years)					(362)
Net Profit after tax					**7,458**
Minority Interest					20
Net Profit before earnings in share of associate					**7,438**

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

B. Secondary Segments:

Revenues from secondary segments are as under:

Geography	Rs. in Million
Europe	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.

A. Primary Segments :

For the year ended March 31, 2010 **Rs. in Million**

Particulars	Telecom Service Provider	Telecom Equipment Manufacturer	Business Process Outsourcing	Others	Total
Revenues	39,740	2,644	2,660	1,210	46,254
Less : Direct Expenses	24,771	1,754	1,384	801	28,710
Segmental Operating Results	**14,969**	**890**	**1,276**	**409**	**17,544**
Less : Unallocable Expenses (net)					
Depreciation / Amortisation					1,339
Finance charges					2,184
Other Unallocable Expenses (net)					6,218
Total Unallocable Expenses (net)					**9,741**
Operating Income					**7,803**
Add : Other Income (net)					754
Less: Exceptional items (refer note 5 of schedule XIII)					85
Net Profit before tax					**8,472**
Less : Provision for Tax					
Current Tax (net of MAT credit)					1,525
Deferred Tax benefit					(85)
Net Profit before Minority Interest					**7,032**
Minority Interest					27
Net Profit					**7,005**

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

B. Secondary Segments :

Revenues from secondary segments are as under :

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

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

12. A) TML has instituted "Employee Stock Option Plan 2000" (ESOP) for its employees and Directors. For this purpose it had created a trust viz. MBT ESOP Trust. In terms of the said Plan, the trust has granted options to the employees and Directors in form of option 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, 2011	March 31, 2010
Options outstanding at the beginning of the year	**82,490**	253,360
Options granted during the year	**-**	-
Options lapsed during the year	**1,670**	26,640
Options cancelled during the year	**1,670**	(1,000)
Options exercised during the year	**79,150**	145,230
Options outstanding at the end of the year	**-**	82,490

Out of the options outstanding at the end of the year ended March 31, 2011, there are **Nil** (previous year: 82,490) (Net of exercised & lapsed) vested options, which have not been exercised.

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

Particulars	March 31, 2011	March 31, 2010
Options outstanding at the beginning of the year	**5,677,701**	5,677,701
Options granted during the year	**-**	-
Options lapsed during the year	**-**	-
Options cancelled during the year	**-**	-
Options exercised during the year	**2,742,567**	-
Options outstanding at the end of the year	**2,935,134**	5,677,701

Out of the options outstanding at the end of the year ended March 31, 2011, there are **2,935,134** (previous year: 5,677,701) (Net of exercised & lapsed) vested options, which have not been exercised.

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

The details of the options are as under:

Particulars	**March 31, 2011**	March 31, 2010
Options outstanding at the beginning of the year	**3,165,188**	3,736,868
Options granted during the year	**398,725**	86,500
Options lapsed during the year	**-**	-
Options cancelled during the year	**221,160**	216,930
Options exercised during the year	**813,650**	441,250
Options outstanding at the end of the year	**2,529,103**	3,165,188

Out of the options outstanding at the end of the year ended March 31, 2011, there are **1,907,933** (previous year : 1,685,668) (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 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, 2011**	March 31, 2010
Options outstanding at the beginning of the year	**-**	-
Options granted during the year	**1,600,000**	-
Options lapsed during the year	**-**	-
Options cancelled during the year	**-**	-
Options exercised during the year	**-**	-
Options outstanding at the end of the year	**1,600,000**	-

Out of the options outstanding at the end of year ended March 31, 2011, there are **Nil** (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 Company's stock based compensation plan been determined in the manner consistent with the fair value approach, the Company's net profit would be higher by **Rs. 14 Million** (previous year ended March 31, 2010, lower by Rs. 12 Million) and earnings per share as reported would be as indicated below :

Rs. in Million except earnings per share

Particulars	**Year ended**	
	March 31, 2011	March 31, 2010
Net profit before exceptional item (As reported)	**6,442**	7,090
Less: Exceptional item	**-**	85
Net profit for the year	**6,442**	7,005
(Add) / Less: Total stock-based employee compensation expense determined under fair value base method	**(14)**	12
Adjusted net profit	**6,456**	6,993
Basic earnings per share (in Rs.)		
- As reported	**51.60**	57.41
- Adjusted	**51.72**	57.31
Diluted earnings per share (in Rs.)		
- As reported	**49.34**	53.72
- Adjusted	**49.44**	53.63

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

Particulars	**March 31 2011**	March 31, 2010
Dividend yield (%)	**0.46**	4.01
Expected life	**3.85 years**	5 years
Risk free interest rate (%)	**7.97**	6.99
Volatility (%)	**55.16**	59.89

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, 2011 TML has recorded stock compensation expense of **Rs. 70 Million** (previous year: Rs. Nil).

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

(a) List of Related Parties and Relationships

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

* Holding Company up to March 22, 2010

** Fellow Subsidiary Company up to March 22, 2010

Section 25 Company not considered for consolidation

@ Up to September 15th, 2010

(b) Related Party Transactions for the year ended March 31, 2011 :

Rs. in Million

Transactions	**Promoter Companies**	**Subsidiary Companies**	**Fellow Subsidiary Companies**	**Associate Companies**	**Key Management Personnel**
Reimbursement of Expenses (Net) - Paid/(Receipt)	**(263)** [(166)]	**-** [-]	**-** [0]	**(1)** [(6)]	**-** [-]
Income from Services	**20,457** [22,367]	**-** [-]	**-** [23]	**148** [27]	**-** [-]
Paid for Services Received	**31** [58]	**-** [-]	**-** [17]	**33** [-]	**-** [-]
Sub-contracting cost	**-** [-]	**-** [-]	**-** [5]`	**545** [425]	**-** [-]
Investments made	**-** [-]	**-** [-]	**-** [-]	**-** [29,695]	**-** [-]
Payment for acquisition of Mahindra Logisoft Business Solutions Limited	**-** [57]	**-** [-]	**-** [55]	**-** [-]	**-** [-]
Salary, Perquisites & Commission	**-** [-]	**-** [-]	**-** [-]	**-** [-]	**62** [47]
Stock Options	**-** [-]	**-** [-]	**-** [-]	**-** [-]	**-**** [-]
Rent Paid/ Payable	**53** [62]	**-** [-]	**-** [-]	**64** [19]	**-** [-]
Dividend Paid	**320** [-]	**-** [-]	**-** [-]	**-** [-]	**2** [-]
Donation Paid / Payable	**-** [-]	**99** [65]	**-** [-]	**-** [-]	**-** [-]
Rent Received/ Receivable	**51** [25]	**-** [-]	**-** [-]	**20** [-]	**-** [-]
Restructuring fees received	**-** [9,682]	**-** [-]	**-** [-]	**-** [-]	**-** [-]
Contract Settlement Fees received	**377** [-]	**-** [-]	**-** [-]	**-** [-]	**-** [-]
Purchase of Fixed Assets	**-** [-]	**-** [-]	**-** [1]	**271** [5]	**-** [-]
Debit / (Credit) balances (Net) (inclusive of unbilled) outstanding as on March 31, 2011	**5303** [4,242]	**(8)** [-]	**-** [57]	**(459)** [(357)]	**(11)** [(10)]

Figures in brackets "[ ]"are for the previous Year ended March 31, 2010

** Stock options: Key Management Personnel

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

Figures in brackets "[ ]"are for the previous year ended March 31, 2010.

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

Rs. in Million

Transactions	**For the Year ended March 31, 2011**	For the Year ended March 31, 2010
Reimbursement of Expenses (net) - Paid/(Receipt)		
Promoter Company		
- British Telecommunications Plc.	**(266)**	(167)
	(266)	(167)
Income from Services		
Promoter Company		
- British Telecommunications Plc.	**20,403**	22,322
	20,403	22,322
Paid for Services Received		
Promoter Company		
- British Telecommunications Plc.	**31**	57
Associate Company		
- Satyam computer Services Limited	**33**	-
Fellow Subsidiary Company		
- Mahindra Logistics Limited	**-**	17
	64	74
Sub-contracting cost		
Associate Company		
-Satyam Computer Services Limited	**406**	381
-Satyam BPO Limited	**139**	44
	545	425
Payment for acquisition of Mahindra Logisoft Business Solutions Limited		
Promoter Company		
- Mahindra & Mahindra Limited	**-**	57
Fellow Subsidiary Company		
- Mahindra Holdings Limited	**-**	55
	-	112

Rs. in Million

Transactions	For the Year ended March 31, 2011	For the Year ended March 31, 2010
Salary, Perquisites and Commission		
Key Management Personnel		
- Mr. Vineet Nayyar	**36**	34
- Mr. Sanjay Kalra	**26**	13
	62	47
Rent Paid/(Payable)		
Promoter Company		
- British Telecommunications Plc	**53**	62
Associate Company		
-Satyam Computer Services Limited.	**64**	19
	117	81
Dividend Paid		
Promoter Companies		
- Mahindra & Mahindra Limited	**188**	-
- British Telecommunications Plc.	**132**	-
	320	-
Donation Paid / Payable		
Subsidiary Company		
- Tech Mahindra Foundation	**99**	65
	99	65
Rent Received/Receivable		
Promoter Company		
- British Telecommunications Plc.	**51**	25
Associate Company		
-Satyam Computer Services Limited	**20**	-
	71	25
Contract Settlement Fees Received		
Promoter Company		
- British Telecommunications Plc.	**377**	-
	377	-
Restructuring Fees Received		
Promoter Company		
- British Telecommunications Plc.	**-**	9,682
	-	9,682
Purchase of Fixed Assets		
Fellow Subsidiary Company		
- Mahindra Navistar Automotives Ltd.	**-**	1
Associate Company		
- Satyam Computer Services Limited	**271**	5
	271	6

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

Rs. in Million

Particulars	**March 31, 2011**	March 31, 2010
Deferred tax asset :		
Gratuity, Leave Encashment etc.	**290**	164
Doubtful Debts	**80**	13
Depreciation	**241**	95
Preliminary Expenses	**-**	2
Carry forward of Net operating losses of a subsidiary	**-**	2
Others	**27**	-
Total Deferred Tax Asset	**638**	276

This includes deferred tax asset of **Rs. 215 Million** (previous year : Nil) 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.

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

a) TML enters into foreign Exchange Forward Contracts and Currency Option Contracts to offset the foreign currency risk arising from the amounts denominated in currencies other than the Indian Rupee. The counter party to the Company's foreign currency Forward Contracts and Currency Option Contracts is generally a bank. These contracts are entered into to hedge the foreign currency risks of certain forecasted transactions. Forward Exchange Contracts and Currency Option Contracts in UK Pound exposure are split into two legs, which are GBP to USD and USD to INR. These contracts are for a period between 1 day and 4 years.

b) The following are the outstanding GBP:USD Currency Exchange Contracts entered into by TML which have been designated as Cash Flow Hedges as at March 31, 2011 :

Type of cover	**Amount outstanding in Foreign currency (in Million)**	**Fair Value Gain / (Loss) (Rs. in Million)**
Forward	**GBP 212** (previous year: 137)	**(154)** (previous year: 281)
Option	**GBP 72** (previous year: 132)	**1,317** (previous year: 2,916)

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, 2011:

Type of cover	**Amount outstanding in Foreign currency (in Million)**	**Fair Value Gain / (Loss) (Rs. in Million)**
Forward	**USD 653** (previous year: 382)	**683** (previous year: (1,192))
Option	**USD 189** (previous year: 291)	**(1,075)** (previous year: (1,593))

Net gain on derivative instruments of **Rs. 621 Million** (previous year: Rs. 1,149 Million) recognised in hedging reserve as of March 31, 2011 is expected to be reclassified to the Profit and Loss Account by March 31, 2012.

The movement in hedging reserve during year ended March 31, 2011 for derivatives designated as Cash Flow Hedges is as follows :

Rs. in Million

Particulars	**Year ended March 31, 2011**	Year ended March 31, 2010
Balance at the beginning of the year	**1,942**	(936)
Add/(Less) : Gain transferred to income statement on occurrence of forecasted hedge transaction	**869**	(799)
Changes in the fair value of effective portion of outstanding cash flow derivative	**(2,399)**	3,677
Balance at the end of the year	**412**	1,942

In addition to the above cash flow hedges, TML has outstanding Foreign Exchange Currency Options Contracts aggregating to **Rs.6,993 Million** (previous year: Rs. 12,365 Million) whose fair value showed a gain of **Rs. 654 Million** (previous year: Rs. 1,656 Million). Although these contracts are effective as hedges from an economic perspective, they do not qualify for hedge accounting and accordingly these are accounted as derivative instruments at fair value with changes in fair value recorded in the Profit and Loss Account and the cumulative gain of **Rs. 94 Million** as at March 31, 2009 would be recycled to Profit and Loss Account as and when the cash flows materialise.

Exchange Gain of **Rs. 869 Million** (previous year : Rs. 799 Million) on foreign exchange forward contracts and currency options contracts have been recognised in the year ended March 31, 2011.

c) As at March 31, 2011, the Company has net foreign exchange exposures that are not hedged by a derivative instruments or otherwise amounting to **Rs. 6,864 Million** (previous year: Rs. 4,324 Million)

16. The Company has exercised the option given vide notification number G.S.R. 225 (E) dated March 31, 2009 issued by the Ministry of Corporate Affairs, Government of India on provisions of Accounting Standard 11. One of the subsidiary, during the year ended March 31, 2011 has decapitalised gain amounting to **Rs. 0 Million** (previous year: decapitalised gain of Rs. 4 Million) arisen on translation of long term foreign currency monetary liabilities relating to acquisition of fixed assets. During the year reversal of depreciation of **Rs. 0 Million** (previous year: Gain of Rs. 1.20 Million) has been accounted for and the unamortized balance (gain) as at March 31, 2011 is **Rs. 1 Million** (previous year: Rs. 1 Million).

17. Earnings Per Share is calculated as follows:

Rs. in Million except earnings per share

Particulars	**Year ended March 31, 2011**	Year ended March 31, 2010
Profit before exceptional item	**6,442**	7,090
Less: Exceptional item	**-**	85
Net Profit attributable to shareholders	**6,442**	7,005
Equity Shares outstanding as at the end of the year (in nos.)	**125,955,481**	122,320,114
Weighted average Equity Shares outstanding as at the end of the year (in nos.)	**124,827,129**	122,008,939
Weighted average number of Equity Shares used as denominator for calculating Basic Earnings Per Share	**124,827,129**	122,008,939
Add: Diluted number of Shares		
ESOP outstanding at the end of the year	**5,736,254**	8,378,782
Number of Equity Shares used as denominator for calculating Diluted Earnings Per Share	**130,563,384**	130,387,721
Nominal Value per Equity Share (in Rs.)	**10.00**	10.00
Earnings Per Share		
- Before Exceptional Item		
Earnings Per Share (Basic) (in Rs.)	**51.60**	58.10

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Earnings Per Share (Diluted) (in Rs.)	**49.34**	54.37
Earnings Per Share		
- After Exceptional Item		
Earnings Per Share (Basic) (in Rs.)	**51.60**	57.41
Earnings Per Share (Diluted) (in Rs.)	**49.34**	53.72

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

Rs. in Million

		As at	
(A)	**Balance with scheduled banks**	**March 31, 2011**	March 31, 2010
	HDFC Bank	**13**	5
	HSBC Bank	**80**	118
	IDBI Bank	**421**	174
	Kotak Mahindra Bank	**1**	1
	Punjab National Bank	**0**	0
	State Bank of India, UK in GBP	**50**	20
	State Bank of India, UK in USD	**2**	1
	HSBC Bank-EEFC – GBP	**56**	0
	HSBC Bank-EEFC – USD	**161**	68
	IDBI Bank-EEFC – USD	**32**	14
	IDBI Bank-Unclaimed dividend	**1**	1
	HSBC Bank-Unclaimed dividend	**2**	2
	HDFC Bank-EEFC – USD	**-**	-
	HDFC Bank-Unclaimed dividend	**1**	1
	ICICI Bank	**0**	0
	CITIbank	**1**	0
	Total	**821**	405

Rs. in Million

		As at	
(B)	**Balance with Other banks**	**March 31, 2011**	March 31, 2010
	Bank of Italy, Italy	**-**	0
	HSBC Bank, Dubai	**5**	1
	HSBC Bank, Australia	**8**	12
	HSBC Bank, Belgium	**10**	10
	HSBC Bank, Canada	**40**	28
	HSBC Bank, Egypt	**1**	1
	HSBC Bank, New Zealand	**75**	9
	HSBC Bank, Taiwan – TWD	**0**	2

(B)	Balance with Other banks	As at March 31, 2011	As at March 31, 2010
	HSBC Bank, Taiwan – USD	**0**	2
	HSBC Bank, United Kingdom - GBP-I	**140**	97
	HSBC Bank Philippines – PHP	**89**	88
	HSBC Bank Philippines - USD	**10**	0
	HSBC Bank, United Kingdom - Euros	**64**	59
	HSBC Bank, United Kingdom - GBP-II	**21**	21
	HSBC Bank, United Kingdom - USD	**45**	23
	Dresdner Bank AG, Germany	**-**	12
	HSBC Bank, Germany	**24**	22
	HSBC Bank, Singapore	**79**	63
	HSBC Bank, Thailand	**7**	3
	HSBC Bank, USA	**596**	835
	Standard Chartered Bank, Singapore	**2**	1
	HSBC Bank, Malaysia – USD	**8**	0
	HSBC Bank, Malaysia – MYR	**17**	3
	HSBC Bank, Indonesia – USD	**67**	41
	HSBC Bank, China – USD	**0**	1
	HSBC Bank, China – CNY	**0**	0
	HSBC Bank, Bahrain – USD	**68**	215
	Ahli United Bank – USD	**6**	6
	HSBC Bank, Bahrain – BHD	**23**	120
	HSBC Bank, Indonesia – IDR	**7**	0
	Citibank Zambia ZMK	**40**	-
	Commerz Bank AG, Germany	**3**	-
	ECO Bank Ghana – CEDI	**10**	-
	ECO Bank Congo	**7**	-
	ECO Bank Malawi	**22**	-
	Citibank Nigeria – NGN	**30**	-
	Total	**1,524**	1,673

Rs. in Million

(C)	Balance in Deposit accounts	As at March 31, 2011	As at March 31, 2010
	HDFC Bank	**-**	-
	HSBC Bank	**0**	1
	IDBI Bank	**0**	11
	ICICI – Quantam Optima	**83**	72
	HSBC Bank, Germany	**107**	24

Rs. in Million

(C)		As at	
	Balance in Deposit accounts	**March 31, 2011**	March 31, 2010
	Kotak Mahindra Bank	**131**	1
	Commerz Bank AG, Germany	**0**	-
	Total	**321**	109
	Total (A+B+C)	**2,666**	2,187

19. The Board of Directors of Satyam Computer Services Ltd. (SCSL) on April 13, 2009 selected VCPL as the highest bidder to acquire a controlling stake in SCSL and upon the Honorable Company Law Board's approval on April 16, 2009, VCPL was declared as the winning bidder. TML through VCPL, a wholly owned subsidiary, 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". Consequently, the Company holds 501,843,740 equity shares, which is 42.65% as at March 31, 2011. As per the share subscription agreement dated April 13, 2009, these investments have lock-in period of three years from the date of allotment.

    SCSL announced its financial results for the years ended March 31, 2009 and 2010 on September 29, 2010 and announced its financial results for the year ended March 31, 2011 on 23rd May, 2011. TML has accounted for its share of loss (net) in SCSL from the date of acquisition up to March 31, 2010 as earlier period item. Further TML has accounted for its share of loss (net) in SCSL for the year ended March 31, 2011 as its share in associate.

    a) The auditors of SCSL have issued a qualified opinion on the consolidated financial statements of SCSL for the years ended March 31, 2010 and 2011 on certain matters. These qualifications relate to inability to comment whether adjustments would be necessary in the financial statements of SCSL as a result of :

    - the further findings of the ongoing investigations and legal proceedings by various regulatory authorities.
    - Inability to comment on the accounting treatment/disclosure of the unidentified amounts aggregating Rs. 11,394 Million accounted under "Unexplained Differences Suspense Account (Net)" 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 Rs. 12,304 Million (net) 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 lawsuit filed by certain investors in United States of America, the outcome of which is not determinable at this stage.
    - Inability to determine the additional impact, if any in respect of amounts remaining as unreconciled with respect to subsystems and sub ledgers and the general ledger due to non availability of all the required information.
    - Non-receipt/non-availability of confirmations in respect of certain balances reflected under sundry debtors, current liabilities etc.
    - No proper records maintained of inventories pertaining to the year.
    - Inability to determine the additional impact, if any, in view of accounting for certain transactions/making the required disclosure related to the same based on and to the extent of the information available with the Company with respect to:

        a. Adjustment of unapplied receipts against Sundry Debtors, classification of Sundry Debtors and provisioning for doubtful debts.

        b. Accounting for contracts under percentage of completion method, the unbilled revenue and unearned revenue.

        c. Accounting for multiple deliverables elements, hardware equipments and other items etc.

        d. Accounting for reimbursements/recoveries from customers.

- Inability to comment on the adequacy or otherwise of the provision for taxation and consequential impact, if any, due to uncertainties regarding the outcome of tax disputes and tax demands pending before various authorities.
- Non-updation of quantitative details, asset description etc. in the Fixed Assets Register. Non-maintenance of complete records relating to fixed assets situated at the overseas branches.
- No physical verification of inventory by the Management.
- Company is irregular in depositing undisputed statutory dues and there were delays in remittance.
- Inability to comment on the cash losses of the current year due to various qualifications and inability to comment on the cash losses in the immediately preceding financial year due to various qualifications in the previous year's Auditor's Report.
- No adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and sale of goods and services. Further, several major weaknesses in such internal control system were observed.

The impact of the above qualifications on the Company's share of post acquisition share of loss (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 also invited attention to the following accounting and other matters, claims and contingencies, regulatory non-compliance / breaches in their report for the year ended March 2010 and 2011:

- Regarding the settlement amount of Rs. 3,274 Million (equivalent to USD 70 Million) deposited into the Escrow account payable to UPaid Systems Limited.
- Regarding the various demands/disputes raised by the direct and indirect tax authorities in respect of the past years both in India as well as overseas jurisdictions.
- Regarding various non-compliances with the provisions of the Act and certain non-compliances with the guidelines issued by the Securities Exchange Board of India with respect to allotment of stock options to the employees, provisions of the Foreign Exchange Management Act, 1999, provisions of the Income Tax Act, 1961, delays in filing of tax returns in overseas jurisdictions.
- Management's identification of several deficiencies in the Company's internal control over financial reporting as at March 31, 2011 along with certain remediation action taken, various risks and uncertainties relevant to the Company's financial condition as identified by the Management.
- Relating to the Settlement Agreement in respect of the Class Action lawsuits which is subject to the final approval of the Court upon which the Settlement shall become effective pursuant to its terms and in exchange for the settlement consideration. The Lead Plaintiffs and the members of the Class, who do not opt-out of the Class, would release, among other things, their claims against the Company.
- Regarding certain entities/subsidiaries not considered for the purpose of consolidation. Also in respect of one subsidiary whose figures used for consolidation are based on management's accounts and are not audited by their auditors.
- Regarding one of the subsidiaries of SCSL, the other auditors have drawn attention to accrual of liability towards sales commission pending final outcome of ongoing dispute between the promoters of the subsidiary.
- Regarding one subsidiary of the SCSL, the other auditors have drawn attention to the inspection by regulatory authorities and their inability to express an opinion on the adjustments, if any, required in the financial statements.

c) The financial statements of the holding Company, its subsidiaries and an associate have been prepared using uniform accounting policies for the like transactions and other events in similar circumstances except for the following material items where financial statements of SCSL, an associate of the Company, have been prepared using accounting policies which are different from the accounting policies of the Company, the impact of which cannot be ascertained.

1) SCSL, for its financial statements, has not adopted the recognition and measurement principles of Accounting Standard 30 "Financial Instruments, Recognition and Measurement" unlike the Company.
2) Differences in estimated useful life of certain categories of fixed assets.
3) Difference in accounting of employee stock option compensation.

20. TML has outstanding secured Non Convertible Debentures, amounting to **Rs. 6,000 Million.**

Rs. in Million

Coupon rate	**Issue date**	**Terms of redemption**	**Earliest redemption date**	**Security**	**Amount**
10.25% p.a.	April 17, 2009	100% of face value of the debentures at the end of 4 years	April 17, 2013	see note (a) below	3,000
10.25% p.a.	April 17, 2009	100% of face value of the debentures at the end of 5 years	April 17, 2014	see note (a) below	3,000
Total					**6,000**

(a) Secured by pari passu charge over the immovable property located in Gujarat. TML has also deposited the title deeds of certain other immovable properties of the company with the debenture trustees.

21. VCPL had incurred during previous year an expenditure of Rs. 588 Million on acquisition of shares in SCSL, and the same has been added to the cost of investments.

22. 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 50 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.

23. TML has made the provision for claims and warranties of **Rs. 90 Million** in the current year as per contractual terms, the outcome of the same would get crystallized by next year.

The Movement of the provision is as under:

Rs. in Million

Carrying amount as at April 1, 2010	-
Additional provision made during the year	**264**
Less : Amount paid/Utilised during the year	-
Less : Reversal of provision not required	**174**
Balance as at the March 31, 2011	**90**

24. In respect of equity shares issued pursuant to Employee Stock Option Scheme, the Company paid dividend of **Rs. 6 Million** for the year 2009-10 and tax on dividend of **Rs. 1 Million** as approved by the shareholders at the Annual General Meeting held on July 26, 2010

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

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

Signatures to Schedule I to XIII **For Tech Mahindra Limited**

Anand G. Mahindra
Chairman
Hon. Akash Paul
Director
B.H. Wani
Director
Paul Zuckerman
Director
Ravindra Kulkarni
Director
Sonjoy Anand
Chief Financial Officer

Vineet Nayyar
Vice Chairman & Managing Director
Anupam Puri
Director
M. Damodaran
Director
Richard Cameron
Director
Ulhas N. Yargop
Director
Anil Khatri
Company Secretary

Bharat Doshi
Director
Nigel Stagg
Director
Dr. Raj Reddy
Director

Mumbai, Dated : May 26, 2011
Mumbai, Dated : May 26, 2011

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

Rs. in Million

Sr. No.	Name of the Subsidiary Company	Country	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investment other than investment in Subsidiary	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend
1	Tech Mahindra (Americas) Inc.	USA	USD	44.59	16.72	546.01	1,021.15	458.41	-	4,740.17	258.44	97.31	161.13	-
2	Tech Mahindra GmbH	Germany	EURO	62.99	36.22	213.66	357.49	107.61	-	903.20	45.64	-	45.64	-
3	Tech Mahindra (Singapore) Pte. Limited	Singapore	SGD	35.21	1.76	112.52	149.22	34.94	-	496.82	16.55	2.18	14.37	-
4	Tech Mahindra (Thailand) Limited	Thailand	THB	1.47	7.33	5.86	14.61	1.41	-	5.01	0.27	-	0.27	-
5	Tech Mahindra Foundation	India	INR	1.00	0.50	438.37	438.94	0.07	-	75.26	(0.39)	-	(0.39)	-
6	PT Tech Mahindra Indonesia	Indonesia	USD	44.59	22.30	262.51	482.90	198.09	-	975.36	166.57	52.17	114.40	-
7	CanvasM Technologies Limited	India	INR	1.00	576.73	213.78	722.82	311.46	379.16	885.51	131.37	37.62	93.75	-
8	CanvasM (Americas) Inc.	USA	USD	44.59	0.00	11.33	291.75	280.42	-	747.49	12.66	4.39	8.28	-
9	Tech Mahindra (Malaysia) Sdn. Bhd.	Malaysia	RM	14.68	4.59	12.87	135.50	118.04	-	320.57	6.33	-	6.33	-
10	Tech Mahindra (Beijing) IT Services Ltd.	China	CNY	6.79	22.50	(37.20)	8.42	23.12	-	8.00	(7.50)	-	(7.50)	-
11	Tech Mahindra (Bahrain) Ltd S.P.C.	Bahrain	BD	117.85	5.89	67.81	299.18	225.47	-	778.99	21.59	-	21.59	-
12	Tech Mahindra (Nigeria) Limited	Nigeria	NGN	0.29	4.39	14.40	128.05	109.26	-	129.36	21.45	7.05	14.40	-
13	Mahindra Logisoft Business Solutions Limited	India	INR	1.00	124.50	(23.66)	104.74	3.91	-	42.08	11.27	-	11.27	-
14	Venturbay Consultants Private Limited	India	INR	1.00	304.72	29,415.63	29,720.90	0.55	-	-	(0.85)	-	(0.85)	-

RISE MANIFESTO

Today is another perfect day, to defy the world's naysayers.

Today, we will think bigger than our size.
Today, we will refuse to accept limitations.
Today, we will not be held back by the past.

Today, we will focus on the future – and never, ever blink.

Today, we will break down another barrier…
Scoff at another convention…
And use alternative thinking…
To solve another previously unsolvable problem.

Today, we will accomplish something astounding…
And in the process, change someone's life for the better.

Today, Mahindra will set an example for the world.

With boldness.
With confidence.
With relentless optimism.

Good morning.

Today is another perfect day…

To RISE.

NOTES

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NOTES

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