RED HERRING PROSPECTUS
Please read Section 60B of the Companies Act, 1956
(The Red Herring Prospectus will be updated upon RoC filing)
100% Book Built Issue
DATED JULY 22, 2006

TECH MAHINDRA LIMITED

(We were incorporated as Mahindra-British Telecom Limited on October 24, 1986 as a public limited company under the Companies Act, 1956. For details of changes in name, please refer to "History and Certain Corporate Matters" beginning on page 67 of this Red Herring Prospectus.)

Registered Office: Tech Mahindra Limited, Gateway Building, Apollo Bunder, Mumbai 400 001, India
Tel: +91 22 2202 1031; Fax: +91 22 2202 8780

Corporate Office: Tech Mahindra Limited, Sharada Centre, Off Karve Road, Erandavane, Pune 411 004, India
Tel: +91 20 5601 8100; Fax: +91 20 5601 8313 Contact Person: Mr. Vikrant Gandhe; Tel: +91 20 5601 8100
E-mail: tmlipo@techmahindra.com; Website: www.techmahindra.com

PUBLIC ISSUE OF 12,746,000 EQUITY SHARES OF Rs. 10 EACH OF TECH MAHINDRA LIMITED ("TECH MAHINDRA" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF Rs. [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF Rs. [●] PER EQUITY SHARE), CONSISTING OF A FRESH ISSUE OF 3,186,480 EQUITY SHARES AND AN OFFER FOR SALE OF 9,559,520 EQUITY SHARES BY MAHINDRA & MAHINDRA LIMITED AND BRITISH TELECOMMUNICATIONS PLC (THE "SELLING SHAREHOLDERS"), AGGREGATING Rs. [●] MILLION (THE "ISSUE"). 1,158,790 EQUITY SHARES OF Rs. 10 EACH WILL BE RESERVED IN THE ISSUE FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (THE "EMPLOYEE RESERVATION PORTION"). THE ISSUE LESS THE EMPLOYEE RESERVATION PORTION IS REFERRED TO AS THE "NET ISSUE".

THE FACE VALUE OF THE EQUITY SHARES IS Rs. 10. THE ISSUE WILL CONSTITUTE 11% OF OUR POST-ISSUE CAPITAL. THE NET ISSUE WILL CONSTITUTE 10% OF OUR POST-ISSUE CAPITAL.

PRICE BAND: Rs. 315 TO Rs. 365 PER EQUITY SHARE OF FACE VALUE Rs. 10 EACH.

THE ISSUE PRICE IS 31.5 TIMES THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND 36.5 TIMES THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND.

In case of revision in the Price Band, the Bidding/ Issue Period shall be extended for three additional days after such revision, subject to the Bidding/ Issue Period not exceeding 10 working days. Any revision in the Price Band, and the revised Bidding/ Issue Period, if applicable, shall be widely disseminated by notification to the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE") and by issuing a press release and also by indicating the change on the websites of the Book Running Lead Managers and the terminals of the Syndicate.

In terms of Rule 19(2)(b) of the Securities Contract Regulations Rules, 1957, the Issue is being made through the 100% Book Building Process where at least 60% of the Net Issue to the public shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, up to 10% of the Net Issue to the public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 30% of the Net Issue to the public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Further, 1,158,790 Equity Shares shall be available for allocation on a proportionate basis to Eligible Employees, subject to valid Bids being received at or above the Issue Price. We have not opted for grading of this Issue.

RISK IN RELATION TO FIRST ISSUE

This being the first issue of Equity Shares, there has been no formal market for the Equity Shares. The face value of the Equity Shares is Rs.10 per Equity Share and the Floor Price is 31.5 times of face value and the Cap Price is 36.5 times of face value. The Issue Price (as determined by the Company and the Selling Shareholders, in consultation with the Book Running Lead Managers, on the basis of assessment of market demand for the Equity Shares issued by way of book building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The Equity Shares issued/ offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Red Herring Prospectus. Specific attention of the investors is invited to the summarised and detailed statements in the section titled "Risk Factors" beginning on page xiii of this Red Herring Prospectus.

COMPANY'S ABSOLUTE RESPONSIBILITY

We, having made all reasonable inquiries, accept responsibility for and confirm that this Red Herring Prospectus contains all information with regard to us and the Issue, which is material in the context of the Issue, that the information contained in this Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares offered through this Red Herring Prospectus are proposed to be listed on the BSE and NSE. We have received in-principle approvals from these Stock Exchanges for the listing of our Equity Shares pursuant to letters dated July 6, 2006 and July 10, 2006, respectively. For the purposes of the Issue, the Designated Stock Exchange is NSE.

BOOK RUNNING LEAD MANAGERS ("BRLMS")		REGISTRAR TO THE ISSUE
Kotak Mahindra Capital Company Limited 3rd Floor, Bakhtawar 229 Nariman Point Mumbai 400 021, India Tel: +91 22 6634 1100 Fax: +91 22 2283 7517 Email: techmahindra.ipo@kotak.com Website: www.kotak.com	**ABN AMRO Securities (India) Private Limited** 81, Sakhar Bhavan 230 Nariman Point Mumbai 400 021, India Tel: +91 22 6632 5535 Fax: +91 22 6632 5541 Email: techmahindra.ipo@in.abnamro.com Website: www.abnamroindia.com	**INTIME SPECTRUM REGISTRY LIMITED** C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West) Mumbai 400 078, India Tel.: +91 22 2596 0320 Fax: +91 22 2596 0329 Email: tm-ipo@intimespectrum.com Website: www.intimespectrum.com

BID/ ISSUE PROGRAMME	
BID/ ISSUE OPENS ON : TUESDAY, AUGUST 01, 2006	**BID/ ISSUE CLOSES ON: FRIDAY, AUGUST 04, 2006**

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DEFINITIONS AND ABBREVIATIONS

Company Related Terms

Term	Description
"TML" or the "Company" or the "Issuer" "Tech Mahindra Limited"	Tech Mahindra Limited (earlier known as Mahindra-British Telecom Limited or or "MBT"), a public limited company incorporated under the Companies Act, 1956, as amended, and having its registered office at Gateway Building, Apollo Bunder, Mumbai 400 001, India.
"we" or "us" or "our"	Unless the context otherwise requires, Tech Mahindra Limited and its Subsidiaries, on a consolidated basis, as described in this Red Herring Prospectus. For the avoidance of doubt, references to "we" or "us" or "our" shall not be construed to mean M&M or BT.
Subsidiaries	1. Tech Mahindra (Americas) Inc, USA 2. Tech Mahindra GmbH, Germany 3. Tech Mahindra (Singapore) Pte. Limited, Singapore 4. Tech Mahindra (Thailand) Limited, Thailand 5. PT Tech Mahindra Indonesia 6. Tech Mahindra (R&D Services) Limited, India 7. Tech Mahindra (R&D Services) Inc., USA 8. Tech Mahindra (R&D Services) Pte. Limited, Singapore 9. Tech Mahindra Foundation, India
Axes	Axes Technologies (India) Limited, now known as Tech Mahindra (R&D Services) Limited.
ESOP(s)	Collectively, ESOP 2000, ESOP 2004 and ESOP 2006.
ESOP 2000	Employee stock option plan for the employees of the Company as approved by the shareholders by way of a resolution dated July 26, 2000 and subsequent amendments.
ESOP 2004	Employee stock option plan for specific employees of the Company as approved by the shareholders by way of a resolution dated October 14, 2004 and subsequent amendments.
ESOP 2006	Employee stock option plan for the employees of the Company as approved by the shareholders by way of a resolution dated January 16, 2006 and subsequent amendments.

Issue Related Terms

Term	Description
ABN AMRO	ABN AMRO Securities (India) Private Limited, a company registered under the Companies Act and having its registered office at 81, Sakhar Bhavan, 230, Nariman Point, Mumbai 400 021, India.
Allotment/ Allot	Unless the context otherwise requires, the allotment or transfer of Equity Shares pursuant to the Issue.

Term	Description
Allottee	The successful Bidder to whom Equity Shares are Allotted.
Articles/Articles of Association	Articles of Association of the Company.
Auditors	Deloitte Haskins & Sells, statutory auditors of the Company.
Banker(s) to the Issue	ICICI Bank Limited; HDFC Bank Limited; Kotak Mahindra Bank Limited; The Hong Kong & Shanghai Banking Corporation Limited; Standard Chartered Bank; ABN-AMRO Bank.
Bid	An indication to make an offer during the Bidding/Issue Period by a prospective investor to subscribe to or purchase the Company's Equity Shares at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue.
Bid/ Issue Closing Date	The date after which the Syndicate will not accept any Bids for the Issue, which shall be notified in an English national newspaper, a Hindi national newspaper and a Marathi newspaper with wide circulation.
Bid cum Application Form	The form in terms of which the Bidder shall make an Issue to subscribe to or purchase the Equity Shares and which will be considered as the application for issue of the Equity Shares pursuant to the terms of this Red Herring Prospectus.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Red Herring Prospectus and the Bid cum Application Form.
Bidding/ Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids.
Bid/ Issue Opening Date	The date on which the Syndicate Members shall start accepting Bids for the Issue, which shall be the date notified in an English national newspaper, a Hindi national newspaper and a Marathi newspaper with wide circulation.
Board of Directors/ Board	The board of directors of the Company or a committee constituted thereof.
Book Building Process	The book building process as provided in Chapter XI of the SEBI Guidelines, in terms of which the Issue is being made.
BRLMs/ Book Running Lead Managers	Book Running Lead Managers to the Issue, in this case being Kotak Mahindra Capital Company Limited and ABN AMRO Securities (India) Private Limited.
BT Group	BT Group plc and its subsidiaries
CAN/ Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process.
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalised and above which no Bids will be accepted.
Cut-off Price	Any price within the Price Band finalised by the Company and the Selling Shareholders in consultation with the BRLMs. A Bid submitted at Cut-off Price is a valid Bid at all price levels within the Price Band.

Term	Description
Designated Date	The date on which the Escrow Collection Banks transfer the funds from the Escrow Account to the Issue Account, after the Prospectus is filed with the RoC, following which the Board shall Allot Equity Shares and the Selling Shareholders shall give delivery instructions for transfer of Equity Shares constituting Offer for Sale to successful Bidders.
Designated Stock Exchange	NSE.
Director(s)	The director(s) of TML, unless otherwise specified.
Draft Red Herring Prospectus	The Draft Red Herring Prospectus dated June 20, 2006, which was filed with SEBI on June 21, 2006.
Eligible Employees	Permanent employees and directors of the Company and its subsidiaries incorporated in India, who are Indian nationals based in India as of July 24, 2006 and are present in India on the date of submission of the Bid cum Application Form.
Eligible NRI	NRIs from such jurisdiction outside India where it is not unlawful to make an Issue or invitation under the Issue and in relation to whom the Red Herring Prospectus constitutes an offer to sell or an invitation to subscribe to the Equity Shares Allotted herein.
Employee Reservation Portion	The portion of the Issue comprising upto 1,158,790 Equity Shares available for Allocation to Eligible Employees.
Equity Shares	Equity shares of the Company of face value of Rs.10 each, unless otherwise specified in the context thereof.
Escrow Account	An account opened with an Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid.
Escrow Agreement	Agreement to be entered into among the Company, the Selling Shareholders, the Registrar, the Escrow Collection Bank(s), and the BRLMs and the Syndicate Members for collection of the Bid Amounts and for remitting refunds, if any, of the amounts collected, to the Bidders.
Escrow Collection Bank(s)	The banks, which are clearing members and registered with SEBI as Bankers to the Issue at which the Escrow Account will be opened, in this Issue comprising ICICI Bank Limited; HDFC Bank Limited; Kotak Mahindra Bank Limited; The Hong Kong & Shanghai Banking Corporation Limited; Standard Chartered Bank; ABN-AMRO Bank.
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form.
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalised and below which no Bids will be accepted.
Fresh Issue	Issue of 3,186,480 Equity Shares by the Company.
Indian National	As used in the context of the Employee Reservation Portion, a citizen of India as defined under the Indian Citizenship Act, 1955, as amended, who is not an NRI.
Issue	Issue of 12,746,000 Equity Shares at the Issue Price comprising the Fresh Issue and the Offer for Sale.

Term	Description
Issue Price	The final price at which Equity Shares will be Allotted in the Issue, as determined by the Company and the Selling Shareholders in consultation with the BRLMs, on the Pricing Date.
KMCC	Kotak Mahindra Capital Company Limited, a company registered under the Companies Act and having its registered office at 3rd floor, Bakhtawar, 229, Nariman Point, Mumbai 400 021, India.
M&M Group	M&M, its subsidiaries and entities which are part of the M&M promoter group
Margin Amount	The amount paid by the Bidder at the time of submission of the Bid, which may be 10% to 100% of the Bid Amount, as applicable.
Memorandum/ Memorandum of Association	The memorandum of association of the Company, as amended from time to time.
Mutual Funds	Mutual funds registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996.
Mutual Fund Portion	5% of the QIB Portion or 347,617 Equity Shares (assuming the QIB Portion is for 60% of the Net Issue size) available for allocation to Mutual Funds only, out of the QIB Portion.
Net Issue	The Issue less the Employee Reservation Portion.
Non Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders and who have bid for an amount more than Rs.100,000.
Non Institutional Portion	The portion of the Net Issue being up to 1,158,721 Equity Shares available for allocation to Non Institutional Bidders.
Offer for Sale	Transfer of 9,559,520 Equity Shares by the Selling Shareholders in this Issue.
Pay-in Date	The Bid/Issue Closing Date or the last date specified in the CAN sent to the Bidders, as applicable.
Pay-in Period	With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the Bid/ Issue Closing Date; and With respect to QIBs whose margin amount is 10% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date and extending until the closure of the Pay-in Date.
Price Band	The price band with a minimum price (Floor Price) of Rs. 315 per Equity Share and the maximum price of Rs. 365 per Equity Share (Cap Price).
Pricing Date	The date on which the Company and the Selling Shareholders in consultation with the BRLMs finalise the Issue Price.
Promoters	Mahindra & Mahindra Limited and British Telecommunications plc., acting severally and not jointly.
Promoter Group	Companies enumerated in the sections titled “Our Promoter Group” on page 101 of this Red Herring Prospectus.
Prospectus	The prospectus, filed with the RoC after pricing containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information.

Term	Description
Public Issue Account	Account opened with the Bankers to the Issue to receive money from the Escrow Account for the Issue on the Designated Date.
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, FIIs, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs.250 million and pension funds with a minimum corpus of Rs.250 million.
QIB Margin	An amount representing 10% of the Bid Amount that QIBs are required to pay at the time of submitting their Bid.
QIB Portion	The portion of the Net Issue being not less than 6,952,326 Equity Shares available for allocation to QIBs.
Refund Account(s)	Account(s) opened with an Escrow Collection Banks from which refunds if any, shall be made.
Registrar/ Registrar to the Issue	Registrar to the Issue, in this case being Intime Spectrum Registry Limited.
Retail Individual Bidders	Bidders who have bid for Equity Shares of an amount less than or equal to Rs.100,000.
Retail Portion	The portion of the Net Issue being up to 3,476,163 Equity Shares available for allocation to Retail Individual Bidders.
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s).
Red Herring Prospectus	The red herring prospectus dated July 22, 2006 issued in accordance with Section 60B of the Companies Act, which does not have complete particulars of the price at which the Equity Shares are Issued and the size of the Issue. The red herring prospectus will be filed with the RoC at least three days before the Bid/ Issue Opening Date and will become a Prospectus upon filing with the RoC after the Pricing Date.
Selling Shareholders	Mahindra & Mahindra Limited and British Telecommunications plc, acting severally and not jointly.
Stock Exchanges	BSE and NSE.
Syndicate or members of the Syndicate	The BRLMs and the Syndicate Members.
Syndicate Agreement	The agreement to be entered into among the Company, the Selling Shareholders and the Syndicate Members, in relation to the collection of Bids in this Issue.
Syndicate Members	Kotak Securities Limited and ABN AMRO Asia Equities (India) Limited.
TRS or Transaction Registration Slip	The slip or document issued by any of the members of the Syndicate to a Bidder as proof of registration of the Bid.
Underwriters	The BRLMs and the Syndicate Members.
Underwriting Agreement	The agreement among the Underwriters, the Company and the Selling Shareholders to be entered into on or after the Pricing Date.

Conventional/ General Terms

Term	Description
CIT(A)	Commissioner of Income Tax (Appeal).
Companies Act	The Companies Act, 1956, as amended.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participants) Regulations, 1996, as amended.
Depositories Act	The Depositories Act, 1996, as amended.
Depository Participant	A depository participant as defined under the Depositories Act.
Fiscal	Period of twelve months ended March 31 of that particular year, unless otherwise stated.
FVCIs	Foreign Venture Capital Investors, as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000, as amended.
GIR Number	General Index Registry Number.
Indian GAAP	Generally accepted accounting principles in India.
Industrial Policy	The industrial policy and guidelines issued thereunder by the Ministry of Industry, Government of India, from time to time.
ITAT	Income Tax Appellate Tribunal.
Non-Residents	All eligible Bidders, including Eligible NRIs, FIIs registered with SEBI and FVCIs registered with SEBI, who are not persons resident in India.
NRI/ Non-Resident Indian	A person resident outside India, as defined under FEMA and who is a citizen of India or a person of Indian origin, each such term as defined under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended.
OCB/ Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended. OCBs are not permitted to invest in this Issue.
RoC	Registrar of Companies, Maharashtra, located at Mumbai, India.
SCRR	The Securities Contracts (Regulation) Rules, 1957, as amended.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act.
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended.
SEBI Guidelines	The SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time.
SEBI MAPIN Regulations	The SEBI (Central Database of Market Participants) Regulations, 2003, as amended from time to time.
U.S. GAAP	Generally accepted accounting principles in the United States of America.

Abbreviations

Term	Description
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
BSE	The Bombay Stock Exchange Limited
BT	British Telecommunications plc
CAGR	Compound Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CEO	Chief Executive Officer
CFO	Chief Financial Officer
EEFC	Exchange Earners Foreign Currency
EGM	Extraordinary General Meeting
EOU	Export Oriented Unit
EPS	Earnings Per Share
EPZ	Export Processing Zone
EXIM Policy	Export Import Policy of India
FCNR Account	Foreign Currency Non-Resident Account
FEMA	The Foreign Exchange Management Act, 1999, as amended, and the regulations framed thereunder
FII	Foreign Institutional Investor (as defined under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended) registered with SEBI under applicable laws in India
FIPB	Foreign Investment Promotion Board
HUF	Hindu Undivided Family
IEC	Importer Exporter Code
LIBOR	London Interbank Offered Rate
M&M	Mahindra & Mahindra Limited
MBTM	Mahindra-BT Investment Company (Mauritius) Limited
NAV	Net Asset Value
NRE Account	Non-Resident External Account
NRO Account	Non-Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
p.a.	per annum
P/E Ratio	Price/Earnings Ratio

Term	Description
PAN	Permanent Account Number
PAT	Profit after Tax
PBT	Profit before Tax
PLR	Prime Lending Rate
RBI	The Reserve Bank of India
RoNW	Return on Net Worth
SICA	Sick Industrial Companies (Special Provisions) Act, 1985
SG&A	Selling, General and Administration
UIN	Unique Identification Number
VCFs	Venture Capital Funds as defined and registered with SEBI under the SEBI (Venture Capital Fund) Regulations, 1996, as amended from time to time

Technical/ Industry Related Terms

Term	Description
3G	Third Generation
ADSL	Asymmetric Digital Subscriber Line
AIN	Advanced Intelligent Network
ARPU	Average Revenue per User
BI	Business Intelligence
BMS	Business Management Systems
BPM	Business Process Management
BPO	Business Process Outsourcing
BSS	Business Support Systems
COTS	Commercial off the Shelf
CRM	Customer Relationship Management
CSU	Competency and Solutions Unit
DRM	Digital Rights Management
DSL	Digital Subscriber Line
EMS	Element Management System
FTTx	Fibre to the Home/ Curb/ Neighbourhood
IDU	Independent Delivery Unit
IMS	IP Multimedia Systems
IPTV	Internet Protocol Television
ISDN	Integrated Service Digital Network

Term	Description
ISV	Independent Software Vendor
MGCP	Media Gateway Control Protocol
MPLS	Multi Protocol Label Switching
MSA	Master Services Agreement
MVNO	Mobile Virtual Network Operator
NASSCOM	National Association of Software and Service Companies
NGN	Next Generation Network
NMS	Network Management System
OSS	Operating Support System
POTS	Plain Old Telephone System
PSTN	Public Switched Telephone Network
SDH / SONET	Synchronous Digital Hierarchy/ Synchronous Optical Network
SIGTRAN	Signaling Transport
SIP	Session Initiation Protocol
SS7	Signaling System 7
TEM	Telecommunications Equipment Manufacturer
TSP	Telecommunications Service Provider
VoD	Video on Demand
VoIP	Voice over Internet Protocol
VPN	Virtual Private Network

PRESENTATION OF FINANCIAL AND MARKET DATA

Financial Data

Unless stated otherwise, the financial data in this Red Herring Prospectus is derived from our consolidated financial statements as of and for the five years ended March 31, 2006 prepared in accordance with Indian GAAP and restated in accordance with the applicable SEBI Guidelines. Our restated consolidated financial statements, together with our audited consolidated financial statements as of and for the three months ended June 30, 2006, are included in this Red Herring Prospectus. In accordance with SEBI requirements, we have also presented in this Red Herring Prospectus unconsolidated financial statements of the Company as of and for the five years ended March 31, 2006, prepared in accordance with Indian GAAP and restated in accordance with the applicable SEBI Guidelines, as well as audited consolidated financial statements as of and for the three months ended June 30, 2006.

The degree to which the Indian GAAP financial statements (consolidated or unconsolidated) included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices, Indian GAAP, the Companies Act and the SEBI Guidelines. Any reliance by persons not familiar with Indian accounting practices, Indian GAAP, the Companies Act and the SEBI Guidelines on the financial disclosures presented in this Red Herring Prospectus should accordingly be limited.

We have also included in this Red Herring Prospectus audited consolidated US GAAP financial statements for the Company as of March 31, 2005 and 2006 and for the years ended March 31, 2004, 2005 and 2006. These financial statements, which we prepare annually, have been presented as additional information only. See the section titled "Additional Information: Financial Statements under US GAAP" on page 397 of this Red Herring Prospectus.

Our fiscal year commences on April 1 and ends on March 31 of the next year, so all references to a particular fiscal year are to the twelve-month period ended on March 31 of that year.

Currency of Presentation

All references to "Rupees" or "Rs." or "INR" are to Indian Rupees, the official currency of the Republic of India. All references to "US$" or "U.S. Dollar(s)" are to United States Dollars, the official currency of the United States of America. All references to "GBP" are to Pounds Sterling, the official currency of the United Kingdom.

This Red Herring Prospectus contains translations of certain U.S. Dollar and other currency amounts into Indian Rupees that have been presented solely to comply with the requirements of Clause 6.9.7.1 of the SEBI Guidelines. These convenience translations should not be construed as a representation that those U.S. Dollar or other currency amounts could have been, or can be converted into Indian Rupees, at any particular rate, the rates stated below or at all.

In the section titled "Subsidiaries", all currency translations are based on the spot exchange rate provided by the Federal Reserve of the United States on March 31, 2006. These rates are as follows:

- Rs. 44.48 per US$ 1.00
- Rs. 77.36 per Pound Sterling 1.00
- Rs. 53.99 per Euro 1.00
- Rs. 27.53 per Singapore $1.00
- Rs. 1.15 per Thai Baht 1.00

In the section titled "Our Promoter Group", all currency translations are based on the RBI reference rate or the exchange rate from www.xe.com on March 31, 2006. These rates are as follows:

- Rs. 44.61 per US$ 1.00
- Rs. 77.80 per Pound Sterling 1.00
- Rs. 54.20 per Euro 1.00
- Rs. 27.56 per Singapore $1.00

- Rs. 7.23 per Rand 1.00
- Rs. 5.56 per RMB
- Rs. 12.12 per Dirham 1.00

The following table sets forth, for each period indicated, information concerning the number of Rupees for which one U.S. Dollar could be exchanged at the noon buying rate in the City of New York on the last business day of the applicable period for cable transfers in Rupees as certified for customs purposes by the Federal Reserve Bank of New York. The row titled "Average" in the table below is the average of the daily noon buying rate for each day in the period.

	Fiscal 2006	**Fiscal 2005**	**Fiscal 2004**
Period End	Rs. 44.48	Rs. 43.40	Rs. 47.45
Average	Rs. 44.17	Rs. 44.86	Rs. 45.96
Low	Rs. 43.05	Rs. 43.27	Rs. 43.40
High	Rs. 46.26	Rs. 46.45	Rs. 47.46

On July 17, 2006, the noon buying rate was Rs. 46.64 to one U.S. Dollar.

Market Data

Unless stated otherwise, industry data used throughout this Red Herring Prospectus has been obtained from industry publications such as Ovum Research, Datamonitor and NASSCOM. These industry publications generally state that the information contained therein has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Company and the Selling Shareholders believe that industry data used in this Red Herring Prospectus is reliable, such data has not been verified by any independent source.

FORWARD-LOOKING STATEMENTS

This Red Herring Prospectus contains certain "forward-looking statements". These forward-looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "objective", "plan", "project", "shall", "will", "will continue", "will pursue" or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant statement.

Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- a decline in IT services spending in the global telecommunications industry;
- our failure to keep pace with rapid changes in telecommunications technologies;
- the loss of, or a decline in business from, any of our key clients to which we have significant exposure;
- our ability to compete effectively;
- our failure to maintain key relationships with ISVs;
- our expansion into other countries in which we have limited experience;
- difficulties in integrating companies we acquire;
- our dependence on the members of our management team;
- our ability to recruit highly qualified IT professionals;
- our ability to protect our intellectual property rights and prevent other parties from infringing those rights;
- the degree of control over us exercised by our parent companies;
- the continued availability of applicable tax benefits;
- changes in government policies or legislation that apply to or affect our business, including laws limiting outsourcing;
- fluctuations in exchange rates; and
- developments affecting the Indian economy.

For further discussion of factors that could cause our actual results to differ, see the sections titled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages xiii and 285 of this Red Herring Prospectus. Neither the Company, the Selling Shareholders nor any of the Book Running Lead Managers nor any of their respective affiliates has any obligations to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the Company, the Selling Shareholders and the Book Running Lead Managers will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges.

RISK FACTORS

An investment in our Equity Shares involves a high degree of risk. You should carefully consider all of the information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. If any of the following risks actually occur, our business, results of operations and financial condition could suffer, the trading price of our Equity Shares could decline and you may lose some or all of your investment.

Internal Risk Factors and Risks Relating to Our Business

Our revenues and profit could decline if there is a decline in IT services spending in the global telecommunications industry.

Our primary business is the provision of IT services to the global telecommunications industry. Our future revenues and profitability are dependent in substantial part on growth in spending on IT services by companies in the telecommunications industry. Following a slowdown earlier this decade, the global telecommunications industry stabilised in 2004 and experienced modest growth in 2005 as reflected in increased capital and operating expenditures by telecommunications service providers ("TSPs") and growing demand for telecommunications services. This growth may not be sustained in future periods. IT spending by telecommunications companies will be impacted by the rate at which they increase their capital expenditures and operating expenditures to respond to growth in voice and data traffic and the commercial development of new services, in particular 3G and other "next generation" services. If our clients' businesses do not grow in the markets in which they operate, in particular the United Kingdom and the United States, our clients may reduce their spending on the services and solutions we provide, which would have a material adverse effect on our business and prospects.

If we fail to keep pace with the rapid changes in telecommunications technologies, we could lose market share or incur substantial costs in trying to maintain market share.

The telecommunications industry has been changing rapidly over the past few years and we expect this pace of change to continue. The telecommunications industry uses numerous, varied and sometimes incompatible technologies. The industry also demands frequent and, at times, significant technology upgrades. We do not have the resources to invest in all of these existing and potential technologies, and the technologies we do invest in may not achieve substantial customer acceptance or may ultimately prove to be unviable. These risks are particularly relevant in the current environment where fixed-line as well as mobile TSPs are transforming their networks into next generation networks to satisfy customer demand for innovative offerings. The telecommunications industry is also witnessing various trends towards the convergence of video, voice, data and mobility, which will involve significant changes in technologies. If we fail to anticipate and respond to these trends, we could lose clients and market share to competitors, which would have a material adverse effect on our business and prospects.

A small number of clients account for a large proportion of our revenues, and the loss of any of these clients could adversely affect our business.

In fiscal 2006, our top five clients and our top ten clients accounted for 85% and 90% of our revenues, respectively. Most of these clients are in the TSP segment. If we do not reduce our reliance on our top clients, our results of operations would be adversely affected in the event that we lost any of these clients. The telecommunications industry has recently experienced substantial consolidation, as evidenced by the mergers of Sprint and Nextel, Cingular and AT&T Wireless, SBC and AT&T, Verizon and MCI, the recently announced merger of Alcatel and Lucent and the recently announced acquisitions of O_2 by Telefonica and of BellSouth by AT&T. As service providers increase in size and further consolidation takes place in the industry, it is possible that an even greater percentage of our revenues will be attributable to a smaller number of large service providers and the loss of any such client could have a material adverse effect on our revenues and profitability.

We have a high level of exposure to BT and if we are unable to maintain BT as a client or if BT experiences a decline in demand for its services, our business will be materially adversely affected.

BT is one of our promoters and we derive a significant portion of our revenues from BT. In fiscal 2006, BT accounted for 69% of our revenues. There can be no assurance that this level of business from BT will be sustained in the future. For example, if BT were to be negatively impacted by developments in the telecommunications market or if it otherwise suffers a decline in customer demand for its services, it could be forced to reduce its spending on IT services, which would have a material adverse effect on our business.

Major events affecting our clients, such as bankruptcies and acquisitions, could adversely impact our business.

The telecommunications industry experienced a number of major bankruptcies and corporate restructurings in the early part of this decade. While we were not materially affected by any of those bankruptcies or restructurings, we face the risk that such events could affect our clients. If any of our major clients becomes bankrupt or insolvent, we may lose some or all of our business from that client and our receivables from that client would increase and may have to be written off, adversely impacting our revenues and financial condition. Our business could also be adversely affected by the acquisition of a major client if the combined entity chooses not to engage us to provide it with IT services and solutions. For example, Alcatel, which is one of our major clients, recently announced a merger agreement with Lucent Technologies and O_2, another significant client, is being acquired by Telefonica. We do not know at this time what impact, if any, these acquisitions will have on our relationship with, and revenues from, Alcatel and O_2. If the combined Alcatel-Lucent or Telefonica-O_2 entities choose to cease using us for their IT needs, our business will be materially and adversely affected.

We operate in a highly competitive environment and if we are not able to compete effectively, our revenues and profitability will be adversely affected.

The market for IT services is rapidly evolving and is highly competitive. We expect that the competition we face will continue to intensify. We face competition from:

- Indian IT services companies such as Infosys Technologies, Patni Computer Systems, Tata Consultancy Services, Wipro Technologies and HCL Technologies;
- IT services companies with a strong focus on the telecommunications industry, including Amdocs;
- Other international IT services companies, such as Accenture;
- Telecommunications companies which are developing their own IT capabilities in-house both organically and through acquisitions;
- Divisions of large multinational technology firms such as Hewlett-Packard and IBM; and
- Offshore service providers in other countries with low wage costs, such as China, the Philippines and certain countries in Eastern Europe.

A number of our international competitors are setting up operations in India. Further, many of our other international competitors with existing operations in India are expanding these operations, which have become an important element of their delivery strategy. This has resulted in increased employee attrition among Indian IT services companies and increased wage pressure to retain software professionals and reduce such attrition.

Many of our competitors have significantly greater financial, technical and marketing resources and generate greater revenues than we do. Moreover, our competitors' success depends upon a number of factors that are beyond our control, including their ability to attract and retain highly qualified technical employees, the price at which they offer comparable services and their responsiveness to client needs. Therefore, we cannot assure you that we will be able to retain our clients in the face of such competition. If we lose clients as a result of competition, our market share will decline, which would have a material adverse effect on our business.

If we are unable to manage our growth, our business could be disrupted.

We have experienced and are currently experiencing a period of significant growth, which is in large part due to rapid growth in the telecommunications and the IT services industries over the past few years. We anticipate future growth, in particular as a result of our clients' expanding software needs for the development of their next generation networks. In anticipation of future growth, we plan to invest in additional staff, equipment, systems and infrastructure to expand our IDUs. We also plan to expand our research capabilities through our CSUs and through investment in facilities similar to our recently opened Next Generation Telecom Solutions Lab. This future growth may strain our managerial, operational, financial and other resources. There can be no assurance that our existing systems and resources will be adequate to support the growth of our operations.

Our revenues and expenses are difficult to predict and can vary significantly from quarter to quarter, which could cause the price of our Equity Shares to fluctuate.

Our revenues and profitability have grown rapidly in recent years and are likely to vary significantly in the future from period to period, due to the acquisition of new clients or the loss of existing clients, the size and timing of our major projects, the proportion of our projects delivered offshore versus onsite and the utilisation of our billable employees, among other factors. Our revenues could also fluctuate based on the achievement or the missing of milestones in certain projects, as well as payment delays by clients who sometimes postpone payment in an effort to manage their cash flows and earnings. Therefore, we believe that period-to-period comparisons of our results of operations are not necessarily meaningful and should not be relied upon as indicative of our future performance. It is possible that in the future some of our results of operations may be below the expectations of market analysts, which could cause the price of our Equity Shares to decline significantly.

Our failure to complete fixed price projects within budget and on time will negatively affect our profitability.

We typically perform projects either on a fixed price, fixed time or on a time and materials basis. Fixed price projects are those projects where the amount to be billed is specified in the relevant work order. We derive a significant portion of our revenues from fixed price contracts. If we fail to estimate accurately the resources and the time required for a fixed price project, future wage inflation rates or currency exchange rates, or if we fail to complete our contractual obligations within the contracted time frame, our profitability may suffer.

If we are unable to maintain our key relationships, or enter into new relationships, with ISVs, our marketing and research and development capabilities could suffer.

A key element of our marketing strategy is to enter into relationships with ISVs to jointly engage in software development and offer services to clients. We consider such relationships crucial to our research and development efforts. This strategy is key to our business expansion. If we were to lose any of our key relationships, our marketing and research and development capabilities could be restricted. Such a loss could cause us to lose market share or fall behind in technological developments.

International expansion in countries and regions where we have limited local experience may prove to be challenging.

We have limited experience in East Asia and other regions where we plan to expand our operations, thereby making it uncertain whether we will be able to penetrate the local technology and services markets easily. The set-up costs coupled with the delays associated with acquiring recognition in local markets and the challenges of competing with established local firms can create a time lag between the initial capital outlay and the generation of a return on the capital employed. Moreover, the impact of our geographic expansion may be diluted should our competitors undertake expansion into our targeted markets in a more effective manner.

In addition to the uncertainty regarding our ability to generate additional revenues from operations in new markets, there are risks inherent in doing business in certain countries, including, among others, regulatory requirements, legal uncertainty regarding liability, trade barriers, difficulties in staffing and managing foreign operations, different payment and accounting practices, problems in collecting accounts receivable, cultural barriers, political instability and potentially adverse tax consequences. Any of the foregoing could adversely affect the success of our international expansion strategy.

We may experience difficulties in integrating Axes or other companies we may acquire in the future, which could have a material adverse effect on our results of operations.

Our acquisition of Axes in November 2005 was the first acquisition in our history. We may make further acquisitions or investments to expand our access to key clients, add new services to our portfolio or enhance our research capabilities. Our acquisitions may not contribute to our profitability, and we may be required to incur or assume debt, or assume contingent liabilities, as part of these acquisitions. We may encounter difficulties in integrating the personnel, operations, technology and software assets of the companies we acquire. These difficulties could disrupt our ongoing business, distract our management and employees or increase our expenses, all of which could have an adverse effect on our results of operations.

Our MSAs, including those with our two largest customers, typically can be terminated without cause and with minimal notice.

Our clients typically retain us through non-exclusive MSAs. Most of our MSAs and individual projects under such MSAs can be terminated by the client with or without cause and without termination-related penalties. Our MSAs also typically do not include any commitment by our clients to give us a specific volume of business or future work. We are therefore exposed to the risk that clients could decide to terminate their relationships with us or change their outsourcing strategies by moving work in-house or to our competitors. If any of our key clients were to take any of these courses of action, we would have no legal recourse, and could suffer a reduction in revenues.

If we are unable to respond to the increasing prominence of packaged software in the telecommunications industry, our business could be adversely affected.

The software needs of our clients can be met either by customised applications or by standardised packaged software. In recent years demand for packaged software, which is ready-made software that is available off the shelf, has increased, reducing the need for customisation. Packaged software has become more sophisticated and can be engineered to meet the needs of a wide range of clients. The increased demand for packaged software provides us with the opportunity to expand our customisation, upgrading and product lifecycle management offerings. To benefit from these, however, we need to maintain good relationships with ISVs and need to be familiar with the latest advances in such software. If we are unable to do so, we could lose market share to competitors and our business and growth plans could be adversely affected.

Our success depends in large part upon our management team and the loss of any member of this team could negatively impact our business.

We are highly dependent on the senior members of our management team for the management of our daily operations and the planning and execution of our business strategy. The competition for senior executives in the IT services industry is severe, and if we lose the services of any of these or other key individuals and are unable to find suitable replacements in a timely manner, our ability to realise our strategic objectives could be impaired. Furthermore, we do not have any “key man” life insurance policies in place for any of our directors or members of senior management. If we lose the services of any of our key employees in the future, our business could be negatively impacted.

If we are unable to attract or retain highly qualified IT professionals, the quality of our services could decline, which would adversely affect our reputation and business.

Our ability to develop new applications and attract new clients depends significantly on our ability to attract, train, motivate and retain highly qualified IT professionals. We face significant competition in hiring IT professionals, both in our university recruitment programs and in our lateral hiring. We also face staff attrition, which we define as the ratio of the number of employees that have left us during a defined period to the average number of employees on our payroll during such period. Our attrition rates for fiscal 2005 and 2006 were 26% and 17%, respectively. If we are unable to recruit talent or if our attrition rates increase, our ability to develop new software applications and win new clients will be constrained, we could lose market share and our business could be adversely affected.

We maintain a workforce based upon current and anticipated workloads and if we do not receive anticipated contract awards, or if these awards are delayed, we could incur significant costs.

Our estimates of future performance depend upon, among other things, whether and when we will receive certain new contract awards. While our estimates are based upon our best judgement based upon past experience, these estimates may frequently change based on newly available information. In the case of large-scale projects where timing is often uncertain, it is particularly difficult to predict whether or when we will receive a contract award. The uncertainty of contract awards and timing can present difficulties in matching our workforce size with our contract needs. If an expected contract award is delayed or not received, we could incur costs due to maintaining under-utilised staff and facilities, which in turn would have the effect of reducing our profits.

Any disruption in telecommunications, system failure or virus attacks could harm our ability to provide our services.

To serve our clients, we must maintain continuous voice and data communications links between our delivery centres, our headquarters in Pune and our clients' offices. Any significant disruption in these links, any major system failure or major virus attack could compromise our ability to complete projects for our clients on a timely basis. We do not maintain business interruption insurance and may not be covered for any claims or damages if any of the foregoing events actually occurs.

We have limited ability to protect our intellectual property rights and unauthorised parties may infringe upon or misappropriate our intellectual property.

We rely on a combination of copyright, trademark and design laws, confidentiality procedures and contractual provisions to protect our intellectual property, including our brand identity. However, the laws of India may not allow for the effective protection of intellectual property rights to the same extent as laws in other jurisdictions such as the United States, the United Kingdom or the European Union. Therefore, efforts to protect our intellectual property may not be adequate and we may not be able to detect unauthorised use or take appropriate and timely steps to enforce intellectual property rights either owned by us or those that we have the right to use.

Our competitors may independently develop proprietary methodologies similar to ours or duplicate our solutions or services. Unauthorised parties may infringe upon or misappropriate our services or proprietary information. We may need to litigate to enforce the infringed intellectual property rights or to determine the validity and scope of the proprietary rights of others. Any such litigation could be time consuming and costly and the outcome cannot be guaranteed.

We may be subject to third party claims of intellectual property infringement.

Although there are currently no material pending or threatened intellectual property claims against us, infringement claims may be asserted against us in the future. If we were to become liable to third parties for infringing their intellectual property rights, we could be required to pay substantial damages and be forced to develop non-infringing technology, obtain a license or cease selling the applications or solutions that contain the infringing technology. We may be unable to develop non-infringing technology or to obtain a license on commercially favorable or reasonable terms, or at all. We may also be required to change our methodologies so as not to use the infringed intellectual property, which may not be technically or commercially feasible and may cause us to expend significant resources. We could also face liability in respect of proprietary rights of our clients which may be misappropriated by our employees in violation of applicable confidentiality agreements. Any claims or litigation in these areas, whether we ultimately win or lose, could be time consuming and costly and may injure our reputation.

The use of the name "Mahindra" as a part of our corporate name and trademark is subject to the conditions stipulated under the trademark licensed user agreement with M&M.

We use the brand "Tech Mahindra" for our business and operations. We have entered into a trademark licensed user agreement with M&M for the use of the name "Mahindra" as part of our corporate name and brand. The continued use of the same is subject to certain conditions stipulated under the said agreement. Further, M&M has the right to terminate the said agreement on the happening of certain events including shareholding of M&M falling below 26% in our Company and any provision of the said agreement being breached by us. If any of these events happen, we may not be able to use the "Mahindra" name and we may need to change our corporate name and brand. Any such change could require us to incur additional costs and may adversely impact our business. For more details, see the section titled "Business - Intellectual Property" on page 60 of this Red Herring Prospectus.

Our ability to acquire companies organised outside of India is subject to regulatory constraints.

As part of our strategy to pursue inorganic growth, we may pursue acquisition opportunities outside of India. Generally, the Reserve Bank of India must approve any acquisition by us of any company organised outside of India. The Reserve Bank recently permitted acquisitions of companies organised outside of India by an Indian acquirer without approval in the following circumstances:

- If the transaction consideration is paid in cash, the transaction value does not exceed 200% of the net worth of the acquirer as of the date of the latest audited balance sheet, unless the acquisition is funded with the acquiring company's existing foreign currency accounts or with cash proceeds from the issue of shares; or
- If the transaction consideration is paid in stock, the transaction value does not exceed ten times the acquirer's previous fiscal year's export earnings.

It is possible that any required approvals from the Reserve Bank of India may not be obtained. Our failure to obtain approvals for acquisitions of companies organised outside India could restrict our international growth, which could negatively affect our business and prospects.

If the software solutions we implement for our clients experience failures or if we are unable to meet our contractual obligations, we may face legal liabilities and damage to our professional reputation.

The engagements that we perform for our clients are often critical to the operations of our clients' businesses and any failure in our clients' systems could subject us to legal liability, including substantial damages, regardless of our responsibility for such failure. Such liability may not be fully covered by our professional liability insurance. In addition, if our clients' proprietary rights are breached by any of our employees in violation of any applicable confidentiality agreements, our clients may consider us liable for such breach and seek damages and compensation from us. Assertion of one or more legal claims against us could have a material adverse effect on our business and our professional reputation.

If we are unable to successfully protect our computer systems from security risks, our business could suffer.

Our MSAs with our customers typically require us to comply with certain security obligations, including maintenance of network security, back-up of data, ensuring our network is virus-free and ensuring the credentials of those employees who work with our customers. We cannot assure you that we will be able to comply with all those obligations and not incur any liability. We may be required to expend significant capital or other resources to protect against the threat of security breaches or to alleviate problems caused by such breaches. There can be no assurances that any measures that we implement will not be circumvented in the future.

Delays or defaults in client payments could result in a reduction of our profits.

Because of the nature of our contracts, we sometimes commit resources to projects prior to receiving advances, progress or other payments from clients in amounts sufficient to cover expenditures on projects as they are incurred. Delays in client payments may subject us to working capital shortages. If a client defaults in making its payments on a project to which we have devoted significant resources or if a project in which we have invested significant resources is delayed, cancelled or does not proceed to completion, it could have a material adverse effect on our operating results.

Our management team and a significant proportion of our technical personnel are based at a single facility located in Pune and if this centre were damaged, our operations could be materially adversely affected.

Most of our management team and technical personnel as of June 30, 2006 are based in a single facility located in Pune. Because of the concentration of our employees and other resources at this facility, our results of operations could be materially adversely affected if the facility is damaged as a result of a natural disaster, including an earthquake, flood, fire or other event that disrupts our business or causes material damage to our property. Although we have back-up facilities for some of our operations, it could be difficult for us to maintain or resume quickly our operations in the aftermath of such a disaster. We do not have business interruption insurance, and we cannot assure you that our property insurance would cover any loss or damage to our assets.

There is outstanding litigation against us, our subsidiaries, our Directors, our Promoters and our Promoter Group Companies.

We are defendants in legal proceedings incidental to our business and operations. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. The amounts claimed in these proceedings have been disclosed to the extent ascertainable, excluding contingent liabilities and include amounts claimed jointly and severably from us and other parties. Should any new developments arise, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in the financial statements of the respective persons/ entities, which could increase the expenses and current liabilities.

There are certain claims pending in various courts and authorities at different levels of adjudication against against us, our subsidiaries, our Directors, our Promoter and our Promoter Group Companies:

- 9 cases against us and our subsidiaries aggregating Rs. 42.9 million, of which Rs. 42.6 million relates to tax claims;
- 70 cases against our Directors, including 6 criminal cases aggregating Rs. 21.1 million;
- 2,340 cases against our Promoters aggregating Rs. 6,669.3 million and
- 1,437 cases against our Promoter Group Companies aggregating Rs. 693.6 million.

For further details of outstanding litigation against us, our Directors, our Promoter and our Promoter Group companies, please see section titled “Outstanding Litigation and other Material Developments” on page 299 of the Red Herring Prospectus.

If we are unable to obtain required approvals and licenses in a timely manner, our business and operations may be adversely affected.

We require certain approvals, licenses, registrations and permissions for operating our business, some of which may have expired and for which we may have either made or are in the process of making an application for obtaining the approval or its renewal. For more information, see the section titled “Government and Other Approvals” beginning on page 325. If we fail to obtain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, our business could be adversely affected.

If contingent liabilities materialise, our financial condition and results of operations could be adversely affected.

Our contingent liabilities as of June 30, 2006 totalled Rs. 170 million, and comprised liabilities in respect of income tax demands that we have appealed in the amount of Rs. 43 million, outstanding bank guarantees in the amount of Rs. 125 million and provident fund claims from statutory authorities in the amount of Rs. 2 million. If any of these contingent liabilities materialises, our profitability could be adversely affected.

Certain of our Promoter Group Companies have incurred losses in recent years.

We have 73 Promoter Group companies (including our Promoter, our subsidiaries, companies under liquidation and disassociated Promoter Group companies). Of these, 35 companies have incurred losses and/ or have negative net worth (as per their unconsolidated financial statements), as set forth in the tables below:

The following is a list of companies in the Promoter Group which have incurred losses in the past three years:

Name of Subsidiary/ Promoter Group Company	Currency and units	Fiscal 2006	Fiscal 2005	Fiscal 2004
Tech Mahindra (Americas) Inc	USD	-	(1,815,201)	(2,527,863)
Tech Mahindra GmbH	Euros	-	(2,182,297)	(3,389,907)
Tech Mahindra (Singapore) Pte. Limited	SGD	(159,580)	-	-
Tech Mahindra (Thailand) Limited	THB	(3,397,196)	-	-
Tech Mahindra (R&D Services) Limited	Rs. million	(70.8)	-	-
Tech Mahindra (R&D Services) Pte. Limited	SGD	(6613)	(13,429)	-
Mahindra Europe Srl.	Euros	(108,012)*	(13,573) ^	(10,189) ^
Mahindra International Limited	Rs. million	(3.3)	-	-
Mahindra Gujarat Tractor Limited	Rs. million	(15.3)	(23.1)	(28.8)
Mahindra Shubhlabh Services Limited	Rs. million	(37.5)	(26. 8)	(60.6)
Mahindra (China) Tractor Company Limited	RBM in million	-	(15.04) ^	-
Mahindra World City Developers Limited	Rs. million	-	(143.1)	(211.3)
Mahindra World City (Jaipur) Limited	Rs. million	(0.02)	-	-
Mahindra Middleeast Electrical Steel Service Centre FZE	Dirhams million	-	(0.02)	-
Mahindra Automotive Steels Limited	Rs. million	(119.47)	-	-

Name of Subsidiary/ Promoter Group Company	Currency and units	Fiscal 2006	Fiscal 2005	Fiscal 2004
Mahindra Engineering Design & Development Company Limited	Rs. million	-	(7.5)	(0.3)
Jensand Limited	Pound Sterling	-	(88,122) ^	-
Stokes Forgings Limited	Pound Sterling	(204,677)*	(485,307) ^	(1,163,507) ^
Stokes Forgings Dudley Limited	Pound Sterling	-	(47,002) ^	-
Mahindra AshTech Limited	Rs. Million		(79.5)	(139.3)
Automartindia Limited	Rs. Million		(9.2)	(25.9)
Bristlecone Limited	US$	(252,791.5)	(268,675.0)	-
Bristlecone Inc	US$ million	(0.4)	(5.1)	(2.9)**
Bristlecone India Limited	Rs. Million		(70.2)	(26.2)
Bristlecone GmbH	Euros	-	(102,670.3)	-
Mahindra Logisoft Business Solutions Limited	Rs. Million	-	-	(11.0)
PSL Erickson Limited	Rs. Million	(1.4)	-	(0.03)
Officemartindia.com Limited	Rs. Million		(0.4)	(4.8)
Mahindra & Mahindra Contech Limited	Rs. Million	-	(4.7)	-
Indian NGOs.com Private Limited	Rs. Million	-	-	(0.9)
Plexion Technologies (India) Private Limited	Rs. Million	(2.54)	(21.86)	(23.3)
Plexion Technologies Inc	US$	(58,000)	(58,000)	-
BT (India) Private Limited	Rs. million	-	(10.17)	(0.15)
Mahindra Renault Private Limited	Rs. million	(117.05)	-	-
Mahindra World City (Maharashtra) Limited	Rs. million	(0.04)	-	-

^ For the twelve month period ended December 31

* For the three month period ended March 31, 2006

** For the fifteen month period from January 31, 2003 to March 31, 2004.

For a detailed description of our Promoters, please see section titled “Our Promoters” on page 93 of this Red Herring Prospectus and for a detailed description of our Promoter Group companies, please see section titled “Our Promoter Group” on page 101 of this Red Herring Prospectus.

We have not entered into any definitive agreements to use the net proceeds of the Fresh Issue.

The use of proceeds as described in the section titled “Objects of the Issue” beginning on page 27 of this Red Herring Prospectus is at the discretion of our board of directors. The objects of the Issue have not been appraised by any bank or other financial institution. As described in “Objects of the Issue”, we plan to use the net proceeds of the Fresh Issue to set up additional facilities at the Rajiv Gandhi Infotech Park, Hinjawadi in Pune in order to enhance our delivery structure. The estimated cost of this project is Rs. 1,980.8 million. Of this amount, only Rs. 108.2 million has actually been incurred. We are not bound by any definitive agreements to dedicate the remaining net proceeds of the Fresh Issue to our additional facilities at the Rajiv Gandhi Infotech Park or for any other purpose.

Risks Relating to our Shareholders and the Equity Shares

As our controlling shareholders, M&M and BT have the ability to exert significant influence over us, and their interests may conflict with those of other holders of the Equity Shares.

M&M beneficially owns 56.1% of our share capital and will own 51.3% following the issue. BT beneficially owns 42.4% of our share capital and will own 36.2% following the issue. As a result, M&M and BT will together hold a controlling stake in us after the completion of the offering. This controlling stake will allow them to exert significant influence over certain actions requiring shareholder approval, including, but not limited to, matters relating to any sale of all or substantially all of our assets, the increase of decrease of our authorised share capital, the election of directors, the declaration of dividends, the appointment of management and other policy decisions. This control could delay, defer or prevent a change in control of the Company, impede a merger, consolidation, takeover or other business combination involving the Company, or discourage a potential acquirer from obtaining control of the Company even if it is in the best interest of the Company. The interests of our controlling shareholders could conflict with the interests of our other shareholders, including the holders of the Equity Shares, and the controlling shareholders could make decisions that materially adversely affect your investment in the Equity Shares.

Our Promoters may have businesses similar to that of ours, and therefore have conflicts of interest with our business.

Our Promoters, BT and M&M, each have IT services businesses which may, in the future, compete with us for client engagements. As a result, there may be conflicts of interest between us on the one hand and the IT services businesses of BT and M&M on the other hand in addressing business opportunities and strategies. We cannot assure you that any conflicts of interest will be resolved by BT or M&M in our favor.

We have in the past entered into related party transactions and may continue to do so in the future.

We have entered into transactions with our promoters, certain subsidiaries and affiliates. While we believe that all such transactions have been conducted on an arm's length basis, there can be no assurance that we could not have achieved more favorable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we may enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations.

Our shareholders, including our Promoters and a promoter group company have been issued Equity Shares by us during the last year without payment by our Promoters or the promoter group compan..

On June 1, 2006, we made an issue of 90.1 million Equity Shares by way of a bonus issue of four equity shares for each equity share owned by our shareholders, including our Promoters, M&M and BT, and a Promoter Group company, MBTM. These Equity Shares have been issued without payment by our shareholders.

Any further issuance of Equity Shares by us or significant sales of Equity Shares by Mahindra & Mahindra or BT may dilute your shareholding and affect the trading price of the Equity Shares.

Any future equity offerings by us, including issuances of stock options under our employee stock option plans, may lead to the dilution of investor shareholding in our company or affect the market price of the Equity Shares and could impact our ability to raise capital through an offering of our securities. Additionally, sales of a large number of our Equity Shares by our principal shareholders, BT and M&M, could adversely affect the market price of our Equity Shares. In addition, any perception by investors that such issuances might occur could also affect the market price of our Equity Shares.

After this Issue, the price of our Equity Shares may be volatile, or an active trading market for our Equity Shares may not develop.

Prior to this Issue, there has been no public market for our Equity Shares. An active trading market for our Equity Shares may not develop or be sustained after this Issue and the price at which our Equity Shares are initially offered may not correspond to the prices at which they will trade in the market subsequent to this Issue. The trading price of our Equity Shares may fluctuate after this Issue due to a wide variety of factors, including our results of operations and the performance of our business, competitive conditions and general economic, political and social factors, volatility in the Indian and global securities markets, the overall market for IT and telecommunications services, the performance of the Indian and global economy and significant developments in India's fiscal regime. There has been significant recent volatility in the Indian stock markets, with the BSE Sensex declining by approximately a quarter in the month since it reached its all time closing high of 12,612 on May 10, 2006. On July 18, 2006, the BSE Sensex closed at 10,227. Our share price could fluctuate significantly as a result of market volatility.

You will not be able to sell immediately any of the Equity Shares you purchase in this Issue on an Indian stock exchange.

The Equity Shares will be listed on the NSE and the BSE. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Investors' book entry, or "demat" accounts with depository participants in India are expected to be credited within two working days of the date on which the basis of allotment is approved by the Designated Stock Exchange. Thereafter, upon receipt of final approval of the stock exchanges, trading in the Equity Shares is expected to commence within seven working days of the date on which the basis of allotment is approved by the Designated Stock Exchange. There can be no assurance that the Equity Shares allocated earlier to investors will be credited to their demat accounts, or that trading will commence, within the time periods specified above.

Out of the Issue Proceeds, only the Net Proceeds from the Fresh Issue will be available to us.

The Issue is a combination of the Fresh Issue and the Offer for Sale and hence the Issue Proceeds will be shared by the Selling Shareholders and us. The amount (net of issue expenses) proportionate to the number of shares under the Offer for Sale will be remitted to the Selling Shareholders and the amount (net of issue expenses) proportionate to the Fresh Issue would be available to us. Accordingly, we will not benefit from the entire proceeds of the Issue.

External Risk Factors

Legislation in certain of the countries in which we operate, including the United Kingdom and the United States may restrict companies in those countries from outsourcing work overseas.

Outsourcing is a politically sensitive topic in the United Kingdom, the United States and certain European countries due to its perceived association with the loss of jobs in those countries. In the United Kingdom, the Transfer of Undertakings (Protection of Employment) Regulations ("TUPE"), including the recent revisions to those regulations, will allow employees who are dismissed as a result of "service provision changes," which may include outsourcing to non-UK companies, to seek compensation either from the company from which they were dismissed or from the company to which the work was transferred. This could deter British companies such as BT from outsourcing work to us and could also result in our being held liable for redundancy payments due to British workers.

In addition, in the United States legislation has recently been proposed to restrict companies from outsourcing work to non-US companies. If the United States or any of the other countries where we do significant business were to enact such legislation, we would lose clients in the enacting countries. Further, even if anti-outsourcing legislation is not enacted, certain of our current or prospective clients could nonetheless face political pressure to restrict their outsourcing activities. If our clients in the United Kingdom, the United States or other countries are restricted or discouraged from outsourcing work to India, we could be faced with significant liabilities or could lose revenues, both of which would have a material adverse effect on our results of operations.

Restrictions on work permits may affect our ability to compete for and provide services to clients.

The majority of the work we perform is completed offshore but most of our projects require at least some onsite visits by our IT professionals. Since the vast majority of our employees are Indian citizens, most of the IT professionals we send to work onsite with clients outside India must obtain visas and work permits. Limits may be placed upon the aggregate number of certain types of visas, such as H-1B visas in the United States. As a result of current or future immigration restrictions, we could be limited in our ability to perform client projects outside India, which would constrain our growth.

Because a significant percentage of our revenues are denominated in foreign currencies and a significant percentage of our costs are denominated in Indian rupees, we face currency exchange risk.

The exchange rate between the Indian rupee and the British pound and the rupee and the U.S. dollar has changed substantially in recent years and may continue to fluctuate significantly in the future. During fiscal 2005, the value of the rupee against the British pound depreciated by 3.17% and the value of the rupee against the U.S. dollar depreciated by 0.51%. During fiscal 2006, the value of the rupee against the British pound appreciated by 5.60% and the value of the rupee against the U.S. dollar depreciated by 1.97%.

In fiscal 2004, 2005 and 2006, 86%, 87% and 75% of our revenues were denominated in British pounds and 12%, 10% and 22% of our revenues were denominated in U.S. dollars. At the same time, a substantial proportion of our costs are denominated in Indian rupees. We expect that a majority of our revenues will continue to be generated in foreign currencies and that a significant portion of our expenses will continue to be denominated in Indian rupees.

Accordingly, our operating results have been and will continue to be impacted by fluctuations in the exchange rate between the India rupee and the British pound and the Indian rupee and the U.S. Dollar, as well as exchange rates with other foreign currencies. Any strengthening of the Indian rupee against the British pound, the U.S. dollar or other foreign currencies could adversely affect our profitability.

Rising wages in India could have a negative effect on our results of operations.

Wage costs in India have historically been significantly lower than wage costs in the United States and Europe for comparably skilled professionals. However, wages in India are now on the increase, as a result of the entry of several large multinational companies into India and other competitive pressures. Wages in India are increasing particularly rapidly in the technology sector. We may need to increase wages in order to remain competitive with other IT services employers, including in countries where wage increases have not been as rapid as in India. This would cause our margins to decrease, which would have a material adverse effect on our results of operations.

Reduction or termination of our tax incentives will increase our tax liability and reduce our profitability.

Currently, we benefit from certain tax incentives under Section 10A of the Income Tax Act for the IT services that we provide from specially designated “Software Technology Parks,” or STPs. As a result of these incentives, our operations in India have been subject to relatively low tax liabilities. We incurred minimal income tax expense in fiscal 2006 as a result of the tax holiday, compared to the tax expense that we would have incurred if the tax holiday had not been available for that period. Under current laws, the tax incentives available to these units terminate on the earlier of the ten year anniversary of the commencement of operations of the unit or March 31, 2009. We intend to set up units in SEZs, which under current tax laws would also provide us with tax benefits. We cannot assure you that the Indian government will not enact laws in the future that would adversely impact our tax incentives and consequently, our tax liabilities and profits. When our tax incentives expire or terminate, our tax expense will materially increase, reducing our profitability.

A significant proportion of our clients are located in Europe and an economic slowdown in Europe or in any of the European countries in which we operate, including the United Kingdom, could have a material adverse effect on our business.

We derive a significant proportion of our revenues from Europe and in particular from the United Kingdom. In fiscal 2006, European clients accounted for 77% of our total revenues and most of these revenues were sourced from the United Kingdom. As a result of this geographical concentration, an economic slowdown in Europe generally or in the United Kingdom or any of the other European countries in which we operate could have a material adverse effect on our business. Additionally, a decline in the value of the Euro or the British pound, changes in European countries' laws including those relating to offshoring, outsourcing, data security and privacy, or other factors that adversely affect the economic health of, or our ability to do business in, Europe or any of its constituent countries may have a material adverse effect on our business.

Political instability, changes in government or other developments could adversely affect economic conditions in India generally, which could impact our financial results and prospects.

Our performance and growth are dependent on the health of the Indian economy. The economy could be adversely affected by various factors, such as political and regulatory action including adverse changes in liberalisation policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. Any slowdown in the Indian economy could adversely affect our customers and suppliers, which in turn would adversely impact our business and financial performance and the price of our Equity Shares.

Notes to risk factors

- Public issue of 12,746,000 Equity Shares of Rs. 10 each for cash at a price of Rs. [•] per Equity Share including a share premium of Rs. [•] per Equity Share aggregating Rs. [•]million. The Issue comprises a Fresh Issue of 3,186,480 Equity Shares of Rs. 10 each by the Company and an Offer for Sale of 9,559,520 Equity Shares of Rs. 10 each by the Selling Shareholders. 1,158,790 Equity Shares of Rs. 10 each will be reserved in the issue for subscription by Eligible Employees. The Issue would constitute 11% of the post Issue paid-up capital of the Company and the Net Issue will constitute 10% of our post-issue capital.
- The average cost of acquisition of equity shares by our Promoters, M&M and BT, is Rs. 35.67 and Rs. 3.32, respectively. For details see the section titled "Capital Structure" on page 16.
- Our net worth before the Issue (as of March 31, 2006) was Rs. 6,154 million and the book value per Equity Share as of March 31, 2006 was Rs.59.
- We were incorporated in Mumbai on October 24, 1986 as Mahindra-British Telecom Limited. On February 3, 2006, our name was changed to Tech Mahindra Limited. For further information, please refer to section titled "History and Certain Corporate Matters" on page 67.
- Any clarification or information relating to the Issue shall be made available by the BRLMs and our Company to investors at large and no selective or additional information would be available for a section of investors in any manner. Investors may contact any of the BRLMs for any complaints pertaining to the Issue.
- Related party transactions aggregated Rs. 8,781.3 million for Fiscal 2006, Rs. 8,269.5 million for Fiscal 2005 and Rs. 6,085.0 million for Fiscal 2004 with various related parties on a consolidated basis. For more details of our related party transactions, refer to the section titled "Related Party Transactions" on page 161.
- Investors may note that in case of over-subscription in the Issue, allotment to QIBs, Non-Institutional Bidders, Retail Individual Bidders and bidders under the Employee Reservation shall be on a proportionate basis. For more information, please refer to "Issue Procedure" on page 349.
- Investors are advised to refer to "Basis for Issue Price" on page 30 .

SUMMARY OF OUR BUSINESS, STRENGTHS AND STRATEGIES

Overview

We are a leading Indian provider of IT services and solutions to the telecommunications industry and in fiscal 2005 we were ranked by NASSCOM as the eighth largest Indian IT services company in terms of export revenues. We were formed in 1986 as a joint venture between Mahindra & Mahindra Ltd. ("M&M"), one of India's leading manufacturers of tractors and utility vehicles, and British Telecommunications plc ("BT"), one of the world's leading telecommunications companies.

Our growth has been marked by significant expansion on several fronts. As a result of our longstanding relationship with BT, we have an established presence in the European market but in recent years have also experienced rapid growth in North America with clients such as AT&T and in the Asia-Pacific region with clients in countries such as Singapore, Australia, Taiwan, Indonesia and India. We have clients in over 40 countries. We have expanded our coverage of client sectors from our traditional focus on telecommunications services providers ("TSPs") to telecommunications equipment manufacturers ("TEMs") such as Alcatel and Motorola and independent software vendors ("ISVs"). Our acquisition of Axes Technologies in November 2005 has enabled us to significantly expand our TEM expertise.

We have steadily enhanced the portfolio of services we offer to our clients. Our services now span a wide range, from applications development and maintenance, solution integration, product engineering and lifecycle management and testing to high end, higher value added offerings such as consulting, managed platforms and managed services. We provide these services to our clients in the form of telecommunications specific offerings and through a delivery model which efficiently combines service delivery with domain knowledge. We have twelve independent delivery units supported by our competency and solutions units, and we believe that this model enables us to deliver superior solutions to our clients.

As a consequence of these factors, our revenues grew at a compound annual growth rate of 29% and our number of employees grew at a compound annual growth rate of 57% from fiscal 2004 to fiscal 2006.

Competitive Strengths

We believe that the following are our competitive strengths:

Exclusive focus on the growing telecommunications industry

We are unique among major IT service providers in India in that our services are focused almost exclusively on the telecommunications industry. Global spending in the telecommunications industry is expected to continue to grow at a significant pace. According to Ovum Research, TSPs spent US$ 30.6 billion on software and IT services in 2005 and are expected to increase such spending at a compound annual growth rate of 5.8% to US$ 38.4 billion in 2009. According to Datamonitor, TEM revenues are expected to increase from US$ 308 billion in 2005 to US$ 347 billion in 2009, which would represent a compound annual growth rate of 3.0%. Given the technology intensive nature of the TEM business and the historical levels of R&D expenditure by leading TEMs, we anticipate that TEM expenditure on IT services will continue to expand. We believe that our unique focus on the telecommunications industry will allow us to participate in and benefit from the anticipated growth of the global telecommunications industry.

Domain knowledge

Our focus on the telecommunications industry has enabled us to develop domain knowledge that spans the breadth of solutions that telecommunications companies require. This has in turn allowed us to steadily advance our offerings from the provision of conventional IT services to high end, higher value added services such as managed platforms and managed services and consulting, resulting in deeper involvement with our clients' businesses. We have also been able to address the various technological changes in the industry, and have the ability to provide solutions that support voice-data convergent systems, including voice over Internet protocol ("VoIP"), as well as location-based services and next generation services. Our capabilities have been strengthened through our involvement in major transformation and next generation initiatives. Our experience is enhanced by the alignment of our service offerings with our CSUs, within which our research and development functions are located. We believe that our competence and expertise in the telecommunications industry, combined with our "thought leadership" initiatives such as our active involvement in industry forums including the TeleManagement Forum and the OSS through Java Initiative, contributes to the domain knowledge that we bring to bear when addressing our clients' needs.

Established client relationships

We have developed established relationships with clients such as BT and Alcatel, both of which are at the forefront of the rapidly changing global telecommunications industry. The depth of our relationships with these clients enables us to stay at the forefront of technological changes in the industry. We have broadened our relationship with BT by expanding our service offerings to cover a wide range of BT's businesses, thereby increasing our revenues from BT significantly. We have also developed our relationship with Alcatel, ultimately winning a commitment from Alcatel North America to provide, for a limited period of time, at least half of its US outsourced product engineering development business to us each year. In addition to these two clients, we have also successfully grown our business through the development of new client relationships. For example, our relationship with AT&T commenced in fiscal 2005 but we have already increased the level of business we do with AT&T. We believe that our relationships with these prestigious and widely recognised clients represent a competitive advantage in gaining new clients and growing our business.

Strategic position in the TEM segment through our acquisition of Axes Technologies

Our acquisition of Axes in November 2005 significantly increased our ability to offer services to TEM clients. The focus of Axes is product engineering and lifecycle management relating to telecommunications equipment used in areas such as transmission, switching and access, in both legacy and next generation networks. Axes takes ownership of product lines from its clients, providing support across the product lifecycle including development, maintenance and customer support. The Axes acquisition also reinforces our key client relationships with Alcatel and Motorola. Our relationships with TEMs enable us to understand the network equipment and platforms used by our TSP clients and anticipate their IT needs, which we believe provides us with a competitive advantage in attracting new business from TSPs in the network technology space. We also believe that we will be able to leverage our relationships with TSPs to expand our offerings to other TEMs.

Relationships with key software vendors

We have developed relationships with various software vendors such as Oracle, Verisign and Clarity, who create software for the telecommunications industry. We frequently contribute to various stages in the software development process using our understanding of the specific needs and requirements of telecommunications clients. Our familiarity with this software then allows us to win business from telecommunications clients, including high end engagements such as managed platforms and managed services and consulting. Finally, our relationships with software vendors enable us to approach new clients and enter new markets more effectively and within a shorter time frame.

Efficient delivery model

We offer our services to clients through IDUs, or IDUs, each of which has its own resource pool and is supported by a CSU. Each IDU manages one or more client relationships and is responsible for the seamless delivery of services to the client. Our practice of rotating technical personnel among our IDUs facilitates knowledge sharing within our organisation. We believe that our delivery model allows for faster execution of client engagements, ensures the quality of services provided and enables the efficient use of our resource pool. A key feature of our delivery model is that our IDUs are co-located with our CSUs. CSUs are a key component of our knowledge base and aligning them with our delivery function provides our clients with robust solutions which efficiently combine existing processes and methodologies with state-of-the-art domain knowledge. These processes and methodologies are key elements of our quality framework, which has been assessed at CMM-I Level 5.

Experienced management team

Our management team has been involved in the IT industry for a long period, with a proven track record of development of new business lines and management of large client relationships. Mr. Vineet Nayyar, our CEO, was the founder and CEO of HCL Perot Systems and the Vice-Chairman of HCL Technologies, one of India's premier IT services companies. Mr. Sanjay Kalra, our President of Strategic Initiatives who is responsible for our BT relationship, has expertise in developing new products and business lines, leading high growth businesses and managing strategic relationships and acquisitions. Mr. C.P. Gurnani, our President of International Operations, brings to Tech Mahindra over 22 years of experience in the Indian IT services industry, with extensive experience in international business development and joint ventures.

Recognised parentage

We were founded as a joint venture by M&M and BT and we benefit significantly from our recognised parentage. M&M is a widely recognised brand name in India and has operations in several key sectors of the Indian economy. BT is one of the world's largest telecommunications companies. We believe that our association with M&M and BT is a great asset to us that aids us in winning new business and is also particularly useful in recruitment because of candidates' familiarity with the M&M and BT names.

Business Strategy

We intend to maintain and enhance our position as a leading provider of IT services to the telecommunications industry by offering a comprehensive portfolio of IT services and investing further in our competitive strengths, thereby creating value for our shareholders and clients. The key elements of our business strategy include:

Grow and enhance our business from existing clients

We intend to increase our business from existing clients by increasing our share of their total spend on IT services. This involves increasing the scope of engagements with our clients by expanding the breadth of services we offer and addressing new areas within clients' organisations. We plan to focus on high end, higher value added services such as managed platforms, managed services and consulting, which tend to be long term in nature. We believe that we have experienced some early success in implementing this strategy in expanding our relationship with BT and, more recently, with AT&T, and intend to replicate this success with other clients.

Diversify client base and expand into new geographies

We have historically been dependent on BT as a client and Europe as a geographic area for most of our revenues. This dependence, however, has been declining as a result of our client acquisition and geographic expansion efforts. We plan to continue to reduce our reliance on existing clients by marketing our capabilities to new clients. We have adopted strategies that give us greater exposure to new clients, such as building relationships with globally well-known software vendors. We also intend to further expand our presence in North America, where the share of our total revenues grew from 10% in fiscal 2004 to 18% in fiscal 2006, and the Asia Pacific region, which we believe represents a significant growth opportunity for us.

Augment our capabilities through acquisitions and joint ventures

Historically, we have not pursued acquisitions and our growth has been entirely organic. In November 2005, we completed our first acquisition when we bought Axes. This acquisition has enabled us to significantly expand our presence in the TEM segment. We expect that our future growth will involve further acquisitions, joint ventures and other strategic initiatives, which will allow us to add service offerings and clients to our portfolio.

Strengthen our brand name in the Indian and global IT services market

We intend to continue to enhance our brand recognition in the IT services and telecommunications marketplaces through brand building efforts, communications and promotional initiatives such as sponsorship of telecommunications and IT services conferences, interaction with industry research organisations, participation in industry events, public relations and investor relations efforts. We also intend to focus on our sales and marketing initiatives and establish our presence in the various geographies in which we plan to expand. We believe that these initiatives, as well as the listing of the Equity Shares, will enhance the visibility of our brand name, contribute to our recruitment and retention initiatives and strengthen our recognition as a leader in the Indian IT services industry.

Increase productivity and efficiency

We plan to increase our profitability by increasing our productivity and efficiency. We have already increased profitability by introducing major cost saving initiatives. These include the rationalisation of support staff and our overseas offices, and the restructuring of our sales teams in Europe and the US. These initiatives have contributed to a significant reduction of our SG&A expenses, from 26% of our revenues in fiscal 2004 to 19% in fiscal 2006. We intend to maintain our SG&A expenses at optimal levels. We also plan to optimally vary the composition of our employee resource pool, in terms of seniority and location, to maximise our productivity and efficiency.

Continue to attract, train and retain high quality employees

We intend to further develop our position as a preferred employer in the Indian IT services industry and place special emphasis on attracting and retaining highly skilled employees. We will continue to invest in the career development and training of our employees with the objective of further enhancing their technical and leadership skills. We believe that our recent expansion into Chennai, Bangalore, Delhi and Kolkata gives us access to a larger talent pool and we plan to increase our recruiting efforts in those cities.

SUMMARY FINANCIAL INFORMATION

Our consolidated and unconsolidated financial statements as of and for the five years ended March 31, 2006, presented in this Red Herring Prospectus, have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Guidelines and appear in the section titled “Financial Statements under Indian GAAP” on page 167. In addition, we have also included in this Red Herring Prospectus audited consolidated US GAAP financial statements of the Company as of March 31, 2005 and 2006 and for the years ended March 31, 2004, 2005 and 2006. These financial statements, which we prepare annually, have been presented as additional information only. See the section titled “Additional Information: Financial Statements under US GAAP” on page 237 of this Red Herring Prospectus. In this Red Herring Prospectus, we have also included audited consolidated Indian GAAP financial statements and audited standalone Indian GAAP financial statements as of and for the three months ended June 30, 2006 in the section titled “Financial Statements under Indian GAAP for the quarter ended June 30, 2006”.

The following tables set forth summary information on our consolidated assets and liabilities as of March 31, 2006 and 2005 and our consolidated income statements and cash flows for the years ended March 31, 2006, 2005 and 2004. Some of the items presented below have been reclassified, and should be read in conjunction with our restated consolidated financial statements prepared under Indian GAAP, the notes thereto and the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on page 285.

Summary income statement information

(in Rs millions)

	Fiscal 2004	Fiscal 2005	Fiscal 2006
Revenues from services	**7,417**	**9,456**	**12,427**
Cost of services	**4,695**	**5,972**	**7,396**
Of which:			
Compensation of technical personnel	3,866	4,946	6,302
Travelling expenses	242	255	312
Subcontracting costs	560	703	674
Other	28	68	109
Gross profit	**2,722**	**3,484**	**5,030**
Selling, general and administration expenses	1,923	2,134	2,351
Operating profit	**798**	**1,350**	**2,679**
Depreciation	227	321	397
Other income	148	85	340
Profit before tax	**720**	**1,115**	**2,621**
Provision for taxes	(83)	(91)	(268)
Profit after tax	**637**	**1,024**	**2,354**

Summary balance sheet information

(in Rs millions)

	As of March 31, 2005	As of March 31, 2006
Assets		
Fixed assets (net of depreciation, including capital work in progress and advances)	1,781	2,898
Investments	1,113	1,505
Deferred tax assets	134	112
Current assets, loans and advances		
Sundry Debtors	2,212	4,377
Cash and Bank Balances	1,285	760
Loans and Advances	243	441
Total	**6,768**	**10,093**
Current Liabilities and Provisions		
Liabilities	1,290	1,836
Provisions	615	2,102
Total	**1,906**	**3,938**
Share Capital	203	208
Reserves and Surplus	4,658	5,946
Minority interest	-	-
Net worth	**4,861**	**6,155**

Summary cash flow information

(in Rs millions)

	Fiscal 2004	Fiscal 2005	Fiscal 2006
Net cash flow from operating activities	254	2,407	1,326
Net cash flow from (used in) investing activities	(377)	(1,164)	(1,865)
Net cash flow from (used in) financing activities	(546)	(396)	(7)
Cash and cash equivalents at the beginning of the year	**1,109**	**440**	**1,287**
Cash and cash equivalents and the end of the year	**440**	**1,287**	**740**

THE ISSUE

Equity Shares offered by:	
The Company	3,186,480 Equity Shares
The Selling Shareholders	9,559,520 Equity Shares
of which:	
M&M	3,823,808 Equity Shares
BT	5,735,712 Equity Shares
Total	**12,746,000 Equity Shares**
Employee Reservation Portion	1,158,790 Equity Shares
Net Issue to the Public	**11,587,210 Equity Shares**
of which:	
QIB Portion	6,952,326 Equity Shares (allocation on proportionate basis)
of which:	
Mutual Fund Portion	347,617 Equity Shares (allocation on proportionate basis)
Non-Institutional Portion	1,158,721 Equity Shares (allocation on proportionate basis)
Retail Portion	3,476,163 Equity Shares (allocation on proportionate basis)
Equity Shares outstanding prior to the Issue	**112,685,573 Equity Shares**
Equity Shares outstanding after the Issue	**115,872,053 Equity Shares**
Use of proceeds by us	See the section titled “Objects of the Issue” on page 27 of this Red Herring Prospectus. We will not receive any proceeds from the Offer for Sale.

GENERAL INFORMATION

Registered Office of the Company

Tech Mahindra Limited
Gateway Building,
Apollo Bunder, Mumbai 400 001, India

Registration Number: 41370 of 1986

We are registered at the Registrar of Companies, Maharashtra located at Hakoba Mills Compound, Kala Chowkie, Mumbai 400 034, India.

Our name was changed from Mahindra-British Telecom Limited to Tech Mahindra Limited with effect from February 3, 2006. This change of name was made to reflect the diversification and growth of our client base and the increased breadth of services offered by us.

Corporate Office of the Company

Tech Mahindra Limited
Sharada Centre, Off Karve Road,
Erandavane, Pune 411 004, India

Board of Directors

Our Board comprises:

1. Mr. Anand G. Mahindra, Non – Executive Chairman
2. Mr. Vineet Nayyar, Vice Chairman, Managing Director & CEO
3. Hon. Akash Paul, Non – Executive Independent Director
4. Mr. Al-Noor Ramji, Non – Executive Director
5. Mr. Anupam Pradip Puri, Non – Executive Independent Director
6. Mr. Arun Seth, Non – Executive Director
7. Mr. Bharat N. Doshi, Non – Executive Director
8. Mr. Clive Goodwin, Non – Executive Director

   Mr. Paul Ringham (Alternate to Clive Goodwin)
9. Mr. Paul Zuckerman, Non – Executive Independent Director
10. Mr. Raj Reddy, Non – Executive Independent Director
11. Mr. Ulhas N. Yargop, Non – Executive Director

For further details regarding the Board, see section titled "Management" on page 80 of this Red Herring Prospectus.

Assistant Company Secretary and Compliance Officer

Mr. Vikrant Gandhe, Assistant Company Secretary,
Tech Mahindra Limited,
Sharada Centre, Off Karve Road,
Erandavane, Pune 411 004, India
Tel: +91 20 5601 8100
Fax: +91 20 5601 8313
Email: tmlipo@techmahindra.com

Investors can contact the Compliance Officer in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account or credit of refund amounts or refund orders etc.

Book Running Lead Managers

Kotak Mahindra Capital Company Limited
3rd Floor, Bakhtawar
229 Nariman Point
Mumbai 400 021
Tel: +91 22 6634 1100
Fax: +91 22 2283 7517
Email: techmahindra.ipo@kotak.com
Website: www.kotak.com
Contact Person: Mr. Chandrakant Bhole

ABN AMRO Securities (India) Private Limited
81, Sakhar Bhavan
230, Nariman Point
Mumbai 400 021
Tel: +91 22 6632 5535
Fax: +91 22 6632 5541
Email: techmahindra.ipo@in.abnamro.com
Website: www.abnamroindia.com
Contact Person: Mr. Vikrant Narang

Pursuant to an agreement dated November 6, 2001, as amended from time to time, ABN AMRO Securities (India) Private Limited and NM Rothschild & Sons (India) Private Limited have agreed to the use of the brand name "ABN AMRO Rothschild" in connection with equity capital markets transactions in India. ABN AMRO Rothschild is the unincorporated equity capital markets joint venture for the ABN AMRO and Rothschild groups. Established in 1996, ABN AMRO Rothschild (acting through its various contractual joint ventures worldwide) is responsible for handling all equity capital markets businesses on behalf of the two groups. ABN AMRO Securities (India) Private Limited and NM Rothschild & Sons (India) Private Limited are responsible for handling all equity capital markets businesses on behalf of the ABN AMRO and Rothschild groups in India.

Syndicate Members

Kotak Securities Limited
1st Floor, Bakhtawar
229, Nariman Point
Mumbai 400 021
Tel: +91 22 6634 1100
Fax: +91 22 6630 3927
Email: umesh.gupta@kotak.com
Website: www.kotak.com
Contact Person: Mr.Umesh Gupta

ABN AMRO Asia Equities (India) Limited
83/84, Sakhar Bhavan
230, Nariman Point
Mumbai 400 021
Tel: +91 22 6632 5535
Fax: +91 22 6632 5541
Email: techmahindra.ipo@in.abnamro.com
Website: www.abnamroindia.com
Contact Person: Mr. Anil Shenoy

Legal Advisors

Domestic Legal Counsel to the Company
P&A Law Offices
I Floor Dr Gopaldas Bhavan
28 Barakhamba Road
New Delhi 110 001
Tel: +91 11 5139 3900
Fax: +91 11 2335 3761

Domestic Legal Counsel to the Underwriters
Amarchand & Mangaldas & Suresh A. Shroff & Co.
Peninsula Chambers
Peninsula Corporate Park
Gopal Rao Kadam Marg, Lower Parel
Mumbai 400 013
Tel: +91 22 2496 4455
Fax: +91 22 2496 3666

International Legal Counsel to the Underwriters
Linklaters
One Silk Street
London EC2Y 8HQ, United Kingdom
Tel: +44 20 7456 2000
Fax: +44 20 7456 2222

Legal Counsel to Mahindra & Mahindra Limited and Special Counsel to the Issue

Khaitan & Co.
Meher Chambers,
R. K. Marg,
Ballard Estate,
Mumbai 400 038, India
Tel: +91 22 6636 5000
Fax: +91 22 6636 5050

Registrar to the Issue

Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound, LBS Marg,
Bhandup (West),
Mumbai 400 078, India
Tel.: +91 22 2596 0320
Fax. : +91 22 2596 0329
Email: tm-ipo@intimespectrum.com
Website: www.intimespectrum.com
Contact Person: Vishwas Attavar

Bankers to the Issue and Escrow Collection Banks

ICICI Bank Limited
Capital Markets Division
30, Mumbai Samachar Marg
Mumbai 400 001
Tel: +91 22 2262 7600
Fax: +91 22 2261 1138
E mail: sidhartha.routray@icicibank.com

HDFC Bank Limited
26 A Narayan Properties, Off Saki Vihar Road
Chandivali, Saki Naka
Andher (East), Mumbai
Tel: 91 22 2856 9009/ 2847 4900
Fax: 91 22 2856 9256
Email: viral.kothari@hdfcbank.com

Kotak Mahindra Bank Limited
4th floor, Dani Corporate Park
158, C.S.T. Road, Kalina
Santacruz (East), Mumbai 400 098
Tel: +91 22 6759 4800
Fax: +91 22 6648 2710
E mail: ibrahim.sharief@kotak.com
sunil.sawant@kotak.com

ABN-AMRO Bank
Brady House, 14 Veer Nariman Road
Horniman Circle, Fort
Mumbai – 400 001
Tel: +91 22 6658 5858
Fax: +91 22 6658 5817
E mail: Neeraj.chabra@in.abnamro.com

The Hong Kong & Shanghai Banking Corporation Limited
52/60, M. G. Road
Fort, Mumbai – 400 001
Tel: 91 22 2268 1673/ 2268 1290
Fax: 91 22 2273 4388
Email: dhirajbajaj@hsbc.co.in

Standard Chartered Bank
270, D.N. Road
Fort, Mumbai – 400 001
Tel: 91 22 2209 2213
Fax: 91 22 2209 6067 - 70
Email: Banhid.Bhattacharya@in.standardchartered.com

Statutory Auditors

Deloitte Haskins & Sells
12, Dr. Annie Besant Road,
Opp. Shiv Sagar Estate,
Worli, Mumbai 400 018, India
Tel: +91 22 6667 9000
Fax: +91 22 6667 9100

Bankers to the Company

Kotak Mahindra Bank Limited
429/430 Sohrab Hall,
21 Sasoon Road,
Pune 411 001, India
Tel.: +91 20 26059051
Fax: + 91 20 2605 1969
Email: vinod.durbha@kotak.com

The Hongkong and Shanghai Banking Corporation Limited
Amar Avinash Corporate City,
Sector No 11, Bund Garden Road,
Pune 411 001, India
Tel: +91 20 5602 4019
Fax: +91 20 2612 9044
Email: suchismitadas@hsbc.co.in

Industrial Development Bank of India Limited
Dnyaneshwar Paduka Chowk,
Fergusson College Road,
Pune 411 004, India
Tel.: +91 20 2567 2191
Fax: +91 20 2567 2193
Email: jyothi_vk@idbibank.com

Punjab National Bank
119/1, Anant Krupa Society,
Paud Road, Kothrud,
Pune 411 038, India
Tel. +91 20 2546 3122
Fax: +91 20 2456 3122
Email: pnbkothrud@hathway.com

State Bank of India (UK)
15, King Street,
London EC2 V8EA
Tel: +44 20 7454 4367
Fax: + 44 20 7454 4412
Email: customerservices@sbilondon.com

Statement of Inter se Allocation of Responsibilities for the Issue

The following table sets forth the distribution of responsibility and coordination for various activities among the BRLMs:

No	Activities	Responsibility	Coordinator
1.	Capital structuring with relative components and formalities etc.	AAR, KOTAK	KOTAK
2.	Due diligence of Company's operations/ management/ business plans/ legal etc.		
	Drafting and design of Red Herring Prospectus and of statutory advertisement including memorandum containing salient features of the Prospectus. (The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of Prospectus and RoC filing)	AAR, KOTAK	KOTAK
3.	Drafting and approval of all publicity material, other than statutory advertisement as mentioned in (2) above including corporate advertisement, brochure, etc.	AAR, KOTAK	AAR
4.	Appointment of other intermediaries viz., Registrar(s), Printers, Advertising Agency and Bankers to the Issue	AAR, KOTAK	AAR
5.	- QIB marketing strategy including road show marketing presentation		-KOTAK
	- finalise the list and division of international investors for one to one meetings	AAR, KOTAK	-AAR
	- finalise the list and division of domestic investors for one to one meetings		-KOTAK

No	Activities	Responsibility	Coordinator
6.	Retail/ Non-Institutional marketing strategy - Finalise centers for holding conference for brokers etc. - Finalise media, marketing & PR Strategy - Follow up on distribution of publicity and issue materials including form, prospectus and deciding on the quantum of the Issue material - Finalise bidding centers	AAR, KOTAK	KOTAK
7	Pricing, managing the book and coordination with Stock-Exchanges	AAR, KOTAK	KOTAK
8.	The post bidding activities including management of escrow accounts, co-ordinate non-institutional and institutional allocation, intimation of allocation and dispatch of refunds to bidders etc	AAR, KOTAK	AAR
9.	The Post Issue activities for the Issue will involve essential follow up steps, which include the finalisation of basis of allotment, dispatch of refunds, demat of delivery of shares, finalisation of listing and trading of instruments with the various agencies connected with the work such as the Registrar(s) to the Issue and Bankers to the Issue. (The merchant banker shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Company)	AAR, KOTAK	AAR

Credit Rating

As the Issue is of equity shares, credit rating is not required.

IPO Grading

We have not opted for grading for this Issue.

Monitoring Agency

There is no requirement to appoint a Monitoring Agency for the Fresh Issue in terms of clause 8.17 of the SEBI DIP Guidelines.

Trustees

As the Issue is of equity shares, the appointment of trustees is not required.

Book Building Process

The Book Building Process refers to the process of collection of Bids, on the basis of the Red Herring Prospectus, within the Price Band. The Issue Price is fixed after the Bid/Issue Closing Date.

The principal parties involved in the Book Building Process are:

(1) The Company;

(2) The Selling Shareholders;

(3) The Book Running Lead Managers;

(4) The Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as underwriters. Syndicate Members are appointed by the BRLMs; and

(5) The Registrar to the Issue.

In terms of Rule 19(2)(b) of the SCRR, the Issue is being made through the 100% Book Building Process where at least 60% of the Net Issue to the public shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, up to 10% of the Net Issue to the public shall be available for allocation on a proportionate basis to Non Institutional Bidders and up to 30% of the Net Issue to the public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Further, 1,158,790 Equity Shares shall be available for allocation on a proportionate basis to Eligible Employees, subject to valid Bids being received at or above the Issue Price.

QIBs are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date. In addition, QIBs are required to pay 10% Margin Amount upon submission of their Bid and allocation to QIBs will be on a proportionate basis. For further details, please refer to the "Terms of the Issue" on page 343 of this Red Herring Prospectus.

The Company and the Selling Shareholders shall comply with applicable guidelines issued by SEBI for this Issue. In this regard, the Company and the Selling Shareholders have appointed Kotak Mahindra Capital Company Limited and ABN AMRO Securities (India) Private Limited as the BRLMs to manage the Issue and to procure subscription to the Issue.

The process of Book Building under the SEBI Guidelines is subject to change from time to time and investors are advised to make their own judgement about investment through this process prior to making a Bid or Application in the Issue.

Illustration of Book Building and Price Discovery Process

(Investors may note that this illustration is solely for the purpose of easy understanding and is not specific to the Issue.)

Bidders can bid at any price within the price band. For instance, assuming a price band of Rs.40 to Rs.48 per share, issue size of 6,000 equity shares and receipt of nine bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period and on the websites of BSE and NSE. The illustrative book as shown below indicates the demand for the shares of the company at various prices and is collated from bids from various investors.

Number of equity shares bid for	Bid Price (Rs.)	Cumulative equity shares bid	Subscription
500	48	500	8.33%
700	47	1,200	20.00%
1,000	46	2,200	36.67%
400	45	2,600	43.33%
500	44	3,100	51.67%
200	43	3,300	55.00%
2,800	42	6,100	101.67%
800	41	6,900	115.00%
1,200	40	8,100	135.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off i.e. Rs.42 in the above example. The issuer, in consultation with the BRLMs will finalise the issue price at or below such cut-off price i.e. at or below Rs.42. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective category.

Steps to be taken for Bidding:

1. Check eligibility for making a Bid (see "Issue Procedure" on page 349 of this Red Herring Prospectus);
2. Ensure that the Bidder has a demat account and the demat account details are correctly mentioned in the Bid cum Application Form;
3. If your Bid is for Rs. 50,000 or more, ensure that you have mentioned your PAN and attached copies of your PAN to the Bid cum Application Form (see "Issue Procedure" on page 349 of this Red Herring Prospectus); and
4. Ensure that the Bid cum Application Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid cum Application Form.

Underwriting Agreement

After the determination of the Issue Price but prior to filing of the Prospectus with RoC, the Company and the Selling Shareholders propose to enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions, as specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

Name and Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Indicative Amount Underwritten (Rs. million)
Kotak Mahindra Capital Company Limited 3rd Floor, Bakhtawar, 229 Nariman Point Mumbai 400 021, India Tel: +91 22 6634 1100 Fax: +91 22 2284 0492 Email: techmahindra.ipo@kotak.com	[●]	[●]
ABN AMRO Securities (India) Private Limited 8/F, Sakhar Bhavan, 230, Nariman Point Mumbai 400 021, India Tel: +91 22 6632 5535 Fax: +91 22 6632 5541 Email: techmahindra.ipo@in.abnamro.com	[●]	[●]
Syndicate Members Kotak Securities Limited 1st Floor, Bakhtawar, 229 Nariman Point Mumbai 400 021, India Tel: +91 22 6634 1100 Fax: +91 22 6630 3927 Email: umesh.gupta@kotak.com	[●]	[●]
ABN AMRO Asia Equities (India) Limited 83/84, Sakhar Bhavan 230, Nariman Point Mumbai 400 021, India Tel: +91 22 6632 5535 Fax: +91 22 6632 5541 Email: techmahindra.ipo@in.abnamro.com	[●]	[●]

This would be finalised after determination of Issue Price and actual allocation of the Equity Shares. The Underwriting Agreement is dated [●].

In the opinion of our Board and the Selling Shareholders (based on a certificate given to them by BRLMs and the Syndicate Members), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the stock exchanges.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors procured by them. In the event of any default, the respective Underwriter in addition to other obligations to be defined in the Underwriting Agreement, will also be required to procure/ subscribe to the extent of the defaulted amount.

CAPITAL STRUCTURE

The share capital of the Company as of the date of this Red Herring Prospectus is set forth below:

(Rs. in million)

		Aggregate Value at nominal value	Aggregate Value at Issue Price
A) AUTHORISED SHARE CAPITAL			
175,000,000	Equity Shares of Rs. 10 each	1,750.0	
B) ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL			
112,685,573	fully paid up Equity Shares of Rs. 10 each	1,126.8	
C) PRESENT ISSUE IN TERMS OF THIS RED HERRING PROSPECTUS			
12,746,000	Equity Shares of Rs. 10 each	127.5	[●]
Out of the above:			
a) Fresh Issue			
3,186,480	Equity Shares of Rs. 10 each	31.9	[●]
b) Offer for Sale			
9,559,520	Equity Shares of Rs. 10 each	95.6	[●]
D) EMPLOYEE RESERVATION PORTION			
1,158,790	Equity Shares of Rs. 10 each	11.6	[●]
E) NET ISSUE			
11,587,210	Equity Shares of Rs. 10 each	115.9	[●]
F) EQUITY CAPITAL AFTER THE ISSUE			
115,872,053	Equity Shares of Rs. 10 each	1,158.7	[●]
G) SHARE PREMIUM ACCOUNT			
Before the Issue		[●]	
After the Issue		[●]	

The Issue comprises an offer for sale by the following shareholders of the Company:

Name of Selling Shareholder	No. of shares being Offered for Sale
M&M	3,823,808
BT	5,735,712

Notes to the Capital Structure

1. Equity Share Capital History:

Date of allotment of the Equity Shares	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Payment	Reasons for allotment	Cumulative Issued Capital (Rs.)	Cumulative Share Premium (Rs.)
October 29, 1986	7	10	10	Cash	Subscription to Memorandum	70	Nil
March 30, 1990	3,999,993	10	10	Cash	Allotment to M&M and BT; Rs 6 per share paid in cash	24,000,028	Nil
November 27, 1995	800,005	10	NA	Bonus	3,999,993 partly paid shares of M&M and BT made fully paid by way of bonus. Bonus in the ratio of 5:1 on 3,999,993 shares and in the ratio of 1:1 for the 7 fully paid shares of subscribers	48,000,050	Nil
December 7, 1998	14,400,015	10	NA	Bonus	Bonus in the ratio of 1:3	192,000,200*	Nil
September 22, 2000	5,052,635	2	26.688	Cash	Preferential allotment of equity shares to BT	202,105,470	124,739,452.88
March 19, 2003	13,280 3,340	2 2	42 48	Cash Cash	ESOPs	202,138,710	125,424,292.88
May 8, 2003	41,640 22,680	2 2	42 48	Cash Cash	ESOPs	202,267,350	128,133,172.88
July 17, 2003	26,640 3,340	2 2	42 48	Cash Cash	ESOPs	202,327,310	129,352,412.88
October 13, 2003	95,080 5,670	2 2	42 48	Cash Cash	ESOPs	202,528,810	133,416,432.88
January 12, 2004	53,120 270	2 2	42 48	Cash Cash	ESOPs	202,635,590	135,553,652.88
March 15, 2004	36,920 7,340 2,000	2 2 2	42 48 93	Cash Cash Cash	ESOPs	202,728,110	137,550,092.88
May 11, 2004	15,320 2,500	2 2	42 48	Cash Cash	ESOPs	202,763,750	138,277,892.88
July 15, 2004	20,420 7,160 5,000	2 2 2	42 48 93	Cash Cash Cash	ESOPs	202,828,910	139,879,052.88
October 18, 2004	121,970 1,340	2 2	42 48	Cash Cash	ESOPs	203,075,530	144,819,492.88

Date of allotment of the Equity Shares	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Payment	Reasons for allotment	Cumulative Issued Capital (Rs.)	Cumulative Share Premium (Rs.)
February 14, 2005	148,130 37,340 3,340	2 2 2	42 48 93	Cash Cash Cash	ESOPs	203,453,150	152,766,272.88
May 10, 2005	272,110 20,570 6,100	2 2 2	42 48 93	Cash Cash Cash	ESOPs	204,050,710	165,151,992.88
July 9, 2005	9,931,638	2	Rs. 67 per share.Paid up is Rs. 10.05 per share out of which Rs 0.30 per share is towards face value	Cash (Application money)	Preferential allotment of equity shares to MBTM	223,913,986	261,985,463.38
July 18, 2005	314,780 15,350	2 2	42 48	Cash Cash	ESOPs	224,574,246	275,282,763.38
October 17, 2005	91,780 8,800	2 2	42 48	Cash Cash	ESOPs	224,775,406	279,358,763.38
January 16, 2006	9,710 6,990 3,340 32,780	2 2 2 2	42 48 93 67	Cash Cash Cash Cash	ESOPs	224,881,046	282,503,343.38
May 4, 2006	56,050 49,660 139,340	2 2 2	48 67 93	Cash Cash Cash	ESOPs	225,371,146	300,989,483.38
May 23, 2006	Nil	2	Rs. 67 per share	Cash (Final Call on partly paid shares. Rs. 1.70 per share towards face value and Rs. 55.25 towards premium)	Partly paid shares of MBTM made fully paid	225,371,146	849,712,482.88
June 1, 2006**	90,148,459	10	NA	Bonus	Bonus in the ratio of 1:4	1,126,855,730 ^	849,712,482.88

* *19,200,020 equity shares of face value of Rs. 10 each were sub-divided into 96,000,100 equity shares of face value of Rs. 2 each on July 26, 2000.*

** *112,685,573 equity shares of face value of Rs. 2 each were consolidated into 22,537,114 equity shares of Rs. 10 each on June 1, 2006.*

^ *Pursuant to the aforementioned consolidation and the bonus issue, the resultant 0.6 fractional equity and a bonus issue of 2.4 equity shares thereon, resulted in 3 whole Equity Shares.*

Other than as mentioned in the table above, we have not made any issue of shares during the preceding one year.

2. Promoters' Contribution and Lock-in

All Equity Shares, which are being locked-in are not ineligible for computation of promoters' contribution under Clause 4.6 of the SEBI Guidelines.

Pursuant to the SEBI Guidelines, an aggregate of 20% of the post issue capital (including options vested under our ESOPs) of the Company held by the Promoters shall be locked-in for a period of three years from the date of Allotment in the Issue. The details of such lock-in are given below:

Name	Date of Allotment/ Acquisition and when made fully paid-up	Nature of Allotment	Nature of Consideration (Cash, bonus, kind, etc.)	No. of shares (Rs.)	Face Value	Issue Price/ Purchase Price (Rs.)	Percentage of Post-Issue paid-up capital	Lock-in Period
M&M	June 1, 2006	Bonus	Bonus	23,677,381	10	Nil	20.00%	3 years
	Total			**23,677,381**			**20.00%**	

In terms of clause 4.14.1 of the SEBI Guidelines, in addition to 20% of post-Issue shareholding of the Company, including options vested under our ESOPs, held by the Promoters and locked-in for three years, as specified above, other than Equity Shares being offered for sale in this Issue and shares allotted under our ESOPs and held by employees, our entire pre-Issue equity share capital will be locked-in for a period of one year from the date of Allotment in this Issue.

In terms of Clause 4.16.1(a) of the SEBI Guidelines, the Equity Shares held by persons other than the Promoters prior to the Issue may be transferred to any other person holding the Equity Shares which are locked-in as per Clause 4.14 of the SEBI Guidelines, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable. Further, in terms of clause 4.16.1(b) of the SEBI Guidelines, Equity Shares held by the Promoters may be transferred to and among the Promoter group or to a new promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as applicable.

Locked-in Equity Shares held by the Promoters can be pledged with banks or financial institutions as collateral security for loans granted by such banks or financial institutions provided that the pledge of the Equity Shares is one of the terms of the sanction of the loan.

3. Our shareholding pattern

The table below presents our shareholding pattern before the proposed Issue:

	Pre-Issue		Post-Issue	
	No. of shares	%	No. of shares	%
Promoters				
M&M	57,600,060	51.12%	53,776,252	46.41%
BT	43,452,635	38.56%	37,716,923	32.55%

	Pre-Issue		Post-Issue	
	No. of shares	**%**	**No. of shares**	**%**
Promoter Group				
MBTM	9,931,638	8.81%	9,931,638	8.57%
Others				
Public and employees*	1,701,240	1.51%	1,701,240	1.47%
Public Issue	-	-	12,746,000	11.00%
Total	**112,685,573**	**100.00%**	**115,872,053**	**100.00%**

* *Includes shares that may have been transferred from employees to public shareholders on exercise of options under the ESOPs.*

For further details on shares held by Promoters and Promoter Group, please refer to note 1 of Notes to the Capital Structure.

For details on the shareholding of our Directors, see the section titled "Management" on page 80 of this Red Herring Prospectus. The following directors of M&M hold Equity Shares:

Sl. No.	Name	Number of Equity Shares Held
1.	Mr. Anupam Puri	5,000
2.	Mr. Bharat N. Doshi	10,000
3.	Mr. Keshub Mahindra	10,000

4. The list of our top ten shareholders and the number of Equity Shares held by them is provided below:

(a) Our top ten shareholders as on the date of filing this Red Herring Prospectus are as follows:

Sl. No.	Shareholder	No. of Equity Shares Held	Percentage
1	M&M	57,600,060	51.12%
2	BT	43,452,635	38.56%
3	MBTM	9,931,638	8.81%
4	Mr. Robert John Helleur	183,340	0.16%
5	Mr. Mehta Amit Varunkumar	23,000	0.02%
6	Mr. Sunil Joshi	23,000	0.02%
7	Mr. Uday Chintaman Vartak	22,610	0.02%
8	Mr. Prem Chand	21,900	0.02%
9	Mr. A V A Ranaweera	21,680	0.02%
10	Mr. Shankar P Allimatti	17,000	0.02%

(b) Our top ten shareholders ten days prior to filing of this Red Herring Prospectus are as follows:

Sl. No.	Shareholder	No. of Equity Shares Held	Percentage
1	M&M	57,600,060	51.12%
2	BT	43,452,635	38.56%
3	MBTM	9,931,638	8.81%
4	Mr. Robert John Helleur	183,340	0.16%
5	Mr. Mehta Amit Varunkumar	23,000	0.02%
6	Mr. Sunil Joshi	23,000	0.02%
7	Mr. Uday Chintaman Vartak	22,610	0.02%
8	Mr. Prem Chand	21,900	0.02%
9	Mr. A V A Ranaweera	21,680	0.02%
10	Mr. Shankar P Allimatti	17,000	0.02%

(b) Our top ten shareholders as of two years prior to filing this Red Herring Prospectus were as follows:

Sl. No.	Shareholder	No. of equity shares of Rs. 2 each	Percentage
1	M&M	57,600,060	56.80%
2	BT	43,452,635	42.85%
3	Mr. Robert John Helleur	59,000	0.06%
4	Mr. A V A Ranaweera	21,680	0.02%
5	Mr. Uday Chintaman Vartak	11,000	0.01%
6	Mr. Keshub Mahindra	10,000	0.01%
7	Mr. Bharat N. Doshi J/w Vidya Doshi	10,000	0.01%
8	Mr. Ulhas N. Yargop	10,000	0.01%
9	Mr. S. Baskar	9,510	0.01%
10	Mr. Perireddy I.	9,260	0.01%

5. Employee stock option plans

We have three employee stock option plans in force:

ESOP scheme	Outstanding Options	Remarks
ESOP 2000	946,830	The special resolution passed by the Company at its EGM dated July 26, 2000, approved the grant of up to 5% of the then existing issued equity share capital under the ESOP 2000 Scheme and the Compensation Committee of the Board at its meeting held on August 25, 2000, granted 3,000,000 options to MBT ESOP Trust to be allotted to employees. On July 18, 2005, the Compensation Committee approved a further grant of 200,000 options to the MBT ESOP Trust for further grants to employees under the scheme.

ESOP scheme	Outstanding Options	Remarks
ESOP 2004	10,219,860	The special resolution passed by the Company at its EGM dated October 14, 2004, approved the grant of 10,219,860 options under the ESOP 2004 Scheme and the Compensation Committee of the Board has granted 10,219,860 options under the ESOP 2004 Scheme to the employees
ESOP 2006	4,961,270	The special resolution passed by the Company at its EGM dated January 16, 2006, approved the grant of up to 5,000,000 options under the ESOP 2006 Scheme, The Compensation Committee of the Board by its circular resolution dated March 24, 2006, granted 4,633,680 options under the ESOP 2006 Scheme to the employees and by its circular resolution dated June 8, 2006, approved grant of 338,200 options under the ESOP 2006 Scheme to the employees. The Compensation Committee, in its meeting held on July 18, 2006, granted 111,200 options under the ESOP 2006.

(a) ESOP 2000

Particulars	Details		
Options granted	3,779,850		
Exercise price of options	**Year**	**No. of options granted**	**Exercise Price**
	Fiscal 2001	1,967,850	Rs. 42
	Fiscal 2002	353,100	Rs. 48
	Fiscal 2003	281,400	Rs. 93
	Fiscal 2004	Nil	Rs. 111
	Fiscal 2005	832,500	Rs. 67
	Fiscal 2006	345,000	Rs. 83
Total options vested	1,944,970 (includes options exercised)		
Options exercised	1,701,200		
Total number of equity shares arising as a result of full exercise of options already granted	3,200,000		
Options forfeited/ lapsed/ cancelled	1,131,820		
Variations in terms of options	NIL		
Money realised by exercise of options	Rs. 82,818,960		
Options outstanding (in force)	946,830		
Person wise details of options granted to			
i) Directors and key managerial employees	225,000 [Refer Note 1 below]		
ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	Nil		
iii) Identified employees who are granted options, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil		

Particulars	Details
Fully diluted EPS on a pre-issue basis	Rs. 20.72*
Vesting schedule	33.33% of the total number of options granted every 12 months from the date of grant.
Lock-in	None
Impact on profits and EPS of the last three years	Nil

* *EPS has been calculated using restated consolidated net profit for the year ended March 31, 2006 divided by the sum of total number of shares outstanding as of March 31, 2006 and options outstanding under ESOP 2000.*

Note 1: Details regarding options granted to our Directors and our key managerial employees are set forth below:

Name of director/ Key Managerial Personnel	No. of options granted	No. of options exercised	No. of options outstanding
Mr. Bharat N. Doshi	20,000	15,000	5000
Mr. Ulhas N. Yargop	35,000	15,000	20,000
Mr. Clive Goodwin	25,000	Nil	25,000
Mr. Al-Noor Ramji	20,000	Nil	20,000
Mr. Arun Seth	25,000	Nil	20,000*
Dr. Raj Reddy	30,000	10,000	20,000
Mr. Anupam Puri	25,000	5,000	20,000
Hon. Akash Paul	30,000	10,000	20,000
Mr. Rakesh Soni	50,000	Nil	50,000
Mr. Sonjoy Anand	25,000	8,340	16,660

* *5,000 options lapsed pursuant to his resignation from the Board.*

(b) ESOP 2004

Particulars	Details
Options granted	10,219,860
Exercise price of options	Rs. 67
Options vested	2,271,078
Options exercised	Nil
Total number of equity shares arising as a result of full exercise of options already granted	10,219,860
Options forfeited/ lapsed/ cancelled	Nil
Variations in terms of options	ESOP 2004 Scheme, as approved by the shareholders in their meeting dated October 14, 2004, entitled eligible employees (certain key managerial personnel) to equity shares which do not have voting rights but which give the holder the right to dividends and other economic benefits. Shareholders in their meeting dated June 1, 2006, have approved an amendment to the ESOP 2004 Scheme, whereby the eligible employees shall be entitled to equity shares having the same rights as other equity shares, including voting rights.

Particulars	Details
Money realised by exercise of options	Nil
Options outstanding (in force)	10,219,860
Person wise details of options granted to	
i) Director and key managerial employees	• 3,406,620 options to Mr. Vineet Nayyar • 3,406,620 options to Mr. C. P. Gurnani • 3,406,620 options to Mr. Sanjay Kalra
ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	Nil
iii) Identified employees who are granted options, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	• Mr. Vineet Nayyar • Mr. Sanjay Kalra • Mr. C. P. Gurnani
Fully diluted EPS on a pre-issue basis	19.01**
Vesting schedule	Upfront Options (per allottee):
Lock-in	Nil

Vesting schedule – Upfront Options (per allottee):

No. of options	From the date of grant
757,026	at the end of 12 months
757,027	at the end of 24 months
757,027	at the end of 36 months

Performance options (per allottee), subject to decision of the Compensation Committee in relation to certain performance criteria:

No. of options	From the date of grant
378,513	at the end of 42 months
757,027	at the end of 48 months

** *EPS has been calculated using restated consolidated net profit for the year ended March 31, 2006 divided by the sum of total number of shares outstanding as of March 31, 2006 and options outstanding under ESOP 2000 and ESOP 2004*

(c) ESOP 2006

Particulars	Details
Options granted	5,083,080
Exercise price of options	(see below)
Options vested	Nil
Options exercised	Nil

Exercise price of options:

Year	No. of options granted	Exercise Price
Fiscal 2006	4,633,680	Rs. 83
Fiscal 2007	449,400	Rs. 127

Particulars	Details
Total number of equity shares arising as a result of full exercise of options already granted	5,000,000
Options forfeited/ lapsed/ cancelled	86,850
Variations in terms of options	Nil
Money realised by exercise of options	Nil
Options outstanding (in force)	4,961,270
Person wise details of options granted to	
i) Directors and key managerial employees	20,000 options to Mr. Paul Zuckerman, 9,000 options to Mr. Sonjoy Anand, 55,000 options to Mr. Sujit Baksi
ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	Nil
iii) Identified employees who are granted options, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil
Fully diluted EPS on a pre-issue basis	18.27***
Vesting schedule	**% From the date of grant** 10% on expiry of 12 month 15% on expiry of 24 months 20% on expiry of 36 months 25% on expiry of 48 months 30% on expiry of 60 months
Lock-in	Nil

*** *EPS has been calculated using restated consolidated net profit for the year ended March 31, 2006 divided by the sum of total number of shares outstanding as of March 31, 2006 and options outstanding under the ESOPs.*

Our directors and the key management personnel who have been granted options and Equity Shares on the exercise of the options pursuant to ESOPs have confirmed to us that they do not intend to sell any shares arising from such options for 3 months after the date of listing of the Equity Shares in this Issue. Other employees holding Equity Shares at the time of listing of Equity Shares and Equity Shares on exercise of vested options may sell equity shares within the 3 month period after the listing of the Equity Shares. This disclosure is made in accordance with para 15.3 (b) and 15.3 (c) of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 2000.

6. The Company, the Promoters, the Directors and the BRLMs have not entered into any buy-back and/or standby arrangements for the purchase of Equity Shares from any person.

7. At least 60% of the Net Issue shall be available for allocation on a proportionate basis to Qualified Institutional Buyers, up to 10% of the Net Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and up to 30% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. From the existing QIB Portion, 5% of the QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% share in the QIB Portion will also be eligible for allocation in the remaining QIB Portion.

8. Under-subscription, if any, in the Retail or Non Institutional Portion would be met with spill over from other categories or combination of categories at the discretion of the Company and the Selling Shareholders in consultation with the BRLMs.

9. Except allotment of equity shares pursuant to the bonus issue and allotment of equity shares pursuant to exercise of stock option under the ESOPs, the Directors, the Promoters, or the Promoter Group have not purchased or sold any securities of the Company, during a period of six months preceding the date of filing this Red Herring Prospectus with SEBI.

10. An investor cannot make a Bid for more than the number of Equity Shares offered through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.

11. Except as disclosed in this Red Herring Prospectus, there will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Red Herring Prospectus with SEBI until the Equity Shares to be issued pursuant to the Issue have been listed.

12. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

13. As on the date of this Red Herring Prospectus, the total number of holders of Equity Shares was 717.

14. We have not raised any bridge loans against the proceeds of the Issue.

15. Except as disclosed in this Red Herring Prospectus, we have not issued any Equity Shares out of revaluation reserves or for consideration other than cash except for the bonus equity shares issued out of free reserves.

16. Other than options granted under the ESOPs as detailed in the note below, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into the Equity Shares.

17. The Equity Shares held by the Promoters are not subject to any pledge.

18. Only Eligible Employees will be eligible to apply in this Issue under the Employee Reservation Portion on a competitive basis. Bids by Eligible Employees can also be made in the "Net Issue" to the public and such Bids shall not be treated as multiple Bids. The allotment in the Employee Reservation Portion will be on a proportionate basis. However, in case of an oversubscription in the Employee Reservation Portion, all employees bidding for up to 100 Equity Shares will receive full allotment subject a minimum allotment of 16 Equity Shares and those bidding for more than 100 Equity Shares will receive allotment on a proportionate basis subject to a minimum allotment of 100 Equity Shares. The unsubscribed portion, if any, from the Equity Shares in the Employee Reservation Portion will be treated as part of the Net Issue and Allotment shall be made in accordance with the description in the section entitled "Issue Procedure" beginning at page 349 of this Red Herring Prospectus.

19. The Company has, vide letter no. FE.CO.FID.418/10.21.045/2006-07 dated July 10, 2006, received approval from RBI for transfer of Equity Shares under the Offer for Sale.

20. An oversubscription to the extent of 10% of the Issue can be retained for the purpose of rounding off while finalising the basis of Allotment.

21. We presently do not intend or propose to alter our capital structure for a period of six months from the Bid/ Issue Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise, except that we may allot further Equity Shares to our employees under our ESOPs. Additionally, we may consider using our Equity Shares as currency for acquisitions we may enter into and we may raise additional capital to fund accelerated growth.

OBJECTS OF THE ISSUE

The objects of this Issue are to:

- enhance the infrastructure through which we deliver IT services and solutions to our clients;
- achieve the benefits of stock exchange listing; and
- meet Issue related expenses

We believe that listing will enhance our brand name, provide liquidity to our existing shareholders including our employees who hold Equity Shares of the Company and create a public market for our Equity Shares in India. We shall not receive any proceeds from the sale of Equity Shares by the Selling Shareholders.

The main objects and objects incidental or ancillary to the main objects set out in our Memorandum enable us to undertake our existing activities and the activities for which funds are being raised by us through the Fresh Issue. The fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution. The fund requirement below is based on our current business plan. In view of the dynamic nature of the industry in which we operate, we may have to revise our business plan from time to time and consequently our fund requirement and consequent utilisation of proceeds from the Fresh Issue may also change. In case of any variations in the actual utilisation of funds earmarked for the above activities, any increased fund deployment for a particular activity will be met from our internal accruals.

The following table summarises the intended use of proceeds from the Fresh Issue:

Use	Estimated Use (in Rs. Million)
Enhancing our delivery infrastructure	[●]
Issue related expenses	[●]
Total	[●]

Details of Use of Proceeds and Schedule of Implementation

We intend to set up additional facilities in Pune to enhance our delivery infrastructure. We have been granted this land measuring 96,923 square metres located at Rajiv Gandhi Infotech Park, Hinjawadi in Pune on a licence basis, from the Maharashtra Industrial Development Corporation for a consideration of Rs.108.24 million. This licence shall be converted into a 95-year lease upon fulfillment of certain conditions pertaining to the development of the said land contained in an agreement dated June 28, 2006 entered into with Maharashtra Industrial Development Corporation. We confirm that the land was not acquired from our Promoters, our directors or their related entities. There are no government approvals pending for undertaking this project. However, in the ordinary course, we would require municipal and local authority approvals for various activities such as water connections, power connections, lifts, etc. We would apply for these approvals at the appropriate time.

Presently, we intend to set up new facilities at this location by investing as follows:

Item		Cost (Rs. million)	Fiscal 2006	Fiscal 2007	Fiscal 2008
(a)	Land	108.2	108.2	Nil	Nil
(b)	Civil and structural works including structural work, water proofing, etc.	550.1	Nil	450.1	100.0
(c)	Services including electrical, plumbing, etc.	405.1	Nil	125.1	280.0
(d)	Interiors	400.1	Nil	100.0	300.1
(e)	Infrastructure including external development, electrical, etc.	209.3	Nil	126.8	82.5
(f)	Hardware and technical infrastructure	229.8	Nil	Nil	229.8
(g)	Miscellaneous and contingencies	78.2	Nil	40.1	38.1
	Total	**1,980.8**	**108.2**	**842.1**	**1,030.5**

The above estimates, excluding land and hardware, are based on quotations received from M/s Rajinder Kumar Associates, Architects, dated June 5, 2006. The estimates for hardware are based on quotations received from various suppliers. The architect's fees are included in the cost of the project given above.

The estimates for hardware expenses are based on quotations received from Network Solutions Private Limited through letter dated June 14, 2006, Hewlett Packard India Sales Private Limited dated June 6, 2006, multiple proforma invoices from Dell Asia Pacific sdn dated March 24, 2006, May 12, 2006 and June 6, 2006 and Hewlett Packard AP (Hong Kong) Limited dated May 22, 2006. Most of these quotations have been received in US Dollars and have been converted into Indian Rupees using an exchange rate of Rs. 46 per US$ 1.00 as convenience translation. These quotations may be exclusive of service tax, octroi charges etc.

We intend to fund the the above capital expenditure as follows:

Means of Finance	**Amount (Rs. Million)**
Internal accruals	[●]
Net proceeds from the Fresh Issue	[●]
Total	[●]

We confirm that our internal accruals are sufficient to meet the stated fund requirements net of proceeds from the Fresh Issue, as stated above. As of June 30, 2006, our cash and bank balance was Rs. 1,088 million and our reseves and surplus was Rs. 6,336 million (based on our standalone audited financials). The shortfall in funds, if any, shall be met by internal accruals.

Expenses already incurred on the objects of the Fresh Issue

Up to date, we have incurred the following expenditure on the objects as certified by B.K. Khare & Co., by their letter dated July 19, 2006:

Expense Incurred on	**Expense Amount (Rs. million)**	**Source of funds**
Land	108.2	Internal accruals
Total	**108.2**	

Issue Expenses

The expenses of this Issue include, among others, underwriting and management fees, printing and distribution expenses, legal fees, advertisement expenses and listing fees. The estimated Issue expenses are as follows:

Activity	**Expense (in Rs. million)**	**Expense (% of total expenses)**	**Expense (% of Issue Size)**
Lead management fee and underwriting commissions*	[●]	[●]	[●]
Advertising and marketing expenses*	[●]	[●]	[●]
Printing and stationery*	[●]	[●]	[●]
Registrar's fee*	[●]	[●]	[●]
Legal Fees*	[●]	[●]	[●]
Total estimated Issue expenses*	[●]	[●]	[●]

** will be incorporated after finalisation of the Issue Price*

Other than listing fee, which will be paid by us, all expenses with respect to the Issue will be shared between us and Selling Shareholders collectively on a pro rata basis, and inter-se among the Selling Shareholders on a pre-agreed basis.

Interim use of funds

Pending utilisation for the purposes described above, we intend to invest the funds in high quality interest/ dividend-bearing liquid instruments including money market mutual funds, deposits with banks for necessary duration and other investment grade interest-bearing securities as per our investment policy. Such transactions would be at the prevailing commercial rates at the time of investment.

Monitoring of Utilisation of Funds

The Board shall monitor the utilisation of the proceeds of the Fresh Issue. In accordance with Clause 49 of the Listing Agreement, which shall be entered into with the Stock Exchanges, the uses/ applications of funds raised through the Fresh Issue shall be disclosed to the Audit Committee on a quarterly basis as a part of the quarterly declaration of financial results. Further, on an annual basis, a statement of funds utilised for purposes other than those stated in the Red Herring Prospectus shall be placed before the Audit Committee. This statement shall also be certified by our Auditors. Also see the section titled, "Issue Procedure-Utilisation of Proceeds from the Fresh Issue" on page 371 of this Red Herring Prospectus.

BASIS FOR ISSUE PRICE

The Price Band is Rs. 315 to Rs. 365 per Equity Share. The face value of the Equity Shares is Rs. 10 and the Issue Price is 31.5 times the face value at the lower end of the Price Band and 36.5 times the face value at the higher end of the Price Band.

1. Adjusted earning per share (EPS)

Year	Basic EPS (Rs.)	Diluted EPS (Rs.)	Weight
Fiscal 2004	6.28	6.17	1
Fiscal 2005	10.07	8.97	2
Fiscal 2006	22.63	18.32	3
Weighted Average	**15.72**	**13.18**	

EPS has been calculated as per the following formulae:

$$\text{Basic Earnings per share (Rs.)} = \frac{\text{Net profit attributable to equity shareholders as restated}}{\text{Weighted average number of equity shares outstanding during the year.}}$$

$$\text{Diluted Earnings per share (Rs.)} = \frac{\text{Net profit attributable to equity shareholders as restated}}{\text{The sum of weighted average number of equity shares outstanding during the year and options outstanding under our ESOPs}}$$

Net Profit, as restated and appearing in the statement of profits and losses has been considered for the purpose of computing the above ratio. The net profit is based on our restated consolidated financial statements.

2. Price to Earning Ratio (P/E) in relation to Issue Price of Rs. [●]

P/E based on the Fiscal 2006 Basic EPS of Rs. 22.63 is 13.9 at the Floor Price and 16.1 at the Cap Price.

P/E based on the Fiscal 2006 Diluted EPS of Rs. 18.32 is 17.2 at the Floor Price and 19.9 at the Cap Price.

Industry P/E.

Highest: 51.5

Lowest: 23.5

Industry composite (Median): 35.3

(Source: Capital Market Volume XXI/10, dated July 17 - July 30, 2006, Category "Computers-Software-Large")

3. Return on Net Worth (RONW)

Year	RONW	Weight
Fiscal 2004	15.65	1
Fiscal 2005	21.06	2
Fiscal 2006	38.25	3
Weighted Average	**28.75**	

RONW has been calculated as per the following formula:

$$\text{Return on net worth (\%)} = \frac{\text{Net profit after tax as restated}}{\text{Net worth excluding revaluation reserve at the end of the year.}}$$

4. Minimum Return on total Net Worth after the Issue required to maintain pre-Issue diluted EPS of Rs. [●] is [●]%.

5. Net Asset Value (NAV) per Equity Share

As of March 31, 2006: Rs. 59.18

After the Issue: Rs. [●]

NAV has been calculated as per the following formula:

$$\text{Net asset value per equity share (Rs)} = \frac{\text{Net worth excluding revaluation reserve and preference share capital at the end of the year.}}{\text{Number of equity shares outstanding at the end of the year.}}$$

Subsequent to consolidation of face value of equity shares from Rs. 2 each to Rs. 10 each and issue of bonus shares in the ratio of 1:4 on June 1, 2006, there has been no impact on our EPS, RONW or NAV.

6. Comparison with Industry Peers

Particulars	Price Per Share(1)	NAV (Rs.)(2)	EPS (Rs.)(3)	P/E (times)	RONW %(2)	Price/ Book Value
Tech Mahindra	315 (Floor Price)	59.2	22.6*	13.9	38.3	5.3
	365 (Cap Price)	59.2	22.6*	16.1	38.3	6.1
HCL Technologies Limited	518	88.4	20.1#	29.5	12.8	5.8
Infosys Technologies Limited	3,190	249.3	81.2	39.3	39.9	12.8
Patni Computer Systems Limited	313	148.0	12.6	24.2	11.5	2.1
Tata Consultancy Services Limited	1,801	114.6	53.6	33.6	60.9	15.7
Wipro Technologies Limited	492	44.9	13.3	37.0	35.7	11.0

* Basic EPS. The diluted EPS for the said period is 18.32

Data from Bloomberg

(1) Price per share has been taken as the closing price on July 10, 2006

(2) NAV (book value per share) has been calculated for Fiscal ended March 31, 2006 except for the following:

- HCL Technologies Limited – Fiscal ended June 2005
- Patni Computer Systems Limited – Fiscal ended December 2005

(3) Earnings per share for the Industry peers (except for HCL Technologies) has been arrived at by dividing the net profit by the expanded equity. The expansion in equity could be due to various reasons, which are rights, bonus, conversion, public issues, foreign issues, miscellaneous issues, cum-bonus, ex-bonus, cum-rights and ex-rights.

Source: Our EPS, NAV and RONW have been calculated from our audited financial statements for Fiscal 2006. Source of other information is Capital Market Volume XXI/10, dated July 17 – July 30, 2006, Category "Computers-Software-Large").

The Issue Price of Rs. [●] has been determined by us and the Selling Shareholders, in consultation with the BRLMs, on the basis of the demand from investors for the Equity Shares through the Book-Building Process and is justified based on the above accounting ratios.

STATEMENT OF TAX BENEFITS

26 May 2006

The Board of Directors
Tech Mahindra Limited
Mumbai

Dear Sirs,

Re: Opinion on Tax Benefits

We hereby report that the enclosed annexure states the possible tax benefits available to Tech Mahindra Ltd. (“Company”) and its shareholders under the current tax laws in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company may or may not choose to fulfil.

The benefits discussed in the annexure are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

We do not express any opinion or provide any assurance whether:

- the Company or its shareholders will continue to obtain these benefits in future; or
- the conditions prescribed for availing the benefits have been or would be met with.

The contents of this annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to Tech Mahindra Limited for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

Thanking you,

Yours faithfully,

Deloitte Haskins & Sells

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO TECH MAHINDRA LIMITED AND TO ITS SHAREHOLDERS

1. Under the Income-Tax Act, 1961 ("the Act"):

I. Benefits available to the Company

As per section 10A of the Act, the Company is eligible to claim a benefit with respect to profits derived by its undertaking/ s established in a Software Technology Park from the export of articles or things or computer software for a period of ten consecutive assessment years, beginning with the assessment year relevant to the previous year in which the undertaking/ s begin to manufacture or produce such articles or things or computer software. The benefit is available subject to fulfilment of conditions prescribed by the section. No benefit under this section shall be allowed with respect to any such undertaking for the assessment year beginning on the 1st day of April, 2010 and subsequent years.

As per section 10AA of the Act, the Company will be entitled to deduction of 100% of the profits and gains derived from export of articles or things manufactured or produced or any services provided from its unit set up in a Special Economic Zone for a period of 5 consecutive assessment years beginning with the assessment year relevant to the previous year in which such unit begins to manufacture or produce such articles or things or provide services, as the case may be, and 50% of such profits and gains for a further 5 consecutive assessment years. For the next 5 consecutive assessment years, the Company will be entitled to a deduction of such amount not exceeding 50% of the profit as is debited to Profit & Loss Account of the previous year in respect of which the deduction is to be allowed and credited to a special reserve viz. "Special Economic Zone Reinvestment Reserve Account" to be created and utilised for the purpose of the business of the Company in the manner laid down in section 10AA(2). The benefit will available subject to fulfilment of conditions prescribed by the section.

As per section 10(34) of the Act, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003 by domestic companies) received on the shares of any company is exempt from tax.

As per section 10(35) of the Act, the following income shall be exempt in the hands of the Company

Income received in respect of the units of a Mutual Fund specified under clause (23D) of section 10; or

Income received in respect of units from the Administrator of the specified undertaking; or

Income received in respect of units from the specified company

However, this exemption does not apply to any income arising from transfer of units of the Administrator of the specified undertaking or of the specified Company or of a mutual fund, as the case may be.

For this purpose (i) "Administrator" means the Administrator as referred to in section 2(a) of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 and (ii) "Specified Company" means a company as referred to in section 2(h) of the said Act.

As per section 10(38) of the Act, long term capital gains arising to the Company from the transfer of a long term capital asset being an equity share in a company or a unit of an equity oriented fund where such transaction is chargeable to securities transaction tax would not be liable to tax in the hands of the Company.

For this purpose, "Equity Oriented Fund" means a fund –

(i) where the investible funds are invested by way of equity shares in domestic companies to the extent of more than sixty five percent of the total proceeds of such funds; and

(ii) which has been set up under a scheme of a Mutual Fund specified under section 10(23D) of the Act.

As per the section 115JB, the Company will not be able to reduce the income to which the provisions of section 10(38) of the Act apply while calculating "book profits" under the provisions of section 115JB of the Act and will be required to pay Minimum Alternate Tax @11.22% (including a surcharge of 10% and education cess of 2% on the overall tax) of the book profits determined.

As per section 112 of the Act, taxable long-term capital gains, if any, on sale of listed securities or units or zero coupon bonds (in cases not covered under section 10(38) of the Act) would be charged to tax at the rate of 20% (plus applicable surcharge and education cess) after considering indexation benefits in accordance with and subject to the provisions of section 48 of the Act or at 10% (plus applicable surcharge and education cess) without indexation benefits, at the option of the Company. Under section 48 of the Act, the long term capital gains arising out of sale of capital assets excluding bonds and debentures (except Capital Indexed Bonds issued by the Government) will be computed after indexing the cost of acquisition/improvement.

As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a "long term specified asset" within a period of 6 months after the date of such transfer. However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

A "long term specified asset" means any bond, redeemable after three years and issued on or after the 1st day of April 2006:

(i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or

(ii) by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.

As per section 111A of the Act, short term capital gains arising to the Company from the sale of equity share or a unit of an equity oriented fund transacted through a recognised stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 10% (plus applicable surcharge and education cess).

II. Benefits to the Resident Shareholders of the Company under the Income-Tax Act, 1961:

1. As per section 10(34) of the Act, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003) received on the shares of the Company is exempt from tax.
2. As per section 10(38) of the Act, long term capital gains arising to the shareholder from the transfer of a long term capital asset being an equity share in the Company, where such transaction is chargeable to securities transaction tax would not be liable to tax in the hands of the shareholder.
3. As per section 88E of the Act, the securities transaction tax paid by the shareholder in respect of taxable securities transactions entered into in the course of the business would be eligible for deduction from the amount of income tax on the income chargeable under the head "Profits and Gains of Business or Profession" arising from taxable securities transactions, subject to certain limits specified in the section. No deduction will be allowed in computing the income chargeable to tax as "Capital Gains" or under the head "Profits and Gains of Business or Profession" for such amount paid on account of securities transaction tax.
4. As per section 112 of the Act, if the shares of the Company are listed on a recognised stock exchange, taxable long term capital gains, if any, on sale of the shares of the Company (in cases not covered under section 10(38) of the Act) would be charged to tax at the rate of 20% (plus applicable surcharge and education cess) after considering indexation benefits or at 10% (plus applicable surcharge and education cess) without indexation benefits, whichever is less.
5. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a "long term specified asset" within a period of 6 months after the date of such transfer. However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

A "long term specified asset" means any bond, redeemable after three years and issued on or after the 1st day of April 2006:

(i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or

(ii) by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.

6. As per section 54F of the Act, long-term capital gains (in cases not covered under section 10(38) of the Act) arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from such shares is used for purchase of a residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of a residential house property within a period of three years after the date of transfer.

   As per section 111A of the Act, short term capital gains arising to the shareholder from the sale of equity shares of the Company transacted through a recognised stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 10% (plus applicable surcharge and education cess).

III. Non-Resident Indians/Non Resident Shareholders (Other than FIIs and Foreign Venture Capital Investors).

1. As per section 10(34) of the Act, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003) received on the shares of the Company is exempt from tax.

2. As per section 10(38) of the Act, long term capital gains arising to the shareholder from the transfer of a long term capital asset being an equity share in the Company, where such transaction is chargeable to securities transaction tax would not be liable to tax in the hands of the shareholder.

3. As per section 88E of the Act, the securities transaction tax paid by the shareholder in respect of taxable securities transactions entered into in the course of the business would be eligible for deduction from the amount of income tax on the income chargeable under the head "Profits & Gains of Business or Profession" arising from taxable securities transactions, subject to certain limits specified in the section. No deduction will be allowed in computing the income chargeable to tax as "capital gains" or under the head "Profit and gains of Business or Profession" for such amount paid on account of securities transaction tax.

4. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a "long term specified asset" within a period of 6 months after the date of such transfer. However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

   A "long term specified asset" means any bond, redeemable after three years and issued on or after the 1st day of April 2006:

   (i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or

   (ii) by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.

5. As per section 54F of the Act, long-term capital gains (in cases not covered under section 10(38) of the Act) arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from such shares is used for purchase of a residential house property within a period of one year before or two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.

6. Under section 115-I of the Act, the Non-Resident Indian shareholder has an option to be governed by the provisions of Chapter XIIA of the Act viz. "Special Provisions Relating to Certain Incomes of Non-Residents" which are as follows:

(i) As per 115E of the Act, where shares in the Company are acquired or subscribed to in convertible foreign exchange by a Non-Resident Indian, capital gains arising to the non-resident on transfer of shares held for a period exceeding 12 months, shall (in cases not covered under section 10(38) of the Act) be concessionally taxed at the flat rate of 10% (plus applicable surcharge and education cess) (without indexation benefit but with protection against foreign exchange fluctuation).

(ii) As per section 115F of the Act, long-term capital gains (in cases not covered under section 10(38) of the Act) arising to a Non-Resident Indian from the transfer of shares of the company subscribed to in convertible foreign exchange shall be exempt from income tax, if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.

(iii) As per section 115G of the Act, Non-Resident Indians are not obliged to file a return of income under section 139(1) of the Act, if their only source of income is income from specified investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

(iv) As per section 115H of the Act, where the Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income, for the assessment year in which he is first assessable as a Resident, under section 139 of the Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.

7. The tax rates and consequent taxation mentioned above shall be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the non-resident has fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the non-resident.

IV. Foreign Institutional Investors (FIIs)

1. As per section 10(34) of the Act, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003) received on the shares of the Company is exempt from tax.

2. As per section 10(38) of the Act, long term capital gains arising to the FIIs from the transfer of a long term capital asset being an equity share in the Company where such transaction is chargeable to securities transaction tax would not be liable to tax in the hands of the FIIs.

3. As per section 115AD of the Act, FIIs will be taxed on the capital gains that are not exempt under the section 10(38) of the Act at the following rates:

Nature of income	**Rate of tax (%)**
Long term capital gains	10
Short term capital gains (other than referred to section 111A)	30

The above tax rates have to be increased by the applicable surcharge and education cess.

In case of long term capital gains, (in cases not covered under section 10(38) of the Act), the tax is levied on the capital gains computed without considering the cost indexation and without considering foreign exchange fluctuation.

4. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a “long term specified asset” within a period of 6 months after the date of such transfer. However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

A "long term specified asset" means any bond, redeemable after three years and issued on or after the 1st day of April 2006:

(i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or

(ii) by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.

5. The tax rates and consequent taxation mentioned above shall be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the FII has fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the FII.

V. Venture Capital Companies/Funds

As per section 10(23FB) of the Act, all venture capital companies/funds registered with the Securities and Exchange Board of India, subject to the conditions specified, are eligible for exemption from income tax on all their income, including income from sale of shares of the Company. However income received by a person out of investment made in a venture capital company or in a venture capital fund shall be chargeable to tax in the hands of such person.

VI. Mutual Funds

As per section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India would be exempt from income tax, subject to such conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

Benefits to shareholders of the Company under the Wealth Tax Act, 1957

Shares of the Company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of Wealth Tax Act, 1957. Hence the shares are not liable to Wealth Tax.

Benefits to shareholders of the Company under the Gift Tax Act, 1958.

Gift made after 1st October 1998 is not liable for gift tax, and hence, gift of shares of the Company would not be liable for gift tax.

The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

Notes:

(i) All the above benefits are as per the current tax laws.

(ii) In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investments in the shares of the company.

No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to Tech Mahindra Limited for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

INDUSTRY

The information in this section has been extracted from publicly available documents prepared by various sources, including industry publications such as Ovum Research, Datamonitor and NASSCOM and has not been prepared or independently verified by us or any of our advisors. All references made to a particular year refer to the twelve-month period ended December 31st of that year, unless stated otherwise.

Global Telecommunications Industry

The Telecommunications Service Provider Industry

Historically, the global telecommunications services industry was based upon monopoly control at the national level. Telecommunications Service Providers ("TSPs") either were state-owned and operated, or were government-regulated private entities. The telecommunications services industry has since undergone a series of changes and has evolved over the past decade, as state-owned TSPs have been privatised and governments have enacted liberalisation measures to increase competition. In addition to these developments, which have largely been in the area of fixed-line services, the global rollout of mobile services has transformed the global telecommunications services industry.

As a result of the above factors, there has been a significant growth in the telecommunications services industry. According to Datamonitor, during the period 2000 to 2004, the global wireless telecommunication services market grew at a CAGR of 23.0% to reach a size of US$ 554.2 billion. During the same period, the global fixed-line services market grew at a CAGR of 2.7% to reach a size of US$ 555.6 billion. From 2004 onwards, Datamonitor projects that the global wireless telecom services market will grow at a CAGR of 11.8% to reach a size of US$ 969.9 billion by 2009, and the global fixed-line telecommunication services market will grow at a CAGR of 4.6% to reach a size of US$ 696.1 billion by 2009.

The competitive landscape in the global telecommunications services market has been undergoing continuous changes. Governments have continued to implement measures aimed at liberalising the telecommunications services market and increasing competition. For instance, most European telecommunications regulators have enacted measures to allow carrier services, which permit new entrants to use the networks of incumbent TSPs to offer their own fixed-line services to customers. In the area of mobile services, governments have promoted the entry into the market of mobile virtual network operators ("MVNOs"), which are mobile TSPs that use the networks of other TSPs to offer telecommunications services. Mobile number portability, which allows mobile customers to switch service providers without changing their mobile numbers, has also been enacted in most developed telecommunications markets. These measures have largely been successful in promoting competition and have resulted in an increase in the churn of customers. The market share of incumbent TSPs has decreased and the number of TSPs in the market has increased.

As competition intensifies, the main priority for TSPs is the development of innovative value-added services that are capable of retaining existing customers while attracting new subscribers. These services will require converged "next generation" networks, which carry both voice and data. Accordingly, TSPs in both the fixed and mobile markets must invest in next generation technology in order to remain competitive. Large fixed-line TSPs are overhauling their networks to create convergent IP networks, which will allow them to provide services such as Voice over Internet Protocol ("VoIP").

Mobile telecommunications service providers in advanced telecommunications markets are currently in the process of upgrading their networks to data-intensive 3G wireless networks, which will facilitate the provision of complex data services, such as online video, wireless instant messaging and wireless conferencing services. These changes in the telecommunications services market over the past few years amount to an evolution from pure voice towards converged networks and the quadruple play of voice, video, data and content. As a result of this evolution, the share of TSPs' revenues attributable to value-added services is increasing.

The Telecommunications Equipment Manufacturers Industry

Telecommunications Equipment Manufacturers ("TEMs") provide the network equipment required by TSPs, including the switches used by fixed-line operators and the handsets used by the customers of mobile TSPs.

The revenues of TEMs were adversely affected during the years 2000 to 2002 by a global downturn in the equipment market. During this period, TSPs reduced their spending on equipment as they had already overbuilt their installed capacities in anticipation of growth in demand for telecommunications services which did not materialise. After 2002, developments in the telecommunications services market fuelled growth in the telecommunications equipment market as it translated into increased demand for network equipment. According to a Datamonitor report released in 2005, the telecommunications equipment market grew at a CAGR of 1.7% between the years 2002 and 2004 to reach a size of US$ 299.0 billion in 2004. Europe contributed significantly to the equipment market size during 2004 with a share of US$ 94.48 billion, or 31.6%, of the equipment market's overall size. The Asia Pacific region followed with a share of US$ 80.73 billion, which represented 26.6% of total equipment market in 2004. This growth in the equipment market after 2002 is largely as a result of higher demand for next generation network infrastructure. A Datamonitor report released in 2005 projects that the equipment market will grow at a CAGR of 3.06% between the years 2004 and 2009 to reach a size of US$ 347.7 billion in 2009.

TEMs have played a major role in the migration of TSPs to next generation networks. They have designed mobile network infrastructures and soft switches used for VoIP technology, which have helped TSPs reduce the costs associated with deploying next generation network applications. They have also designed increasingly advanced mobile handsets, which serve as the platform for advanced data and content services.

The phenomenon of convergence and evolution of next generation networks has created challenges for TEMs in the form of maintaining and enhancing traditional equipment, while continuously satisfying demand for next generation equipment.

Software and IT Services in the Telecommunications Industry

The main areas of telecommunications service providers' businesses in which software and IT services are required are operations support systems ("OSS") and business support systems ("BSS"). Broadly, OSS solutions cover the actual operation of the network, including switching, signaling and transmission, and BSS covers non-network related functions such as billing and CRM.

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 will create increased demand for software and IT services. IT services and software providers must be able to handle the complex business functions of converged networks and provide solutions across multiple network elements, in both legacy and next generation networks. We therefore believe that the migration to next generation networks represents a significant opportunity for IT services and software providers that focus on the telecommunications industry.

The focus on next generation technology has also caused TSPs to rationalise and standardise their legacy networks in order to reduce the maintenance burden and free up capital expenditures for next generation networks that can be overlayed upon legacy networks. Outsourcing is increasingly the preferred route for this rationalisation process, as TSPs are challenged by the complexity of legacy systems and lack the resources to manage them. We believe that the trend towards rationalisation in this area will drive spending on IT services and software by TSPs.

In addition to the migration to next generation networks and the rationalisation of legacy networks, we believe that competition in the telecommunications services industry will 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 space, competition driven by the increase in the number of mobile TSPs and emergence of MVNOs, among other factors, has also placed pressure on revenues, although to a much lesser extent than fixed-line revenues. Software and IT services providers are poised to take advantage of increased competition in the telecommunications services providers industry. Pressure on margins from the above-mentioned factors has caused TSPs to focus on reducing costs. IT is becoming a critical element in determining cost efficiency of TSPs. Increasingly, they are outsourcing their IT functions in order to reduce costs.

Competition has also caused declines in average revenue per user ("ARPU"), which have in turn caused mobile TSPs to focus on providing their customers with high-end value-added data and content services which can differentiate them from their competitors and increase customer loyalty. IT services and software vendors are competing with each other to provide their clients with attractive new data propositions and the solutions to support them.

Software and IT services providers are also key to the strategy of TEMs. TEMs have sought to expand their margins through IT outsourcing. They have also entered into a range of strategic alliances to lower research and development costs through technology exchange and joint product development.

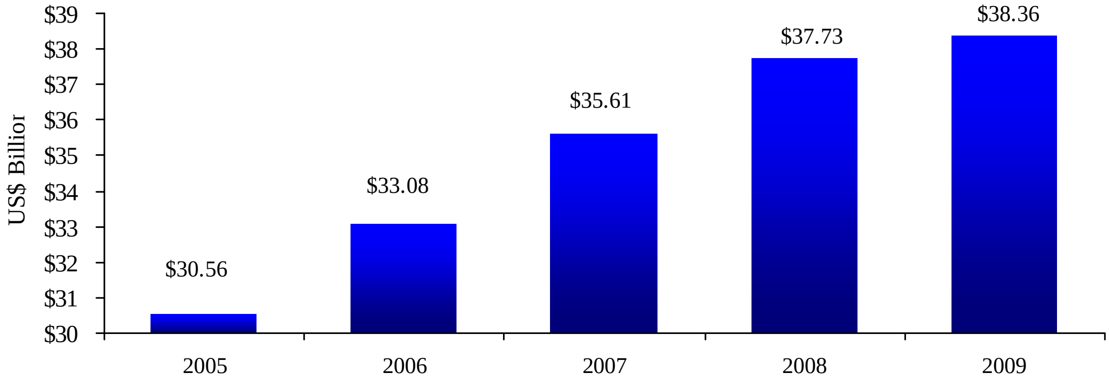
The telecommunications IT services and software market is maturing and offers significant opportunities for IT services providers and software vendors in the medium term. The successful IT services providers and software vendors will be those that can offer cost-effective IT solutions to their clients to facilitate those clients' smooth transition into the highly competitive and increasingly converged telecommunications industry.

Global Software and IT Services Spend by the Telecommunications Industry

Software and IT Services Spend by TSPs

The current industry dynamics necessitate a large IT budget for TSPs. TSPs of all types and sizes are struggling to reduce costs across the organisation and deploy new revenue-generating services without increasing their IT budgets. They are increasingly turning to packaged software, systems integrators and outsourcing companies to help them achieve their goals. According to Ovum Research, global spending on software and IT services by TSPs reached US$ 30.56 billion in 2005. This is expected to grow to US$ 38.36 billion in 2009, which would imply a CAGR of 5.8%. The following chart shows Ovum Research's projections on spending by TSPs during the period 2005 to 2009:

Projected Worldwide Software and IT Services Spend by TSPs



Source: Ovum Research, Feb 2006

Fixed-line and mobile TSPs contributed almost equally to software and IT services spend in 2005. Going forward, we expect software and IT services spend by mobile TSPs to grow at a faster rate than spend by fixed-line TSPs. This will likely be attributable to mobile TSPs deployment of converged networks and enhanced value-added services. Ovum Research projects that mobile TSPs' share of total software and IT services spend is expected to increase from 49.1% in 2005 to 51.0% in 2009. The following table shows Ovum Research's projections on spend by fixed-line and mobile TSPs during the period 2005 to 2009:

Fixed v/s Mobile Breakdown of Projected Software and IT Services Spend by TSPs

(in US$ Billion)

	2005	2006	2007	2008	2009
Fixed (CAGR 4.9%)	15.56	16.39	17.40	18.48	18.81
Mobile (CAGR 6.9%)	15.00	16.69	18.21	19.24	19.55
Total (CAGR 5.8%)	30.56	33.08	35.61	37.73	38.36

(Source: Ovum Research, February 2006)

Western Europe and North America are the largest markets for software and IT services spend by TSPs and contributed 31.8% and 28.5% of the overall market size in 2005. Based on data from Ovum Research, we do not believe that there will be a significant change in the share of software and IT services spend by geography in the medium term, although it is expected that Asian markets will transition towards outsourcing at a greater pace. The combined share of Western Europe and North America is expected to continue to account for the bulk of the worldwide spend till 2009. Ovum Research's geographic projections for spend on software and IT services by TSPs during the period 2005 to 2009 are given in the table below:

Geographic Breakdown of Projected Software and IT Services Spend by TSPs

(in US$ Billion)

	2005	2006	2007	2008	2009
North America (CAGR 3.9%)	9.02	9.44	9.94	10.35	10.52
Latin America (CAGR 7.3%)	2.32	2.57	2.83	3.04	3.08
Western Europe (CAGR 3.8%)	9.71	10.25	10.76	11.15	11.29
Eastern Europe (CAGR 9.7%)	1.18	1.36	1.53	1.68	1.70
China-India (CAGR 12.3%)	2.40	2.84	3.31	3.73	3.82
Asia-Pacific (CAGR 6.4%)	4.53	4.95	5.34	5.67	5.80
Middle East and Africa (CAGR 11.5%)	1.40	1.66	1.91	2.12	2.15
Total (CAGR 5.8%)	30.56	33.08	35.61	37.73	38.36

(Source: Ovum Research, February 2006)

Historically, billing has been the largest area of IT expenditure for TSPs. According to Ovum Research, billing represented 40% of total software and IT services spend by TSPs in 2005. Going forward, however, Ovum Research projects that billing expenditure will level off, reaching approximately 36% of total software and IT services spend by 2009. As TSPs reengineer their networks and service platforms, they will be able to optimise the billing systems that they operate and reap the benefits of reduced maintenance costs. Ovum Research forecasts that CRM and business intelligence ("BI") will be the fastest growing area of TSPs' software and IT services spend, growing at an implied CAGR of 10.3% during the period 2005 to 2009. Although CRM is already an area of significant expenditure for TSPs, it is anticipated that additional spend will be necessary to rationalise and deploy infrastructure that will enable TSPs to increase their customer focus. Ovum Research projects the growth in spend by TSPs to have the following breakdown:

Breakdown by area of Projected Software and IT Services Spend by TSPs

(in US$ Billion)

	2005	2006	2007	2008	2009
Billing (CAGR 3.5%)	12.18	12.97	13.48	14.01	13.95
Fulfillment and Assurance (CAGR 7.5%)	7.74	8.45	9.44	10.06	10.35
Service Delivery IT (CAGR 7.7%)	4.32	4.92	5.37	5.69	5.82
CRM & BI (CAGR 10.3%)	2.28	2.46	2.73	3.17	3.38
Other Enterprise IT (CAGR 4.8%)	4.03	4.28	4.60	4.81	4.85
Total (CAGR 5.8%)	30.56	33.08	35.61	37.73	38.36

(Source: Ovum Research, February 2006)

Software and IT Services Spend by TEMs

The leading TEMs typically spend 10-15% of their revenues on research and development, as shown in the table below:

S. No.	Company	Revenues in Fiscal 2005 (US$ Billion)	R&D Expenses in Fiscal 2005 (US$ Billion)	R&D Expenses in Fiscal 2005 (% of Net Sales)
1	Siemens*	91.90	6.28	6.8%
2	Motorola	36.84	3.68	10.0%
3	Nokia ^	32.00	4.55	14.2%
4	Alcatel + Lucent	25.00	2.90	11.6%
5	Cisco Systems	24.80	3.32	13.4%
6	Ericsson**	19.89	3.20	16.1%

Source: Annual Reports, Corporate Presentation Alcatel and Lucent Merger

* Revenue and R&D Expenses shown above are based on an exchange rate of 1 Euro = US$ 1.2181

** Revenue and R&D Expenses shown above are based on an exchange rate of 1 Swedish Kronor = US$ 0.1310

^ *Revenue and R&D Expenses shown above are for fiscal 2004*

A portion of the above-mentioned R&D expenses are attributable to software and IT services, constituting the addressable market for software and IT service providers in the TEM space.

Growing Indian IT Industry

Pressure on the IT budgets of TSPs and TEMs as a result of competition and other factors has increased outsourcing in the telecommunications industry. Industry verticals outside of the telecommunications vertical have also experienced pressure to outsource. The outsourcing trend is increasingly involving an offshore component. India has emerged as one of the preferred destinations for outsourcing of IT services as a result of low labour costs, high education level of the available labour pool and the prevalence of English as a language in India.

NASSCOM has ranked the leading IT service providers in India for fiscal 2005 by the size of their IT software and services exports, as given in the table below:

Ranking of Indian IT Software & Service Exporters Fiscal 2005

Rank	Company	Export Revenues excluding ITES-BPO (US$ in Million)
1	Tata Consultancy Services Ltd	1,644
2	Infosys Technologies Ltd	1,502
3	Wipro Technologies	1,198
4	Satyam Computer Services Ltd	745
5	HCL Technologies Ltd	588
6	Patni Computer Systems Ltd	342
7	i-Flex Solutions Ltd	245
8	Tech Mahindra Ltd. (formerly Mahindra-British Telecom Ltd)	202

Rank	Company	Export Revenues excluding ITES-BPO (US$ in Million)
9	Polaris Software Lab Ltd.	154
10	Perot Systems TSI (India) Ltd.	145
11	Hexaware Technologies Ltd.	129
12	Larsen & Toubro Infotech Ltd.	123
13	MASTEK Ltd.	121
14	iGate Global Solutions Ltd. (formerly Mascot Systems)	118
15	Siemens Information Systems Ltd.	111
16	Mphasis BFL Ltd.	103
17	Tata Infotech Ltd.	102
18	NIIT Technologies Ltd.	99
19	Flextronics Software Systems Ltd.	94

Ranking of Indian IT Software & Service Exporters Fiscal 2005

Source: NASSCOM

Note: The above list does not include companies, such as Cognizant, which are US listed companies but have significant offshore operations in India. In addition, Syntel, Covansys, Intelligroup, all of which have an India-centric global delivery model, are excluded from this list.

According to NASSCOM, India's exports of IT (including hardware, software and services) and IT enabled services (ITES) industry is expected to reach US$ 23.9 billion in fiscal 2006, which would imply year-on-year growth of 31% over fiscal 2005. IT software and services exports grew to US$ 17.1 billion in fiscal 2006, representing an year-on-year growth of 31% over fiscal 2005. The United States and Europe continue to be the largest consumers of Indian IT services, with 68% and 23% of total exports from India, respectively in fiscal 2005.

According to NASSCOM, India's IT industry is on track to achieve US$ 60 billion in exports by fiscal 2010, which would imply a CAGR of nearly 27% over fiscal 2006. NASSCOM expects the industry to employ 2.3 million direct staff by Fiscal 2010, as compared to approximately 1.1 million for Fiscal 2005. The 2.3 million staff projected for Fiscal 2010 is expected to comprise 0.85 million employees in Offshore IT services and 1.45 million employees in business process outsourcing.

Indian IT firms are aggressively ramping up their capabilities, in particular by increasing their recruitment efforts, in order to meet continued strong and increasingly diverse demand. They are also working to strengthen customer relationships, consolidate their industry expertise and expand geographically.

BUSINESS

Overview

We are a leading Indian provider of IT services and solutions to the telecommunications industry and in fiscal 2005 we were ranked by NASSCOM as the eighth largest Indian IT services company in terms of export revenues. We were formed in 1986 as a joint venture between Mahindra & Mahindra Ltd. ("M&M"), one of India's leading manufacturers of tractors and utility vehicles, and British Telecommunications plc ("BT"), one of the world's leading telecommunications companies.

Our growth has been marked by significant expansion on several fronts. As a result of our longstanding relationship with BT, we have an established presence in the European market but in recent years have also experienced rapid growth in North America with clients such as AT&T and in the Asia-Pacific region with clients in countries such as Singapore, Australia, Taiwan, Indonesia and India. We have clients in over 40 countries. We have expanded our coverage of client sectors from our traditional focus on telecommunications services providers ("TSPs") to telecommunications equipment manufacturers ("TEMs") such as Alcatel and Motorola and independent software vendors ("ISVs"). Our acquisition of Axes Technologies in November 2005 has enabled us to significantly expand our TEM expertise.

We have steadily enhanced the portfolio of services we offer to our clients. Our services now span a wide range, from applications development and maintenance, solution integration, product engineering and lifecycle management and testing to high end, higher value added offerings such as consulting, managed platforms and managed services. We provide these services to our clients in the form of telecommunications specific offerings and through a delivery model which efficiently combines service delivery with domain knowledge. We have twelve independent delivery units supported by our competency and solutions units, and we believe that this model enables us to deliver superior solutions to our clients.

As a consequence of these factors, our revenues grew at a compound annual growth rate of 29% and our number of employees grew at a compound annual growth rate of 57% from fiscal 2004 to fiscal 2006.

Competitive Strengths

We believe that the following are our competitive strengths:

Exclusive focus on the growing telecommunications industry

We are unique among major IT service providers in India in that our services are focused almost exclusively on the telecommunications industry. Global spending in the telecommunications industry is expected to continue to grow at a significant pace. According to Ovum Research, TSPs spent US$ 30.6 billion on software and IT services in 2005 and are expected to increase such spending at a compound annual growth rate of 5.8% to US$ 38.4 billion in 2009. According to Datamonitor, TEM revenues are expected to increase from US$ 308 billion in 2005 to US$ 347 billion in 2009, which would represent a compound annual growth rate of 3.0%. Given the technology intensive nature of the TEM business and the historical levels of R&D expenditure by leading TEMs, we anticipate that TEM expenditure on IT services will continue to expand. We believe that our unique focus on the telecommunications industry will allow us to participate in and benefit from the anticipated growth of the global telecommunications industry.

Domain knowledge

Our focus on the telecommunications industry has enabled us to develop domain knowledge that spans the breadth of solutions that telecommunications companies require. This has in turn allowed us to steadily advance our offerings from the provision of conventional IT services to high end, higher value added services such as managed platforms and managed services and consulting, resulting in deeper involvement with our clients' businesses. We have also been able to address the various technological changes in the industry, and have the ability to provide solutions that support voice-data convergent systems, including voice over Internet protocol ("VoIP"), as well as location-based services and next generation services. Our capabilities have been strengthened through our involvement in major transformation and next generation initiatives. Our experience is enhanced by the alignment of our service offerings with our CSUs, within which our research and development functions are located. We believe that our competence and expertise in the telecommunications industry, combined with our "thought leadership" initiatives such as our active involvement in industry forums including the TeleManagement Forum and the OSS through Java Initiative, contributes to the domain knowledge that we bring to bear when addressing our clients' needs.

Established client relationships

We have established relationships with clients such as BT and Alcatel, both of which are at the forefront of the rapidly changing global telecommunications industry. The depth of our relationships with these clients enables us to stay at the forefront of technological changes in the industry. We have broadened our relationship with BT by expanding our service offerings to cover a wide range of BT's businesses, thereby increasing our revenues from BT significantly. We have also developed our relationship with Alcatel, ultimately winning a commitment from Alcatel North America to provide, for a limited period of time, at least half of its US outsourced product engineering development business to us each year. In addition to these two clients, we have also successfully grown our business through the development of new client relationships. For example, our relationship with AT&T commenced in fiscal 2005 but we have already increased the level of business we do with AT&T. We believe that our relationships with these prestigious and widely recognised clients represent a competitive advantage in gaining new clients and growing our business.

Strategic position in the TEM segment through our acquisition of Axes Technologies

Our acquisition of Axes in November 2005 significantly increased our ability to offer services to TEM clients. The focus of Axes is product engineering and lifecycle management relating to telecommunications equipment used in areas such as transmission, switching and access, in both legacy and next generation networks. Axes takes ownership of product lines from its clients, providing support across the product lifecycle including development, maintenance and customer support. The Axes acquisition also reinforces our key client relationships with Alcatel and Motorola. Our relationships with TEMs enable us to understand the network equipment and platforms used by our TSP clients and anticipate their IT needs, which we believe provides us with a competitive advantage in attracting new business from TSPs in the network technology space. We also believe that we will be able to leverage our relationships with TSPs to expand our offerings to other TEMs.

Relationships with key software vendors

We have developed relationships with various software vendors such as Oracle, Verisign and Clarity, who create software for the telecommunications industry. We frequently contribute to various stages in the software development process using our understanding of the specific needs and requirements of telecommunications clients. Our familiarity with this software then allows us to win business from telecommunications clients, including high end engagements such as managed platforms and managed services and consulting. Finally, our relationships with software vendors enable us to approach new clients and enter new markets more effectively and within a shorter time frame.

Efficient delivery model

We offer our services to clients through IDUs, each of which has its own resource pool, and are supported by CSUs. Each IDU manages one or more client relationships and is responsible for the seamless delivery of services to the client. Our practice of rotating technical personnel among our IDUs facilitates knowledge sharing within our organisation. We believe that our delivery model allows for faster execution of client engagements, ensures the quality of services provided and enables the efficient use of our resource pool. A key feature of our delivery model is that our IDUs are co-located with our CSUs. CSUs are a key component of our knowledge base and aligning them with our delivery function provides our clients with robust solutions which efficiently combine existing processes and methodologies with state-of-the-art domain knowledge. These processes and methodologies are key elements of our quality framework, which has been assessed at CMM-I Level 5.

Experienced management team

Our management team has been involved in the IT industry for a long period, with a proven track record of development of new business lines and management of large client relationships. Mr. Vineet Nayyar, our CEO, was the founder and CEO of HCL Perot Systems and the Vice-Chairman of HCL Technologies, one of India's premier IT services companies. Mr. Sanjay Kalra, our President of Strategic Initiatives who is responsible for our BT relationship, has expertise in developing new products and business lines, leading high growth businesses and managing strategic relationships and acquisitions. Mr. C.P. Gurnani, our President of International Operations, brings to Tech Mahindra over 22 years of experience in the Indian IT services industry, with extensive experience in international business development and joint ventures.

Recognised parentage

We were founded as a joint venture by M&M and BT and we benefit significantly from our recognised parentage. M&M is a widely recognised brand name in India and has operations in several key sectors of the Indian economy. BT is one of the world's largest telecommunications companies. We believe that our association with M&M and BT is a great asset to us that aids us in winning new business and is also particularly useful in recruitment because of candidates' familiarity with the M&M and BT names.

Business Strategy

We intend to maintain and enhance our position as a leading provider of IT services to the telecommunications industry by offering a comprehensive portfolio of IT services and investing further in our competitive strengths, thereby creating value for our shareholders and clients. The key elements of our business strategy include:

Grow and enhance our business from existing clients

We intend to increase our business from existing clients by increasing our share in the total spend made by these companies on IT services. This involves increasing the scope of engagements with our clients by expanding the breadth of services we offer and addressing new areas within clients' organisations. We plan to focus on high end, higher value added services such as managed platforms, managed services and consulting, which tend to be long term in nature. We believe that we have experienced some early success in implementing this strategy in expanding our relationship with BT and, more recently, with AT&T, and intend to replicate this success with other clients.

Diversify client base and expand into new geographies

We have historically been dependent on BT as a client and Europe as a geographic area for most of our revenues. This dependence, however, has been declining as a result of our client acquisition and geographic expansion efforts. We plan to continue to reduce our reliance on existing clients by marketing our capabilities to new clients. We have adopted strategies that give us greater exposure to new clients, such as building relationships with globally well-known software vendors. We also intend to further expand our presence in North America, where the share of our total revenues grew from 10% in fiscal 2004 to 18% in fiscal 2006, and the Asia Pacific region, which we believe represents a significant growth opportunity for us.

Augment our capabilities through acquisitions and joint ventures

Historically, we have not pursued acquisitions and our growth has been entirely organic. In November 2005, we completed our first acquisition when we bought Axes. This acquisition has enabled us to significantly expand our presence in the TEM segment. We expect that our future growth will involve further acquisitions, joint ventures and other strategic initiatives, which will allow us to add service offerings and clients to our portfolio.

Strengthen our brand name in the Indian and global IT services market

We intend to continue to enhance our brand recognition in the IT services and telecommunications marketplaces through brand building efforts, communications and promotional initiatives such as sponsorship of telecommunications and IT services conferences, interaction with industry research organisations, participation in industry events, public relations and investor relations efforts. We also intend to focus on our sales and marketing initiatives and establish our presence in the various geographies in which we plan to expand. We believe that these initiatives, as well as the listing of the Equity Shares, will enhance the visibility of our brand name, contribute to our recruitment and retention initiatives and strengthen our recognition as a leader in the Indian IT services industry.

Increase productivity and efficiency

We plan to increase our profitability by increasing our productivity and efficiency. We have already increased profitability by introducing major cost saving initiatives. These include the rationalisation of support staff and our overseas offices, and the restructuring of our sales teams in Europe and the US. These initiatives have contributed to a significant reduction of our SG&A expenses, from 26% of our revenues in fiscal 2004 to 19% in fiscal 2006. We intend to maintain our SG&A expenses at optimal levels. We also plan to optimally vary the composition of our employee resource pool, in terms of seniority and location, to maximise our productivity and efficiency.

Continue to attract, train and retain high quality employees

We intend to further develop our position as a preferred employer in the Indian IT services industry and place special emphasis on attracting and retaining highly skilled employees. We will continue to invest in the career development and training of our employees with the objective of further enhancing their technical and leadership skills. We believe that our recent expansion into Chennai, Bangalore, Delhi and Kolkata gives us access to a larger talent pool and we plan to increase our recruiting efforts in those cities.

Operations

Telecommunications Sub-Verticals

Our services are focused on clients in the telecommunications industry. We classify our clients into three types, TSPs, TEMs and ISVs. Historically, TSPs have provided us with most of our business, accounting for nearly 90% of our revenues in fiscal 2004, 2005 and 2006. We anticipate that our TEM and ISV clients will increase in importance as a source of revenues for us. However, we expect TSPs to continue to account for a significant proportion of our revenues.

Telecommunications service providers

Our TSP clients include both fixed-line and mobile operators who offer voice and data services to customers through their networks. Our TSP clients are located across various geographies, including Europe, the United States and the Asia-Pacific region, and range from established operators such as BT, AT&T and O_2 to recently established operators in evolving telecommunications markets, such as a Taiwanese greenfield 3G mobile operator.

TSPs worldwide are undergoing a transformation to upgrade their networks and systems to support an IP-based architecture that will provide simultaneous support for voice, video, data and content-based services. This transformation involves changes in a number of areas, including business processes for planning, building and operating networks and services; the systems that implement these processes; and the underlying networks that deliver services. In order to provide our clients with solutions to facilitate these changes, we believe that we need to have capabilities in all facets of TSPs' businesses as well as expertise across the entire range of business processes, OSS/BSS systems and network technologies.

The transformation TSPs are undergoing has two dimensions, the first being the convergence of the delivery of voice, video, data and content over a single network and the second being the convergence of fixed and mobile communications. The two dimensions of the transformation represent challenges to TSPs in that TSPs must both keep pace with technological developments in the area of converged networks as well as confront increasing competition from fixed, mobile, cable and Internet service providers. The transformation of the competitive landscape means that TSPs must focus on the development of innovative services for all segments of subscribers. In doing so, we expect that they will become more reliant on solutions providers such as our company to aid them in the transformation of their processes, systems and networks.

We provide solutions to TSP clients across the entire range of their business processes, systems and network integration activities ranging from consulting on business and operating processes to the development of their BSS and OSS systems and integrating those systems with the underlying network technologies. The development of BSS and OSS systems involves the development and integration of platforms providing customer relationship management, billing, network planning, rollout and network management functionality, based on both customised solutions and "Commercial off-the-shelf" (COTS) products.

For more information on the services we provide, see the section titiled "Business - Our Service Lines and Offerings" on page 48.

Telecommunications equipment manufacturers

TEMs today face challenges arising from decreasing demand for traditional network equipment and the need for rapid product development cycles for next generation equipment for use in IP-based multi-service networks. However, the phasing out of traditional equipment is gradual and there are considerable requirements for both maintenance of existing product lines as well as enhancing those product lines with NGN capability for integration with IP technologies.

We offer product engineering and product lifecycle management solutions to manufacturers of various types of telecommunications equipment, which range from switches used in the networks of fixed-line operators to handsets used by mobile subscribers. Our solutions enable TEMs to bring new technologies to market more quickly and to rationalise operations for their existing product lines. We have significant access to our clients' intellectual property rights and our employees have contributed to several patents owned by clients. Our TEM clients on-sell the equipment we help them to develop to their TSP clients. We have significantly augmented our capabilities in the TEM space through our acquisition of Axes in November 2005, which enhanced our client relationships with Alcatel and Motorola.

The solutions we offer to our TEM clients are centred around the core goal of developing telecommunications equipment that is tailored to the needs of TSPs and the markets in which they operate. Our familiarity with the IT needs of TSPs enables us to provide valuable input into the design and manufacturing of equipment by our TEM clients. Our ability to understand the requiprements of TSPs also makes us a preferred partner for solutions integration and the rollout of network technologies in live environments.

Independent software vendors

Our ISV clients are generally providers of packaged solutions, which are also known as COTS solutions. Packaged solutions are engineered to an industry-wide standard such that they can be used by any company in that industry, as opposed to proprietary software, which is customised to the needs of a specific client.

COTS provide the major advantages of faster time-to-market and ease of customisation and ongoing support. TSPs perceive COTS solutions as critical components in the development of their next generation systems estate providing OSS/BSS functionality. An integrated solution for TSPs involves a variety of COTS solutions, which are significantly customised and integrated with a number of home-grown systems.

We provide engineering and solution integration services to our ISV clients. We also develop products for clients who are themselves software developers, which are used in packaged solutions used by the ultimate client. We also cooperate with ISVs as a systems integration partner. We use the ISV relationships that we have built in the course of various client engagements to develop joint client acquisition strategies. These strategies have enabled us to enter new markets such as Taiwan. See the section titled "Business - Sales and Marketing" on page 60 of the Red Herring Prospectus.

Our Service Lines and Offerings

We provide a full range of basic IT services to our clients. These services generally involve the development or implementation of software systems and other types of IT solutions. However, because of the specialised telecommunications focus of our business, we further classify our basic service lines into offerings that are specific to telecommunications companies. For this reason, we discuss our business in terms of both our basic service lines and our telecommunications focused offerings.

Our Service Lines

The IT services we provide to our clients can be broken down into the following basic service lines: applications development and maintenance, solution integration, product lifecycle management, consulting, managed platforms and managed services and testing.

Applications development and maintenance. We develop and maintain software applications for our clients over the entire IT applications lifecycle, including requirements analysis, systems and process design implementation and verification, while providing the requisite program and project management services.

We have developed and maintained a variety of different software solutions for our clients, including software for the customer care and billing systems of several major TSPs. Frequently, such engagements have significant recall value with the need for ongoing enhancements to these platforms resulting in our gaining broader ownership of the software supporting these systems. For example, for one of our large TSP clients, we initially developed a CRM application for support of the client's residential and small business customers. Over time, we were able to take over responsibility for further development, enhancement and maintenance of the application and we now provide end-to-end services relating to the application, including operational support as well as business support.

Solution integration. We provide a range of services based on software packages that are licensed to our clients by third party vendors. We aim to provide a seamless integration of packages, applications and systems (both hardware and software) across our clients' organisations, and frequently conceptualise and design the architecture that enables these to work together.

An example of a recent solution integration project was our engagement to replace a wireless service provider's customised interconnection solution with a packaged interconnection solution capable of addressing complex interconnection scenarios. We integrated the packaged solution with the client's existing systems, which ultimately helped our client to maintain control over complex volume discounting schemes, while at the same time reducing errors.

Product Engineering and Lifecycle Management. Our product engineering and lifecycle management projects may cover any or all of the various stages in the lifecycle of a product. For our TEM clients, this includes product development and maintenance, technology transformation, localisation and testing in the areas of transmission, switching, signaling, access and network management. Our product lifecycle management offerings to our ISV clients include requirements analysis, design, development, testing and rollout.

An example of our recent product engineering and lifecycle management experience is our development of add-on applications for the packaged software platform of a TEM. Our role in the project included design, end-to-end development, testing and delivery, performance and reliability testing and the provision of 24 hour support for customer field trials.

Consulting. Our consulting services include strategy planning, assessment, procurement, re-engineering solutions, audits and advice regarding best practices. Our technical personnel assist our clients by providing technical advice in developing and recommending appropriate IT architecture, hardware and software and by delivering IT solutions designed to meet specific business needs.

We were recently selected by a TSP client to provide consulting services for the upgrade of its BSS system. Our consultants evaluated the client's billing and CRM systems and provided the client with a roadmap for transitioning those systems to a platform in a phased manner.

Managed platforms and managed services. Managed platforms and managed services are end-to-end solutions that encompass development and integration of IT systems, the ongoing operations associated with those systems and the business processes that are carried out on those systems. We offer a full range of services for the remote management of our clients' software applications, networks and hardware infrastructure, allowing clients to focus on their core businesses.

Managed platforms and managed services involve our taking over the management of an entire IT-related business function for a client. Our managed services include ongoing operations and support for IT infrastructure and applications delivered through either a shared service covering several clients at the same time and/or a dedicated service, which covers only one client.

An example of a managed project we have implemented for a client is the bureau-based (shared service) solution we provide to a large GSM carrier client, wherein we manage its interconnect billing. This solution has resulted in reduced billing costs and improved customer response times for our client.

Testing. We provide testing services to our TSP, TEM and ISV clients, which include test management, software and systems testing, packaged software testing, web/portal testing and network testing. Our testing services involve devising and implementing testing strategies to evaluate the efficiencies of software or other products in order to improve those products and the efficiency and reliability of the testing process and automate the testing process so as to reduce costs and shorten the time required to go to market.

We currently operate an OSS "Test Factory" for a Tier 1 European TSP. The test factory encompasses services to manage the entire testing function, from sourcing work, handling a variable workload, managing test development, automation and test runs.

Our Telecommunications Offerings

We augment our basic service lines through our Research and Development function, in which our competency and solutions units develop telecommunications-specific offerings tailored to our clients' needs. The solutions we provide to our clients can be broken down into the following telecommunications-specific offerings: OSS; BSS; NGN; security; embedded solutions; switching, signaling, transmission and access solutions; network design and engineering; mobility solutions; BPO and BPM.

Our OSS and BSS offerings cover the day-to-day operations of our TSP clients. We provide our clients with solutions to carry out these functions. In general, OSS covers functions related to the actual operation of the telecommunications network, including solutions relating to the various elements in a network and to management of faults on the network, while BSS relates to the general business functions of a telecommunications operator, such as CRM and customer billing.

OSS. Our OSS offerings include systems and process design, development, integration, verification and support of network planning, provisioning and activation systems; integration; performance management and fault management. The key areas that this offering covers are described in further detail below:

- *Planning, provisioning and activation systems.* Provisioning and activation systems enable TSPs to plan, assign, configure, track and manage network topologies and assets. We design and build these systems to help TSPs optimally plan, roll out and manage their networks across a wide range of technologies.
- *Integration*. We provide OSS integration services, which entail the integration of new network applications with legacy networks. As TSPs upgrade their networks, the software used in the operation of the network must also be upgraded and must be integrated with the new network. We provide the solutions to accomplish this.
- *Performance management*. Telecommunications networks also require software systems responsible for the overall supervision of the network. Accordingly, we offer solutions that are capable of monitoring the network and collecting statistics regarding performance.
- *Fault management*. We provide solutions for trouble management systems within our clients' networks. This software enables the system to log problems and begin the repair process.

An example of an OSS project we have been involved in is the development and integration of a provisioning management solution to enable faster rollout of a TSP's IP virtual private network ("VPN") services. We are delivering this solution through packaged products and integrating the solution with the client's billing and order management systems. This engagement covers end-to-end responsibility for the solution.

BSS. Our BSS offerings include CRM, order management, billing, mediation, revenue assurance, settlement solutions, fraud management and business intelligence. These are not discrete offerings; rather, we frequently provide our clients with integrated software that covers several of these business functions.

- *CRM*: We offer our clients solutions that enable them to manage all aspects of interaction with the customer across multiple channels. Our CRM solutions cater to both retail and wholesale clients.
- *Customer billing:* We provide our clients with solutions that measure usage and generate bills for customers. We provide software that facilitates billing for both fixed-line and mobile service providers. We also provide convergent billing solutions for clients who provide multiple services, as well as clients transitioning from legacy networks to next generation networks.
- *Mediation:* We provide software that facilitates our clients' mediation functions. Mediation is the role of collecting usage information of subscribers or customers and feeding call detail records to downstream applications such as billing and fraud management. With the advent of NGN and 3G, the mediation function has become considerably more complex because the software needed to bill and analyze usage must be capable of capturing events across multiple network elements.
- *Revenue assurance and fraud management*: We have developed software that facilitates the detection of telecommunications fraud and allows fraud analysts to track and follow up on fraud cases.

An example of a recent BSS engagement was our engagement to implement an end-to-end business solution involving a state-of-the-art billing and CRM solution for a 3G mobile services provider client. We provided a comprehensive solution which allowed our client to meet all of the business requirements for 3G retail, roaming and interconnect scenarios as well as a complex content settlement solution, ultimately enabling our client to roll out its services into the highly advanced market in which it operates.

NGN. Existing as well as future networks must be configured to deliver multiple types of services, including voice, data, video and content all through a single underlying multi-service network. We provide fixed-line TSPs with solutions that enable them to overhaul their legacy networks to create IP networks capable of carrying both voice and data traffic. We also offer solutions to mobile operators, which allow them to upgrade their networks to data-intensive 3G networks. NGN engagements are typically quite extensive, and involve designing and executing solutions for functions such as network management, provisioning, billing and other CRM elements as well as marketing. We also provide services involving development, deployment and integration of service delivery platforms capable of delivering next generation applications. Given the software-intensive nature of converged networks, we anticipate significant opportunities to expand our offerings in this area.

We have been engaged by BT to provide certain solutions for its 21CN Programme, which is intended to pilot both voice and data traffic over an IP network. The program envisions the wholesale replacement of a country-wide PSTN infrastructure with a converged MPLS backbone.

Security. We offer our clients security solutions that help them both in assessing their current information security position in comparison to global standards and best practices as well as in developing an information security management system that provides confidentiality, availability and integrity of the data they carry.

Our security services cover the following areas: assessment, strategy and design, implementation and development, testing and managed services. We offer these services across various domains, including application security, network and system security, security management, business continuity and disaster recovery, identity and access management and security compliance with the U.S. Sarbanes-Oxley Act of 2002.

We have sought to keep our knowledge base at the cutting edge of the industry's move towards more secure networks through various "thought leadership" initiatives. We chair the Security Architecture Board for Next Generation OSS for the TeleManagement Forum. The TeleManagement Forum, which is composed of some of the world's largest TSPs, TEMs and ISVs, is a working group that is focused on developing standards and conceptual frameworks for the next generation networks that TSPs may deploy over the course of the next decade.

As an example of our security solutions offering, we have been involved with a TSP for the last three years across various client functions and initiatives. Our assignments for this client include security review of the client's existing BSS solution, penetration testing and vulnerability assessment of Internet data centres and security architecture for a NGN initiative, for which we are providing end-to-end services.

We have also extended our security solutions offering into the fast expanding area of Digital Rights Management ("DRM") solutions. DRM relates to the protection of critical enterprise data such as intellectual property created by a company, customer lists and other information, product research, financial reports.

Embedded solutions. Embedded solutions cover the software that is embedded in telecommunications hardware such as mobile handsets and set-top boxes. As TSPs move towards offering advanced services such as content and video, demand for telecommunications equipment with improved functionality has increased substantially.

Consumer demand for new value added data services has driven the growth in demand for mobile handsets. As new data services are introduced to meet this demand, more advanced handsets are required and older handsets are rendered obsolete. As our handset manufacturer clients develop more advanced handheld devices, they will require increasingly advanced embedded solutions from solutions providers such as us.

Another area of high demand is set-top boxes. Our TSP clients are moving rapidly to interactive, digital and direct-to-home TV. Set-top boxes are required for these technologies. In the set-top box segment, we have developed software applications and have been involved in middleware porting and network customisation.

We provide embedded solutions for Alcatel, a major provider of telecommunications equipment.

Switching, signaling, transmission and access network solutions. We provide product engineering solutions across the entire technology spectrum for carrier grade telecommunications networks. We also provide product lifecycle management and support for switching and signaling network elements.

In the area of optical transmission we develop solutions based on the SONET and SDH technologies. In the area of access networks, our solutions support ADSL and other DSL technologies. We also have solution groups focused on providing customers with FTTx solutions and AIN and EMS/NMS design and development.

To support the migration to next generation technologies we have developed and validated solutions for a variety of network elements including multi media gateways, signaling servers and soft switches. These products are used in both POTS and VoIP services and support a variety of protocols and standards including SIP, H.248/ Megaco, MGCP, SIGTRAN, SS7, ISDN and Inband.

We provide switching, signaling, transmission and access network solutions for Alcatel, Motorola and other major providers of telecommunications equipment. Since the beginning of our engagement with Alcatel in 1998, we have provided Alcatel with software solutions for its switching and signaling, access and transport network business units.

Network design and engineering. We provide services for analysing and designing networks using modeling techniques and discrete event simulation models to solve design problems relating to performance issues such as efficiency, reliability, sensitivity, availability, flexibility and scalability. A key component of our network design and engineering offering is applications performance monitoring. Essentially, when clients are concerned that the implementation of a particular application will slow down their other applications, we use modeling and simulation techniques to ensure the efficient integration of the new application. We offer network design and engineering services to a Tier 1 TSP to address performance-related challenges early on as networks and systems are being designed as part of its NGN transformation process.

Mobility solutions. Since voice revenues are registering only moderate growth, mobile TSPs are eager to roll out new mobile data services, which generally have high average revenues per user, to drive their revenue and profit growth. These mobile data services are also called value-added services (“VAS”). We use our expertise in the telecommunications industry to work with mobile TSPs to identify attractive VAS opportunities that are delivered via multiple service delivery platforms.

A leading supplier of content delivery servers for mobile TSPs has engaged us to provide system customisation, system integration, installation, testing and training for its product. We have previously carried out three projects with this client for leading TSPs and content aggregators. The solutions we have provided this client have enabled it to roll out new content services quickly.

BPO. We provide operations services to TSPs. This offering covers fulfillment, assurance, billing and networks as well as order provisioning, network troubleshooting, billing operations, first line application support, exception handling and network digitisation. We employ six sigma tools and techniques for recommending process re-engineering and improvements.

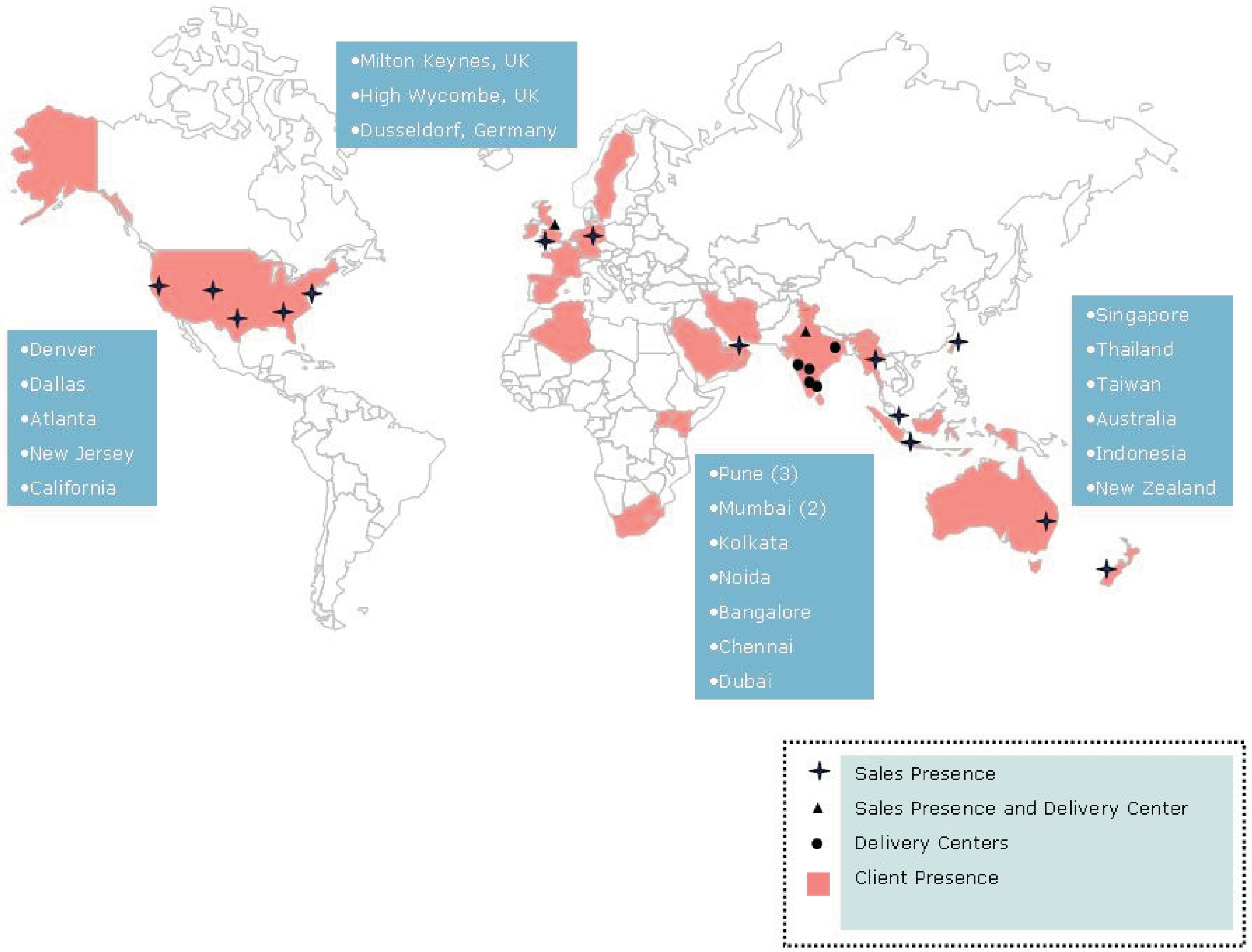
Our approach to operations outsourcing includes both standalone outsourcing and an integrated offering, which is combined with the technology outsourcing. A leading European TSP has selected us to provide it with technical helpdesk solutions, which entails troubleshooting various network elements including core switches and routers.

BPM. In the area of business process management, we offer process mapping, modeling and simulation services, and have expertise in various tools and products used in the provision of these services. We have domain knowledge in several different types of networks and services including PSTN, ISDN, broadband, IP/VPN, private circuits and end to end process knowledge including sales and marketing and core network processes

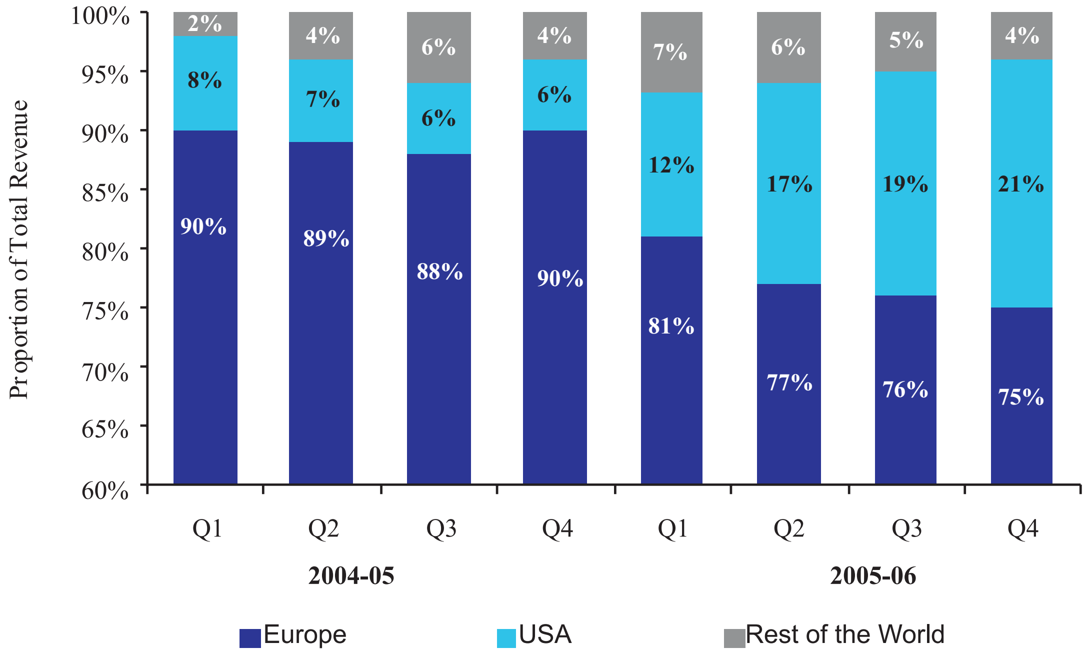
We have extensive knowledge of open industry standards such as eTOM, SID and NGOSS and are involved in industry forums such as the TeleManagement forum. Some of the areas covered by BPM are product launch, in-life support, process implementation and process analysis.

Geographies

We are headquartered in Pune, India and have nine development centres in India and one in the UK. We also have 16 sales offices across India, Europe, North America, East Asia, the ANZ region and the Middle East. The map below shows the locations of our development centres and sales offices. For more information on our global sales network, see section titled "Business -Sales and Marketing" on page 60 of this Red Herring Prospectus.



Most of our revenues are attributable to Europe and the US, with a smaller proportion coming from the remaining regions in which we operate. As we diversify our client base, the percentage of our revenues attributable to Europe has declined. The following chart sets forth the percentage of our revenues attributable to each region for each quarter in fiscal 2005 and 2006:



Europe

In fiscal 2006, 77% of our revenues were attributable to Europe and 69% of our revenues were attributable to BT, compared to 89% and 81% in fiscal 2005, and 88% and 80% in fiscal 2004. As we have expanded our client base, the percentage of our revenues attributable to Europe has declined along with the percentage of our revenues attributable to BT. Other major clients in Europe apart from BT include O_2 and Vodafone.

Most of our European revenues are attributable to the UK, but we hope to expand to other European countries. Part of our strategy is to leverage our existing accounts to enter new countries. For instance, we have used our relationship with O_2 in the UK to win an engagement from O_2 in Germany.

Our relationships with ISVs will also be key to our plans to expand to continental Europe. We believe that a strategy of approaching clients in collaboration with widely recognised ISVs will complement our direct marketing efforts. For further information on our partnership program, see section titled "Business—Operations—Our Telecommunications Industry Practice—Independent Software Vendors" on page 48 of this Red Herring Prospectus.

United States

In fiscal 2006, 18% of our revenues were attributable to the US. Our key clients in the US include AT&T and Alcatel. Although Alcatel is a French company, most of the work we perform for Alcatel is with Alcatel USA Sourcing LP, a US subsidiary of Alcatel.

Rest of the World

In fiscal 2006, 5% of our revenues were attributable to the Rest of the World, which mainly comprises clients in the Asia-Pacific region (including Australia and New Zealand). Alcatel Australia is a key client in this region. As part of our expansion strategy in the region, our recent assignments include providing services to Hutchison Telecom Indonesia, a greenfield 3G operator in Indonesia, and a greenfield Taiwanese 3G operator. Our relationships with ISVs were an important factor in our entry into the Indonesian and Taiwanese markets.

Our Clients

We believe that the quality of our clients differentiates us from our competitors. Since our formation in 1986, we have been engaged in large, long-term client relationships with some of the largest telecommunications companies in the world.

Client concentration

Our large client relationships include BT, AT&T and Alcatel. We place significant value on our relationships with these clients, but part of our strategy going forward is to reduce our exposure to them, in particular BT. We plan to accomplish this by acquiring new clients across the geographies in which we operate.

Our overall client base has been increasing over the past few years and the number of our clients was 45 and 62 as of the end of fiscal 2005 and 2006, respectively. The following table provides a breakdown of our clients by the amount of revenues sourced from each client for each quarter in fiscal 2005 and 2006:

	Fiscal 2005				Fiscal 2006			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
> US$ 1 million	10	10	10	10	13	14	14	14
> US$ 5 million	2	2	2	2	2	3	4	6
> US$ 10 million	1	1	1	1	1	1	2	2

Although we still have significant exposure to BT in terms of the percentage of revenues sourced, that has been reduced steadily as we have acquired more clients. The following table illustrates the concentration of our revenues among our top clients for each quarter in fiscal 2005 and 2006:

	Fiscal 2005				Fiscal 2006			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Top client	83%	81%	78%	80%	72%	66%	68%	68%
Top 5 clients	90%	88%	85%	86%	85%	85%	84%	87%
Top 10 clients	94%	93%	90%	90%	88%	89%	90%	92%

Key client relationships

We consider our relationships with BT, AT&T and Alcatel to be key to our business.

The BT relationship

Our engagement with BT commenced in October 1988. During the formative years of our engagement, we provided most of our services on a time and materials basis for development and testing work. Our business grew considerably after 1996 when we began to provide an increasingly high-end portfolio of services to BT, taking the relationship in a new strategic direction.

During the course of our relationship with BT, we believe that we have transformed ourselves from an offshore supplier of telecommunications applications development and support services to a key strategic partner in defining and implementing BT's transformation plans for its business and competitive strategy. In particular, we have assisted BT in confronting the challenges presented by deregulation of the telecommunications industry, which has resulted in an ongoing need to enhance BT's systems. Our engagement with BT has thus been characterised by our participation in end-to-end transformational initiatives that are aimed at optimising BT's systems in order to provide it with a competitive advantage.

We have partnered with BT on the following key initiatives:

- Transformation of BT's legacy customer care and billing systems through the development of several solutions for progressive improvements in BT's CRM system. This transformation involved a transition from mainframe-based systems to COTS-based CRM solutions. We have further augmented BT's CRM system through the development of web-based solutions.

- Design and optimisation of solutions for the planning and operation of BT's network. We are involved in the development, support and continuous enhancement of systems for BT's switched network elements and transmission infrastructure. We have designed and developed solutions for several of BT's PSTN, ISDN, leased line and broadband offerings.
- We are a strategic partner in BT's 21st Century Network ("21CN") project, which is BT's largest transformation initiative. 21CN involves the development of a converged network, which will carry both voice and data. We have provided a range of solutions covering every aspect of BT's networks and systems being used in the project, including CRM, portal-based solutions and OSS solutions as well as the activation, configuration and management of network elements themselves.

A significant part of the solutions we provide to BT has been delivered from our offshore development centres. This results in cost savings for BT and allows us to deliver value through ongoing enhancements and transformation. In general, the work we perform for BT is bid for on a competitive basis against other IT service providers and accordingly, our pricing for these projects is based on our cost and margin expectations for completing the projects.

On December 1, 2005, we entered into a new Master Framework Agreement with BT, with a term from July 1, 2005 to June 30, 2008.

Under this agreement, the Company has been granted a "preferred supplier status" by BT for IT services on a non-exclusive basis and BT is under no obligation to place any orders for services under the agreement. The agreement is for an initial term of three years from July 1, 2005, and may be extended for a further period of twelve months, for a maximum period of two years. However, BT may suspend work at any time by verbal or written communication, subject to the payment of reasonable resulting expenses incurred by the Company. Further, BT may terminate the agreement if the Company commits a material breach or persistent breaches of the agreement and does not remedy the breach within 30 days of notice in this regard, where the breach is capable of remedy. In addition, BT may terminate the agreement in the event of change of ownership in the Company to BT's detriment, in BT's reasonable opinion. BT may also terminate whole or any part of the agreement, including any work carried out under and individual purchase order, at any time subject to written notice and payment of such amounts to cover the reasonable costs of the Company.

In addition to BT's right to terminate the agreement and/ or individual work orders, the Company is liable to pay liquidated damages to BT if the Company fails to deliver, install or complete services by any due date. However, neither party is liable for indirect/ consequential loss or damages.

The total liability of each party, under this agreement, shall not exceed the greater of 10 million pounds or 125% of the total of all sums paid or due to the Company under the relevant purchase order. Disputes, if any, arising out of this agreement shall be resolved through a four tier internal resolution process comprising representatives of both the parties.

For further details please see the Master Framework Agreement included for inspection under the section "Material Contracts and Document for Inspection".

The AT&T relationship

We entered into a Software and Professional Services Agreement with SBC Services, Inc. on December 28, 2004 to provide services to SBC Services, Inc. and its group companies. In 2005, SBC Communications Inc. acquired AT&T Corp., and the combined company was subsequently renamed AT&T Inc.

The contract contains provisions for both time and materials and fixed price work. At present, our engagements with AT&T are in the areas of development, testing, maintenance, support, operations and consultancy services across AT&T's mass market product suites both in voice and data, and AT&T's enterprise offerings. We have a presence across customer care and billing, network software solutions and web based solutions.

We are engaged with AT&T in some of its organisation-wide initiatives intended to optimise costs associated with hardware and software. We have utilised our offshore delivery model for the AT&T services, thereby reducing cost and time to market.

Our contract with AT&T Services, Inc. (formely named as SBC Services, Inc.) remains in effect until December 28, 2009, and it is extendable by mutual agreement. A May 10, 2005 agreement grants an AT&T company options over approximately 9.9

million of our Equity Shares. The Equity Shares underlying such options are held by our Mauritius-based shareholder, MBTM. These options vest over a period ending April 30, 2010 if the Company achieves targeted amounts of revenue from AT&T companies during the period.

The Alcatel relationship

We provide IT services to Alcatel and its group companies, mostly as a result of our acquisition of Axes in November 2005. Axes's relationship with Alcatel stems from its relationship with DSC Communications Corp., another telecommunications equipment company that was acquired by Alcatel in 1998. Axes was involved in designing switches for DSC, among other types of equipment. The Axes-Alcatel relationship has strengthened as a result of mutual participation in AIN switch development and next generation network signaling projects. Although Alcatel is a French company, as a result of the origins of Axes's relationship with Alcatel, most of the work we do for Alcatel arises from Alcatel's operations in the United States.

Axes's current contract with Alcatel came into force on April 1, 2004 and was initially valid for a period for three years. This contract contains a commitment from Alcatel North America to source at least half of its requirements volume for its United States outsourced product engineering development work from Axes. Upon our acquisition of Axes, the terms of this contract were extended to October 31, 2008.

Pricing and contractual arrangements with our clients

Pricing

Our revenues are generated from IT services provided either on a time and materials basis or a fixed price basis. Most of our pricing arrangements with clients are on a time and materials basis, although the percentage of time and materials contracts has been declining.

Contractual terms

We enter into non-exclusive MSAs with clients. These agreements typically have a specified term and contain general rights and obligations governing our relationship with the client. The MSAs generally contemplate a broad scope of work and do not include any commitment on the part of the client to provide us with a certain volume of work.

For each discrete work assignment, we enter into separate work orders with the client, which specify the types of services we are required to provide to the client and the price terms of the engagement. Although some of our MSAs contain billing rates for time and materials work orders, for most of our services, the separately agreed work order contains the pricing terms.

Most of our MSAs, including the MSAs with BT and AT&T, our two largest clients, can be terminated with or without cause, with minimal notice given by the terminating client. Our MSAs typically contain the following terms:

- representations and warranties covering, among other areas, the services we perform;
- confidentiality provisions;
- provisions protecting the intellectual property of our clients;
- certain security obligations, including maintaining network security and back-up data, ensuring that our network is virus free and verifying the integrity of employees who work with our clients by conducting background checks;
- indemnification provisions;
- limitation of liabilities of both parties under the contract; and
- reciprocal non-solicitation of employees clauses.

The MSAs typically do not stipulate that we are the preferred supplier for the client and do not provide entitlements to any minimum amount of work or revenues from the client.

Our Delivery Model

Our IDUs

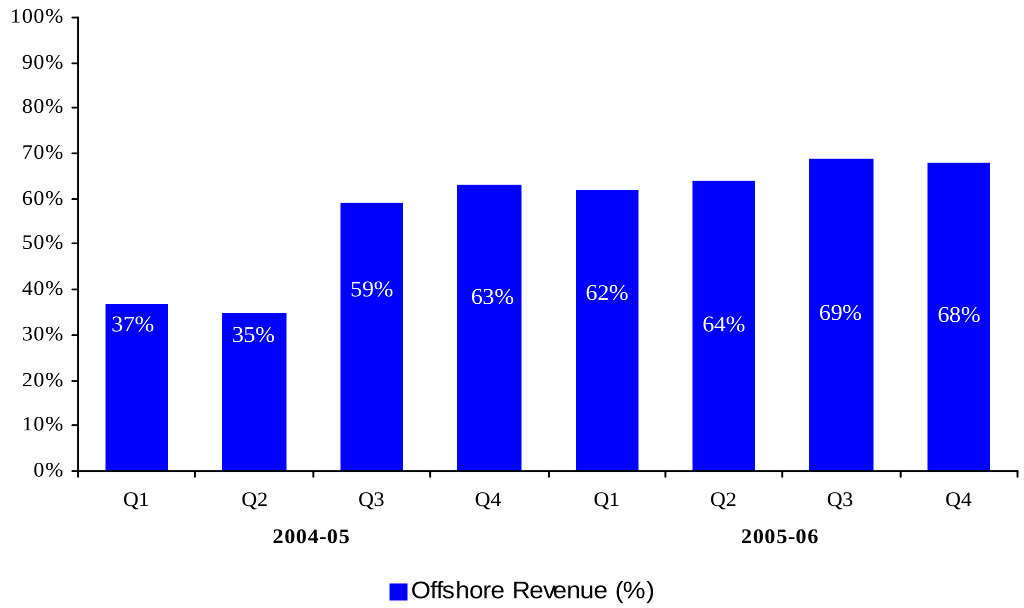
We offer services to our clients through a decentralised delivery model, which consists of twelve IDUs, each of which has up to 1,000 professionals. Each IDU focuses on a specific area of delivery. Our IDUs are loosely broken down along client lines, but for larger clients, such as BT, we may have several IDUs, which are further broken down by the type of services offered. Conversely, for smaller clients in regions which we have only recently entered, an IDU may cover several clients from that specific region.

A key aspect of our delivery model which we believe provides us with a competitive advantage is the alignment of our IDUs with our CSUs, which are described below in "CSUs." Our CSUs provide domain knowledge on each of our offerings, which aids our delivery in providing solutions to our clients.

Our IDUs are empowered to make their own decisions regarding recruitment, compensation and promotion. They also each have their own targets for utilisation and other metrics, which are internally monitored. We believe that our decentralised delivery model allows us to achieve greater operational efficiencies. It also allows us to place greater focus on the client by providing each client with a single point of contact. Each IDU ensures seamless delivery for a particular client (or subdivision of a client), identifies opportunities for marketing new offerings to that client and ensures quality and client satisfaction.

Although our IDUs are operated separately from each other, our model also ensures that valuable knowledge is shared across them. Our practice of rotating IT professionals among the various IDUs ensures that knowledge gained from serving a particular client or sector is disseminated throughout our organisation. Our rotation system also helps ensure that utilisation rates remain high. We also monitor utilisation for all IDUs at a consolidated level, and rotate employees to achieve optimal utilisation of our resources.

Our IDUs operate primarily from nine delivery centres located across India, where all of our offshore resources are stationed. We also have a delivery centre in Milton Keynes in the UK. A small part of our delivery is carried out in our client offices, which are spread across North America, Europe, the Middle East and the Asia Pacific regions. Additionally, we deliver some services through the deployment of our IT professionals onsite. In general, we offer onsite delivery in the initial stages of an engagement during the knowledge transfer phase, after which we transition into delivering our services in India. For our mature engagements, we are usually able to perform a significant proportion of our work in India, as a result of our familiarity with the clients' needs. Leveraging our offshore delivery capability increases value for our clients. The following chart sets forth the percentage of our revenues attributable to offshore work for each quarter in fiscal 2005 and 2006:



To enable the delivery of our services through our offshore model, we have extensive telecommunications linkages between our client sites and our delivery centres. We have in place a network architecture which provides connectivity development centres to clients and to the Internet. This network provides seamless access and uses advanced routing protocols that offer high availability. Although we rely on third parties such as TSPs and Internet service providers to provide us with these services, we ensure that we have multiple service providers using multiple routes and media to attain high levels of redundancy, availability and performance. We have dedicated teams to monitor our network operations 24 hours a day, seven days a week.

Our delivery methodology

Our delivery model is supported by our mASTER methodology for delivery of solutions to our clients. This methodology involves: analysing of a business need for our client; devising an appropriate solution to address that need; transitioning or implementing that solution by setting up a delivery mechanism for our services; and executing the solution to deliver ongoing benefits to the client. Throughout all of these phases, we emphasise the building of a relationship with our client which is based upon continuous improvement.

CSUs

We have developed our R&D capabilities in certain key technological areas, including OSS, BSS, NGN, security, embedded solutions, network design and engineering and mobility solutions. For each of these technological areas, we have a CSU, which is responsible for research and development, marketing support, and the provision of software solutions to clients. Our CSUs identify trends and developments in technology which change the way TSPs operate. Our CSUs are staffed with experienced consultants and architects from the telecommunications industry. These units keep abreast of developments in the industry and develop solutions, frameworks and components to stay ahead of our competitors.

Our business has developed in such a way that we now consider the technological areas covered by our CSUs to be full-fledged service offerings for our clients. For instance, we market our OSS/BSS capabilities to TSPs as a service offering of Tech Mahindra rather than a technological area in which we provide support.

As an example of our CSUs' thought leadership, we belong to the OSS through Java Initiative, an industry consortium that produces a standard set of Java technology based APIs. We are also a member of the TeleManagement Forum, whose goal is to accelerate the availability of interoperable network management products. Our membership in these industry consortia enables us to keep abreast of developments in our industry and participate in industry standardisation.

We have also expanded our research and development capabilities through the launch of a "Next Generation Telecom Solutions Lab" in cooperation with Intel. The lab showcases next generation telecommunications applications such as IP Multimedia Subsystem (IMS) based Video on Demand (VoD) with real time charging, IP conferencing and Universal Personal Number hosted on Intel Carrier Grade Servers. We see this lab as being able to ensure the efficient delivery of integrated platform solutions for the telecommunications marketplace.

Our Quality Program

We use our Business Management System ("BMS") to ensure quality across our organisation. The BMS is designed to ensure that we develop applications and design solutions not only with the intention of meeting our clients' specifications but also in accordance with statutory and other industry-wide standards.

Our BMS has been evolving and incorporates the collective learning from our consultants, who work on diverse assignments across the globe. Our BMS incorporates the best practices described in and formally meets the following standards or models:

- ISO 9001:2000 as audited by TÜV Nord (a technical services inspection company) across all of our development centres in India and the UK;
- Software CMM Level 5 requirements as assessed by KPMG, India;
- BS 7799-2:2002 Security standard for Information Security Management Systems as audited by TÜV Nord;
- CMM-I Level 5 as defined in the Software Engineering Institute's CMM-I model; and
- P-CMM Level 5 as defined in the Software Engineering Institute's People CMM model.

Intellectual Property

In the course of our research and development activities, we create a range of intellectual property which we brand and protect through trademarks, copyrights and patents, and through trade secret agreements, confidentiality procedures and contractual provisions. Trademarks are used to brand and protect our product and service offerings while copyrights are used to protect the content of our intellectual property. Patents are sought for inventions that form part of our products and tools that are used in our consultancy and service businesses and which may also be offered for licensing to customers. For more information on our intellectual property see “Government and Other Approvals” on page 325.

We have entered into a trademark licensed user agreement dated July 20, 2006 with M&M, in terms of which M&M has granted us snf our subsidiaries a worldwide, royalty-free, non-exclusive license to use the trademark “Mahindra”. The agreement is deemed to have come into effect from October 24, 1986 and shall remain valid unless sooner terminated in accordance with its terms. The Agreement stipulates that we may use the ‘Mahindra’ name in isolation or in combination with prefixes or suffixes. Further, we shall have to conform with the standards and policies communicated by M&M from time to time and all applicable laws, rules and regulations applicable to the our use of the ‘Mahindra’ name. Further, on request of M&M, we are required to comply with the reasonable requirements of M&M as to the form, manner, scale and context of use of Mahindra name. We have also agreed to indemnify M&M against any claims relating to the use of the trademark by our subsidiaries or us. The agreement will be terminated and we will be required to cease the use of the trademark “Mahindra” in the event that the shareholding of M&M in our Company falls below 26%. The agreement may also be terminated by M&M in the event of any breach by us and will be automatically terminated in the event of our liquidation or nationalization.

Sales and Marketing

Our sales team works to identify sales opportunities to existing and prospective clients and is spread across the world. Our global sales network comprises 16 offices in 11 countries.

Our sales and marketing strategy is premised upon both (i) geographic segments and (ii) client engagement organisations for large mature relationships.

Typically, for large, mature relationships, such as our relationship with BT, we have a client partner organisation which is aligned to the organisational structure of our client. Our client partners identify opportunities for the marketing of new products to our clients, for which they then receive support from our CSUs. Our senior delivery executives also provide support in this process. In this way, client partners, CSUs and delivery executives work together to propose solutions for our clients’ needs.

For smaller accounts and new relationships, our marketing strategy is geographically-based. Our sales force for these accounts is focused on identifying marketing opportunities, for which they are supported by geography-specific sales support organisations, the CSUs and delivery experts.

Our marketing strategy involves forming relationships with packaged software vendors and equipment manufacturers to jointly pursue solution integration opportunities with our TSP clients. We have a Global Alliances and Partnerships team responsible for managing our partnerships. The team is aligned with our CSUs. Our cooperation with our partners enables us to keep abreast of market trends in order to market high quality solutions to our clients. Additionally, in geographic areas where we are planning to expand our operations significantly, part of our strategy is to partner with other ISVs to jointly market our services. We believe that this strategy is more effective than relying only on our own resources to market our capabilities to clients.

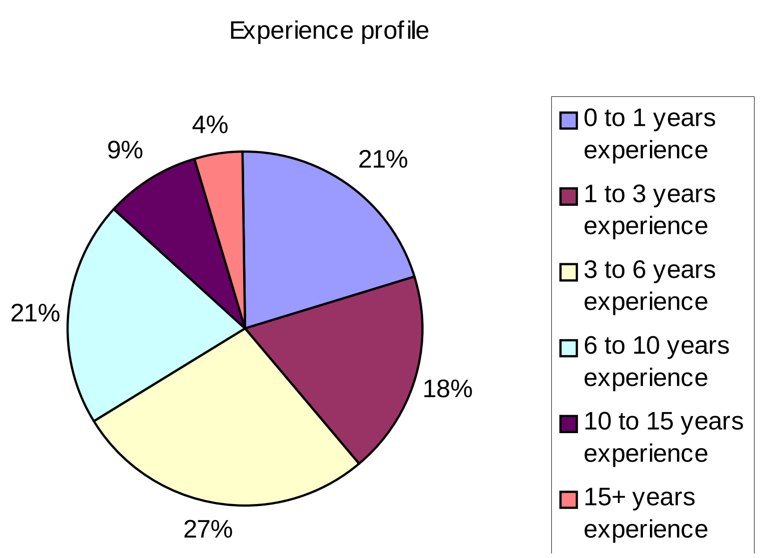
Human Resources

We are headquartered in Pune, India and have nine development centres in India. Our two major centres are in Pune, which has capacity for approximately 5,000 technical personnel, and Mumbai, which has capacity for approximately 2,000 technical personnel. We have recently opened smaller offices in Kolkata, Noida, Chennai and Bangalore. We also have a development centre in Milton Keynes in the UK.

The number of our employees grew from 3,838 as of March 31, 2004 to 9,513 as of March 31, 2006, representing a compound annual growth rate of 57%. The following table provides a breakdown of employees into technical personnel and sales and support personnel as of March 31, 2004, 2005 and 2006:

	As of March 31,					
	2004		2005		2006	
Technical personnel	3,536	92%	4,559	94%	9,012	95%
Sales and support personnel	302	8%	314	6%	501	5%
Total employees	**3,838**	**100%**	**4,873**	**100%**	**9,513**	**100%**

The following chart presents an approximate breakdown of our employees by level of experience as of March 31, 2006:



We place special emphasis on our recruiting program because of the importance in our business of attracting bright and highly qualified people. We recruit at 80 premier Indian colleges, with most of our recruits coming from engineering colleges. We also recruit students who have completed a four-year Master of Science program.

Competition

We face competition primarily from:

- Indian IT services companies such as Infosys Technologies, Patni Computers Systems, Tata Consultancy Services, Wipro Technologies and HCL Technologies;
- IT services companies with a strong focus on the telecommunications industry, including Amdocs;
- other international IT services companies, such as Accenture;
- telecommunications companies which are developing their own IT capabilities in-house both organically and through acquisitions;
- divisions of large multinational technology firms such as Hewlett-Packard and IBM; and
- offshore service providers in other countries with low wage costs, such as China, the Philippines and certain countries in Eastern Europe.

Property

Our Company has several premises which are owned or leased in various locations in India and outside India. Our registered office is located at Gateway Building, Apollo Bunder, Mumbai 400 001, India. Our corporate office is located at Sharada Centre, off Karve Road, Erandavane, Pune 411 004, India, which is owned by us.

We have nine development centres in India and one in the UK. Certain of our premises, including ones at Pune, Mumbai, Kolkata, Noida, Chennai and Bangalore, are registered as Software Technology Parks under the Software Technology Parks Scheme. A summary of our development centres is provided below:

Sr. No.	Location	Owned/ leased
	Pune	
1.	Sharada Centre	Owned
2.	Viman Nagar	Leased
3.	Manikchand Galleria	Leased
	Mumbai	
4.	Chandivali	Owned
5.	Marol	Leased
6.	**Kolkata**	Leased
7.	**Noida**	Leased
8.	**Chennai**	Leased
9.	**Bangalore**	Owned
10.	**Milton Keynes, United Kingdom**	Leased

We have also identified and are in the process of setting up additional delivery centres in Bangalore, Noida and Pune.

We have offices across 16 locations in India, Europe, North America, East Asia, the ANZ region and the Middle East which function as sales offices.

In addition, we have taken several residential premises on lease for providing accommodation to our employees.

Insurance

We have insurance policies to cover our assets against losses from fire and other risks to our property. We also maintain insurance policies against third party liabilities, including a commercial general liability policy and an information and network technology errors and omissions liability policy, both with worldwide coverage. We also maintain group insurance and medical insurance policies for the benefit of our employees.

In addition, our directors and officers are covered under a directors and officers' liability insurance policy of the M&M group companies.

Government Regulation

Regulation of our business by the Indian government affects our business in several ways. We benefit from certain tax incentives promulgated by the government of India, including a ten-year tax holiday from Indian corporate income taxes for the operation of most of our Indian facilities. As a result of these incentives, our operations have been subject to relatively insignificant Indian tax liabilities. See the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 285 of the Red Herring Prospectus. Further, there are restrictive Indian laws and regulations that affect our business, including regulations that require us to obtain approval from the Reserve Bank of India and/or the Ministry of Finance of the government of India to acquire companies organised outside India, and regulations that require us, subject to some exceptions, to obtain approval from relevant government authorities in India in order to raise capital outside India. For further detail, see section titled "Regulations and Policies" on page 64 of the Red Herring Prospectus.

Legal Proceedings

We are involved in certain legal proceedings, which are described in the section titled "Outstanding Litigation and Other Material Developments" on page 299 of the Red Herring Prospectus.

REGULATIONS AND POLICIES IN INDIA

The technology sector in India is primarily regulated under the terms of the Software Technology Parks Scheme, which permits the establishment of units engaged in software development. Several state governments have also enacted specific legislations in this regard, including various incentives to investors to set up software units within the respective state.

Software Technology Parks Scheme ("STP Scheme")

The STP Scheme (under The Ministry of Information Technology, Government of India) has been notified by the Central Government (Ministry of Commerce) in exercise of its powers under Section 3(1) of the Foreign Trade Development and Regulation) Act, 1992 to permit the establishment of Software Technology Parks (STPs) which may be 100% Export Oriented Units undertaking software development for export using data communication links or in the form of physical media and includes export of professional services.

Labour laws

India has stringent labour legislation protecting the interests of employees. There is a clear distinction between (i) employees who are 'workmen' (as defined under various enactments including the Industrial Disputes Act, 1947 (the "IDA") and (ii) employees who are not 'workmen'.

Workmen have been provided several benefits and are protected under various labour laws, whilst those persons who have not been classified as workmen are generally not afforded statutory benefits or protection, except in relation to bonus, provident fund and gratuity. Employees are usually subject to the terms of their employment contracts with their employer, which are regulated by the provisions of the Indian Contract Act, 1872.

Termination of a non-workman is governed by the terms of the relevant employment contract. As regards a 'workman', the IDA sets out certain requirements in relation to the termination of the workman's services. This includes detailed procedures prescribed for the resolution of disputes with labour between employers and employees in the areas of termination and serverance obligations of the employee. The applicability of such laws depends on the number of workers employed and their monthly remuneration.

Key Policy Framework Governing IT-ITES Businesses

Introduced by an Act of Parliament in June 2000, the Information Technology Act provides legal recognition to all transactions carried out by means of electronic data interchange and other means of electronic communication, thus forming the specific policy framework governing IT-ITES companies in India.

The Indian Copyright Act and other recent legislation (and amendments) enacted to comply with the Trade Related Intellectual Property Rights ("TRIPS") agreement form the other key laws relevant to businesses in this sector.

Intellectual Property Rights in India

The importance of intellectual property in India is well established at all levels, statutory, administrative and judicial. India ratified the agreement establishing the World Trade Organisation ("WTO"). This Agreement, interalia, contains TRIPS, which came into force on January 1, 1995. TRIPS lays down minimum standards for protection and enforcement of intellectual property rights in member countries which are required to promote effective and adequate protection of intellectual property rights with a view to reducing distortions and impediments to international trade. The obligations under TRIPS relate to provision of minimum standard of protection within the member countries legal systems and practices.

The Agreement provides for norms and standards in respect of the following areas of intellectual property:

- Copyrights and related rights
- Trademarks
- Geographical Indications
- Industrial Designs
- Lay out Designs of Integrated Circuits

- Protection of Undisclosed Information (Trade Secrets)
- Patent
- Plant varieties

Copyrights

The Indian Copyright Act, 1957, as amended by the Copyright (Amendment) Act, 1999 ("Copyright Law"), fully reflects the Berne Convention on Copyrights, to which India is a party. Additionally, India is party to the Geneva Convention for the Protection of rights of Producers of Phonograms and to the Universal Copyright Convention. India is also an active member of the World Intellectual Property Organisation (WIPO), Geneva and UNESCO. The Copyright Law has been amended periodically to keep pace with changing requirements. The recent amendment to the Copyright Law, which came into force in May 1 995, has ushered in comprehensive changes and brought the Copyright Law in line with the developments in satellite broadcasting, computer software and digital technology. The amended Copyright Law protects performers' rights as envisaged in the Rome Convention. Several measures have been adopted to strengthen and streamline the enforcement of copyrights. These include the setting up of a Copyright Enforcement Advisory Council, training programmes for enforcement officers and setting up special policy cells to deal with cases relating to infringement of copyrights.

Trademarks

Trademarks have been defined by TRIPS as any sign, or any combination of signs capable of distinguishing the goods or services of one undertaking from those of other undertakings. Such distinguishing marks constitute protect-able subject matter under TRIPS. TRIPS provides that initial registration and each renewal of registration shall be for a term of not less than seven years and the registration shall be renewable indefinitely. Compulsory licensing of trademarks is not permitted. In light of the changes in trade and commercial practices, globalisation of trade, the need for simplification and harmonisation of trademarks registration systems etc., the Indian Parliament undertook a comprehensive review of the Trade and Merchandise Marks Act, 1958 and a Bill to repeal and replace the 1958 Act has since been passed by Parliament and notified in the Gazette on December 30, 1999. The amended Trade and Merchandise Marks Act, was brought into force with effect from September 15, 2003. This Act makes Indian trademarks law compatible with TRIPS and also harmonises it with international systems and practises.

Geographical Indications

TRIPS contains a general obligation that member countries shall provide the legal means for interested parties for the prevention of the use in the designation or presentation of a good that indicates or suggests that the good in question originates in a geographical area other than the true place of origin. There is no obligation under TRIPS to protect geographical indications which are not protected in their country of origin or which have fallen into disuse in that country. A new law for the protection of geographical indications, viz. the Geographical Indications of Goods (Registration and the Protection) Act, 1999 has also been passed by the Parliament and notified on December 30, 1999 and the rules made thereunder were notified on March 8, 2002.

Industrial Designs

TRIPS provides that independently created designs that are new or original shall be protected. Individual governments have been given the option to exclude from protection, designs dictated by technical or functional considerations, as opposed to aesthetic consideration which constitutes the coverage of industrial designs. The right accruing to the right holder is the right to prevent third parties not having his consent from making, selling or importing articles being or embodying a design, which is a copy or substantially a copy of the protected design when such acts are undertaken for commercial purposes. The duration of protection is to be not less than 10 years. A new design law repealing and replacing the Designs Act, 1911 has been passed by Parliament in 2000. This Act has been brought into force from May 11, 2001.

Patents

Under TRIPS inventions in all branches of technology whether products or processes shall be patentable if they meet the three tests of being new, involving an inventive step and being capable of industrial application. In addition to the general security exemption which applied to TRIPS, specific exclusions are permissible from the scope of patentability of inventions, the prevention of whose commercial exploitation is necessary to protect public order or morality, human, animal, plant life or health or to avoid serious prejudice to the environment. TRIPS provides for a minimum 20 year term of protection counted from the date of filing. India has already implemented its obligations under Articles 70.8 and 70.9 of TRIPS Agreement. A comprehensive review of the Patents Act, 1970 was also made and a bill to amend the Patents Act, 1970 was introduced in Parliament on December 20, 1999 which after being passed by the Parliament, was notified on June 25, 2002 to make the patent law TRIPS compatible. The Patents (Amendment) Act, 2005 passed by the Parliament on March 17, 2005 has made certain changes to the Patents Act, 1970. The definition of inventive step has been amended to exclude incremental improvements or “evergreening” of patents.

Incentives Offered to Promote IT-ITES in India

To promote the growth of IT-ITES in India, the central and state governments have introduced a range of incentives, concessions, subsidies and simplification of procedural requirements for companies operating in India. These include relaxation of policies relating to inbound and outbound investments, exchange control relaxations, incentives for units located in a Domestic Tariff Area (DTA) or under Export Oriented Units (EOU)/Software Technology Parks (STPs)/Special Economic Zones (SEZs) and Electronic Hardware Technology Park (EHTP) schemes; and state level incentives, waivers and subsidies.

Relaxation of Policies Relating to Inbound Investments

India’s economic policies are designed to attract significant capital inflows into India on a sustained basis and to encourage technology collaborations between Indian and foreign entities.

The government has permitted up to 100 per cent foreign investments in the IT sector, through the automatic route. Accordingly, unlike some other sectors, a foreign investor is not required to seek active support of joint venture partners for investing in a new IT-ITES venture.

State Level Incentives, Waivers and Subsidies

Most state governments in India have announced special promotional schemes offering various packages of tax, financial and other incentives and procedural waivers for the IT-ITES sector. These schemes focus on the key issues of infrastructure, electronic governance, IT education and increased IT proliferation in the respective states. While these are state specific initiatives, there is a fair degree of uniformity across states as newer locations have modeled their schemes on those offered in states that have successfully nurtured a thriving IT-ITES industry.

Examples of provisions included in these incentive packages include the following:

- A majority of the states have either promulgated a government order or a notification permitting all establishments in the respective jurisdictions engaged in IT-enabled services (including call centres) to: work on national holidays; allow women to work in night shifts; and offices to function 24 hours a day, all through the year.
- State governments have announced IT policies that seek to create (through focused Human Resources Development (HRD) programmes), a trained pool of manpower with the skills and aptitudes appropriate for the ITES industry requirements.
- State governments have introduced the ‘IT Industry Employment Promotion Scheme’ as a direct incentive for both the government and the industry.
- Industrial power tariff and all other admissible incentives and concessions applicable to industries in respect of power have been extended to the IT industry by certain states.
- Companies in the IT software industry are exempted from zoning regulations for purposes of location in certain states.
- Exemption from the provisions of certain Acts/Regulations has been granted to businesses in the IT/Software Industry by certain states subject to specific conditions.

HISTORY AND CERTAIN CORPORATE MATTERS

We were formed as a joint venture between M&M and BT. We were incorporated on October 24, 1986 as Mahindra- British Telecom Limited at Mumbai. Subsequently, our name was changed to Tech Mahindra Limited on February 3, 2006 having passed a special resolution under Section 21 of the Companies Act. This change of name was made to reflect the diversification and growth of our client base and the increased breadth of services offered by us.

The following table illustrates some of the key events in our history:

Year	Event
1986	Incorporation
1987	Commencement of business
1993	Incorporation of MBT International Inc. – first overseas subsidiary
1994	ISO 9001 certificate awarded by Bureau Veritas Quality International ("BVQI")
1995	UK branch office established
2001	Incorporation of MBT GmbH, Germany Re-certified to ISO 9001:1994 by BVQI
2002	Assessed by KPMG at Level 5 of the SEI's CMM Incorporation of MBT Software Technologies Pte. Limited, Singapore
2003	Recertified to ISO 9001:2000 by Rheinisch-Westfalischer Technischer Uberwachungsverein e. V ("RWTUV")
2005	Certified to BS 7799-2:2002 (Information Security Management Framework) by RWTUV now known as TUV Nord First acquisition – Axes Technologies (India) Private Limited together with its US and Singapore subsidiaries Assessed by KPMG at Level 5 of the SEI's CMMI
2006	Name changed to TECH MAHINDRA LIMITED Assessed by QAI India at Level 5 of the SEI's People- CMM (P-CMM)

Our Main Objects

Our main objects enable us to carry on the business that is carried on and proposed to be carried on by us as contained in our Memorandum are as follows:

- To carry on the businesses of running (whether under licence or otherwise), operating, managing, advising on and supplying telecommunication systems and systems of all kinds for the conveyance by any means of sounds, visual images and signals of all kinds.
- To carry on the businesses of supplying, operating, managing, advising on and dealing in services and facilities for or in relation to communications of all kinds (including, without prejudice to the generality of the foregoing, telecommunication services) and services and facilities which incorporate, use, or are used in conjunction with, in connection with or ancillary to, telecommunication systems or telecommunication apparatus and equipment.
- To carry on the businesses of manufacturing, running, operating, managing, advising on and supplying data processing and information retrieval systems (whether or not remotely located and including but not limited to videotex, teletex and teletext systems) and systems utilising the capture, storage, processing, transmission or receipt of messages and signals (including but not limited to data, sounds and visual images) by, with the aid of, in conjunction with, or in any way utilising, computers, or similar equipment, and computer programs and databases and to carry on the businesses of operating, managing, advising on, supplying and dealing in services and facilities of all kinds which incorporate, use or are used in

conjunction with, in connection with or ancillary to, systems of such descriptions as aforesaid or any of the apparatus and equipment comprised therein.

Changes in the Memorandum

Since incorporation, the following changes have been made to the Memorandum:

Date of Shareholders' Approval	Amendment
October 7, 1998	The Authorised Share Capital of the Company was increased from Rs. 100,000,000 comprising 10,000,000 equity shares of 10 each to Rs. 200,000,000 comprising 20,000,000 equity shares of Rs. 10 each.
July 26, 2000	The Authorised Share Capital of the Company of Rs. 200,000,000 comprising 20,000,000 equity shares of Rs. 10 each was sub divided into 100,000,000 equity shares of Rs. 2 each.
July 26, 2000	The Authorised Share Capital of the Company was increased from Rs. 200,000,000 comprising 100,000,000 equity shares of 2 each to Rs. 250,000,000 comprising 125,000,000 equity shares of Rs. 2 each.
July 19, 2005	The Authorised Share Capital of the Company was increased from Rs. 250,000,000 comprising 125,000,000 equity shares of Rs. 2 each to Rs. 300,000,000 comprising 150,000,000 equity shares of Rs. 2 each.
January 16, 2006	Change in name of the Company to Tech Mahindra Limited
June 1, 2006	The Authorised Share Capital of the Company of Rs. 300,000,000 comprising 150,000,000 equity shares of Rs. 2 each was consolidated into 30,000,000 equity shares of Rs. 10 each.
June 1, 2006	The Authorised Share Capital of the Company was increased from Rs. 300,000,000 comprising 30,000,000 equity shares of 10 each to Rs. 1,750,000,000 comprising 175,000,000 equity shares of Rs. 10 each.

Shareholders Agreement

A joint venture agreement, dated August 19, 1986 (the "1986 JVA"), was signed by M&M and BT to form the Company as a joint venture company, for the purpose of providing services and equipment to meet the needs of information technology and telecommunications. Pursuant to an agreement dated May 18, 1999, M&M assigned all its rights and obligations under the 1986 JVA with effect from March 26, 1999, to Mahindra Information Technology Services Limited ("MITS"), its wholly owned subsidiary. Further to this, MITS, BT, M&M and the Company ("the Parties") signed a Shareholders Agreement dated July 26, 2000 (the "Shareholders Agreement"), which supersedes the 1986 JVA dated August 19, 1986 and the agreement dated May 18, 1999 and sets forth the entire agreement and understanding among the parties. Since then MITS has merged with M&M pursuant to a Bombay High court order dated December 12, 2003, subsequent to which the entire share holding of MITS in the Company consisting of 25,364,237 vests in M&M.

The Shareholders Agreement lays down (i) the terms and conditions under which MITS (since merged with M&M) and BT shall continue to participate in the equity share capital of the Company, and regulates the relationship between MITS, BT, the Company and M&M; (ii) the organisation, management and operation of the Company; and (iii) the other agreements, if any, to be entered into among and between any or all the Parties.

Initially, pursuant to the Shareholders Agreement, MITS and BT held 60% and 40%, respectively, of the issued and paid up equity share capital of the Company. However, the Company, pursuant to an agreement dated August 24, 2000, entered into with BT, issued and allotted 50,52,635 fresh equity shares of Rs. 2 each to BT on a preferential basis. After this allotment, MITS (since merged with M&M) and BT held 57% and 43% respectively of the issued and paid up equity share capital of the Company. Pursuant to the allotment to MBTM of 9,931,638 equity shares under the Options Agreement (defined below), M&M, BT and MBTM hold, 51.12%, 38.56% and 8.81% respectively.

The Shareholders Agreement contains the following arrangements:

- The Company shall be managed as a legal entity independent of MITS (since merged with M&M) and BT;
- MITS and BT have agreed that dilution in their respective shareholdings in the Company shall occur pursuant to a public issue and employee stock option scheme; they have further agreed that each of MITS and BT may revert to their original shareholding proportions, in the Company, either by acquisition of shares or on any fresh issue of shares in consideration for any transfer/ sale of businesses to the Company, subject to the terms of the Shareholders Agreement, provided that in no event shall BT's shareholding in the Company exceed MITS' shareholding in the Company.
- MITS and BT have agreed that in the event there exists an opportunity for either of them to acquire shares ("Acquiring Party") from any third party, the Acquiring Party shall promptly inform the other of such opportunity so as to enable the other to participate in the acquisition. Such other party shall have a period of thirty (30) days to convey its intention to participate in such acquisition. In case it does not so convey its intention within the aforesaid period, it shall be deemed to have declined to participate in such acquisition;
- With regard to board constitution and representation, the Parties have agreed the following
  - The number of Directors of the Company shall be not less than six nor more than twelve, with the exact number of directors to be mutually agreed by MITS and BT from time to time, in accordance with Section 252 of the Companies Act;
  - At all times, MITS and BT shall have equal representation on the Board;
  - So long as MITS holds not less than 10% of the paid up equity share capital of the Company for the time being, it may designate two (2) Directors pursuant to the right conferred on it under the Articles and these two (2) Directors shall not be liable to retire by rotation; MITS to have the right to remove any such Director or Directors and to appoint another or others in their place;
  - So long as BT holds not less than 10% of the paid up equity share capital of the Company for the time being, it may designate two (2) Directors pursuant to the right conferred on it under the Articles and these two (2) Directors shall not be liable to retire by rotation; BT to have the right to remove any such Director or Directors and to appoint another or others in their place;
  - Neither MITS nor BT shall be entitled to remove a Director or Directors nominated or appointed by the other on the Board of the Company; provided however that, if so requested by the other, MITS or BT as the case may be shall support the other in removing such Director or Directors appointed by the other;
  - The present Chairman of the Company is Mr. Anand G. Mahindra. In the event of Mr. Anand G. Mahindra ceasing to be Chairman of the Company, MITS shall, so long as it holds not less than 26% of the issued and paid up equity share capital of the Company for the time being, be entitled to nominate the Chairman of the Board from amongst the Directors, subject to BT's concurrence. In the event the shareholding of MITS in the Company falls below 26%, the Chairman shall be nominated by mutual agreement between MITS and BT.
- There are restrictions on transferability of the shares of the Company held by MITS and BT. Broadly, these are as follows:
  - Neither BT or MITS shall create any charge, lien or other encumbrance on or in respect of any of its shares in the Company unless the prior written consent of the other is obtained;
  - In the event that either MITS or BT (Offeror) desires to sell its shares in the Company to a third party, such party must provide the other (Offeree) with a right of first refusal to purchase the shares proposed to be sold to such third party;
  - In the event that the price at which the shares are offered by the Offeror is higher than the Market Price (as defined), then there is an option for the Offeree to request that a merchant banker / merchant bankers be appointed (at MITS's and BT's cost) to determine the fair value of the shares;
  - In the event that the Offeree does not buy (itself or through its nominee) the shares offered by the Offeror at the price determined by the merchant bankers, the Offeror is free to sell such shares to the third party at or above the determined price within 4 months.

Option Agreement

An option agreement relating to the shares of the Company has been entered into on May 10, 2005 among the Company, SBC International, Inc (“SBC”), Mahindra and Mahindra Limited (“M&M”), British Telecommunications plc (“BT”) and Mahindra-BT Investment Company (Mauritius) Limited (“MBTM”) (the “Options Agreement”). Pursuant to the Options Agreement, SBC have been granted options over shares of the Company representing 8% of the fully diluted share capital of the Company as at the date of the Options Agreement which amounts to 9,931,638 shares (“Options Shares”) of Rs. 2 each. SBC shall be entitled to exercise its share options on the achievement of certain specified milestones more fully contained in the Software and Professional Services Agreement dated December 28, 2004 between AT&T Services, Inc. (formerly known as SBC Services, Inc.) and the Company (the “Commercial Agreement”). The following are the salient provisions of the Options Agreement:

(a) The Options Agreement and the grant of options are integral to the Commercial Agreement.

(b) In consideration of SBC entering into the Options Agreement, the Company has issued and allotted the Option Shares to MBTM, which would then be transferred to SBC on achieving certain performance milestones over a period of time commencing from the date of achievement of the milestones up to the earlier of July 31, 2010 or 90 days after the termination of the Commercial Agreement.

(c) The Company has represented and warranted to SBC that the Company is an unlisted company; that since February 28, 2005 up to the date of entering into Options Agreement no shares or rights to subscribe or acquire shares in the Company or other shares in the Company have been issued or granted, other than the options under the Options Agreement; and that for so long as SBC has any options or holds any shares in the Company, the Company will not engage in any activity where foreign direct investment is not permitted without obtaining requisite Government approvals in relation to SBC’s holding of any options or shares of the Company.

(d) For as long as the Commercial Agreement has not been terminated or cancelled and SBC has met the specified milestones, SBC shall be entitled to appoint one director of the Company (“SBC Director”). If the Commercial Agreement has been terminated as a result of the passage of time and SBC and/or its subsidiaries hold or have the right to exercise options over not less than 80% of the Option Shares, SBC will continue to have the right to appoint the SBC Director.

(e) The Company has undertaken that it shall not issue any shares to BT and M&M, their subsidiaries or a person connected with BT and M&M or any subsidiary of such person except through a rights issue or if the consideration for such shares is cash and the Company receives not less than fair market value for the shares. However, this restriction shall not apply to bona fide employee stock options.

(f) The Company has further undertaken to SBC that neither it nor its subsidiaries will transfer any assets to or enter into any transaction with BT or M&M or any of their subsidiaries or a person connected with BT and M&M or any subsidiary of such person other than in the normal course of its business or in the case of any transfer of assets for fair market value.

(g) If at any time when the options to SBC are outstanding and unexercised the Company proposes to dilute the shareholding through certain specified means such as bonus issue, or sub divison or consolidation of equity shares or increase in the nominal value of equity shares by capitalisation or reduction or cancellation or purchase of shares, the number of Option Shares that has not been exercised shall be adjusted in such manner as to ensure that the total number of shares will carry not less than the same proportion of the votes and entitlement to participate in the profits and assets of the Company had the Option Shares been exercised in full without there having been any event that gave rise to such adjustment.

(h) In the event of BT or M&M or any of their respective subsidiaries intending to transfer any shares or rights or interests over voting rights and rights to participate in a distribution of income or capital attaching to any shares, BT or M&M, as the case may be (the “Seller”), shall ensure that it shall not complete such transfer unless the purchaser offers to buy from SBC shares at the same price per share as applies to the purchase of the shares of the Seller on a pro rata basis (“Tag Along Rights”).

(i) The parties to the Options Agreement have agreed that neither SBC nor MBTM is a promoter of the Company for the purposes of listing on a stock exchange and the Company, M&M and BT shall ensure that SBC is not named as a promoter of the Company or as a person acting in concert with any promoter of the Company in any offer document relating to the Company or for purposes of reporting or disclosure to any stock exchange or other authority. If legally required to name SBC as a promoter of the Company, SBC shall be named as a promoter only after consultation with SBC and if the Company, M&M and BT have received written legal advice from a reputable law firm of international standing in India that such naming is required.

(j) If BT and M&M, whether acting individually or jointly, propose to transfer more than thirty (30) per cent of the Company's issued and paid up share capital to a third party, the intending transferor shall have the right to require SBC to transfer all of the shares and options that are exercisable and held by it to the transferee provided that the price to be paid by the transferee is in excess of the option price ("Drag Along Rights").

(k) Before shareholder of SBC can make a transfer of any SBC shares to third parties, such shareholder shall first offer all (but not some) of their shares to BT and M&M in proportion to their shareholding in the Company. To the extent that BT or M&M do not wish to take up all of the shares offered, SBC shall offer such shares to the Company. In the event of BT and M&M and the Company declining the offer, SBC may offer the shares to a purchaser on terms no more favourable than those offered to BT, M&M and the Company. Such transfer is conditional on the purchaser being a financial investor acting as a principal and not as an agent and within a time period specified in the Options Agreement. However, nothing shall prevent a shareholder of SBC shares from transferring SBC shares to wholly owned subsidiaries of SBC.

(l) BT or M&M (or any member of such person's group) may only transfer Shares held by it if the transferee shall first execute and deliver to the Company and SBC a deed of acceptance and adherence (in the agreed form).

(m) The Options Agreement may be terminated by the Company, BT or M&M if SBC commits a material breach of the Options Agreement and does not cure such breach within the stipulated time. If the Options Agreement is so terminated by the Company, BT or M&M, SBC shall not be entitled to require the transfer of any shares Options Shares other than those exercisable at the date of such termination.

(n) The Options Agreement may also be terminated by SBC if the Company, BT or M&M commits a material breach of the Options Agreement and does not cure such breach within the stipulated time. If the Options Agreement is so terminated by SBC, SBC shall not be entitled to transfer of Option Shares that have not been exercised by it prior to the date of termination unless notice to exercise has been served by SBC prior to such termination.

(o) The Options Agreement shall terminate on the SBC shareholders no longer holding any shares or options of the Company.

Joint Venture

On July 20, 2006, we entered into a shareholders agreement (the "SHA") with Motorola, Inc., a corporation organised under the laws of state of Delaware, United States ("Motorola"), and certain of its affiliates to set up a joint venture company in India ("JVCo"). Motorola is one of our existing customers. Upon formation of JVCo, it will also be a party to the SHA. The main provisions of the SHA are as follows:

- The initial shareholding in JVCo would be as follows:

a.	Tech Mahindra Limited & its affiliates	80.10%
b.	Motorola & its affiliates	19.90%

- TML, together with its affiliates, would invest Rs. 461,963,100 and Motorola, together with its affiliates, would invest Rs. 114,769,900 as their initial equity contributions to JVCo.
- The shareholders will have preemptive rights to subscribe to additional issues of equity by JVCo. Each shareholder shall provide additional capital to JVCo in cash on a pro rata basis subject to certain specified limits.
- TML has undertaken to guarantee upon demand by Motorola all the obligations of JVCo and each of its subsidiaries to Motorola and its customers for the provision of services to be provided by JVCo or its subsidiaries to Motorola subject to a cap of two times the value of the relevant work package in the event of failure by TML to discharge the obligations of JVCo.
- As long as Motorola and its affiliates own at least 9.9% of the outstanding equity shares of JVCo, prior unanimous shareholder approval would be required for certain actions including (i) amendments to JVCo's business plan, (ii) amendment to the articles and memorandum of association of JVCo; (iii) transactions by JVCo that are not in the ordinary course of business; (iv) the formation of partnerships or joint ventures involving JVCo or any of its subsidiaries; (v) amendments to the SHA; (vi) alteration of the share capital of JVCo; (vii) acquisition of stock or other equity interest of other entities by JVCo; and (viii) issue or grant of equity incentive compensation by JVCo.

- The board of directors of JVCo shall consist of five members; three directors shall be designated by TML in its sole discretion (each, a "TML Director") and two directors shall be designated by Motorola and its affiliates in their sole discretion (each, a "Motorola Director"). Each director shall be entitled to cast one vote in voting on all matters submitted to the board of directors of JVCo. A majority of the directors shall constitute a quorum provided that at least one Motorola Director and TML Director are present.
- As long as Motorola and its affiliates own at least 9.9% of the outstanding equity shares of JVCo, the affirmative vote of both a TML Director and a Motorola Director is required for certain actions including (i) adoption of the consolidated financial statements of JVCo and its subsidiaries; (ii) any guarantee of loans by third parties to JVCo or any of its subsidiaries by a shareholder or an affiliate of a shareholder; (iii) declaration of a dividend or distribution of cash or other property of JVCo or any of its subsidiaries (iv) entering into, amending or terminating a contract or agreement with a shareholder, a director, or an affiliate of a shareholder or director (v) any customer contract representing potential revenue in excess of a certain upper limit or which has gross margins less than a specified lower limit (vi) requesting additional equity contributions in excess of that already approved in JVCo's business plan.
- In the event that TML makes any employee available to JVCo or any of its subsidiaries to fulfill JVCo's or any of JVCo's subsidiaries' obligations, TML shall not permit such employee for a period of one year following such employee's completion of such services to provide products or services that compete with JVCo or any products or services of Motorola.
- Motorola may license certain specified intellectual property to JVCo or its subsidiaries consistent with the terms of a licence agreement.
- Motorola and its affiliates will have the right to require TML to purchase all but not less than all of their shares after the fourth anniversary of the effective date of the SHA. In the event this right is exercised, the parties shall negotiate in good faith to determine mutually agreeable terms and conditions, including purchase price. If the parties are not able to reach an agreement, then the purchase price for the shares shall be the product of the fair value (as calculated under the SHA) multiplied by Motorola's ownership percentage. However, Motorola shall have the right to rescind the exercise of this right any time prior to a specified date, in which case the shares shall not be sold and Motorola and its affiliates shall retain their shares and continue as shareholders.
- As long as TML or any of its affiliates is a shareholder of JVCo and for a period of six months thereafter, TML shall not enter into any arrangement with any other party to provide services or products that compete with the services or products provided by JVCo and/or its subsidiaries provided that this shall not preclude TML from acquiring such an entity. In the event that TML acquires such an entity, TML shall use commercially reasonable good faith efforts to align the operations of such acquired company with the operations of JVCo. This non-compete provision will cease to be applicable in the event that Motorola enters into any arrangement with any other party to provide services or products that compete with the services or products provided by JVCo and/or its subsidiaries.
- Certain events of default including change of control, breach of the SHA or agreements concurrently agreed between the parties and voluntarily filing for bankruptcy, will result in the non-defaulting shareholder being granted a right to purchase all of the defaulting shareholder's shares or to sell all its shares to the defaulting shareholder.
- Each of TML and Motorola have agreed to indemnify and hold harmless the other shareholder from and against all losses arising out of a liability or obligation of JVCo to the extent necessary to accomplish the result that no shareholder shall bear any portion of a liability or obligation of JVCo in excess of such shareholder's ownership percentage.
- The SHA will be terminated in the event of any the following (i) JVCo is not formed within six months of the date of the SHA; (ii) upon the order of any Governmental Authority having jurisdiction and authority to order the termination of the SHA; (iii) upon either TML or Motorola along with their respective affiliates ceasing to be a shareholder; (iv) upon the JVCo being wound up or otherwise dissolved; (v) by mutual agreement of TML and Motorola.
- Any dispute arising out of or in connection with the SHA which cannot be amicably resolved shall be finally settled under the then-prevailing Rules of Arbitration of the International Chamber of Commerce (the "ICC Rules"), by a panel of three arbitrators appointed in accordance with the ICC Rules. The IBA Rules on the Taking of Evidence in International Commercial Arbitration shall also apply. The arbitration shall be conducted in the English language, and London, England shall be the place of arbitration. The judgment rendered by the arbitrators shall be final and binding on the parties. Judgment on any award made by the arbitrators may be entered in any court of competent jurisdiction.

For further details, please see an extract of the material contents of the shareholders agreement available for inspection as mentioned in the section "Material Contracts and Documents for Inspection".

SUBSIDIARIES

The company has the following nine subsidiaries.

1. Tech Mahindra (Americas) Inc, USA
2. Tech Mahindra GmbH, Germany
3. Tech Mahindra (Singapore) Pte. Limited, Singapore
4. Tech Mahindra (Thailand) Limited Thailand
5. PT Tech Mahindra Indonesia
6. Tech Mahindra (R&D Services) Limited, India
7. Tech Mahindra (R&D Services) Inc., USA
8. Tech Mahindra (R&D Services) Pte. Limited, Singapore
9. Tech Mahindra Foundation, India

Tech Mahindra (Americas) Inc

Tech Mahindra (Americas) Inc. USA (“TMA”), formerly known as MBT International Inc., was incorporated on November 29, 1993 as our wholly owned subsidiary under the laws of the state of New Jersey, USA. MBT International changed its name to Tech Mahindra (Americas) Inc. with effect from February 17, 2006. TMA is Tech Mahindra’s representative in USA and acts as a service provider for sales, marketing, onsite software development and other related services.

The registered office of TMA is at:
36, Pittenger Road, Freehold
New Jersey, 07728
USA

The present directors of TMA are:

1. Mr. Anand G. Mahindra – Chairman
2. Mr. Vineet Nayyar – President
3. Mr. Al-Noor-Ramji
4. Mr. Clive Goodwin
5. Mr. Ulhas N. Yargop

Summary Audited Financials for the last three fiscal years

	In USD			In Rs. million, except per share data*		
	Fiscal 2006	Fiscal 2005	Fiscal 2004	Fiscal 2006	Fiscal 2005	Fiscal 2004
Equity Capital	375,000	375,000	375,000	16.68	16.68	16.68
Retained Earnings	(2,987,611)	(3,780,361)	(1,965,160)	(132.89)	(168.15)	(87.41)
Net Worth	(2,612,611)	(3,405,361)	(1,590,160)	(116.21)	(151.47)	(70.73)
Total Revenue	27,537,110	14,577,666	15,532,851	1124.85	648.41	690.90
Net Profit/ (Loss)	792,750	(1,815,201)	(2,527,863)	35.26	(80.74)	(112.44)
EPS	2.11	(4.84)	(6.74)	94.03	(215.28)	(299.80)
NAV (Book value per share)	(6.97)	(9.08)	(4.24)	(309.89)	(403.92)	(188.61)

* *Based on convenience translation of 1USD = Rs. 44.48, which is the spot exchange rate provided by the Federal Reserve, United States on March 31, 2006.*

Tech Mahindra GmbH

Tech Mahindra GmbH ("TMG"), formerly known as MBT GmbH, was incorporated on July 18, 2001 as our wholly owned subsidiary. It changed its name to Tech Mahindra GmbH effective February 7, 2006. TMG is Tech Mahindra's representative in Germany and acts as a service provider for sales, marketing, onsite software development and other related services.

The registered office of TMG is at:
Rather Straße 110 b, 40476
Düsseldorf
Germany

Mr. Sonjoy Anand is the Managing Director of TMG. The supervisory board comprises:

1. Mr. Vineet Nayyar, Chairman
2. Mr. Ulhas N. Yargop, Member
3. Mr. Clive Goodwin, Member

Summary Audited Financials for the last three fiscal years

	In Euros			In Rs. million*		
	Fiscal 2006	**Fiscal 2005**	**Fiscal 2004**	**Fiscal 2006**	**Fiscal 2005**	**Fiscal 2004**
Equity Capital	575,000	575,000	575,000	31.05	31.05	31.05
Capital Reserve	6,625,000	6,625,000	4,500,000	357.71	357.71	242.97
Retained Earnings	(59,672,36)	(6,281,214)	(4,098,917)	(3,22.17)	(339.15)	(221.32)
Net Worth**	1,232,763	918,786	976,083	66.56	49.61	52.70
Total Revenue	5,259,040	5,226,551	1,270,829	283.96	282.20	68.62
Net Profit/ (Loss)	313,978	(2,182,297)	(3,389,907)	16.95	(117.83)	(183.04)
EPS***	-	-	-	-	-	-
NAV (Book value per share)***	-	-	-	-	-	-

* *Based on convenience translation of 1Euro = Rs. 53.9943, which is the spot exchange rate provided by the Federal Reserve, United States on March 31, 2006.*

** *TMG net worth also includes capital reserves*

*** *TMG share capital consists of 3 shares of different face values i.e. Euro 25,000, Euro 50,000 and Euro 500,000 each and therefore NAV and EPS have not been calculated.*

Tech Mahindra (Singapore) Pte. Limited

Tech Mahindra (Singapore) Pte. Limited ("TMS"), formerly known as MBT Software Technologies Pte. Limited, was incorporated on April 30, 2002 under the laws of Singapore as a private company limited by shares. The company by a special resolution changed its name to Tech Mahindra (Singapore) Pte. Limited effective February 20, 2006. TMS is our wholly owned subsidiary. TMS is Tech Mahindra's representative in Singapore and acts as a service provider for sales, marketing, onsite software development and other related services.

The registered office of TMS is at:
152 Beach Road
#32-01/04, Gateway Tower East
Singapore 189721

The present directors of TMS are:

1. Mr. Sonjoy Anand
2. Mr. Lim Tiong Beng

Summary Audited Financials for the last three fiscal years

	In SGD			In Rs.*		
	Fiscal 2006	**Fiscal 2005**	**Fiscal 2004**	**Fiscal 2006**	**Fiscal 2005**	**Fiscal 2004**
Equity Capital	50,000	50,000	50,000	1,376,493	1,376,493	1,376,493
Retained Earnings	264,738	424,318	411,976	7,288,201	11,681,417	11,341,643
Net Worth	314,738	474,318	461,976	8,664,694	13,057,910	12,718,136
Total Revenue	3,798,920	1,737,222	1,483,724	104,583,748	47,825,484	40,846,719
Net Profit / (Loss)	(159,580)	12,342	26,224	(4,393,216)	339,774	721,943
EPS	(31.92)	2.47	5.24	(879)	68	144
NAV (Book value per share)	62.95	94.86	92.40	1,732.94	2,611.58	2,543.63

** Based on convenience translation of 1 SGD = Rs. 27.5298, which is the spot exchange rate provided by the Federal Reserve, United States on March 31, 2006.*

Tech Mahindra (Thailand) Limited

Tech Mahindra (Thailand) Limited, formerly known as MBT (Thailand) Company Limited, ("TMTL") was incorporated on August 26, 2005 under the laws of Thailand. The initial seven shares are held by seven nominees of Tech Mahindra Limited. On February 21, 2006, we subscribed to 49,993 shares of the company. The authorised share capital of the company is THB 5,000,000 comprising 50,000 equity shares of THB 100 each and the paid up capital is THB 3,000,000 (THB 60 per equity share is paid up). TMTL is Tech Mahindra's representative in the ASEAN region and acts as a service provider for sales, marketing, onsite software development and other related services.

The registered office of TMTL is at:
23rd Floor, M.Thai Towers
87, Wireless Road, Bangkok
Thailand

The present directors of the TMTL are:

1. Mr. Vineet Nayyar
2. Mr. C P Gurnani
3. Mr. Sonjoy Anand
4. Mr. Munish Kumar – Managing Director

Summary Audited Financials for the last fiscal year

	Fiscal 2006 In THB	Fiscal 2006 In Rs.
Equity Capital	3,000,000	3,435,633
Retained Earnings / Accumulated Losses	(3,397,196)	(3,890,507)
Net Worth	(397,196)	(454,873)
Total Revenue	NA	N.A
Net Profit / (Loss)	(3,397,196)	(3,890,507)
EPS (Loss per share)	(67.94)	(78)
NAV (Book value per share)	(13.24)	(15.16)

* *Based on convenience translation of 1THB = Rs. 1.1452, which is the spot exchange rate provided by the Federal Reserve, United States on March 31, 2006.*

PT Tech Mahindra Indonesia

PT Tech Mahindra Indonesia ("TMI") was incorporated on March 24, 2006 under the laws of Indonesia. As on March 31, 2006, Tech Mahindra Limited had not subscribed to any shares of the Company. Since that date, Tech Mahindra has subscribed to 500,000 shares of face value IDR 9,245 each amounting to IDR 4,622,500,000 (equivalent to USD 500,000).

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

Since the company was incorporated on March 24, 2006, there are no financials available.

The registered office of TMI is at:
Ariobimo Sentral 4th Floor, Suite#403
Jl. H.R. Rasuna Said Kav X-2, No.5
Jakarta 12950, Indonesia

The present directors of the TMI are:

1. Mr. Milind Kulkarni
2. Mr. Atanu Sarkar

Tech Mahindra (R&D Services) Limited

Tech Mahindra (R&D Services) Limited ("TMRD") was acquired by us from Trans Global Technologies Inc., USA and Mr. Paul Pandian pursuant to a share purchase agreement dated November 15, 2005. The company was incorporated as Axes Technologies (India) Private Limited on August 30, 1995. The company is engaged in the development and marketing of hardware and software system packages providing research and development, product engineering and life cycle support to leading telecom equipment manufacturers. After the acquisition, the name of the company was changed to Tech Mahindra (R&D Services) Private limited effective February 15, 2006. With effect from February 17, 2006 the company became a public company under the Companies Act and the word 'Private' was deleted from its registered name.

The registered office of TMRD is at:
9/7, Hosur Road
Bangalore 560 029, India

The present directors of the TMRD are:

1. Mr. Vineet Nayyar – Chairman
2. Mr. Paul Pandian
3. Mr. C P Gurnani
4. Mr. Sanjay Kalra
5. Mr. Sunil Joshi

The present shareholding of the TMRD is as follows:

Shareholder	No of Shares
Tech Mahindra Limited	9,205,100
Mr. Y L N Phani	800
Mr. PSN Murthy	800

Summary Audited Financials for the last three fiscal years

(Rs. Million, except per share data)

	Fiscal 2006	Fiscal 2005	Fiscal 2004
Equity Capital	46.03	43.0	41.7
Reserve and Surplus (excl revaluation reserves)	943.1	977.8	838.4
Net Worth	989.1	1020.7	880.0
Total Revenue	1,291.64	1,187.69	659.39
Net Profit / (Loss)	(70.8)	133.2	137.1
EPS (Rs)	(7.69)	15.50	16.46
NAV (Book value per share) (Rs)	107.43	118.82	105.64

Tech Mahindra (R&D Services) Inc USA

Tech Mahindra (R&D Services) Inc USA (formerly known as Axes Technologies Inc which name was changed on February 22, 2006) ("TMRDI"), a 100% owned subsidiary of TMRD, was incorporated in Delaware USA on May 10, 2001. TMRD presently owns the entire 500,000 of the issued common stock of the company. The company is engaged in the business of providing staffing services to TMRD and performs marketing, managerial and administrative functions to service TMRD's customers in USA.

The registered office is at:
2711 Centreville Road, Suite 400.
Wilmington Delaware 19808
U.S.A.

The present directors of TMRDI are:

1. Mr. Paul Pandian
2. Mr. Sanjay Kalra
3. Mr. C P Gurnani

Summary Audited Financials for the last three fiscal years

	In USD			In Rs. million, except per share data*		
	Fiscal 2006	Fiscal 2005	Fiscal 2004	Fiscal 2006	Fiscal 2005	Fiscal 2004
Equity Capital	5,000	5,000	5,000	0.22	0.22	0.22
Reserve and Surplus (excl revaluation reserves)	851,769	626,051	336,190	37.89	27.85	14.95
Net Worth	8,56,769	631,051	535,251	38.11	28.07	23.81
Total Revenue	6,233,686	7,417,082	4,757,403	277.27	329.91	211.61
Net Profit / (Loss)	225,719	195,800	294,061	10.04	8.71	13.08
EPS	0.45	0.39	0.59	20.08	17.35	26.16
NAV (Book value per share)	1.71	1.26	1.07	76.22	56.14	47.62

* *Based on convenience translation of 1USD = Rs. 44.48, which is the spot exchange rate provided by the Federal Reserve, United States on March 31, 2006.*

Tech Mahindra (R&D Services) Pte. Limited

Tech Mahindra (R&D Services) Pte. Limited (formerly known as Axes Technologies Asia Pacific Pte. Limited, which name was changed on March 15, 2006) (“TMRD Singapore”), was incorporated in Singapore on March 8, 2000. TMRD and TMRDI hold 60% and 40% respectively of the equity capital of TMRD Singapore. The main business of the company is to develop and implement state of the art software and telecom products.

The registered office is at:
460, Alexandra Road, # 24-05 PSA Building
Singapore 119 963

The present directors of TMRD Singapore are:

1. Mr. Saeed Ullah Khan
2. Mr. Sonjoy Anand
3. Mr. Sunil Joshi
4. Mr. Paul Pandian

Summary Audited Financials for the last three fiscal years

	In SGD			In Rs. million, except per share data*		
	Fiscal 2006	Fiscal 2005	Fiscal 2004	Fiscal 2006	Fiscal 2005	Fiscal 2004
Equity Capital	400,000	400,000	400,000	11.01	11.01	11.01
Reserve and Surplus (excl revaluation reserves)	(401,338)	(394,725)	(381,296)	(11.05)	(10.87)	(10.50)
Net Worth	(1,338)	5,275	18,704	(0.04)	0.15	0.51
Total Revenue	70,405	68,009	104,698	1.94	1.87	2.88
Net Profit / (Loss)	(6613)	(13,429)	5,146	(0.18)	(0.37)	0.14
EPS	(0.02)	(0.03)	0.01	(0.46)	(0.92)	0.35
NAV (Book value per share)	(0.00)	0.01	0.05	(0.09)	0.36	1.29

** Based on convenience translation of 1 SGD = Rs.27.5298, which is the spot exchange rate provided by the Federal Reserve, United States on March 31, 2006.*

Tech Mahindra Foundation

Tech Mahindra Foundation was incorporated on March 22, 2006 under Section 25 of the Companies Act. It carries out charitable activities. Tech Mahindra Foundation is a wholly owned subsidiary of Tech Mahindra Limited.

The registered office is situated at:
Oberoi Gardens Estate, Chandivali
Off Saki Vihar Road
Andheri (E)
Mumbai 400 072, India.

The present directors of Tech Mahindra Foundation are:

1. Mr. Milind Kulkarni
2. Mr. Atanu Sarkar
3. Mr. Vikrant Gandhe

Summary financials for the last fiscal year

	Fiscal 2006 In Rs.
Equity Capital	500,000
Corpus Fund	150,000,000
Total Revenue	30,308
Excess of expenditure over income	34,942
EPS (Loss per share)	N.A.
NAV (Book value per share)	N.A.

MANAGEMENT

Board of Directors

We currently have 11 Directors. The following table sets forth details regarding the Board of Directors as of the date of this Red Herring Prospectus:

Name, Designation, Father's Name, Address, Occupation and Term	Age (Years)	Other Directorships
Mr. Anand G. Mahindra (S/o Mr. Harish Chandra Mahindra) Non-executive Chairman Goolestan, 65, Napean Sea Road, Mumbai 400 006 Term: Non-retiring Director Occupation: Service	51 years	• Mahindra & Mahindra Limited • Mahindra Ugine Steel Co. Limited • Mahindra Intertrade Limited • Mahindra & Mahindra Financial Services Limited • Mahindra Sona Limited • Mahindra Gesco Developers Limited • Mahindra International Limited • Mahindra Automotive Steels Limited • National Stock Exchange of India Limited • Mahindra Holdings and Finance Limited • Kotak Mahindra Bank Limited • Automart India Limited • Tech Mahindra (Americas) Inc. USA • Bristlecone Limited, Cayman Islands • Mahindra (China) Tractor Company Limited • Avion Aerosols Private Limited • MW.Com India Private Limited • M.A.R.K. Hotels Private Limited • Angular Constructions Private Limited
Mr. Vineet Nayyar Vice-Chairman, Managing Director and Chief Executive Officer (S/o Mr. S.L. Nayyar) 5A, Friends Colony (West), Mathura Road, New Delhi 110065 Term: Five years (from January 17, 2005) Occupation: Service	67 years	• Indian Oil Corporation Limited • Bharat Heavy Electricals Limited • Kotak Mahindra Old Mutual Life Insurance • Great Eastern Shipping Company Limited • Vidya Investments Private Limited • Business Standard Limited • Tech Mahindra (Americas) Inc • Tech Mahindra (Thailand) Limited • Tech Mahindra (R&D Services) Limited • Tech Mahindra GmbH – Chairman, Supervisory Board • Chasecom LLP – Member, Management Committee
Hon. Akash Paul Non-executive Independent Director (S/o Lord Swaraj Paul of Marylebone) 3, Ambika House, 9A Portland Place, London W2B 1PR (UK) Term: To retire by rotation Occupation: Business executive	48 years	• Atlantic Merchants Limited • Barton Group Limited • Caparo Automotive Limited • Caparo Group Limited • Caparo Holdings (US) Limited • Caparo Industries Plc. • Caparo Merchant Bar Plc. • Caparo Precision Strip Limited • Caparo Precision Tube Limited • Caparo Plc. • Caparo Tea Company Limited

Name, Designation, Father's Name, Address, Occupation and Term	Age (Years)	Other Directorships
		• Caparo Ventures Limited • Steel Sales Limited • BMT Holdings Inc. • Bock Industries • Bull Moose Tube Company • Caparo Inc. • CIM Star Technologies Inc. • Caparo Steel Company • Caparo Steel Holdings Inc. • Caparo Financial Services Corp. • Caparo US Partners One • Caparo US Partners Two • Warren Tube Company • Harrow School Development Board-Member • Caparo Espana, S. L. (Chairman) • Lipe, S.A. (Chairman)
Mr. Al-Noor Ramji Non-executive Director (S/o Mr. Gulamali Ramji) 10 Alexander Place, London SW7 2SF (United Kingdom) Term: To retire by rotation Occupation: Service	52 years	• Tech Mahindra (Americas) Inc. • Misys plc
Mr. Anupam Pradip Puri Non-executive Independent Director (S/o Mr. Yogender Krishan Puri) 17 East 16 Street, New York, NY 10003 (USA) Term: To retire by rotation Occupation: Service	60 years	• Dr. Reddy's Laboratories Limited • Godrej Consumer Products Limited • ICICI Bank Limited • Mahindra & Mahindra Limited
Mr. Arun Seth Non-executive Director (S/o Mr. Manmohan Das Seth) A-7 Geetanjali Enclave, New Delhi 110 017 Term: Non-retiring Director Occupation: Service	54 years	• BT (India) Private Limited
Mr. Bharat N. Doshi Non-executive Director (S/o Mr. Narotam Doshi) 8 St. Helen's Court, Dr. Gopalrao Deshmukh Marg Mumbai 400 006 Term: Non-retiring Director Occupation: Service	57 years	• Mahindra & Mahindra Limited • Mahindra Intertrade Limited • Mahindra & Mahindra Financial Services Limited • Mahindra Steel Service Centre Limited • Mahindra Holdings and Finance Limited • Bristlecone Limited • Mahindra USA, Inc. • Mahindra (China) Tractor Company Limited

Name, Designation, Father's Name, Address, Occupation and Term	Age (Years)	Other Directorships
		• Franklin Templeton Trustee Services Private Limited • NSE.IT Limited • Godrej Consumer Products Limited • Mahindra International Limited • The Mahindra United World College of India (a Section 25 company) – Member of Board of Governors • Indian Institute of Management, Kozhikode – Member of Board of Governors • Bombay Chamber of Commerce and Industry (a Section 25 company) – Member of Managing Committee • Mahindra Foundation – Trustee • K.C. Mahindra Education Trust – Trustee • Lalit Doshi Memorial Foundation – Trustee • Mahindra & Mahindra Employees' Stock Options Trust – Trustee
Mr. Clive Goodwin Non-executive Director (S/o Mr. Peter C.L. Goodwin) 51, Coleshill Road, Teddington, Middlesex TZ11 0LL (UK) Term: To retire by rotation Occupation: Service	35 years	• Tech Mahindra (Americas) Inc. • Tech Mahindra GmbH – Member, Supervisory Board
Mr. Paul Ringham (Alternate Director to Mr. Clive Goodwin) (S/o Mr. Michael Ringham 87, Salcott Road, Battersea London SW11 6 DF (UK) Occupation: Service	36 years	Nil
Mr. Paul Zuckerman Non-executive Independent Director (S/o Mr. Solly Zuckerman) 105, Grosvenor Road London SW1V 3LG (UK) Term: To retire by rotation Occupation: Entrepeneur	61 years	Chairman • Bourbay Limited • Westgate Hall Nominees Limited Director • Dabur Oncology Limited • Merrill Lynch European Equity Hedge Fund Limited • Merrill Lynch UK Equity Hedge Fund Limited • Mittal Steel Lazaro Cardenas, S.A. de C.V. Mexico • Merrill Lynch European Opportunities Hedge Fund Limited • Merrill Lynch Fixed Income Multi-Strategy Hedge Fund Limited • Great Eastern Energy Corporation Limited • Pall Mall Capital Limited • Westminster Gardens Property Company Limited • Burnham Overy Boathouse Limited • Food and Agricultural Research Management Limited • Art Fund Services Limited • Zuckerman & Associates Limited

Name, Designation, Father's Name, Address, Occupation and Term	Age (Years)	Other Directorships
Dr. Raj Reddy Non-executive Independent Director (S/o Mr. D. Sreenivasulu Reddy) 808, Devonshire St. Pittsburgh PA 15213 (USA) Term: To retire by rotation Occupation: Service	69 years	• High Speed Connectivity Medium Consortium • 3com Inc. • Nipuna Services Limited
Mr. Ulhas N. Yargop Non-executive Director (S/o Mr. Narayan Yargop) S-11 Pemino 1B, Altamount Road Mumbai 400 026 Term: To retire by rotation Occupation: Service	52 years	• Mahindra Engineering Design and Development Company Limited • Mahindra & Mahindra Contech Limited • Bristlecone India Limited • Tech Mahindra (Americas) Inc. • Mahindra Logisoft Business Solutions Limited • Officemartindia.com Limited • Bristlecone Limited, Cayman Islands • Tech Mahindra GmbH – Member, Supervisory Board • Bristlecone Inc., USA • Mahindra-BT Investment Company (Mauritius) Limited • Plexion Technologies (India) Private Limited • Mahindra Telecommunications Investment Private Limited • AT&T Global Network Services India Private Limited

Mr. Anand G. Mahindra, Mr. Bharat N. Doshi and Mr. Ulhas N. Yargop are nominees of M&M. Mr. Al-Noor Ramji, Mr. Clive Goodwin and Mr. Arun Seth are nominees of BT. Mr. Paul Ringham is an alternate director to Mr. Clive Goodwin.

Brief Biographies

Mr. Anand G. Mahindra, 51, an Indian national, is the Non-Executive Chairman of the Company. He is currently the Vice Chairman & Managing Director of Mahindra & Mahindra Ltd. Mr. Anand Mahindra is an alumnus of Harvard College, from where he graduated Magna cum Laude (High Honours) in 1977. In 1981, he received an MBA degree from the Harvard Business School. He began his career with MUSCO, as Executive Assistant to the Finance Director. In 1989, he was appointed as President and Deputy Managing Director of MUSCO. Anand Mahindra has received several awards, including the 'Knight of the Order of Merit' by the President of the French Republic and the 2005 Leadership Award from the American India Foundation. He continues to be involved with Harvard and is a co-founder of the Harvard Business School Association of India, a member of the Board of Dean's Advisors and of the Asia Pacific Advisory Council of the Harvard Business School. He also serves on the Advisory Committee of the Harvard University Asia Centre and on the Harvard Business School Advisory Council for the Initiative on Corporate Governance. Anand Mahindra is a Past President of the Confederation of Indian Industry and of the Automotive Research Association of India. Anand Mahindra is the Co-Chairman of the International Council of Asia Society, New York, and Co-President of The Euro India Centre. He is also the Founder Chairman of the Mumbai Festival, which was launched in January 2005.

Mr. Vineet Nayyar, 67, an Indian national, is the Vice-Chairman of the Board and our Managing Director and Chief Executive Officer. In a career spanning over 40 years, he has had a rich and varied experience in Government, international multilateral agencies and the corporate sector both public and private. He holds a Master's degree in Development Economics from Williams College, Massachusetts and started his career with the Indian Administrative Service. While in the Government, he held series of senior positions, including that of a District Magistrate, Secretary Agriculture & Rural development for the Government of Haryana and Director, Department Of Economic Affairs, Government of India. Mr. Nayyar worked with the World

Bank for over 10 years in a series of senior assignments, including succesively being the Chief for the Energy, Infrastructure and the Finance Divisions for East Asia and Pacific. In the Corporate sector, Mr. Nayyar was the founding Chairman & Managing Director of the state owned Gas Authority of India. Moving on to the Private Sector, he served as the Manging Director of HCL Corporation and the Vice Chairman of HCL Technologies. He was also the founder & CEO of HCL Perot Systems. In addition to his current responsibilities as Vice-Chairman of Tech Mahindra, he serves as a Director on the Boards of Indian Oil Corporation, Bharat Heavy Electricals, Great Eastern Shipping, Business Standard and Kotak Life Insurance.

Hon. Akash Paul, 48, a British national, is a Non-Executive Independent Director of the Company. He holds an MBA degree from Massachusetts Institute of Technology and a Bachelor of Science degree in Chemical Engineering and Economics from Carnegie-Mellon University. He has been with the Caparo Group, a steel and engineering company, one of the UK's largest private companies. He has an interest in education and sits on the School of Engineering, Dean's Advisory Council at Carnegie-Mellon University and the Dean's Advisory Council at the Sloan School of Management, MIT.

Mr. Al-Noor Ramji, 52, a British national, is a Non-Executive Director of the Company. He is a Chartered Financial Analyst and holds a Bachelor of Science degree in electronics from London University. He is the CEO of BT Exact/ Group CIO and previously held the position of CEO, Webtek Software, a software company in India that he founded.

Mr. Anupam Puri, 60, a citizen of the USA, is Non-Executive Independent Director of the Company.His education includes a BA in Economics from Delhi University, and MA and M.Phil degrees in Economics from Oxford University. Mr Puri was a management consultant with McKinsey for 30 years, working with companies, governments and multilateral agencies on strategy and organisation. He founded McKinsey's practice in India. Since 2000, he has served as Non Executive Director of several Indian companies.

Mr. Arun Seth, 54, an Indian national, is a Non-Executive Director of the Company. He is an alumnus of the Indian Institute of Technology, Kanpur and the Indian Institute of Management, Kolkata. Having over 30 years of experience in the Information & Communication Technology industry, Mr. Seth is currently the Chairman of BT India Pvt Ltd and looks after the interests of BT Group in India for its offshoring activities. He is on the Executive Committee of NASSCOM and is a regular speaker at seminars relating to telecom and IT. Mr. Seth has an active interest in humanitarian and educational activities and serves on the Board of the Indian Institute of Management, Lucknow as well as the Board of Governors of Helpage India, a charity that works for senior citizens.

Mr. Bharat N. Doshi, 57, an Indian national, is a Non-Executive Director of the Company. He is a fellow member of both, 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 at the Harvard Business School. In August 1992, Mr. Bharat N. Doshi joined the Board of M&M as Executive Director in charge of Finance & Accounts, Corporate Affairs and Information Technology. He has been the President of the Trade & Financial Services Sector since December 1994. Mr. Bharat N. Doshi is also on the Board of Governors of the Mahindra United World College of India and Indian Institute of Management, Kozhikode. Mr. Bharat N. Doshi is actively involved with the work of several Chambers of Commerce and Industry in India and is a member of the Managing Committee of Bombay Chamber of Commerce & Industry ("BCCI"), the Advisory Board and Think Tank of the BCCI Trust for Economic Management Studies and is a founding member and member of the Governing Council of Indian Association of Corporate CFOs and Treasurers (InAct). He was the Chairman of Expert Committee on Economic Affairs of BCCI during 1996-97. He was the Convenor of the BCCI "Think Tank", constituted as a special body to support the Chamber's initiatives on policy issues. Mr. Bharat N. 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.

Mr. Clive Goodwin, 35, a British national, is a Non-Executive Director of the Company. He holds a Bachelor of Science degree in Accounting and Modern Languages from the University of Salford. He has obtained his professional qualification in accounting from the Institute of Chartered Accountants in England and Wales. He is currently Finance Director, BT Wholesale Markets and has served as the Corporate Finance Manager to BT Group Corporate Finance between 2000 and 2005.

Mr. Paul Ringham, 36, a British national, is an alternate director to Mr. Clive Goodwin. He received a Bachelor of Science degree in Biology from the University of York. He obtained an accounting qualification from the Institute of Chartered Accountants of England and Wales in 1995. He is currently the Director of Corporate Finance for BT Group plc, having joined BT as a Corporate

Finance manager in 1999. Prior to this, he worked as a Corporate Finance manager at PricewaterhouseCoopers advising a wide range of public and private companies.

Mr. Paul Zuckerman, 61**,** a British national, 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. It has an office in the UK. 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. He is an independent director on a number of international boards and was deputy chairman of Icap plc.

Mr. Raj Reddy, 69, an American national, is a Non-Executive Independent Director of the Company. He has been on the faculty of the Carnegie Mellon University, USA since 1969 and presently is the Mozah Bint Nasser University Professor of Computer Science and Robotics in the School of Computer Science at the Carnegie Mellon University. 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.

Mr. Ulhas N. Yargop, 52, an Indian national, is a Non-Executive Director of the Company. He holds a Bachelor's degree in Technology from the Indian Institute of Technology, Chennai and MBA degree from the Harvard Business School. Mr. Yargop joined the M&M Group in 1992 as General Manager - Corporate Planning. He later moved to the Automotive Sector as General Manager - Product Planning, and was responsible for the product management function for automotive products. In 1994, he was appointed as General Manager, Mahindra-Ford Project, and led the M&M team working on the joint venture project with Ford Motor Company. In 1996, he was appointed as Treasurer and assumed responsibility for Corporate Finance. Since 1999, Mr. Yargop has been President – Telecom & Software Sector and a member of the Group Management Board.

Compensation of Directors

Details of the compensation of Mr. Vineet Nayyar, our managing director, is as provided below. Our non-executive directors are entitled to sitting fees and/ or commission and actual expenses for attending the Board/ committee meetings. Presently, we do not pay sitting fees to our Directors. Except for the directors named below no commissions are payable to our Directors for fiscal 2006:

S. No.	Name of Director	Commission payable for Fiscal 2006
1.	Mr. Vineet Nayyar	Rs. 7,308,000*
2.	Hon. Akash Paul	Rs. 2,092,500
3.	Mr. Al-Noor Ramji	Rs. 2,247,500
4.	Mr. Anupam Puri	Rs 2,170,000
5.	Mr. Arun Seth	Rs. 2,247,500
6.	Mr. Clive Goodwin	Rs. 2,247,500
7.	Mr. Raj Reddy	Rs. 2,247,500
8.	Mr. Ulhas N. Yargop	Rs. 2,247,500

** excludes gross compensation of Rs. 17,052,000 paid for fiscal 2006.*

Agreement with Mr. Vineet Nayyar

Under the terms of an agreement dated January 1, 2005, Mr. Vineet Nayyar has been appointed as our Managing Director and Chief Executive Officer with effect from January 17, 2005, for a term of five years. The remuneration payable to him under the said agreement is as follows:

Fixed Compensation:	A monthly fixed compensation of Rs. 1,421,000/- and such fixed compensation shall include the cost of perquisites valued on a cost to company basis. The perquisites include housing, chauffeur driven car, leave travel allowance, medical allowance, superannuation and provident fund.
Variable Compensation:	Mr. Nayyar will be eligible to receive up to Rs. 7,308,000/- in an annual performance bonus, as determined by the Compensation Committee of the Company in its sole discretion, based on his performance against agreed upon annual goals.
Others:	The Company has also agreed to use commercially reasonable efforts to provide him benefits consistent with a company of similar size and operational history. Further, he has also been allotted options under our ESOPs. For more details, see paragraph titled "Shareholding of our Directors" on page 86 of this Red Herring Prospectus.
Termination Rights	In the event the Mr. Nayyar's employment with the Company is terminated without cause or if he terminates his employment with the Company for good reason, he will be eligible for cash severance payments equal to one year of fixed compensation, payable bi-monthly and in accordance with the Company's standard payroll policies, as well as variable compensation based on performance equal to the amount of such compensation earned during the preceding 12 months. The agreement with Mr. Nayyar also provides for the method in which the vested and unvested options granted to him shall be treated upon his termination of employment. These benefits shall be subject to Mr. Nayyar complying with certain conditions under ESOP 2004 and the non-compete and non-solicitation undertakings in terms of the agreement dated January 1, 2005.

The remuneration by way of salary and commission payable to Mr. Nayyar shall not exceed the limits laid down in Section 198 and 309 of the Companies Act or any statutory modification thereof.

Payment or benefit to our officers

Except the normal remuneration/ commission for services rendered as our Directors, officers or employees and options granted under our ESOPs, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of the officers.

Interest of Directors

All of the Directors, including the independent directors, may be deemed to be interested to the extent of fees and expenses, if any, payable to them for attending meetings of Board or a committee thereof, as well as to the extent of commission paid to them. The Managing Director may be deemed to be interested to the extent of remuneration paid to him as an employee of the Company. All of the Directors, including independent Directors, may also be deemed to be interested to the extent of Equity Shares, if any, already held by or that may be subscribed for and allotted to them or to the companies, firms and trusts in which they are interested as directors, members, partners and/or trustees, out of the present offer in terms of the Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Shareholding of our Directors

The Articles do not require our Directors to hold any qualification shares in the Company. The list of Directors holding Equity Shares and the number of Equity Shares and stock options held by each of them as of the date of the filing this Red Herring Prospectus is set forth below:

Name of director	No. of options	No. of equity shares
Mr. Vineet Nayyar	3,406,620	-
Mr. Bharat N. Doshi	5,000	10,000
Mr. Ulhas N. Yargop	20,000	10,000
Mr. Al-Noor Ramji	20,000	-
Hon. Akash Paul	20,000	10,000
Mr. Arun Seth	20,000	-
Dr. Raj Reddy	20,000	10,000
Mr. Anupam Puri	20,000	5000
Mr. Clive Goodwin	25,000	-
Mr. Paul Zuckerman	20,000	-

Borrowing Powers of our Board

In terms of our Articles, the Board may, from time to time, at its discretion by a resolution passed at its meeting, accept deposits from members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company. However, if the moneys sought to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) should exceed the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose), the Board is required to obtain the consent of the Company in general meeting prior to undertaking such borrowings.

Changes in the Board in the last 3 years:

The following are the changes to our Board in the last 3 years:

Name	Date of Appointment/ Cessation	Reason
Mr. Paul Zuckerman	May 4, 2006	Appointed as Additional Director
Mr. Paul Ringham	May 4, 2006	Appointed as Alternate Director to Clive Goodwin
Mr. Frederick E. Becker	May 4, 2006	Resigned
Mr. Al-Noor Ramji	February 14, 2005	Appointed in place of Dr. Sinclair Stockman
Mr. Sinclair Guillaume Stockman	January 31, 2005	Resigned
Mr. Chris James Price	January 31, 2005	Resigned
Mr. Vineet Nayyar	January 17, 2005	Appointed as Additional Director, Managing Director and CEO. Mr. Nayyar was thereafter appointed as Vice-Chairman of the Board on January 16, 2006
Mr. Arun Seth	May 8, 2003/ January 31, 2005	Appointed on May 8, 2003 and continues to remain a Director; however he has resigned as Alternate Director to Mr. Clive Goodwin in January 31, 2005
Mr. Arun Seth	February 14, 2005	Appointed in place of Mr. Chris Price.
Mr. Frederick E. Becker	May 9, 2005	Appointed as Alternate Director to Mr. Clive Goodwin
Mr. Robert John Helleur	October 1, 2004	Expiry of term as Executive Director & CEO
Mr. Sumantra Basantkumar Ghosal	October 24, 2003	Resigned
Mr. Clive Goodwin	January 16, 2003	Appointed in place of Mr. David Chaplin
Mr. David Chaplin	January 16, 2003	Resigned

Corporate Governance

We have complied with the requirements of the applicable regulations, including the listing agreement with Stock Exchanges and the SEBI Guidelines, in respect of corporate governance, including constitution of the Board and Committees thereof. The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management and constitution of Board Committees, as required under law.

We have a broad based Board constituted in compliance with the Companies Act and listing agreement with Stock Exchanges and in accordance with best practices in corporate governance. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas. Our management duly provides the Board detailed reports on its performance periodically.

The Board comprises 11 (Eleven) Directors. The Board comprises a Non-executive Chairman, a managing director and nine other non-executive directors out of which four are Independent Directors.

Committees of the Board

Audit Committee

The committee (also known as Audit Sub-Committee) consists of non-executive and independent directors, with the majority being independent directors. The committee currently comprises Mr. Anupam Puri (Independent Director), Paul Zuckerman (Independent Director), Dr. Raj Reddy (Independent Director) and Mr. Clive Goodwin. Mr. Anupam Puri is the Chairman of our Audit Committee and Mr. Vikrant Gandhe is the Secretary. The powers, roles and review of the Audit Committee are in accordance with Section 292A of the Companies Act and listing agreements to be entered into with the Stock Exchanges.

The Audit Sub-Committee oversees our financial reporting process and the disclosure of financial information to ensure that the financial statements are correct, sufficient and credible. Its recommendations on any matter relating to financial management shall be binding on the Board (if the Board does not accept the Audit Sub-Committee's decision, it must record the reasons in the Minutes of the Board Meeting and communicate the same to the Shareholders). The committee meets atleast 4 times a year.

The terms of reference of the Audit Sub-committee are as follows:

a) It shall have authority to investigate into any matter or activity within its terms of reference and in relation to items specified under Section 292A of the Companies Act, 1956 or referred to it by the Board.

b) It shall have full access to information contained in the records of the Company and may, if necessary, seek external professional advice.

c) It shall seek information from any employee.

d) It shall secure attendance of outsiders with relevant expertise, if considered necessary.

e) It may delegate any of its powers to one or more of its members or the Company Secretary.

f) Its recommendations on any matter relating to financial management including the Audit Report shall be binding on the Board. However, where such recommendations are not accepted by the Board, the reasons for the same shall be recorded in the Minutes of the Board meeting and communicated to the shareholders.

g) It shall oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.

h) It shall recommend the appointment, dismissal and removal of statutory auditor, fixation of audit fee and also approval for payment for any other services rendered by the auditors.

i) It shall review the performance of statutory auditors including scope of their audit and monitor the extent of their non-audit work.

j) It shall review with management the quarterly, half yearly, annual financial results, annual report and accounts and other financial information including reviewing, with the statutory auditors scope and results of their audits and considering their Management Letter before submission of their reviews to the Board, with special emphasis on:

- Any changes in accounting policies and procedures
- Major accounting entries based on exercise of judgement by management
- Qualifications in draft audit report
- Significant adjustments arising out of audit
- The going concern assumption
- Compliance with accounting standards
- Compliance with stock exchange (after listing) and legal requirements concerning financial statements
- Any related party transactions, i.e. transactions of the company of material nature with promoters or management, their subsidiaries or relatives etc. that may have potential conflict with the interest of company at large

k) It shall review with the management, statutory and internal auditors, the adequacy of internal control systems.

l) It shall review the adequacy of internal audit function, including the structure of internal audit department, if any, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

m) It shall discuss with internal auditors any significant findings and follow up thereon.

n) It shall review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and report the matter to the Board.

o) It shall discuss with statutory auditors before the audit commences, the nature and scope of audit as well as have post audit discussion to ascertain any area of concern.

p) It shall review the company's financial and risk management policies.

q) It shall look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of dividend) and creditors.

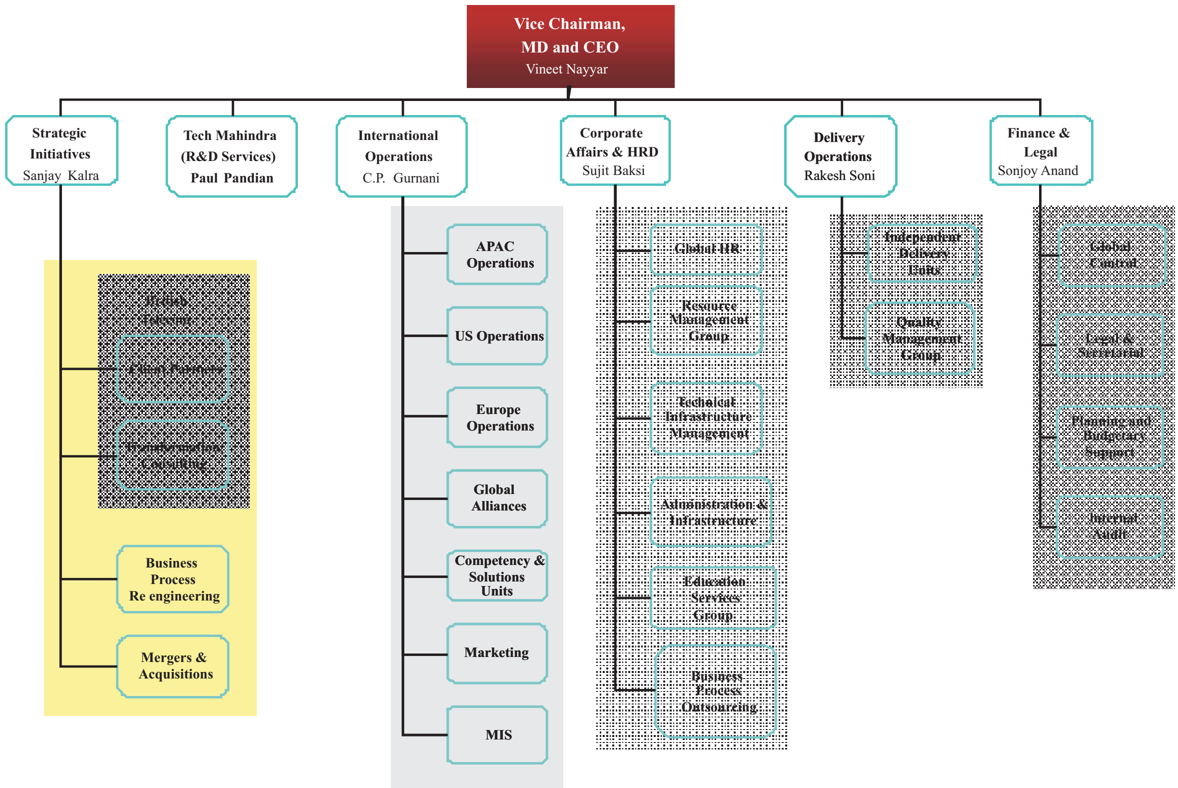
The Remuneration Committee (Compensation Committee)

The Compensation committee was constituted for the purpose of determining the terms and conditions including the remuneration payable to Managing Director of the Company. The committee comprises Hon. Akash Paul (Independent Director), Mr. Ulhas N. Yargop and Mr. Clive Goodwin. Hon. Akash Paul is the Chairman of this committee. The committee meets atleast 4 times a year. The terms of reference of the Compensation Committee also include administration of ESOPs.

Investor Grievances cum Share Transfer Committee

The Investor Grievances and Share Transfer Committee comprises Mr. Ulhas N. Yargop, Mr. Vineet Nayyar, and Mr. Clive Goodwin. Mr. Ulhas N. Yargop is the Chairman of this Committee and Mr. Vikrant Gandhe is the Secretary. The Investor Grievances and Share Transfer Committee looks into redressal of shareholder and investor complaints, issue of duplicate/ consolidated share certificates, allotment and listing of shares and review of cases for refusal of transfer/ transmission of shares and debentures and reference to statutory and regulatory authorities.

Organisation Structure



Key Managerial Personnel of Tech Mahindra

For profile of Mr. Vineet Nayyar, the Managing Director, please refer to page 83 of this Red Herring Prospectus under the section "Management".

Mr. Chander Prakash Gurnani, aged 46 years, an Indian national, is the President, International Operations. A graduate from Regional Engineering College Rourkela, Orissa, Mr. Gurnani has 23 years of IT experience with Perot Systems and HCL Corporation spanning global operations and business development, seeding and growing new ventures, and handling key verticals. He is responsible for international operations and alliances, leading thought leadership initiatives, managing Competency and Solution units and management information systems at Tech Mahindra. Prior to joining Tech Mahindra, Mr. Gurnani was the Chief Operating Officer and Founder of Perot Systems TSI (India) Limited, where he was responsible for global sales and operations. During his tenure with HCL, he was the Executive Vice President, Strategic Iinitiatives Group and was responsible for creating strategic alliances and joint ventures like HCL Perot Systems. Prior to that, he has handled various roles including Country Sales Manager for HCL Infosystems. His gross compensation for fiscal 2006 was Rs. 12,818,100.

Mr. Sanjay Kalra, aged 43 years, an Indian national, is the President, Strategic Initiatives. At Tech Mahindra, his focus is managing the BT relationship, R&D services for telecom equipment manufacturers and transformation/business process reengineering services. He is also responsible for Mergers & Acquisitions at Tech Mahindra. Prior to joining Tech Mahindra, Mr. Kalra was the chief executive officer, DSL Software (a joint venture between HCL and Deutsche Bank) focused on IT and BPO solutions to Capital Markets through leveraging a global delivery model. He has also served as President, HCL Technologies Europe and was responsible for the creation and incubation of Cisco's first outsourced R&D center outside North America with around 1000 engineers. An IIT Delhi Alumnus with global roles in Schlumberger and Tata Unisys, Mr. Kalra has extensively leveraged offshore delivery to create new products and business lines, nurtured start-ups and led high growth businesses. Mr. Kalra was responsible for cross-border transactions involving the purchase of Deutsche Software from Deutsche Bank, Apollo Contact Center from BT in Northern Ireland and Axes Technologies in India. His gross compensation for fiscal 2006 was Rs. 13,383,600.

Mr. Sujit Baksi, aged 56 years, an Indian national, is the President, Corporate Affairs. A graduate from Presidency College, Kolkata having completed his post graduate specialisation in Personnel Management from XLRI, Jamshedpur, Mr. Baksi has over 30 years of experience in the areas of people management, operations management and corporate strategy, He is responsible for leading the HR, Resource Management Group, Infrastructure including Technical Infrastructure Management, Training (Technical & Behavioral), Managed Services and the Administrative teams. Prior to joining us, Mr. Baksi was with Lehman Brothers where he was Senior Vice President and Chief Administrative Officer. His track record includes being President-Global Operations, vCustomer Services and CEO-HCL Technologies (BPO Solutions & Services). He was also EVP-HR, HCL Technologies and has worked with TCS, Ranbaxy Laboratories, Bank of India and Union Carbide. His annualised gross compensation for fiscal 2006 was Rs. 7,563,310 and he joined us on March 31, 2006.

Mr. Rakesh Soni, aged 54 years, an Indian national, is the Chief Operating Officer. A graduate from IIT Kanpur, Mr. Soni last worked as the Executive Vice President, Perot Systems. Prior to that, he was the General Manager at Abu Dhabi Computer Centre. He started his career at Engineers India Limited and then moved to Tata Consultancy Services Limited. Mr. Soni is a SEI certified lead appraiser for CMM and CMMI appraisals. He has 29 years of experience in the IT industry. His annualised gross compensation for fiscal 2006 was Rs. 4,688,750 and he joined us on May 16, 2005.

Mr. Sonjoy Anand, aged 46 years, an Indian national, is the Chief Financial Officer of Tech Mahindra. A graduate in Economics (Hons.) and a qualified Chartered Accountant, Mr. Anand has approximately 20 years of experience in Finance and General Management. He has been Chief Executive for a portfolio of businesses with ICI. Most recently, he was the Director, Finance, for a global business with a multinational corporation based in the UK with additional responsibility for the Procurement and Information Technology functions. Mr. Anand has extensive experience covering acquisitions, divestments and formation of joint ventures. As CFO of Tech Mahindra, Mr. Anand is responsible for the Finance, Legal and Secretarial functions. His gross compensation for fiscal 2006 was Rs. 7,099,034.

All of the above key management personnel are permanent employees of Tech Mahindra and none of our Directors or key management personnel are related to each other.

Key employees of our subsidiaries

Mr. Paul Pandian, aged 67 years, a citizen of the USA, is the President and Founder of Tech Mahindra (R&D) Services. Mr. Pandian holds an M.S. in Engineering from Syracuse University, and an MBA degree from the Wharton School of Business, University of Pennsylvania. Mr. Pandian is a member of the Dallas Chapter of the Lions Club, and serves on the Advisory Board of the Business School at the University of Texas at Dallas. He is also a member of the India-U.S. Business Council in Washington, D.C. and is a charter member of the Greater Dallas Indo-American Chamber of Commerce. Prior to founding Tech Mahindra (R&D) Services, Mr. Pandian was at Rockwell International from 1975 to 1984 serving in various engineering and management roles including Director of Strategic Planning and Development for the electronic operations. After leaving Rockwell, he was involved in the startup and growth of a high technology company engaged in the design and development of high performance computers and peripheral cards.

Shareholding of the Key Managerial Personnel

The number of Equity Shares and options held by our key management personnel are as follows:

Name	No of Shares	No. of options
Mr. C. P. Gurnani	Nil	3,406,620 under ESOP 2004
Mr. Sanjay Kalra	Nil	3,406,620 under ESOP 2004
Mr. Rakesh Soni	Nil	50,000 under ESOP 2000
Mr. Sujit Baksi	Nil	55,000 under ESOP 2006
Mr. Sonjoy Anand	8,340	16,660 under ESOP 2000 9,000 under ESOP 2006

Changes in the Key Managerial Personnel during the last three years:

Name	Designation	Date of Appointment/Cessation	Reason
Mr. Sonjoy Anand	Chief Financial Officer	December 1, 2003	Appointed
Mr. Sanjay Kalra	President, Strategic Initiatives	August 17, 2004	Appointed
Mr. Robert John Helleur	Executive Director & CEO	September 30, 2004	Resigned
Mr. C. P. Gurnani	President, International Operations	November 1, 2004	Appointed
Mr. Vineet Nayyar	MD, CEO	January 17, 2005	Appointed
Mr. Rakesh Soni	Chief Operating Officer	May 16, 2005	Appointed
Mr. HNLN Simha	COO	September 27, 2003/ March 29, 2005	Resigned
Mr. A.V.A. Ranaweera	Senior Vice President, Peoplecare	March 31, 2006	Retired
Mr. Sujit Baksi	President, Corporate Affairs	March 31, 2006	Appointed

OUR PROMOTERS

Mahindra & Mahindra Limited

M&M was incorporated on October 2, 1945 as a private limited company under the Companies Act, 1913 and converted into a public limited company on June 15, 1955.

M&M's shares were first listed on the BSE in 1956. The equity shares of the company are presently listed on the BSE, NSE and the Calcutta Stock Exchange Association Limited. Application has been made to delist the equity shares on the Calcutta Stock Exchange Association Limited. The Global Depository Receipts of the company are listed on the Luxembourg Stock Exchange and the Foreign Currency Convertible Bonds are listed on the Singapore Exchange Securities Trading Limited.

M&M's main business is the manufacture and sale of utility vehicles, light commercial vehicles, three-wheelers and tractors. In the year ended March 31, 2006, M&M sold 149,418 vehicles and 85,029 tractors through its extensive dealer network in India and through exports. M&M has two main operating divisions:

- The Automotive Division, which designs, manufactures and sells UVs, LCVs and three-wheelers and their spare parts and accessories.
- The Tractor Division, which makes agricultural tractors and implements that are used in conjunction with tractors. The Tractor Division also sells tractor spare parts through its dealer and spare parts stockist network. This division has also ventured into the industrial engines business in order to leverage its design and manufacturing expertise.

M&M employs around 30,000 people and has six state-of-the-art manufacturing facilities spread over 500,000 square meters in area. It has also set up two satellite plants for assembly of tractors.

In November 2003, in recognition of its global competitiveness in terms of cost and quality, M&M received the Deming Prize awarded by the Japanese Union of Scientists & Engineers. M&M is the first tractor manufacturer in the world to receive this prize.

M&M is expanding its reach globally. It has set up a 100% subsidiary in USA to assemble tractors and has a joint venture with French auto giant Renault to manufacture Logan, their new sedan in India. M&M also has a tie-up with USA-based International Truck & Engine Corporation to manufacture trucks in India. Besides the USA, M&M exports its products to several countries in Africa, Asia, Europe and Latin America. It acquired a majority stake in the Jiangling Tractor Company, China in December 2004. It recently acquired 98.6% stake in U.K. based Stokes Group Limited, the largest auto forging company in the U.K. M&M's global subsidiaries include Mahindra South Africa (Pty) Limited and Mahindra Europe (Srl).

For Fiscal 2006, on a consolidated basis, the total income (net of excise duty on sales) of M&M was Rs. 126,484.1 million and the net profit was Rs. 14040.1 million. As on March 31, 2006, on a consolidated basis, the total assets of the company were Rs. 101,832.3million and its total share capital and reserves and surplus were Rs. 37,216.3million.

Mr. Keshub Mahindra and Mr. Anand Mahindra are the promoters of M&M.

Mr. Keshub Mahindra, 82, Chairman of M&M, is a B.Sc. graduate from Wharton, University of Pennsylvania. Mr. Mahindra joined M&M in 1947 and has been its Chairman since 1963. Mr. Mahindra is also chairman of the Board of Governors of Mahindra United World College of India, vice-chairman of Housing Development Finance Corporation Limited and a director of several companies including United World Colleges International Ltd, U.K., Bombay, Burmah Trading Corporation Limited and Bombay Dyeing and Manufacturing Company Limited.

Mr. Mahindra is also associated with several committees. He is a member of the Apex Advisory Council of Assocham, Chairman and Founder of Trustee of Bombay First Policy Research Foundation, member of the governing body of Bombay First, member of the Governing Council of United Way of Mumbai and Chairman of the Governing Council of University of Pennsylvania Institute for the Advanced Study of India, among others.

Mr. Mahindra was the president of the Bombay Chamber of Commerce and Industry, Assocham, the Indo-American Society and the Employers' Federation of India. He was also chairman of the governing council of the Indian Institute of Management, Ahemdabad, and was appointed by the government to serve on a number of high level committee, including the Sachar Commission on Company Law and Monopolies and Restrictive Trade Practices Act, 1969 and the Central

Advisory Council of Industries.

Mr. Mahindra has received several national and international awards for his contributions to public life and industry, including the Chevalier de l'Ordre national de la Legion d'honneur, "Businessman of the Year" Award from Business India, the Sir Jehangir Ghandy Medal for Industrial Peace from XLRI, Jamshedpur, the IMC Diamond Jubliee Endowment Trust Award, the Dadabhai Naroji International Award for Excellence and Lifetime Achievement and the All India Management Association Lifetime Achievement Award for Management.

Mr. Anand Mahindra, 51, Vice Chairman & Managing Director of M&M (and Non-Executive Chairman of the Company) is a graduate from Harvard College and received an MBA degree from the Harvard Business School. He joined M&M in 1991 and has been its Managing Director since 1997 and Vice Chairman since 2001. He began his career with MUSCO, as Executive Assistant to the Finance Director and in 1989, he was appointed as President and Deputy Managing Director of MUSCO. For further details, see section titled "Board of Directors - Brief biographies" on page 83 of this Red Herring Prospectus.

Shareholding pattern

The shareholding pattern of M&M as of March 31, 2006 is as below:

Category	No. of Shares Held	Shareholding (%)*
Indian Promoters	205,148	0.1%
Persons acting in Concert	54,733,578	22.72%
Mutual Funds and UTI	13,901,569	5.77%
Banks, Financial Institutions, Insurance Companies	37,864,229	15.72%
Foreign Institutional Investors	84,156,160	34.93%
Private Corporate Bodies	7,958,172	3.3%
Indian Public	25,269,815	10.49%
NRIs/ OCBs	2,189,080	0.9%
Bank of New York – Depository	14,623,601	6.07%
Total	**240,901,352**	**100.0%**

* Further details on shareholding pattern of M&M, which is a listed company, are available on the websites of the BSE and NSE.

For details of shareholding of M&M in our Company, please refer to section tilted "Capital Structure" on page 16 of this Red Herring Prospectus.

Board of Directors

The details of the board of directors of M&M as on July 10, 2006 are as given in the table below:

Name	Designation
Mr. Keshub Mahindra	Chairman
Mr. Anand G. Mahindra	Vice Chairman and Managing Director
Mr. Deepak S. Parekh	Director
Mr. Nadir B. Godrej	Director
Mr. M. M. Murugappan	Director
Mr. Thomas Mathew T.	Director (Nominee of LIC)

Mr. Narayanan Vaghul	Director
Dr. A.S. Ganguly	Director
Mr. R.K. Kulkarni	Director
Mr. Anupam Puri	Director
Mr. Bharat N. Doshi	Executive Director
Mr. A.K. Nanda	Executive Director & Secretary

Financial Performance

The unconsolidated financial results for M&M for Fiscal 2003, Fiscal 2004 and Fiscal 2005 are as follows:

(Rs. million except per share data)

Particulars	2004	2005	2006
Total Income	60,012.3	78,040.9	94,514.3
Profit / loss after taxation	3,485.4	5,126.7	8,571.0
Equity Share Capital	1110.6	1116.5	2334.0
Reserves (excluding revaluation reserves)	16,199.1	18605.7	26,621.4
NAV per Share (Rs.)	154.99	174.46	123.29
EPS per Share (Rs.)	15.75	23.04	38.07

Other details relating to M&M

PAN	AAACM3025E
Bank Account Details	State Bank of India, CAG Branch, Ballard Pier, Mumbai 400 001 Account No. 0160000010403
Registration Number	11-4558
Address of RoC	2nd Floor, Hakoba Mills Compound, Dattaram Lad Marg, Kalachowki, Mumbai – 400 033, Maharashtra, India

The details of PAN and Bank account will be submitted to the BSE and NSE at the time of filing the Draft Red Herring Prospectus with them. Further, M&M has confirmed that it has not been detained as wilful defaulter by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past or are pending against them.

Details of the last public/ rights issue made

M&M made its initial public issue in 1956. M&M made an issue of 48,16,012 - 12.5% secured fully convertible debentures (Part A and Part B) of Rs.110 each and/ or zero interest fully convertible secured bonds (Part A and Part B) of Rs. 90 each for an amount not exceeding Rs. 529,761,320/-, with an option to retain up to 15% of the issue as excess subscription, to the existing shareholders of the company, on a rights basis in the ratio one debenture/ bond for ever four fully paid ordinary equity shares held. The issue opened on January 18, 1990 and closed on February 19, 1990. The date of allotment was April 1, 1990.

The proceeds of the issue were applied for financing a part of the outlay required for installing additional manufacturing facilities at the Automotive and Tractor Divisions of the Company as stated in the objects for the issue in the Letter of Offer.

M&M has not made a public issue or rights issue in India in the last three years. M&M issued Zero Coupon Foreign Currency Convertible Bonds in Fiscal 2005 and in Fiscal 2007, which were convertible into Global Depository Receipts and/ or equity shares.

Promise v/s Performance:

No promises were made in the Letter of Offer for the last rights issue made by M&M. There were no projections made during the issuance of M&M's Foreign Currency Convertible Bonds.

Information about Share Price

The shares of M&M are listed on the BSE and NSE. The company has applied for approval for delisting its shares with the Calcutta Stock Exchange Association Limited and the approval for delisting of shares is awaited. The monthly high and low of the market price of the shares on BSE for the last six months are as follows:

	High (Rs.)	Low (Rs.)
January 2006	561.70	503.20
February 2006	627.00	553.80
March 2006	651.00	544.00
April 2006	665.00	559.90
May 2006	719.00	530.00
June 2006	630.00	488.00

Source: www.bseindia.com

Mechanism of Redressal of Investor Grievance

M&M has share transfer and shareholders/ investors grievance committee which meets as and when required, to deal with matters relating to transfer/ transmission of shares and monitors redressal of complaints from shareholders relating to transfers, non receipt of balance sheet, non receipt of dividend declared, etc. Typically the investor grievances are dealt within a fortnight of receipt of the complaint from the investor. As of June 30, 2006, there are no undisputed investor complaints that were unresolved.

British Telecommunications plc (BT)

Telephone services in almost all of the UK were, until 1981, provided by the Post Office, which was a government department until 1969 when it was established as a state public corporation. In 1981, the postal and telecommunications services of the Post Office became the responsibility of two separate corporations, with British Telecommunications – under the trading name of British Telecom – taking over the telecommunications business.

BT, the successor to the statutory corporation British Telecommunications, was incorporated in England and Wales on 1 April 1984 as a public limited company, wholly owned by the UK Government, as a result of the Telecommunications Act 1984. Between November 1984 and July 1993, the UK Government sold all of its shareholding in three public offerings.

BT Group plc was formed when the O2 business, comprising what had been BT's mobile activities in the UK, the Netherlands, Germany and the Republic of Ireland, was demerged on 19 November 2001. BT shares ceased trading on the London, New York and Tokyo stock exchanges on 16 November 2001. BT Group plc's shares commenced trading on the London and New York stock exchanges on 19 November 2001. The ordinary shares of BT were de-listed from the London Stock Exchange on 19 November 2001.

The registered office address of BT is 81 Newgate Street, London EC1A 7AJ.

BT is a wholly owned subsidiary of BT Group plc and is BT Group plc's principal trading subsidiary. BT Group plc is the listed holding company for an integrated group of businesses that provide voice and data services in the UK and elsewhere in Europe, the Americas and the Asia Pacific Region. BT holds virtually all businesses and assets of the BT group.

The principal activities of BT include networked IT services; local, national and international telecommunications services; and broadband and Internet products and services.

BT consists principally of four lines of business: BT Global Services, Openreach, BT Retail and BT Wholesale. Openreach was established on 21 January 2006. It operates the physical (as opposed to the electronic) assets of the local access and backhaul networks and provides the services which use these networks to communications providers, both internally and externally. For financial reporting purposes, Openreach remained part of BT Wholesale until the end of the 2006 financial year. It will be reported as a separate line of business in the 2007 financial year.

Openreach, BT Retail and BT Wholesale operate almost entirely within the UK in the residential and business markets, supplying a wide range of communications products and services including voice, data, internet and multimedia services, and offering a comprehensive range of managed and packaged communications solutions. BT Global Services addresses the networked IT services needs of multi-site organisations both in the UK and internationally.

Board of Directors and Company Secretary as on March 31, 2006

Ben Verwaayen	Director
Hanif Lalani	Director
Larry Stone	Director
Heather Brierley	Company Secretary

Financial Highlights

(£ mn / Rs. mn except per share data)

	For the year ending March 31, 2006 (£ mn)	For the year ending March 31, 2005 (£ mn)	For the year ending March 31, 2004 (£ mn)	For the year ending March 31, 2006 (Rs. mn)	For the year ending March 31, 2005 (Rs. mn)	For the year ending March 31, 2004 (Rs. mn)
Equity capital	10,172	10,172	10,172	791,382	791,382	791,382
Reserves and surplus (excluding revaluati on reserves)	9,908	9,014	11,407	770,842	701,289	887,465
Total revenue	19,514	18,429	18,519	1,518,189	1,433,776	1,440,778
Profit after tax	2,243	2,512	1,423	174,505	195,434	110,709
EPS (pence / Rs. per ordinary share)	25.8	28.9	16.4	20.1	22.5	12.8
NAV (£ / Rs. per share)	2.3	2.2	2.5	178.9	171.2	194.5

Please note that the 2005 and 2006 data has been derived using International Financial Reporting Standards ("IFRS"). However, the 2004 data has been produced using UK GAAP as BT has not released its 2004 results based upon IFRS.

Convenience translation at INR/Pound Sterling rate of Rs. 77.80 as on March 31, 2006 (Source: RBI reference rate)

Legal Proceedings

BT does not believe that there are any pending legal proceedings, which would have a material adverse effect on the financial position or operations of the BT group. Proceedings have been initiated in Italy against 21 defendants, including a former BT employee, in connection with the Italian UMTS (universal mobile telecommunications system) auction. Blu, in which BT held a minority interest, participated in that auction process. On 20 July 2005, the former BT employee was found not culpable of the fraud charge brought by the Rome Public Prosecutor. All the other defendants were also acquitted. The Public Prosecutor is in the process of appealing the court's decision. If the appeal is successful, BT could be held liable, with others, for any damages. BT has concluded that it would not be appropriate to make a provision in respect of any such claim.

Other details relating to BT

Bank Account Details	BT COBRA Payroll Account Number: 51042009 Sort Code: 40-02-50
Registration Number	1800000
Address of the Registrar of Companies	Companies House, Crown way, Maindy, Cardiff CF 14 3UZ

The Bank account and registration details have been submitted to the BSE and NSE at the time of filing the Draft Red Herring Prospectus with them. Further, BT has confirmed that it has not been detained as wilful defaulter by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past or are pending against them.

BT Group Plc

All information contained herein is as at March 31, 2006, unless otherwise stated.

BT Group plc is the listed holding company for an integrated group of businesses, which together form one of the world's leading providers of communications solutions and services operating in 170 countries. BT is a wholly owned subsidiary of BT Group plc.

The principal activities of BT Group plc include networked IT services; local, national and international telecommunications services; and broadband and Internet products and services. BT Group plc has ISO 9001 certification (the international quality management standard) for most of its operations in the UK and worldwide.

In the UK

In the 2006 financial year, 32% of the BT group's revenue was from networked IT services, broadband and mobility.

In the UK wholesale market, BT Group plc provides network services and solutions to over 700 communications companies, including fixed and mobile network operators, ISPs (internet service providers) and other service providers. BT Group plc interconnects with more than 150 other operators, as well as carrying transit traffic between telecommunications operators.

In the 2006 financial year, 87% of the BT group's revenue was derived from operations within the UK.

Globally

BT Group plc's core target market is 10,000 multi-site organisations including major companies with significant global requirements, together with large organisations in target local markets. BT Group plc aims to provide them with networked IT services and a complete range of managed solutions.

BT Group plc's extensive global communications network and strong partnerships enable it to serve customers in the key commercial centres around the world using a combination of direct sales and services capabilities and strategic partners.

Board of Directors and Company Secretary as on March 31, 2006

Name	Designation
Sir Christopher Bland	Chairman
Ben Verwaayen	Executive Director
Hanif Lalani	Executive Director
Ian Livingston	Executive Director

Andy Green	Executive Director
Dr. Paul Reynolds	Executive Director
Clayton Brendish	Non-Executive Director
Sir Anthony Greener	Non-Executive Director
Matti Alahuhta	Non-Executive Director
The Rt Hon Baroness Jay of Paddington PC	Non-Executive Director
John Nelson	Non-Executive Director
Carl G Symon	Non-Executive Director
Maarten van den Bergh	Non-Executive Director
Phil Hodkinson	Non-Executive Director
Larry Stone	Company Secretary

Financial Highlights

(£ mn / Rs. mn except per share data)

For the year	For the year ending March 31, 2006 (£ mn)	For the year ending March 31, 2005 (£ mn)	For the year ending March 31, 2004 (£ mn)	For the year ending March 31, 2006 (Rs. mn)	For the year ending March 31, 2005 (Rs. mn)	ending March 31, 2004 (Rs. mn)
Equity capital	439	435	434	34,154	33,843	33,765
Reserves and surplus (excluding revaluation reserves)	1,168	(340)	2,632	90,870	(26,452)	204,770
Total revenue	19,514	18,429	18,519	1,518,189	1,433,776	1,440,778
Profit after tax	1,548	1,829	1,406	120,434	142,296	109,387
EPS (pence / Rs. per ordinary share)	18.4	21.5	16.4	14.3	16.7	12.8
NAV per share (pence / Rs. per ordinary share)	18.5	1.0	3.6	14.4	0.8	2.8

Please note, the 2005 and 2006 data has been derived using International Financial Reporting Standards (IFRS). However, the 2004 data has been produced using UK GAAP as BT has not released its 2004 results based upon IFRS.

Convenience translation at INR/Pound Sterling rate of Rs. 77.80 as on March 31, 2006 (Source: RBI reference rate)

Shareholding Pattern

Note: Except as set out below, no other entity holds more than 3% of BT Group plc.

Names of the shareholders	No. of shares held	% holding
Legal & General Investment Management Limited	318,525,417	3.82
Brandes Investment Partners LLC	415,169,137	4.98
Barclays plc	623,126,239	7.48
Others	7,281,191,758	83.72
Total	**8,638,012,551**	**100.00**

Information about Share Price

The securities of BT Group plc are listed on the London Stock Exchange and the New York Stock Exchange. The monthly high and low of the market price of the shares on the London Stock Exchange for the last six months are as follows:

Month	High (Rs.)	Low (Rs.)	High (pence per ordinary share)	Low (pence per ordinary share)
June 2006	186.13	173.68	239.25	223.25
May 2006	183.32	160.66	235.63	206.50
April 2006	172.13	164.16	221.25	211.00
March 2006	182.44	161.82	234.50	208.00
February 2006	166.88	158.83	214.50	204.15
January 2006	173.69	158.52	223.25	203.75

Source: The prices above are the highest and lowest closing middle market prices for BT Group plc ordinary shares as derived from the Daily Official List of the London Stock Exchange.

Convenience translation at INR/Pound Sterling rate of Rs. 77.80 as on March 31, 2006 (Source: RBI reference rate)

Interest of our Promoters

BT, our Promoter, is an interested party in our business as a customer. See the section titled, "Business – The BT Relationship" on page 55 of this Red Herring Prospectus. Except as stated above in this Red Herring Prospectus, our promoters, BT and M&M, do not have any interest in our business, except to the extent of its shareholding in and earning returns thereon. For further details, see the section titled "Related Party Transactions" on page 161of this Red Herring Prospectus.

OUR PROMOTER GROUP

M&M Group Companies

Given below is the list of entities promoted by M&M either by themselves or jointly with other entities and their group companies. Unless mentioned otherwise, all M&M Group companies are unlisted companies and have not made any public issue in the preceding three years. Unless mentioned otherwise, none of them has become a sick company under the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) and are not under winding up.

I Listed Companies

1. Mahindra Ugine Steel Company Limited
2. Mahindra Gesco Developers Limited
3. Mahindra & Mahindra Financial Services Limited

II Unlisted Companies

4. Mahindra Renault Private Limited
5. Mahindra Europe Srl.
6. Mahindra & Mahindra South Africa (Pty) Limited
7. NBS International Limited
8. Mahindra International Limited
9. Mahindra Gujarat Tractor Limited
10. Mahindra Shubhlabh Services Limited
11. Mahindra (China) Tractor Company Limited
12. Mahindra USA Inc.
13. Mahindra Acres Consulting Engineers Limited
14. Mahindra Holidays and Resorts India Limited
15. Mahindra Holidays and Resorts USA
16. Mahindra Infrastructure Developers Limited
17. Mahindra World City Developers Limited
18. Mahindra World City (Jaipur) Limited
19. Mahindra World City (Maharashtra) Limited
20. Mahindra Intermodal Transportation Private Limited
21. Mahindra Intertrade Limited
22. Mahindra Middleeast Electrical Steel Service Centre (FZC)
23. Mahindra Steel Service Centre Limited
24. Mahindra Automotive Steels Limited
25. Mahindra SAR Transmission Private Limited
26. Mahindra Engineering Design & Development Company Limited
27. Stokes Group Limited
28. Jensand Limited
29. Stokes Forgings Limited
30. Stokes Forgings Dudley Limited

31. Mahindra Holdings and Finance Limited
32. Mahindra AshTech Limited
33. Mahindra Engineering & Chemical Products Limited
34. Automartindia Limited
35. Mahindra Overseas Investment Company (Mauritius) Limited
36. Bristlecone Limited
37. Bristlecone Inc
38. Bristlecone (Singapore) Pte. Limited
39. Bristlecone India Limited
40. Bristlecone (UK) Limited
41. Bristlecone GmbH
42. Mahindra - BT Investment Company (Mauritius) Limited
43. Mahindra Logisoft Business Solutions Limited
44. PSL Erickson Limited
45. Mahindra Sona Limited
46. Officemartindia.com Limited
47. Mahindra & Mahindra Contech Limited
48. Indian NGOs.com Private Limited
49. Owens Corning India Limited
50. Plexion Technologies India (Pvt.) Ltd.
51. Plexion Technologies U.K. Ltd.
52. Plexion Technologies Inc.
53. Plexion Technologies GmbH
54. Mahindra Insurance Broker Limited

III Companies Under Liquidation

55. Mahindra Manufacturers Corporation Limited
56. Montreal Engineering International Limited
57. Triton Overwater Transport Agency Limited

IV Ventures from which M&M has disassociated during the last three years

58. HDFC Realty Limited
59. Jayem Automotives Limited
60. Ford India Private Limited
61. Ford Credit Kotak Mahindra Limited

(I) Listed Companies

1) Mahindra Ugine Steel Co. Limited

MUSCO was incorporated on December 19, 1962 as a public company and received its certificate of commencement of business on May 16, 1963. Its registered office is located at 74, Ganesh Apartment, Opp. Sitaladevi Temple, L.J. Road, Mahim (W), Mumbai- 400 016. It is involved in manufacture of alloy steel for both automotive and non-automotive applications, while its stamping division serves the automotive industry.

Shareholding Pattern

The following is the shareholding of MUSCO as on March 31, 2006.

Names of the shareholders	No. of shares held	% holding
Promoters		
Mahindra Holdings & Finance Limited	16,466,789	50.69%
Others	17,003	0.05%
Sub Total	16,483,792	50.74%
Persons Acting in Concert	1,606,016	4.94
Institutional Investors		
Mutual Funds & UTI	335,466	1.03
Banks, Financial Institutions, Insurance Companies	2,781,271	8.57
Foreign Institutional Investors	3,978,908	12.25
Sub Total	7,095,645	21.85
Others		
Private Corporate Bodies	1,560,744	4.81
Indian Public	5,555,253	17.11
NRIs/OCBs	181,079	0.55
Sub Total	7,297,076	22.47
Total	**32,482,529**	**100.00**

In addition the company has issued 0.55 million preference shares of Rs. 100 each to Mahindra Holdings and Finance Limited.

Board of Directors

Name	**Nature of directorship/ designation**
Mr. Keshub Mahindra	Chairman
Mr. Anand G. Mahindra	Vice Chairman
Mr. K.V. Ramarathnam	Managing Director
Mr. Hemant Luthra	Director
Mr. N. V. Khote	Director
Dr. H. N. Sethna	Director

Mr. M. R. Ramachandran	Director
Mr. C. S. Madhav Rao	(Nominee Director-LIC)
Mr. R. R. Krishnan	Director
Mr. S. Ravi	Director

Financial Performance

(Rs in Millions)
(except per share data)

	For the year ending March 31, 2006	For the year ending March 31, 2005	For the year ending March 31, 2004
Equity capital	324.8	309.3	309.3
Reserves and surplus (excluding revaluation reserves)	1,274.4	439.2	87.8
Total revenue	6,247.6	5,230.4	3,590.4
Profit after tax	650.6	481.6	61.0
EPS (Rs.)	19.7	15.0	1.8
NAV per share (Rs.)	49.2	24.2	12.8

Details of the last public/ rights issue made

MUSCO made an issue of 14% secured fully convertible debentures of Rs. 125/- each to the existing shareholders on a rights basis in the ratio of 15 debentures for every 100 equity shares held. The number of debentures issued were 23,31,767 (Part A – Rs. 35/- and Part B – Rs. 90/- each) for an amount of Rs. 29,14,70,875/-. The issue opened on May 4, 1992 and closed on June 1, 1992. The date of allotment was July 1, 1992.

The proceeds of the issuer were applied towards the objects of the issue, which was to meet the working capital requirements and ongoing capital expenditure. MUSCO has not made any public issue during the last 3 years.

Promise v/s performance:

No promise was made in the last rights issue made by MUSCO.

Information about Share Price

The securities of MUSCO as on December 31, 2005 are listed on BSE, NSE and Calcutta Stock Exchange Association Limited. The company got delisted from The Stock Exchange, Ahmedabad with effect from October 15, 2004, the Madras Stock Exchange Limited with effect from October 19, 2004 and The Delhi Stock Exchange with effect from March 1, 2005. The following monthly high and low of the market price of the shares on NSE for the last six months are as follows:

Months	High (Rs.)	Low (Rs.)
January 2006	156.6	135.3
February 2006	132.8	113.7
March 2006	135.4	118.9
April 2006	170.3	131.5
May 2006	170.7	127.7
June 2006	140.00	85.50

Source: www.nseindia.com

The paid up equity capital of MUSCO has increased from Rs. 30,93,16,890/- to Rs. 32,48,25,290/- in view of 15,50,840 equity shares of Rs.10/- each issued to the shareholders of the transferor companies pursuant to the scheme of amalgamation of Pranay Sheetmetal Stampings Limited, Console Estate & Investments Limited and Valueline Hotels & Resorts Limited with Mahindra Ugine Steel Co. Limited. The scheme of amalgamation has been sanctioned by the Hon'ble High Court of Bombay on February 24, 2006 and the scheme of amalgamation came into effect on March 20, 2006. The appointed date for the Scheme of Amalgamation was April 1, 2005. MUSCO has allotted 15,50,840 equity shares on March 29, 2006.

Mechanism for redressal of investor grievance

MUSCO has an investors' grievance committee which meets periodically to deal with matters relating to transfer/ transmission of shares (through Share Transfer sub Committee), issue of duplicate shares and monitors redressal of complaints from shareholders. Typically the investor grievances are dealt within 12 days of filing the complaint**.** There are no complaints pending for redressal as on date.

2) Mahindra Gesco Developers Limited

Mahindra Gesco Developers Limited was incorporated on March 16, 1999 as Gesco Corporation Pvt Limited The name was changed to Gesco Corporation Limited on August 25, 1999 and then to Mahindra Gesco Developers Limited on December 24, 2002. Initially its registered office was located at 8th Floor, World Trade Centre, Cuff Parade, Mumbai – 400 001. On January 1, 2003 it was shifted to Mahindra Towers, 5th Floor, Worli, Mumbai – 400 018. Its activities include project management and real estate development, operating of commercial complexes and operating business centres.

The following is the shareholding of MGESCO as on June 14, 2006

Names of the shareholders	No. of shares held	% holding
Promoters		
Indian Promoters	17,066,126	55.00%
Person Acting in Concert	-	-
Sub Total	17,066,126	55.00%
Institutional Investors		
Mutual Funds & UTI	945,612	3.04%
Banks, Financial Institutions, Insurance Companies	265,165	0.85%
Foreign Institutional Investors	8,157,498	26.29%
Sub Total	9,368,275	30.19%
Others		
Private Corporate Bodies	511,867	1.65%
Indian Public	3,950,736	12.73%
NRIs/OCBs	131,346	0.42%
Sub Total	4,593,949	14.81%
Total	**31,028,350**	**100.00%**

In addition, the company has issued 5.5 million preference shares of Rs. 100 each to M&M and one million preference shares to Mahindra Holdings and Finance Limited.

Board of Directors

Name	Nature of directorship/ designation
Mr. Anand G. Mahindra	Chairman
Mr. Arun K Nanda	Vice-Chairman
Mr. Pranab Datta	Managing Director
Mr. Uday Y. Phadke	Director
Mr. Hemant Luthra	Director
Mr. Sanjiv Kapoor	Director
Mr. Shailesh Haribhakti	Director
Mr. Anil Harish	Director

Financial Performance

(Rs in Millions)
(Except per share data)

	For the year ending March 31, 2006	For the year ending March 31, 2005	For the year ending March 31, 2004
Equity capital	310.3	310.3	310.3
Reserves and surplus (excluding revaluation reserves)	967.6	987.1	1079.3
Total revenue	1241.3	949.5	1006.7
Profit after tax	110.0	78.5	63.6
EPS (Rs)	3.6	2.5	1.8
NAV per share (Rs)	41.2	41.8	44.8

Information about Share Price

The securities of MGESCO are listed on BSE and NSE. Monthly high and low of the market price of the shares on BSE for the last six months are as follows:

Months	High (Rs.)	Low (Rs.)
January 2006	448.0	383.0
February 2006	416.0	350.0
March 2006	535.0	356.0
April 2006	922.2	465.0
May 2006	1300.0	580.1
June 2006	759.0	375.0

Source: www.bseindia.com

There has been no change in the capital structure of MGESCO in the last six months.

Details of public issue/ rights issue

There have been no public issue or rights issue made by MGESCO as the shares were issued and listed subsequent to the following Schemes of Arrangement:

- Scheme of Arrangement between GESCO Corporation Limited and The Great Eastern Shipping Co. Limited approved by the High Court, Mumbai, vide order dated August 26, 1999 effective April 1, 1999.
- Scheme of Arrangement between GESCO Corporation Limited and Mahindra Realty and Infrastructure Developers Limited approved by the High Court, Mumbai, vide order dated October 24, 2001 as amended on December 5, 2001 effective April 1, 2001.

Promise v/s Performance

As there has been no public issue, no promises had been made.

Mechanism for redressal of investor grievance

The Registrar & Transfer Agents (RTA) of the Company, M/s. Sharepro Services (I) Private Limited attend to correspondence with the shareholders/ investors. RTA submits its periodical report on the complaints received, resolved and pending to the company secretary & compliance officer of the company. At every Board meeting the Board reviews the status of Investor's complaints, if any. The Board has constituted a shareholder's and investor's grievance committee to look into the complaints pertaining to transfers/ transmission of shares, non-receipt of dividend / interest, and any other related matters. Typically the investor grievances are dealt within 14 days of filing the complaint. There are no complaints pending for redressal as on date.

3) Mahindra & Mahindra Financial Services Limited

Mahindra & Mahindra Financial Services Limited was incorporated on January 1, 1991 as Maxi Motors Limited. The name was changed to Mahindra & Mahindra Financial Services Limited on November 3, 1992. Its registered address is located at Gateway Building, Apollo Bunder, Mumbai 400 001. It's a registered Non- Banking Financial Company and is involved providing finance for utility vehicles, tractors and cars.

The following is the shareholding of Mahindra & Mahindra Financial Services Limited as on March 31, 2006:

Names of the shareholders	No. of shares held	% holding
Promoters		
Indian Promoters	58,241,532	67.72
Person Acting in Concert	2,686,550	3.12
Sub Total	60,928,082	70.84
Institutional Investors		
Mutual Funds & UTI	677,712	0.79
Banks, Financial Institutions, Insurance Companies	78,890	0.09
Foreign Institutional Investors	16,397,046	19.07
Sub Total	17,153,648	19.95
Others		
Private Corporate Bodies	1,461,679	1.70
Indian Public	5,941,947	6.91
NRIs/OCBs	49,211	0.06
Others	465,958	0.54
Sub Total	7,918,795	9.21
Total	**86,000,525**	**100.00**

In addition, the Mahindra & Mahindra Financial Services Limited has issued 2,500,000 preference shares of Rs. 100 to UTI Bank Limited.

Board of Directors

Name	**Nature of directorship/ designation**
Mr. Anand G. Mahindra	Chairman
Mr. Bharat N. Doshi	Director
Mr. Anjanikumar Choudhari	Director
Mr. Uday Y. Phadke	Director
Mr. Dhananjay Mungale	Director
Mr. Manohar G. Bhide	Director
Mr. Nasser Munjee	Director
Mr. Piyush Mankad	Director
Dr. Pawan Goenka	Director
Mr. Ramesh G. Iyer	Managing Director

Financial Performance

(Rs in Millions)
(Except per share data)

	For the year ending March 31, 2006	For the year ending March 31, 2005	For the year ending March 31, 2004
Equity capital	833.1*	701.6	606.2
Reserves and surplus (excluding revaluation reserves)	5,986.8	2,854.2	1,911.1
Total revenue	5,964.1	4,059.1	3,128.2
Profit after tax	1,082.7	822.7	652.0
EPS (Rs)	14.59	13.23	10.76
NAV per share (Rs)	81.86	50.68	41.53

* *Calculated on the basis of 86,000,525 equity shares of Rs. 10 each fully paid up less 2,686,550 equity shares issued to ESOP trust but not allotted*

Information about Share Price

The securities of Mahindra & Mahindra Financial Services Limited are listed on BSE and NSE. Monthly high and low of the market price of the shares on BSE for the last six months are as follows:

Months	High (Rs.)	Low (Rs.)
March 2006	257.90	205.20
April 2006	250.00	220.70
May 2006	277.00	201.05
June 2006	229.85	159.35

Source: www.bseindia.com

There has been no change in the capital structure of Mahindra & Mahindra Financial Services Limited in the last six months, except as disclosed below.

Details of public issue/ rights issue

Mahindra & Mahindra Financial Services Limited has made a public offer of 20,000,000 equity shares by prospectus dated February 28, 2005 at the issue price of Rs. 200 per share.

Mahindra & Mahindra Financial Services Limited has made a preferential allotment to Copa Cabana of 3,157,895 equity shares on January 5, 2006 at the issue price of Rs. 190 per share.

Mahindra & Mahindra Financial Services Limited has made a preferential allotment to Mahindra & Mahindra Financial Services Limited Employees' Stock Option Trust of 2,686,550 equity shares on December 6, 2005 at the issue price of Rs.51 per share.

Promise v/s Performance

In the last public issue, no promises were made.

Mechanism for redressal of investor grievance

MMFSL board of director has constituted a shareholder's and investor's grievance committee to look into the complaints pertaining to transfers/ transmission of shares, non-receipt of dividend / interest, and any other related matters. There is a Memorandum of Understanding between the Karvy Computershare Limited , the registrar to MMFSL's last public issue and MMFSL allows the investors to approach Karvy Computershare Limited for redressal of their grievances for a period of one year from allotment. It is estimated that the redressal of routine investor grievances shall be 15 days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, MMFSL seeks to redress these complaints as expeditiously as possible.

(II) Unlisted Companies

4) Mahindra Renault Private Limited

Mahindra Renault Private Limited was promoted as a joint venture between M&M (holding 26,265,000 equity shares i.e. 51.0%) and Renault SAS (holding 25,235,000 equity shares i.e. 49.0%). It was incorporated under the laws of India on June 2, 2005. Its registered office is situated at Gateway Building, Apollo Bunder, Mumbai 400 001. It is incorporated to engage in the business of designing, developing, manufacturing, producing, assembling, selling, distributing, exporting, importing and/or marketing automotive vehicles and related parts, components, spare parts and accessories.

Board of Directors

Name	Nature of directorship/ designation
Mr. Sylvain Bilaine	Chairman
Mr. Rajesh Jejurikar	Managing Director
Mr. Uday Phadke	Director
Dr. Pawan Goenka	Director
Mr. Antoine Herteman	Director
Mr. Stephane Stoufflet	Director
Mr. Rajan Wadhera	Director

Financial Performance

(Rs in Millions)
(except per share data)

	For the year ending March 31, 2006
Equity capital	515.00
Reserves and surplus (excluding revaluation reserves)	—
Total revenue	9.71
Profit after tax	(117.05)
EPS (Rs)	(3.71)
NAV per share (Rs.)	7.72

5) Mahindra Europe Srl.

Mahindra Europe Srl. was incorporated under laws of Italy as Eurasia Motors Srl. on September 19, 2002. It became a subsidiary of Mahindra Overseas Investment Company (Mauritius) Limited on May 31, 2005 and the name was changed to Mahindra Europe Srl. Its registered office is located at Via Colli S.Paolo, 11 – 00040 Ariccia (Rome), Italy.

Mahindra Europe Srl. is an importer and distributor for Mahindra range of vehicles for Europe.

Presently Mahindra Overseas Investment Company (Mauritius) Limited, holds 80% of Mahindra Europe Srl.'s share capital, while Angelantonio Molfetta holds 15% and Luigi Molfetta 5% of the company's share capital.

Board of Directors

Name	Nature of directorship/ designation
Dr. Pawan Goenka	Chairman
Mr. Pravin Shah	Director
Mr. Zhooben Bhiwandiwala	Director
Mr. Angelantonio Molfetta	Managing Director

Financial Performance

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In Euros

	Three months ending March 31, 2006	Year ending December 31, 2005	Year ending December 31, 2004
Equity capital	100,000	100,000	100,000
Reserves and surplus (excluding revaluation reserves)	(121,585)	(13,573)	(10,117)
Total revenue	729,938	5,088,530	1,639,342
Profit after tax	(108,012)	(13,573)	(10,189)
EPS*	-	-	-
NAV (Net worth)**	(21,585)	86,427	(117)

** The company is not required to issue equity shares.*

*** This does not include advance against share capital of Euros 900,000*

In Rs.

	Year ending March 31, 2006	Year ending March 31, 2005	Year ending December 31, 2004
Equity capital	542,000	542,000	542,000
Reserves and surplus (excluding revaluation reserves)	(6,589,907)	(735,656.6)	(548,341.4)
Total revenue	39,562,639.6	324,578,326	88,852,336.4
Profit after tax	(5,854,250.4)	(735,656.6)	(576,493.6)
EPS *	-	-	-
NAV (Networth) *	(1,169,907)	4,684,343.4	(6,619.9)

** The company is not required to issue equity shares. This does not include advance against share capital of Euros 900,000.*

 # Convenience translation at INR/Euro rate of 54.20 as on March 31, 2006 (Source: RBI reference rate.)

6) Mahindra & Mahindra South Africa (Pty) Limited

Mahindra & Mahindra South Africa (Pty) Limited was incorporated on November 22, 1996 under the laws of South Africa. Its registered office is at Virleo House, 54 de Havilland Crescent, Persequor Technopark, Persequor 0020, South Africa.

The company pursues business opportunities in the automobile, automobile spare parts and other related sectors. It imports M&M's vehicle and spares and sells them in South Africa. The company commenced its operations in October 2004.

Shareholding Pattern

Names of the shareholders	No. of shares held	% holding
M&M	3,570,000	51.0%
African Automotive Investments Corporation (Pty) Limited	3,430,000	49.0%
Total	**7,000,000**	**100.0%**

Board of Directors

Name	Nature of directorship/ designation
Dr. Pawan Goenka	Chairman
Mr. Uday Y Phadke	Director
Mr. Pravin N. Shah	Director
Mr. Ivor Ichikowitz	Director
Mr. Moeletsi G. Mbeki	Director
Mr. Craig A. Savides	Director

Financial Performance

(In Rand Million)
(except per share data)

	For the year ending March 31, 2006	For the year ending March 31, 2005
Equity capital	7.00	7.00
Reserves and surplus (excluding revaluation reserves)	24.1	5.6
Total revenue	279.8	42.9
Profit after tax	19.1	5.6
EPS (Rand)	2.7	0.8
NAV (Rand) per share	4.5	1.8

(Rs in Millions)
(except per share data)

	For the year ending March 31, 2006	For the year ending March 31, 2005
Equity capital	50.7	50.7
Reserves and surplus (excluding revaluation reserves)	174.5	40.6
Total revenue	2026.5	310.7
Profit after tax	138.3	40.6
EPS (Rs.)	19.6	5.8
NAV per share (Rs.)	32.6	13.0

Convenience translation at INR/ Rand rate of 7.2426 as on March 31, 2006 (Source www.xe.com.)

7) NBS International Limited

NBS International Limited was incorporated on December 19, 1995. The company is a wholly owned subsidiary of Mahindra Holdings and Finance Limited. Mahindra Holdings and Finance Limited presently holds the entire 50,500 equity shares in the company. Its registered office is located at Stone Building, 10, Chowpatty Sea Face, Mumbai-400007. NBS International Limited is the authorised dealer for M&M’s range of vehicles & accessories.

Board of Directors

Name	Nature of directorship/ designation
Mr. Rajeev Dubey	Chairman
Mr. A. M. Choksey	Director
Mr. Rajesh Jejurikar	Director
Mr. P. N. Shah	Director
Mr. G. Seshadri	Director

Financial Performance

(Rs in Millions)
(except per share data)

	For the year ending March 31, 2006	For the year ending March 31, 2005	For the year ending March 31, 2004
Equity capital	0.5	0.5	0.5
Reserves and surplus (excluding revaluation reserve)	7.7	6.9	5.3
Total revenue	367.05	472.2	565.3
Profit after tax	1.2	2.5	2.8
EPS (Rs)	23.6	50.1	55.2
NAV per share (Rs)	161.9	146.9	117.6

8) Mahindra International Limited

Mahindra International Limited was incorporated on June 20, 1994. It commenced business from December 9, 1998. Its name was changed to Mahindra International Private Limited on December 13, 2002. On January 9, 2006, its name was changed to Mahindra International Limited. Its registered office is located at Gateway Building, Apollo Bunder, Mumbai - 400001. The company manufactures commercial vehicles, parts and components in India.

Shareholding Pattern

Names of the shareholders	No. of shares held	% holding
M&M	50,375,600	51.0%
International Truck and Engine Corporation	48,400,000	49.0%
Total	**98,775,600**	**100.0%**

Board of Directors

Name	Nature of directorship/ designation
Mr. Anand G Mahindra	Chairman
Mr. Arun Prabhakar Pande	Managing Director
Mr. Bharat N Doshi	Director
Dr. Pawan Kumar Goenka	Director
Mr. Hemant Luthra	Director
Mr. Deepak T. Kapur	Director
Mr. John P. Lamoureux	Director
Mr. Archie Massicotte	Director
Mr. Terry Endsley	Director
Mr. Waldey Sanchez	Director

Financial Performance

It has commenced its business operations in the last financial year and hence has no income or profits for the earlier years. The other financial results for the years ended March 31, 2004, 2005, 2006 are as follows

(Rs in Millions)

	For the year ending March 31, 2006	For the year ending March 31, 2005	For the year ending March 31, 2004
Equity capital	9,87.75	0.1	0.1
Reserves and surplus (excluding revaluation reserve)	498.87	-	-
Total revenue	778.62	-	-
Profit after tax	(3.3)	-	-
EPS (Rs)	(0.10)	-	-
NAV per share (Rs)	15.01	10.0	10.0

9) Mahindra Gujarat Tractor Limited

Mahindra Gujarat Tractor Limited was incorporated on March 31, 1978. Its registered office is located at Vishwamitri, Vadodara (Gujarat) 390 011. It manufactures tractors and tractor parts.

The company had made a reference to the Board for Industrial and Financial Reconstruction (BIFR) on August 20, 2002 and a revival plan has been submitted to the Government of Gujarat (GOG) which is awaiting approval. The BIFR vide its order dated July 19, 2004 declared the company as a sick industrial undertaking under section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). Mahindra Gujarat Tractor Limited has submitted a Draft Rehabilitation Scheme for its revival under section 17(2) of SICA to the GOG and secured creditors of the company.

Shareholding Pattern

Names of the shareholders	No. of shares held	% holding
M&M	9,181,188	60.0%
GOG	6,120,791	40.0%
Total	**15,301,979**	**100.0%**

Board of Directors

Name	Nature of directorship/ designation
Mr. Sanjay Lalbhai	Chairman
Mr. S. S. Wagh	Director
Mr. A. K. Rakesh	Director
Mr. Gautam V. Nagwekar	Director
Mr. Uday Y. Phadke	Director
Mr. Anjanikumar Choudhari	Director
Ms. Indira Parikh	Director

Financial Performance

(Rs in Millions)
(except per share data)

	For the year ending March 31, 2006	For the year ending March 31, 2005	For the year ending March 31, 2004
Equity capital	153.0	153.0	153.0
Reserves and surplus (excluding revaluation reserves)	(426.8)	(411.6)	(388.4)
Total revenue	788.1	650.9	443.2
Profit after tax	(15.3)	(23.1)	(28.8)
EPS (Rs)	(1.3)	(1.8)	(2.2)
NAV per share (Rs)	(17.9)	(16.9)	(15.4)

10) Mahindra Shubhlabh Services Limited

Mahindra Subhlabh Services Limited was incorporated on April 11, 2000 with its registered office at Mahindra Towers, G. M. Bhosale Marg, P.K. Kurne Chowk, Worli, RBC, Mumbai – 400 018. It operates in the field of contract farming and is a one-stop shop which provides all inputs to farmers under one roof. It is also in the business of branded pesticides and seeds, seed potato and export of fresh fruit produce.

Shareholding Pattern

Names of the shareholders	No. of shares held	% holding
Mahindra & Mahindra Limited	17,639,672	72.8%
International Finance Corporation	6,598,552	27.2%
Total	**24,238,224**	**100.0%**

Board of Directors

Name	Nature of directorship/ designation
Mr. Raghunath Murti	Chairman
Mr. Uday Phadke	Director
Mr. Manohar G. Bhide	Director
Mr. S. Durgashankar	Director

Financial Performance

(Rs in Millions)
(except per share data)

	For the year ending March 31, 2006	For the year ending March 31, 2005	For the year ending March 31, 2004
Equity capital	242.4	242.4	242.4
Reserves and surplus (excluding revaluation reserves)	(210.0)	(180.3)	(167.1)
Total revenue	152.4	218.6	131.3
Profit after tax	(37.5)	(26. 8)	(60.6)
EPS (Rs)	(1.6)	(1.1)	(3.1)
NAV per share (Rs.)	1.3	2.6	3.1

11) Mahindra (China) Tractor Co., Limited

Mahindra (China) Tractor Co., Limited was incorporated as a joint venture between Mahindra Overseas Investment Company (Mauritius) Limited and Jiangling Motors Company Group in China owning 80% and 20% of the company respectively. (As per Chinese law the company is under not required to issue shares. It follows a process of capital verification wherein the capital payment is verified and certified by an independent CPA firm and it is considered conclusive proof of capital contribution). It received its business license and was incorporated as a private company on January 11, 2005 under laws of Republic of China and has its registered office at Jiaoqiao, Changbei Economic Development Zone, Nanchang, Jiangxi, Peoples Republic of China, 330044. It commenced business on June 1, 2005. The company's business includes developing, manufacturing, assembling, marketing, selling and exporting of self-manufactured, locally procured and/or imported tractors and derivatives thereof, engines, generator sets, components, accessories and tractor implements, loaders, dozers and providing after sales service/ repair.

Board of Directors

Name	Nature of directorship/ designation
Mr. Anand G. Mahindra	Chairman
Mr. Avinash Datta	Managing Director
Mr. Bharat N. Doshi	Director
Mr. Arun Nanda	Director
Mr. Anjani Kumar Choudhari	Director
Mr. Bishambhar Mishra	Director
Mr. Ranjan Pant	Director
Mr. Gautam Nagwekar	Director
Mr. V. S. Parthasarathy	Director
Mr. Jiang Yadong	Director
Mr. Qi Xiao Gang	Director

The company commenced business on June 1, 2005 and hence has no earlier financial results to report.

Financial Performance

	For the year ending December 31, 2005 (RMB in million) (except per share data)	For the year ending December 31, 2005 (INR in million) (except per share data)
Equity capital	24.83	138.05
Reserves and surplus (excluding revaluation reserves)	-	-
Total revenue	31.60	175.7
Profit after tax	(15.04)	(83.6)
EPS (Rs)*	-	-
NAV per share (Rs.)*	-	-

** not computed as the company has not issued any shares.*

 # Convenience translation at INR/RMB rate of 5.56 as on March 31, 2006 (Source: www.xe.com).

12) Mahindra USA Inc.

Mahindra USA Inc. was incorporated on June 8, 1994 as a wholly owned subsidiary of M&M. Presently, M&M holds its entire share capital i.e. 45,000,000 equity shares. It commenced its business on March 15, 1995. Its registered office is located at 17723 FM 2920 Tomball Texas 77377, USA. It sells tractors, parts and accessories. It holds the wholesale distributorship in United States of America for M&M's tractors, Tong Yang Moolsan of South Korea and Mitubishi Agricultural Machinery Limited of Japan. All the tractors are sold under the Mahindra brand name.

Board of Directors

Name	Nature of directorship/ designation
Mr. Anjanikumar Choudhari	Chairman
Mr. Bharat N. Doshi	Member
Mr. Jack Goldstein	Member
Mr. Ranjan Pant	Member
Mr. V. S. Parthasarthy	Member
Mr. Sanjay Gupta	Member
Mr. Bishwambhar Mishra	Member
Mr. Derek Johannes	Member

Financial Performance

(US$ in million)
(except per share data)

	For the year ending March 31, 2006	For the year ending March 31, 2005	For the year ending March 31, 2004
Equity capital	4.5	4.5	4.5
Reserves & surplus (excluding Revaluation Reserve)	4.2	3.6	2.5
Total revenue	150.4	123.3	101.0
Profit after tax	0.6	1.1	0.9
EPS $	0.01	0.02	0.02
NAV per share ($)	0.2	0.2	0.2

(Rs in Millions)
(except per share data)

	For the year ending March 31, 2006	For the year ending March 31, 2005	For the year ending March 31, 2004
Equity capital	200.7	200.7	200.7
Reserves & surplus (excluding revaluation reserve)	187.3	160.6	111.5
Total revenue	6,709.3	5,500.4	4,505.6
Profit after tax	26.8	49.1	40.1
EPS (Rs.)	0.6	1.1	0.9
NAV per share (Rs.)	8.6	8.0	6.9

 # Convenience translation at INR/US$ rate of 44.61 as on March 31, 2006 (Source: RBI reference rate).

13) Mahindra Acres Consulting Engineers Limited

Mahindra Acres Consulting Engineers Limited was incorporated and commenced business on October 26, 1993 with its registered office located at Gateway Building, Apollo Bunder, Mumbai. It provides consulting services in the field of civil, electrical, geo-technical, hydraulics, mechanical, agricultural, aeronautical, aviation and construction engineering.

Shareholding Pattern

Names of the shareholders	No. of shares held	% holding
Mahindra Holdings & Finance Limited	509,993	51.0%
Acres International Limited	490,000	49.0%
Mahindra Holdings & Finance Limited jointly with its nominees	7	0.0%
Total	**1,000,000**	**100.0%**

Board of Directors

Name	Nature of directorship/ designation
Mr. A. K. Nanda	Chairman
Mr S Venkatraman	Director
Dr Deepak Kantawala	Director
Dr A.E Zakaria Erzinclioglu	Director
Mr Alan O'Brien	Director

Financial Performance

(Rs in Millions)
(except per share data)

	For the year ending March 31, 2006	For the year ending March 31, 2005	For the year ending March 31, 2004
Equity capital	10.0	10.0	10.0
Reserves and surplus (excluding revaluation reserves)	9.0	8.9	8.6
Total revenue	30.3	25.3	27.2
Profit after tax	0.1	0.3	0.4
EPS (Rs)	0.1	0.3	0.4
NAV per share (Rs)	19.0	18.9	18.6

14) Mahindra Holidays and Resorts India Limited

Mahindra Holidays and Resorts India Limited was incorporated as a wholly owned subsidiary of Mahindra Holdings & Finance Limited on September 20, 1996 and commenced its operations on September 20, 1996. Its registered office is at "Mahindra Towers", 2nd Floor, No.17 / 18 Pattulos Road, Chennai – 600 002. It provides hospitality services. The company sells long term holiday memberships and provides holidays to its members and guests at its own network of 12 domestic and 2 overseas resort locations. In addition, through its affiliation with Resort Condominium International (RCI) it is able to provide holidays on an exchange basis to its members at 3,700 holiday resorts in India and overseas.

Shareholding Pattern

Names of the shareholders	No. of shares held	% holding
Mr. Ramesh Ramanathan	1	0.0%
Mahindra Holdings and Finance Limited	28,400,049	100.0%
Mahindra Holdings and Finance Limited jointly with others	150	0.0%
Total	**28,400,200**	**100.0%**

Board of Directors

Name	Designation Held
Mr. A. K. Nanda	Chairman
Mr. Uday Y. Phadke	Director

Mr. Cyrus J. Guzder	Director
Mr. Keki M. Mistry	Director
Mr. Rohit Khattar	Director
Mr. Ramesh Ramanathan	Managing Director

Financial Performance

(Rs in Millions)
(except per share data)

	For the year ending March 31, 2006	For the year ending March 31, 2005	For the year ending March 31, 2004
Equity capital	284.0	184.0	184.0
Reserves and surplus (excluding revaluation reserves)	177.6	(30.7)	(123.0)
Total revenue	1,567.3	1,061.5	780.2
Profit after tax	208.4	92.2	112.3
EPS (Rs)	11.2	4.5	5.6
NAV per share (Rs)	16.3	8.3	3.3

15) Mahindra Holidays and Resorts USA

Mahindra Holidays and Resorts USA was incorporated on October 24, 2003 as a wholly owned subsidiary of Mahindra Holidays and Resorts India Limited. Its authorised share capital consists of 10,000 equity shares of UD$ 0.10 each. Its entire paid up share capital of 100 equity shares of US$ 0.1 each (issued at a premium of US$ 9.90) is held by Mahindra Holidays and Resorts India Limited. Its business operations are yet to commence. Its registered office is located at C/O- Goldstein & Wallman 233, Broadway, New York, NY-10279-0168, USA. The company is incorporated with the aim of marketing timeshare products in the United States with focus on catering to the holiday needs of the Non-Resident Indians in USA.

Board of Directors

Name	**Designation Held**
Mr. A. K. Nanda	Director
Mr. Ramesh Ramanathan	Director
Mr. Amar Korde	Director

Financial Performance

There are no financial results to report as the company has not commenced its operations.

16) Mahindra Infrastructure Developers Limited

Mahindra Infrastructure Developers Limited was incorporated on May 10, 2001 and commenced its business on June 21, 2001. Its registered office is located at Mahindra Towers, Dr G. M Bhosale, Worli, Mumbai - 400 018. It develops infrastructure projects. Its activities include pre-qualifying and bidding for projects, investing in and acting as consultant for arranging the financing for projects and execution, operation and maintenance thereof.

Shareholding Pattern

Names of the shareholders	No. of shares held	% holding
Mahindra Gesco Developers Limited (Including 6 shares held with nominees)	14,400,000	80.0%
International Finance Corporation	3,600,000	20.0%
Total	**18,000,000**	**100.0%**

Board of Directors

Name	**Nature of directorship/ designation**
Mr. A. K. Nanda	Chairman
Ms Anita George	Director
Mr S Venkatraman	Director
Mr D. K. Tandon	Director
Mr Pranab Datta	Director

Financial Performance

(Rs in Millions)
(except per share data)

	For the year ending March 31, 2006	For the year ending March 31, 2005	For the year ending March 31, 2004
Equity capital	180.0	160.0	130.0
Reserves and surplus (excluding revaluation reserves)	2.8	(1.5)	(1.9)
Total revenue	9.8	3.9	3.7
Profit after tax	6.3	0.4	0.3
EPS (Rs)	0.26	0.02	0.05
NAV per share (Rs)	10.2	9.9	9.9

17) Mahindra World City Developers Limited

Mahindra World City Developers Limited was incorporated and commenced business on February 19, 1997 as Mahindra Industrial Park Limited. Its name was formally changed to Mahindra World City Developers Limited on August 30, 2005. Its registered office is located at Mahindra Towers, Ground Floor, 17/18, Pattullous Road,Chennai-600 002 since March 18, 2006. Earlier its registered office was located at Arjay Apex Center, 1st Floor, 24 College Road, Nungambakkam, Chennai 600 006. Mahindra World City is India's first fully planned and integrated business city and the first corporate SEZ promoted through a private public partnership model.

Shareholding Pattern

Names of the shareholders	No. of shares held	% holding
M/s Corbel Estates & Investments Pvt Limited	200,000	1.0%
M/s Azrael Investments Pvt Limited	1,075,000	5.4%
M/s Mahindra Holdings and Finance Limited	3,971,428	19.9%
M/s Mahindra Gesco Developers Limited	12,553,565	62.8%
Tamilnadu Industrial development corporation Limited	2,200,000	11.0%
Others	7	0.0%
Total	**20,000,000**	**100.0%**

In addition, the company has issued 6.5 mn preference shares of Rs. 100 each to Mahindra Gesco Developers Limited

Board of Directors

Name	Nature of directorship/ designation
Mr. N. Vaghul	Chairman
Mr. Arun K. Nanda	Vice Chairman
Mr. D. Rajendran	Director
Mr. Sanjiv Kapoor	Director
Mr. V. Balaraman	Director
Mr. S. Durgashankar	Director

Financial Performance

(Rs in Millions)
(except per share data)

	For the year ending March 31, 2006	For the year ending March 31, 2005	For the year ending March 31, 2004
Equity capital	200.0	200.0	200.0
Reserves and surplus (excluding revaluation reserves)	(333.5)	(354.9)	(211.8)
Total revenue	882.5	368.1	0.4
Profit/ (loss) after tax	21.4	(143.1)	(211.3)
EPS (Rs)	(1.1)	(9.4)	(11.7)
NAV per share (Rs)	(6.7)	(7.7)	(0.6)

18) Mahindra World City (Jaipur) Limited

Mahindra World City Jaipur was incorporated on August 26, 2005 and commenced its business on November 14, 2005. Its registered office is located at 408, Ganapati Plaza, MI Road, Jaipur - 302001. Its business is to establish, acquire, develop and maintain industrial parks, technology parks, software parks, Special Economic Zones, Export Processing Zones, industrial areas and industrial estate for industries in India and abroad and assist and maintain organisation thereof.

Shareholding Pattern

Names of the shareholders	No. of shares held	% holding
Mahindra Gesco Developers Limited	1,479,940	100.0%
Mahindra Gesco Developers Limited jointly with others	60	0.0%
Total	**1,480,000***	**100.0%**

**The paid-up capital has been increased from Rs. 5.0 mn to Rs. 14.8 mn pursuant to the issue and allotment of 9,80,000 shares of Rs. 10 to Mahindra Gesco Developers Limited on May 29, 2006*

Board of Directors

Name	Nature of directorship/ designation
Mr. Arun K. Nanda	Chairman
Mr Sanjiv Tyagi	Director
Mr. Basant K. Jain	Director

Financial Performance

(Rs in Millions)
(Except per share data)

	For the Year ending March 31, 2006
Equity capital	14.8
Reserves and surplus (excluding revaluation reserves)	-
Total revenue	0.01
Profit after tax/ (Loss)	(0.02)
EPS (Rs)	(0.05)
NAV per share (Rs)	9.67

19) Mahindra World City (Maharashtra) Ltd.

Mahindra World City (Maharashtra) Ltd was incorporated under the name Mahindra Realty Limited on September 21, 2005 and commenced its business on November 10, 2005. Its name was changed to Mahindra World City (Maharashtra) Ltd on April 19, 2006. Its registered office is located at 5th Floor, Mahindra Towers, Dr. G.M. Bhosale Marg, Worli, Mumbai - 400018. Its business is to establish, acquire, develop and maintain residential facilities, industrial parks, technology parks, software parks, Special Economic Zones, industrial areas and industrial estate for industries and software and other knowledge based units in India and abroad and assist and maintain organisation thereof.

Shareholding Pattern

Names of the shareholders	No. of shares held	% holding
Mahindra Gesco Developers Limited	49,940	99.9%
Mahindra Gesco Developers Limited jointly with others	60	0.1%
Total	**50,000**	**100.0%**

Board of Directors

Name	Nature of directorship/ designation
Mr. Pranab Datta	Chairman
Mr Sadasivan Krishnan	Director
Mr. Balagopal Menon	Director
Mr. Basant K Jain	Director

Financial Performance

(Rs in Millions)
(except per share data)

	For the Year ending March 31, 2006
Equity capital	0.5
Reserves and surplus (excluding revaluation reserves)	-
Total revenue	0.01
Profit after tax	(0.04)
EPS (Rs)	(0.78)
NAV per share (Rs)	8.42

20) Mahindra Intermodal Transportation Private Limited

Mahindra Intermodal Transportation Private Limited was incorporated on June 24, 1996. Its registered office is located at 5th Floor, Mahindra Towers, Dr. G.M. Bhosale MArg, Worli, Mumbai - 400018. Its business is to establish, acquire, develop and maintain integrated townships, residential facilities, industrial parks, technology parks, software parks, Special Economic Zons, industrial areas and industrial estate for industries and software and other knowledge based units in India and abroad and assist and maintain organisation thereof.

Names of the shareholders	No. of shares held	% holding
Mahindra Gesco Developers Limited	55,49,994	100.0%
Mahindra Gesco Developers Limited jointly with others	6	—-
Total	**5,500,000***	**100.0%**

**The paid-up capital has been increased from Rs. 100,000 to Rs. 5,500,000 pursuant to the issue and allotment of 5,490,000 shares of Rs. 10 each to Mahindra Gesco Developers Limited on May 11, 2006*

Board of Directors

Name	Nature of directorship/ designation
Mr. Suhas Kulkarni	Chairman
Mr. Harsh Mehta	Director
Mr. Basant Kumar Jain	Director

Financial Performance

(Rs in Millions)
(Except per share data)

	For the year ending March 31, 2006	For the year ending March 31, 2005	For the year ending March 31, 2004
Equity capital	0.10	0.10	0.10
Reserves and surplus (excluding revaluation reserve)	Nil	Nil	Nil
Total revenue	Nil	Nil	Nil
Profit after tax	Nil	Nil	Nil
EPS (Rs)	Nil	Nil	Nil
NAV per share (Rs)	10	10	10

21) Mahindra Intertrade Limited

Mahindra Intertrade Limited was earlier known as Mahindra Exports Limited which was incorporated as a wholly owned subsidiary of M&M on March 20, 1978 and commenced its business on May 5, 1978. Its name was changed to Mahindra Intertrade Limited on August 5, 1999 after the intertrade division of M&M was merged into Mahindra Exports Limited. Its registered office is located at Gateway Building, Apollo Bunder, Mumbai - 400001. It is engaged in trading and marketing of steel products, metal & ferro alloys, auto components, agricultural implements, technical equipment, toys and apparels.

Shareholding Pattern

The company has issued 12.1 million equity shares of Rs. 10 each and 15 million shares of Rs. 3 each to M&M and one share to Mahindra Holdings & Finance Limited. In addition, its entire preference share capital (represented by 1,875,000 cumulative redeemable preference shares of Rs. 100 each) is held by M&M.

Board of Directors

Name	*Nature of directorship/ designation*
Mr. Anand G. Mahindra	Chairman
Mr Bharat N. Doshi	Vice Chairman
Mr. Raghunath Murti	Managing Director
Mr. A.K.Nanda	Director
Mr. Uday Y.Phadke	Director
Ms. Tarjani Vakil	Director
Mr. Zhooben Bhiwandiwala	Director
Mr. Rajeev Dubey	Director
Dr. Pawan Goenka	Director
Mr. Harsh Kumar	Director

Financial Performance

(Rs in Millions)
(except per share data)

	For the year ending March 31, 2006	For the year ending March 31, 2005	For the year ending March 31, 2004
Equity capital	166.0	166.0	166.0
Reserves and surplus (excluding revaluation reserve)	382.33	214.4	78.0
Total revenue	7,206.22	5,011.8	2,847.8
Profit after tax	251.0	195.5	140.2
EPS (Rs)	14.18	10.9	7.3
NAV per share (Rs)	33.03	22.9	14.7

22) Mahindra Middleeast Electrical Steel Service Centre FZC

Mahindra Middleeast Electrical Steel Service Centre FZC was incorporated as Mahindra Middleeast Electrical Steel Service Centre FZE, a wholly owned subsidiary of Mahindra Intertrade Limited on August 8, 2004. In December 2005, subsequent to Nippon Steel Corporation, Japan taking 10% equity stake in the company, the company was renamed as Mahindra Middleeast Electrical Steel Service Centre FZC. The company has established a steel service centre in Sharjah to process electric steel for its customers based in Middle East and Africa. Its registered address is P.O. Box 8114, SAIF Zone, Sharjah, United Arab Emirates.

Shareholding Pattern

Names of the shareholders	No. of shares held	% holding
Mahindra Intertrade Limited	900	90.0%
Nippon Steel Corporation, Japan	100	10.0%
Total	**1,000**	**100.0%**

Board of Directors

Name	Nature of directorship/ designation
Mr. Raghunath Murti	Chairman
Mr. Zhooben Bhiwandiwala	Director
Mr. K. Chandrasekar	Director
Mr. Sumit Issar	Director

Financial Performance

(In Dirhams million)

	For the year ending March 31, 2006	For the year ending March 31, 2005
Equity capital	2.01	1.8
Reserves and surplus (excluding revaluation reserve)	0.55	(.28)
Total revenue	22.16	2.05
Profit after tax	0.83	(.02)
EPS	831.16	-
NAV per share	2,559.00	1,520.0

(No. of equity shares- 1000 of $550 each)

(In INR million)

	For the year ending March 31, 2006	For the year ending March 31, 2005
Equity capital	24.36	21.80
Reserves and surplus (excluding revaluation reserve)	6.67	(3.40)
Total revenue	268.60	24.80
Profit after tax	10.05	(0.02)
EPS	10,073.7	-
NAV per share	31,015.08	18,422.4

 # Convenience translation at INR/Dhs of 12.120 as per market rate on March 31, 2006 (Source: www.xe.com).

23) Mahindra Steel Service Centre Limited

Mahindra Steel Service Centre Limited was incorporated on January 15, 1993 and commenced its business on February 1, 1993. Its registered office is located at Mahindra Towers, Road No. 13, Worli, Mumbai 400 018. The company processes hot rolled (HR), cold rolled (CR), cold rolled non-grain oriented (CRNO) and cold rolled grain oriented (CRGO) steel blanks, slit coils & laminations for its customers. HR & CR steel is generally used by auto and engineering industry, CRNO by home appliance industry & CRGO by transformer industry.

Shareholding Pattern

Names of the shareholders	No. of shares held	% holding
M&M	3,723,874	61.0%
Metal One Corporation, Japan	2,380,832	39.0%
Total	**6,104,706**	**100.0%**

Board of Directors

Name	**Nature of directorship/ designation**
Mr Bharat N. Doshi	Chairman
Mr. Raghunath Murti	Managing Director

Mr. Prabal Banerji	Director
Mr. Katshuiko Shimada	Director
Mr. Yoshiaki Kakehi	Director
Mr. Takanori Higashino	Alternate Director to Mr. Katshuiko Shimada
Mr. Harsh Kumar	Director

Financial Performance

(Rs in Millions)
(except per share data)

	For the year ending March 31, 2006	For the year ending March 31, 2005	For the year ending March 31, 2004
Equity capital	61.0	61.0	61.0
Reserves and surplus (excluding revaluation reserves)	118.2	90.3	73.4
Total revenue	1,66.8	199.3	120.7
Profit after tax	40.0	25.9	18.2
EPS (Rs)	6.5	4.2	3.0
NAV per share (Rs)	29.1	24.8	22.0

24) Mahindra Automotive Steels Limited

Mahindra Automotive Steels Limited was incorporated and commenced business on August 13, 1999. Its name was changed from Mahindra Automotive Steels Private Limited to Mahindra Automotive Steels limited on April 4, 2006. Its registered office is located at 74, Ganesh Apartment, Opp. Sitaladevi Temple, L.J. Road, Mahim (W), Mumbai – 400 016.

Shareholding Pattern

Names of the shareholders	No. of shares held	% holding
PROMOTERS		
Indian Promoters	13,200,380	47.11
Sub Total	13,200,380	47.11
NON PROMOTER		
Institutional Investors		
Mutual Funds & UTI	733,527	2.62
Banks, Financial Institutions, Insurance Companies	28,045	0.1
Foreign Institutional Investors	1,975,487	7.05
Sub Total	2,737,059	9.77
Others		
Private Corporate Bodies	1,201,259	4.29
Indian Public	10,706,668	38.21
NRIs/OCBs	122,749	0.44
Clearing Memember	52,471	0.19
Total	**28,020,586**	**100.00**

Board of Directors

Name	Nature of directorship/ designation
Mr. Anand Mahindra	Chairman
Mr. Hemant Luthra	Director
Mr. R. R. Krishnan	Director
Mr. Zhooben Bhiwandiwala	Director
Mr. Fali Mama	Independent Director
Mr. Romesh Kaul	Director
Mr. V.K Chanana	Independent Director
Mr. Mohit Burman	Independent Director
Mr. Nikhilesh Panchal	Independent Director

Financial Performance

As on date it has not commenced its business operations and hence has no income or profits. The other financial results of for the years ended March 31, 2003, 2004 and 2005 are set forth below:

(Rs in Millions)
(except per share data)

	For the year ending March 31, 2006	For the year ending March 31, 2005	For the year ending March 31, 2004
Equity capital	82.22	0.1	0.1
Reserves & surplus (excluding revaluation reserves)	717.86	(2.1)	(2.1)
Total Revenue	2042.61		
Profit After Tax	(119.47)		
EPS (Rs)	(1937)		
NAV (Rs)	15.87	(197.6)	(195.5)

25) Mahindra SAR Transmission Private Limited

Mahindra SAR Transmission Private Limited was incorporated on August 27, 2004. Its registered office is located at 50/ E Bhaktinagar Industrial Estate, Rajkot - 360002. It was incorporated for manufacturing auto components. The Company is an ISO/ TS-16949:2002 company as certified by TUV Stddeutschland.

Shareholding Pattern

Names of the shareholders	No. of shares held	% holding
M&M	31,25,739	51.0%
SAR Auto Products Limited	30,03,061	49.0%
SAR Auto Products Limited jointly with Mr. Shreyas Virani	100	
Total	**61,28,900**	**100.0%**

Board of Directors

Name	Nature of directorship/ designation
Mr. Hemant Luthra	Chairman
Mr. Ramesh Virani	Vice Chairman
Mr. Shreyas Virani	Managing Director & CEO
Mr. S. Durgashankar	Director
Mr. Jonathan Mapgaonkar	Director

Financial Performance

(Rs in Millions)
(except per share data)

	For the year ending March 31, 2006	For the year ending March 31, 2005
Equity capital	61.3	61.3
Reserves & surplus (excluding revaluation reserve)	123.4	116.1
Total revenue	408.8	66.6
Profit after tax	7.3	2.3
EPS (Rs.)	1.2	1.1
NAV per share (Rs.)	30.13	28.9

26) Mahindra Engineering Design & Development Company Limited

Mahindra Engineering Design & Development Company Limited was incorporated on August 7, 1995 and commenced its business on April 3, 1996. Its registered office is located at Gateway Building, Apollo Bunder, Mumbai 400 001. It provides Product Development (PD) and Research and Development (R&D) services to customers in the automotive industry. Its main activities include designing, prototyping, validation, testing, simulation, reverse engineering and tool design.

Shareholding Pattern

Names of the shareholders	No. of shares held (Rs.10 each)	% holding
M&M	7,049,993	100.0%
M&M jointly with others	7	0.0%
Total	**7,050,000**	**100.0%**

Board of Directors

Name	Nature of directorship/ designation
Mr. Hemant Luthra	Chairman
Mr. Ulhas N. Yargop	Director
Dr. Pawan Goenka	Director
Mr. Prabal Banerjee	Director

Financial Performance

(Rs in Millions)
(except per share data)

	Period Ended March 31, 2006	Period Ended March 31, 2005	Period Ended March 31, 2004
Equity capital	70.5	55.5	0.5
Reserves and surplus (excluding revaluation reserves)	36.6	(7.8)	(0.3)
Total revenue	238.0	17.2	0.4
Profit/(Loss) after tax	44.4	(7.5)	(0.3)
EPS (Rs)	6.83	(1.4)	(6.9)
NAV per share (Rs)	15.2	8.6	3.2

27) Stokes Group Limited

Stokes Group Limited was incorporated on December 12, 1990 under the laws of England. It was formerly called Jensand Holdings Limited and more formerly as Greatspirit Limited. Its registered office is located at Victor Works, Northcote Street, Walsall, West Midlands, WS28BH. It is in the business of manufacturing & selling forgings through its subsidiaries situated at Walsall and Dudley, near Birmingham, U.K.

Shareholding Pattern

Names of the shareholders	No. of shares held	% holding
M&M	1,465,310	99.2%
John Young	12,000	0.8%
Total	**1,477,310**	**100.0%**

Board of Directors

Name	Nature of directorship/ designation
Hemant Luthra	Director
Shakti Arora	Director
Zhooben Bhiwandiwala	Director
John Young	Director

Financial Performance

(In Pound Sterling)

	Period Ended March 31, 2006	Period Ended December 31, 2005	Period Ended December 31, 2004
Equity capital	147,731	79,932	79,932
Reserves and surplus (excluding revaluation reserves)	2,125,712	1,854,518	1,854,516
Total revenue	-	-	-
Profit/(Loss) after tax	-	-	-
EPS	-	-	-
NAV per share	1.5	2.4	2.4

(In Rupees)

	Period Ended March 31, 2006	Period Ended December 31, 2005	Period Ended December 31, 2004
Equity capital	11,493,471.8	6,218,709.6	6,218,709.6
Reserves and surplus (excluding revaluation reserves)	165,380,393.6	144,281,500.4	144,281,500.4
Total revenue	-	-	-
Profit/(Loss) after tax	-	-	-
EPS	-	-	-
NAV per share	116.7	186.72	186.72

 # Convenience translation at INR/Pound Sterling rate of 77.8 as on March 31, 2006 (Source: RBI reference rate).

28) Jensand Limited

Jensand Limited was incorporated on June 11, 1980 under the laws of England. Its registered office is located at Victor Works, Northcote Street, Walsall, West Midlands, WS28BH. It holds the freehold land used by its associate companies and earns rent from them. It is the holding company of Stokes Forgings Limited. Its entire share capital comprising 60,000 shares of Pound Sterling one each is held by Stokes Group Limited.

Board of Directors

Name	**Nature of directorship/ designation**
Hemant Luthra	Director
Shakti Arora	Director
Zhooben Bhiwandiwala	Director
John Young	Director

Financial Performance

(In Pound Sterling)

	Three month ended March 31, 2006	Year Ended December 31, 2005	Year Ended December 31, 2004
Equity capital	60,000	60,000	60,000
Reserves and surplus (excluding revaluation reserves)	2,467,230	2,467,789	2,553,891
Total revenue	-	498,000	539,507
Profit/(Loss) after tax	1,481	(88,122)	121,918
EPS	0.02	(1.47)	2.03
NAV per share	42.1	42.1	43.6

(In Rupee)

	Three month ended March 31, 2006	Year Ended December 31, 2005	Year Ended December 31, 2004
Equity capital	4,668,000	4,668,000	4,668,000
Reserves and surplus (excluding revaluation reserves)	191,950,494	191,993,984	198,692,720
Total revenue	-	38,744,400	41,973,645
Profit/(Loss) after tax	115,222	(6,855,892)	95,065,220
EPS	1.55	(114.36)	157.93
NAV per share	3,275.4	3,275.4	3,392.1

Convenience translation at INR/Pound Sterling rate of 77.80 as on March 31, 2006 (Source: RBI reference rate).

29) Stokes Forgings Limited

Stokes Forgings Limited was incorporated on June 10, 1939 under the laws of England. Stokes Forgings Limited was formerly called John Stokes and Sons Limited. Its registered office is located at Victor Works, Northcote Street, Walsall, West Midlands, WS28BH. It is in the business of manufacturing and selling forgings from its plant located at Walsall near Birmingham, U.K. Its entire share capital comprising 60,000 shares of Pound Sterling one each is held by Jensand Limited.

Board of Directors

Name	Nature of directorship/ designation
Hemant Luthra	Director
Shakti Arora	Director
Zhooben Bhiwandiwala	Director
John Young	Director
Graham S. Nicholls	Director

Financial Performance

(In Pound Sterling)

	Three month ended March 31, 2006	Year Ended December 31, 2005	Year Ended December 31, 2004
Equity capital	60,000	60,000	60,000
Reserves and surplus (excluding revaluation reserves)	688,301	892,978	1,358,285
Total revenue	5,259,884	19,784,669	18,373,567
Profit/(Loss) after tax	(204,677)	(485,307)	(1,163,507)
EPS	(3.4)	(7.8)	(19.4)
NAV per share	12.5	15.9	23.6

(In Rupees)

	Three month ended March 31, 2006	Year Ended December 31, 2005	Year Ended December 31, 2004
Equity capital	4,668,000	4,668,000	4,668,000
Reserves and surplus (excluding revaluation reserves)	53,549,818	69,473,688	105,674,573
Total revenue	409,218,975	1,539,247,248	1,429,463,513
Profit/(Loss) after tax	(15,923,871)	(37,756,885)	(90,520,845)
EPS	(264.5)	(606.8)	(1,509.3)
NAV per share	972.5	1,237.0	1,836.1

 # Convenience translation at INR/Pound Sterling rate of 77.80 as on March 31, 2006(Source: RBI reference rate).

30) Stokes Forgings Dudley Limited

Stokes Forgings Dudley Limited was incorporated on September 19, 2001 under the laws of England. It was formerly called Stokes Forgings Bromsgrove Limited. Its registered office is located at Victor Works, Northcote Street, Walsall, West Midlands, WS28BH. The company is in the business of manufacturing & selling forgings from its plant located at Dudley near Birmingham, U.K. Its entire share capital comprising of two shares of Pound Sterling one each is held by Stokes Group Limited.

Board of Directors

Name	Nature of directorship/ designation
Hemant Luthra	Director
Shakti Arora	Director
Zhooben Bhiwandiwala	Director
John Young	Director
Alan Ledbury	Director

Financial Performance

(In Pound Sterling)

	Three month ended March 31, 2006	Year Ended December 31, 2005	Year Ended December 31, 2004
Equity capital	2	2	2
Reserves and surplus (excluding revaluation reserves)	(14,519)	(36,133)	10,869
Total revenue	1,806,735	6,150,881	7,649,258
Profit/(Loss) after tax	21,614	(47,002)	95,049
EPS	10,807	(23,501)	47,524
NAV per share	(7,258.5)	(18.085.5)	5,435.5

(In Rupees)

	Three month ended March 31, 2006	Year Ended December 31, 2005	Year Ended December 31, 2004
Equity capital	155.6	155.6	155.6
Reserves and surplus (excluding revaluation reserves)	(1,129,578.2)	(2,811,147.4)	845,608.2
Total revenue	150,563,983	478,538,541.8	595,112,272.4
Profit/(Loss) after tax	1,681,569.2	(3,656,755.6)	7,394,812.2
EPS	840,784.6	(1,828,377.8)	3,697,367.2
NAV per share	(564,711.3)	(1,407,051.9)	422,881.9

 # Convenience translation at INR/Pound Sterling rate of 77.80 as on March 31, 2006 (Source: RBI reference rate).

31) Mahindra Holdings and Finance Limited

Mahindra Holdings and Finance Limited was incorporated as Eiger Investment & Leasing Pvt. Limited on April 27, 1985 having its registered office at Indian Mercantile Insurance Building, 31, Forbes St. Fort, Bombay. Eiger Investment & Leasing Pvt. Limited name was changed to Mahindra Holdings & Finance Limited on March 3, 1995. On March 3,1995 its registered office was changed to Gateway Building, Apollo Bunder, Mumbai. Subsequently on April 28, 2006 registered office of the company changed to Mahindra Towers, Ground Floor, P.K.Kurne Chowk, Worli, Mumbai.

It is registered as Non Banking Financial Company under Reserve Bank of India Act, 1934 and is engaged in business of investing in group companies, providing fund support and earning dividend and/or interest.

Shareholding Pattern

The following is the shareholding of the company as on date

Names of the shareholders	No. of shares held	% holding
M&M	121,600,593	100.0%
Mahindra Intertrade Limited	100	0.0%
Total	**121,600,693**	**100.0%**

Board of Directors

Name	Nature of directorship/ designation
Mr. Keshub Mahindra	Chairman
Mr. A. G. Mahindra	Director
Mr. A. K. Nanda	Director
Mr. Bharat N. Doshi	Director
Mr. Uday Y. Phadke	Director
Mr. Mario Nazareth	Director

Financial Performance

(Rs in Millions)
(except per share data)

	For the year ending March 31, 2006	For the year ending March 31, 2005	For the year ending March 31, 2004
Equity capital	1,216.0	1,216.0	1,216.0
Reserves and surplus (excluding revaluation reserves)	1,747.2	764.9	398.8
Total revenue	1,001.2	738.2	59.5
Profit after tax	982.2	620.5	38.0
EPS (Rs)	8.1	5.1	0.3
NAV per share (Rs)	24.4	16.3	13.3

32) Mahindra AshTech Limited

Mahindra AshTech Limited was incorporated on October 9, 1995. The company issued 10 million equity shares to M&M in Fiscal 2005 and ceased to be a subsidiary of Mahindra Holdings and Finance Limited. It is in the business of turnkey contract execution in the field of ash handling plants for large fossil fuel fired boilers and travelling water screens for removing floating debris from water intake channel. Its registered office is located at Gateway Building, Apollo Bunder, Mumbai- 400 001.

Shareholding Pattern

Names of the shareholders	No. of shares held	% holding
Mahindra Gesco Developers Limited	1	—
M&M	10,000,000	64.5%
Mahindra Holding & Finance Limited	5,499,999	35.5%
Total	**15,500,000**	**100.0%**

In addition, the company has issued 1.5 million cumulative redeemable preference shares of Rs. 100 each to M&M and Mahindra Holding & Finance Limited.

Board of Directors

Name	**Nature of directorship/ designation**
Mr. Raghunath Murti	Chairman
Mr. S. Venkatraman	Director
Mr. Hemant Luthra	Director
Mr. Amar Banerjee	Managing Director

Financial Performance

(Rs in Millions)
(except per share data)

	For the year ending March 31, 2006	For the year ending March 31, 2005	For the year ending March 31, 2004
Equity capital	155.0	155.0	55.0
Reserves and surplus (excluding revaluation reserves)	(229.97)	(234.4)	(154.9)
Total revenue	617.24	273.4	222.7
Profit after tax	4.48	(79.5)	(139.3)
EPS (Rs)	0.29	(8.1)	(25.3)
NAV per share (Rs)	19.30	(5.1)	(18.2)

33) Mahindra Engineering & Chemical Products Limited

Mahindra Engineering & Chemicals Limited was incorporated under the name Indian National Diesel Engine Company on June 7, 1954 and commenced its business on November 3, 1954. The name was changed to Mahindra Engineering & Chemical Products Limited on November 25, 1981. Its registered office is located at Gateway Building, Apollo Bunder, Mumbai – 400 001.

The company has two divisions - chemical division and engineering division. Chemical division is engaged in manufacturing & marketing of cable jointing accessories for energy sector. Engineering division manufactures material handling equipment.

Shareholding Pattern

Names of the shareholders	No. of shares held	% holding
M&M	5,378,225	99.6%
M&M jointly with others	10	0.0%
Mahindra Holdings & Finance Limited	20,237	0.4%
Total	**5,398,472**	**100.0%**

Board of Directors

Name	**Nature of directorship/ designation**
Mr. Hemant Luthra	Chairman
Mr. C. S. Devale	Executive Director
Mr. Raghunath Murti	Director

Financial Performance

(Rs in Millions)
(except per share data)

	For the year ending March 31, 2006	For the year ending March 31, 2005	For the year ending March 31, 2004
Equity Share Capital	53.9	53.9	53.9
Reserves & surplus (excluding revaluation reserves)	254.4	192.9	97.1
Total Revenues	537.8	588.8	512.1
Profit/(Loss) After Tax	61.5	95.8	105.9
EPS (Rs)	11.4	17.8	19.6
NAV per share (Rs.)	57.1	45.8	28.0

34) Automartindia Limited

Automartindia Limited was incorporated and commenced its business as Mahindra Telecommunications Limited on December 22, 1994. The name was changed to Automartindia Limited on August 3, 2000. Its registered office is located at Gateway Building, Apollo Bunder, Mumbai- 400 001. It facilitates the process of buying and selling used automobiles in India through a chain of owned and franchised outlets. Its supplemental service offerings include certification, finance, insurance and accessories that simplify the entire process and helps customers make an informed sales and purchase decision.

Shareholding Pattern

Names of the shareholders	No. of shares held	% holding
M&M jointly with others	7,446,658	75.9%
Sah & Sanghi Group	1,140,000	11.6%
HDFC Limited	863,333	8.8%
Others	361,999	3.7%
Total	**9,811,990**	**100.0%**

Board of Directors

Name	**Nature of directorship/ designation**
Mr. Anand G Mahindra	Director
Mr. Hemant Luthra	Director
Mr. Arun Sanghi	Director
Mr. Sanjay Labroo	Director
Mr. N. Ram	Director
Mr. Ramesh Iyer	Director
Mr. Rajeev Dubey	Director
Mr. Pawan Goenka	Director

Financial Performance

(Rs in Millions)
(except per share data)

	For the year ending March 31, 2006	For the year ending March 31, 2005	For the year ending March 31, 2004
Equity capital	98.1	98.1	42.0
Reserves and surplus (excluding revaluation reserves)	(125.1)	(77.8)	(152.8)
Total revenue	1,419.9	1,115.3	645.8
Profit after tax	8.8	(9.2)	(25.9)
EPS (Rs)	0.9	(1.1)	(6.2)
NAV per share (Rs)	3.0	2.1	(26.3)

35) Mahindra Overseas Investment Company (Mauritius) Limited

Mahindra Overseas Investment Company (Mauritius) Limited was incorporated on December 7, 2004 as a wholly owned subsidiary of M&M. M&M holds its entire share capital of 0.5 million shares. Its registered office is located at IFS Court, 28 Cybercity, Ebene, Mauritius. It is a holding company.

Board of Directors

Name	**Nature of directorship/ designation**
Mr. Couldip Basanta Lala	Director
Mr. Fareed Soreefan	Director
Mr. P.N. Shah	Director
Mr. Subramaniam Durgashankar	Director
Mr. Vankipuram Parthasarthy	Director
Mr. Zhooben Bhiwandiwala	Director

Financial Performance

(In US Dollars)

Particulars	**For the year ending March 31, 2006**	**For the year ending March 31, 2005**
Equity capital *	520,000	10,000
Reserves & surplus (excluding revaluation reserve)	152,145	35,549
Total Income	193,219	47,811
Profit after tax	116,596	35,549
EPS *	0.2	3.6
NAV per share	1.3	4.6

excluding application money received during the current fiscal i.e. US$ 8,290,000.

(In Rupees)#

Particulars	**For the year ending March 31, 2006**	**For the year ending March 31, 2005**
Equity capital *	23,197,200	446,100.0
Reserves & surplus (excluding revaluation reserve)	6,787,188.45	1,585,840.9
Total Income	8,619,499.6	2,132,848.7
Profit after Tax	5,201,347.6	1,585,840.9
EPS (Rs.)*	8.9	160.6
NAV per share(Rs.)	57.9	205.2

**excluding application money received during the current fiscal i.e. US$ 8,290,000.*

 # Convenience translation at INR/US$ rate of 44.6110 as on March 31, 2005 (Source: RBI reference rate).

36) Bristlecone Limited

Bristlecone Limited was incorporated on February 3, 2004 in Cayman Islands and commenced its business on May 17, 2004. Its registered office is located at M&C Corporate Services Limited PO Box 309GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands. It is a provider of global business process and technology consulting services.

Shareholding Pattern (Equity Shares)

Names of the shareholders	**No. of shares held**	**% holding**
M&M	4,222,250	62.6%
Venture Capitalists and others	2,520,625	37.4%
Total	**6,742,825**	**100.0%**

In addition, 7,000,000 Series A Preference Shares and 6,920,000 Series B Preference Shares have been issued to M&M. The combined shareholding (equity and preference shares) of M&M in the company is 86.54%.

Board of Directors

Name	**Nature of directorship/ designation**
Mr. Anand G Mahindra	Chairman
Mr. Bharat N. Doshi	Director
Mr. Ulhas N. Yargop	Director
Mr. Anjanikumar Choudhari	Director
Mr. Hemant Luthra	Director
Mr. Padman Ramankutty	Director, CEO
Mr. Dung Tran	Director
Mr. V. Mani	Director

Financial Performance

(In US$)

	For the year ending March 31, 2006	**For the year ending March 31, 2005**
Equity capital	6,742.9	6,684.6
Preference Capital	14,219.9	7,299.9
Reserves and surplus (excluding revaluation reserves) *	(1,678,328.6)	(1,425,537.0)
Total revenue	398.5	3,731.0
Profit after tax	(252,791.5)	(268,675.0)
EPS	(0.04)	(0.04)
NAV per share	2.3	2.1

**includes amalgamation reserve of US$ 1.2mn*

(In INR)

	For the year ending March 31, 2006	**For the year ending March 31, 2005**
Equity capital	300,800.8	298,200
Preference Capital	634,349.7	325,648.5
Additional paid in capital	778,195,192.6	297,902,501.9
Share application money	-	71,376,000
Reserves and surplus (excluding revaluation reserves) *	(74,870,238.8)	(63,593,205.6)
Total revenue	17,777.1	166,439.9
Profit after tax	(11,277,028.8)	(11,985,591.7)
EPS	(1.78)	(1.78)
NAV per share	102.6	93.7

 # Convenience translation at INR/US$ rate of 44.61 as on March 31, 2006 (Source: RBI reference rate).

FY04 financials are not available since date of commencement of business was after March 31, 2004

37) Bristlecone Inc

Bristlecone Inc was incorporated on May 18, 1998 under the laws of the United State of America. Its registered office is located at 2550, North First Street, Suite 301, San Jose, CA 95131, USA. It is a wholly owned subsidiary of Bristlecone Limited, and as on October 14, 2005 Bristlecone Limited held 8,492,157 equity shares and 3,615,535 preference shares of the company. The company specializes in enterprise applications and extended supply chain management. It also provides offshore application management and support services and application development and implementation services for SAP Net Weaver.

Board of Directors

Name	Nature of directorship/ designation
Mr. Ulhas N. Yargop	Director
Mr. Anjanikumar Choudhari	Director
Mr. Padman Ramankutty	Director, CEO
Mr. Zhooben Bhiwandiwala	Director, CFO

Financial Performance

(US$ in million)
(except per share data)

	Fiscal 2006	Fiscal 2005	Fifteen months ending March 31, 2004
Equity capital (including preference shares and additional paid in capital) *	13.1	12.4	6.8
Reserves and surplus (excluding revaluation reserves)	(11.6)	(11.1)	(6.1)
Total revenue	17.2	10.7	13.7
Profit after tax	(0.4)	(5.1)	(2.9)
EPS ($) *	-	-	-
NAV (Networth) *	1.6	1.3	0.8

** The equity and preference share capital issued by the company are at no par value*

(Rs in Millions)#
(except per share data)

	Fiscal 2006	Fiscal 2005	Fifteen months ending March 31, 2004
Equity capital (including preference shares and additional paid in capital) *	584.40	544.1	299.1
Reserves and surplus (excluding revaluation reserves)	(517.48)	(487.4)	(266.2)
Total revenue	767.3	469.7	599.9
Profit after tax	(17.844)	(221.2)	(127.6)
EPS (Rs.) *	-	-	-
NAV (Networth) *	71.38	56.7	32.9

** The equity and preference share capital issued by the company are at no par value*

 # Convenience translation at INR/US$ rate of 44.6100 as on March 31, 2006 (Source: RBI reference rate).

38) Bristlecone (Singapore) Pte. Limited

Bristlecone (Singapore) Pte. Limited was incorporated on January 21, 2003 as Mahindra Consulting (Singapore) Pte Limited. With effect from June 15, 2004, the company changed its name to Bristlecone (Singapore) Pte. Limited. Its registered office is located at 6 Shenton Way, # 28-09 DBS Building, Tower Two, Singapore, 068809. It provides software services. Bristlecone India Limited holds all of its 120,000 equity shares of Singapore $ 1 each.

Board of Directors

Name	**Nature of directorship/ designation**
Mr. Anjanikumar Choudhari	Director
Mr. Zhooben Bhiwandiwala	Director
Mr. V. Mani	Director
Mr. Lim Tiong Beng	Director

Financial Performance

(In Singapore $)

	For the year ending March 31, 2006	For the year ending March 31, 2005	For the year ending March 31, 2004
Equity capital	120,000.0	120,000.0	50,000.0
Reserves and surplus (excl revaluation reserve)	108,922.0	70,482.0	36,886.0
Total Income	1,372,922.0	969,607.0	611,145.0
Profit after tax	38,440.0	33,596.0	25,892.0
EPS	0.3	0.3	0.5
NAV per share	1.9	1.6	1.7

(In Rupees)

	For the year ending March 31, 2006	For the year ending March 31, 2005	For the year ending March 31, 2004
Equity capital	3,307,200	3,307,200	3,307,200
Reserves and surplus (Excl Revaluation Reserve)	3,001,890.32	1,942,483.92	1016578.16
Total Income	37,837,730.32	26,722,368.92	16,843,156.2
Profit after tax	1,059,406.4	925,905.8	713,583.5
EPS	8.3	8.3	13.8
NAV per share	52.36	44.1	46.9

 # Convenience translation at INR/Singapore $ of 27.56 as on March 31, 2005 (Source: www.xe.com).

39) Bristlecone India Limited

Bristlecone India Limited was incorporated and commenced business on December 10, 1991. The company was incorporated under the name of Mahindra Applied Systems and Technologies Limited and later renamed as Mahindra Consulting Limited. Its name was changed to Bristlecone India Limited on August 12, 2004. Its registered office is located at Gateway Building, Apollo Bunder, Mumbai 400 001. Presently Bristlecone Limited holds all of its 1,104,944 equity shares of Rs. 100 each. It is in the business of providing IT software services. It specializes in enterprise applications and extended supply chain management. It also provides offshore application management and support services and application development and implementation services for SAP Net Weaver.

Board of Directors

Name	**Nature of directorship/ designation**
Mr. Ulhas N. Yargop	Director
Mr. Anjanikumar Choudhari	Director
Mr. Zhooben Bhiwandiwala	Director
Mr. C. Krishnadas	Director

Financial Performance

(Rs in Millions)
(except per share data)

	For the year ending March 31, 2006	For the year ending March 31, 2005	For the year ending March 31, 2004
Equity capital	110.5	78.8	7.2
Reserves and surplus (excluding revaluation reserve)	2.0	(42.5)	27.7
Total Income	698.3	477.9	426.5
Profit after tax	44.5	(70.2)	(26.2)
EPS (Rs.)	46.6	(177.8)	(368.7)
NAV per share (Rs.)	101.8	46.1	484.7

40) Bristlecone (UK) Limited

Bristlecone UK Limited was incorporated on March 7, 1996 under the laws of England. Presently Bristlecone Limited holds all of its 1,000,000 equity shares of Pound Sterling 1 each. The company was incorporated under the name of Mahindra Intertrade (UK) Limited. Its name was changed to Bristlecone (UK) Limited through a special resolution passed on June 08, 2004. Its registered office is located at 1st Floor, Bucklersbury House, 83, Cannon Street, London. It provides IT software services.

Board of Directors

Name	**Nature of directorship/ designation**
Mr. C. Krishnadas	Director
Mr. Nikhil Nayak	Director

Financial Performance

(In Pound Sterling)

	For the year ending March 31, 2006	For the year ending March 31, 2005	For the year ending March 31, 2004
Equity capital*	250,000.0	250,000.0	250,000.0
Reserves and surplus (excluding revaluation reserve)	(135,571.0)	(135,885.0)	(144,871.0)
Total Income	24,709.0	209,852.0	737,272.0
Profit after tax	314.0	8,986.0	50,035.0
EPS	0.0	0.0	0.2
NAV per share	0.5	0.5	0.4

**1 million equity shares of Pound Sterling 1 each (Pound Sterling 0.25 per share called and paid up)*

(In Rupees)

	For the year ending March 31, 2006	For the year ending March 31, 2005	For the year ending March 31, 2004
Equity capital	19,450,000	19,450,000	19,450,000
Reserves and surplus (excluding revaluation reserve)	(10,547,423.8)	(10,571,853.0)	(11,270,963.8)
Total Income	1,922,360.2	16,326,485.6	57,359,761.6
Profit after tax	24,429.2	699,110.8	3,892,723
EPS	0.02	0.6	3.8
NAV per share	299.98	300.21	307.20

 # Convenience translation at INR/Pound Sterling rate of 77.80 as on March 31, 2006 (Source: RBI reference rate).

41) Bristlecone GmbH

Bristlecone GmbH was incorporated on December 9, 2003 under the laws of Germany, as a wholly owned subsidiary of Bristlecone India Limited. Presently Bristlecone India Limited holds its only share i.e. 100% equity shares. The company was incorporated under the name of Mahindra Consulting GmbH. Its name was changed to Bristlecone GmbH. in September 13, 2004. Its registered office is located at Kennedyallee, 97A, 60596, Frankfurt am Main, Amtsgericht Frankfurt am Main HRB 58387. Bristlecone GmbH provides IT Software services.

Board of Directors

Name	**Nature of directorship/ designation**
Mr. Zhooben Bhiwandiwala	Managing Director
Mr. V. Mani	Managing Director
Mr. Nikhil Nayak	Managing Director

Financial Performance

(In Euros)

	For the year ending March 31, 2006	For the year ending March 31, 2005	For the year ending March 31, 2004
Equity capital	50,000.0	50,000.0	50,000.0
Reserves and surplus (excluding revaluation reserve)	69,502.1	22,478.3	148.6
Total Income	3,548,060.8	1,022,861.0	163,480.9
Profit after tax	47,023.8	(102,670.3)	148.6
EPS	47,023.8	(102,670.3)	148.6
NAV per share	119,502.1	72,478.3	50,148.6

(in Rupees).

	For the year ending March 31, 2006	For the year ending March 31, 2005	For the year ending March 31, 2004
Equity capital	2,710,000	2,710,000	2,710,000
Reserves and surplus (excluding revaluation reserve)	3,767,013.82	1,218,323.86	455,578.1
Total Income	192,304,895.36	55,439,066.2	8,860,664.78
Profit after tax	2,548,689.96	(5,564,730.26)	8,054.12
EPS	2,548,689.96	(5,564,730.26)	8,054.12
NAV per share	6,477,013.82	3,928,307.6	2,718,054.12

 # Convenience translation at INR/Euro rate of 54.20as on March 31, 2006 (Source: RBI reference rate).

42) Mahindra - BT Investment Company (Mauritius) Limited

Mahindra - BT Investment Company (Mauritius) Limited was incorporated on May 9, 2005 under the laws of Mauritius with its registered office at IFS Court, 28 Cybercity, Ebene, Mauritius. It is a holding company.

Shareholding Pattern

Names of the shareholders	No. of shares held	% holding
Mahindra Overseas Investment Company (Mauritius) Limited	8,436,000	57.0%
BT Holding Limited	6,364,000	43.0%
Total	**14,800,000**	**100.0%**

Board of Directors

Name	**Nature of directorship/ designation**
Mr. Couldip Basanta Lala	Director
Mr. Fareed Soreefan	Director
Mr. Ulhas N. Yargop	Director

Mr. Zhooben Bhiwandiwala	Director
Mr. Frederick Becker	Director
Mr. Rupert Orchard	Director

Financial Performance

	For the year ending March 31, 2006 (In US$)	For the year ending March 31, 2006 (In Rs.)
Equity capital	2,400,000	107,064,000
Reserves and surplus (excluding revaluation reserves)	17,162	765,597
Total revenue	31,122	1,388,352
Profit after tax	17,162	765,597
EPS (Rs)	0.01	0.44
Book Value per share (Rs)	1.01	45.05

 # Convenience translation at INR/US$ rate of 44.6100 as on March 31, 2006 (Source: RBI reference rate).

43) Mahindra Logisoft Business Solutions Limited

Mahindra Logisoft Business Solutions Limited was incorporated on April 12, 1999 as Logisoft Business Solutions Private Limited. Its registered office is located at Gateway Building, Apollo Bunder, Mumbai 400 001.The company was formed as a joint venture between Mahindra Information Technology Services Limited (a subsidiary of M&M) and Nithyakalyani Investments Private Limited. Its name was changed to Mahindra Logisoft Business Solutions Limited on February 25, 2000. In Fiscal 2004, Mahindra Information Technology Services Limited merged into M&M and Nithyakalyani Investments Pvt. Limited sold its stake in the company to Mahindra Holdings and Finance Limited (another subsidiary of M&M). In May 2005, Mahindra Holdings and Finance Limited sold its stake in the company to M&M.

The company is engaged in design and development of dealership management systems and IT software services.

Shareholding Pattern

Names of the shareholders	No. of shares held	% holding
M&M (including six shares held jointly with others)	12,450,000	100.0%
Total	**12,450,000**	**100.0%**

Board of Directors

Name	Nature of directorship/ designation
Mr. Ulhas N. Yargop	Director
Mr. Vishnu K. Garg	Director
Mr. S. Durgashankar	Director
Mr. Arvind G. Tawde	Director
Mr. V. Mani	Director

Financial Performance

(Rs in Millions)
(except per share data)

	For the year ending March 31, 2006	For the year ending March 31, 2005	For the year ending March 31, 2004
Equity capital	124.5	79.5	79.5
Reserves and surplus (excluding revaluation reserves)	(102.1)	(110.2)	(118.5)
Total revenue	19.3	17.3	17.2
Profit after tax	8.1	8.3	(11.0)
EPS (Rs)	0.7	0.8	(4.5)
NAV per share (Rs)	1.8	1.8	0.8

44) PSL Erickson Limited

PSL Erickson Limited was incorporated on February 6, 1939 as Press Syndicate Limited. It has its registered office at Gateway Building, Apollo Bunder, Mumbai- 400 001. It is engaged in the business of advertising in various media, offering client servicing, creatives in art and copy writing and production as well as event marketing, promotions and exhibitions and corporate/ press relations**.**

Shareholding Pattern

Names of the shareholders	No. of shares held	% holding
McCann Erickson Marketing Inc.	49,360	45.1%
Mahindra Holdings & Finance Limited	19,750	18.1%
Mahindra & Mahindra Contech Limited	2,125	1.9%
Others	38,140	34.9%
Total	**109,375**	**100.0%**

Board of Directors

Name	**Nature of directorship/ designation**
Mr. A. K. Nanda	Chairman
Mrs. Roma Balwani	Director
Mrs Leena Labroo	Director
Mr Sorab Mistry	Director
Mr Francis R. Moran	Director
Mr Maxwell J. Gosling	Director

Financial Performance

(Rs in Millions)
(except per share data)

	For the year ending March 31, 2005	For the year ending March 31, 2004	For the year ending March 31, 2003
Equity capital	0.5	0.5	0.5
Reserves and surplus (excluding revaluation reserves)	5.5	6.9	5.7
Total revenue	0.8	3.5	18.5
Profit after tax	(1.4)	1.8	(0.03)
EPS (Rs)	(13.2)	16.9	-
NAV (Rs.)	55.2	68.4	57.1

Note: The audited financials for year ending March 31, 2006 are not available as on the date of this Red Herring Prospectus.

45) Mahindra Sona Limited

Mahindra Sona Limited was promoted as a joint venture between M&M and Sona Koyo Steering Systems Limited. It was incorporated on September 30, 1994 and commenced business on November 21, 2004. Its registered office is located at Gateway Building, Apollo Bunder, Mumbai 400 001. It manufactures propeller shafts for on-road and off-highway vehicles, clutch covers and assemblies and other drive line components.

Shareholding Pattern

Names of the shareholders		No. of shares held	% holding
M&M Group and Associates		1,650,000	37.5%
Sona Group and Associates		1,650,000	37.5%
Private Equity	Khattar Holdings Pvt. Limited	578,900	13.2%
	ILFS Infrastructure Equity Fund	231,600	5.3%
	ICICI Securities & Finance Co. Limited	115,800	2.6%
	Others	173,700	3.9%
	Sub Total	1,100,000	25.0%
Total		**4,400,000**	**100.0%**

Board of Directors

Name	**Nature of directorship/ designation**
Mr. Anand G. Mahindra	Chairman
Dr. Surinder Kapur	Director
Mr. Hemant Luthra	Director
Mr. Sat Pal Khattar	Director
Mr. Gaurav G Motwane	Executive Director
Mr. J. V. Prabhu	Managing Director

Financial Performance

(Rs in Millions)
(except per share data)

	For the year ending March 31, 2006	For the year ending March 31, 2005	For the year ending March 31, 2004
Equity capital	44.0	44.0	44.0
Reserves and surplus (excluding revaluation reserves)	294.5	210.7	145.3
Total revenue	1,276.5	1,268.7	821.6
Profit after tax	126.6	100.4	72.2
EPS (Rs)	28.8	22.8	16.4
NAV per share (Rs)	76.9	57.9	43.0

46) Officemartindia.com Limited

Officemartindia.com Limited was incorporated on May 17, 2000 and commenced its business on August 4, 2000. Its registered office is located at Gateway Building, Apollo Bunder, Mumbai 400001. The company was engaged in buying, selling and trading in stationery, supplies, furniture and office equipment. It also provided consultancy services, technical know how, management and other resources to its corporate customers.

In view of the losses incurred by Officemartindia.com Limited on a sustained basis, it was decided to discontinue its business activities.

Shareholding Pattern

Names of the shareholders	No. of shares held	% holding
M&M	749,992	50.0%
Azrael Investments Limited	449,850	30.0%
Others	300,155	20.0%
Total	**1,499,997**	**100.0%**

Board of Directors

Name	Nature of directorship/ designation
Mr. Ulhas N. Yargop	Director
Mr. Rajeev Dubey	Director
Mr. Chandulal Shah	Director

Financial Performance

(Rs in Millions)
(except per share data)

	For the year ending March 31, 2005	For the year ending March 31, 2004	For the year ending March 31, 2003
Equity capital	15.0	15.0	15.0
Reserves and surplus (excluding revaluation reserve)	(18.1)	(17.7)	(12.9)
Total revenue	Nil	0.3	0.4
Profit after tax	(0.4)	(4.8)	(2.4)
EPS (Rs)	(0.3)	(3.2)	(1.6)
NAV per share (Rs)	(2.1)	(1.8)	1.4

Note: The audited financials for year ending March 31, 2006 are not available as on the date of this Red Herring Prospectus.

47) Mahindra & Mahindra Contech Limited

Mahindra & Mahindra Contech Limited was incorporated on April 30, 1992 and commenced its business on May 21, 1992. Its registered office is located at Gateway Building, Apollo Bunder, Mumbai 400 001. It is mainly engaged in the business of providing consultancy & other services and providing personnel on deputation.

Shareholding Pattern

Names of the shareholders	No. of shares held	% holding
M&M	35,000	23.3%
MUSCO	35,000	23.3%
Port Investment Company Limited	20,000	13.3%
Mimosa Investment Company Limited	10,000	6.7%
Ridge Investment Compant Limited	25,000	16.7%
Kamet Investment Company Limited	25,000	16.7%
Others	8	0.1%
Total	**150,008**	**100.0%**

Board of Directors

Name	Nature of directorship/ designation
Mr Ravi Kulkarni	Chairman
Mr Rajeev Dubey	Director
Mr Ulhas N. Yargop	Director
Mr C Krishnadas	Director
Mr Zhooben Bhiwandiwala	Director

Financial Performance

(Rs in Millions)
(except per share data)

	For the year ending March 31, 2006	For the year ending March 31, 2005	For the year ending March 31, 2004
Equity capital	1.5	1.5	1.5
Reserves and surplus (excluding revaluation reserve)	22.3	20.7	19.6
Total revenue	18.10	9.4	7.9
Profit after tax	1.6	1.1	(4.7)
EPS (Rs)	10.59	7.5	(31.6)
NAV per share Rs)	158.8	148.3	140.8

48) Indian NGOs.com Private Limited

Indian NGOs.com Private Limited was incorporated and commenced business on April 11, 2000. Its registered office is located at 6, Devndra Apartment, Ghantali, Naupada, Thane, 400602. It provides information and research on Non Governmental Organisations (NGOs), social responsible corporates, funding agencies, government policies and schemes and NRIs. The company promotes sustainable business partnerships between corporates and NGOs and other stakeholders.

Shareholding Pattern

Names of the shareholders	No. of shares held	% holding
M&M	50,000	10.0%
Sanjay Bapat and family	425,000	85.0%
Bobby Sista	25,000	5.0%
Total	**500,000**	**100.0%**

Board of Directors

Name	Nature of directorship/ designation
Mr Sanjay Bapat	Managing Director
Ms Rohini Bapat	Director

Financial Performance

(Rs in Millions)
(except per share data)

	For the year ending March 31, 2005	For the year ending March 31, 2004	For the year ending March 31, 2003
Equity capital	5.0	5.0	5.0
Reserves and surplus (excluding revaluation reserve)	1.0	0.6	0.6
Total revenue	2.4	1.9	1.1
Profit after tax	0.3	0.4	(0.9)
EPS (Rs)	0.7	0.8	(2.0)
NAV per share Rs)	11.9	11.3	10.4

Note: The audited financials for year ending March 31, 2006 are not available as on the date of this Red Herring Prospectus.

49) Owens Corning India Limited

Owens Corning India Limited was incorporated on July 5, 1995 as Owens Corning India Private Limited. Its registered office is located at Ground Floor, Mahindra Towers, Road No. 13, Worli, Mumbai 400 018. The company is engaged in the manufacturing, importing, exporting and selling of glass fibre products.

Shareholding Pattern

Names of the shareholders	No. of shares held	% holding
IPM Inc.	78,487,796	60.00%
Mahindra Holding and Finance Limited	28,124,794	21.50%
Archway Investments Limited	12,100,202	9.25%
IL&FS Trust Company Limited	12,100,203	9.25%
Initial Subscriber to the Memorandum and Articles of Association	2	0.0%
Total	**130,812,997**	**100.00%**

Board of Directors

Name	**Nature of directorship/ designation**
Mr. Satish G. Kulkarni	Managing Director
Mr. Arun K. Nanda	Director
Mr. Santosh Senapati	Director
Mr. Steven Novak	Director
Mr. Charles E. Dana	Director
Mr. Steve Zirkel	Director

Note: M&M has right to appoint one more Board member

Financial Performance

(Rs in Millions)
(except per share data)

	For the year ending December 31, 2004	For the year ending December 31, 2003	For the year ending December 31, 2002
Equity capital	1,308.1	1,308.1	1,308.1
Reserves and surplus (excluding revaluation reserve)	908.5	564.5	281.5
Total revenue	2,441.5	2,379.2	2,005.7
Profit after tax	344.0	283.1	14.4
EPS (Rs)	2.6	2.2	0.1
NAV per share Rs)	16.9	14.3	12.2

Note: The audited financials for year December 31, 2005 are not available as on the date of this Red Herring Prospectus.

50) Plexion Technologies (India) Private Limited

Plexion Technologies (India) Private Limited was incorporated on September 25, 2000.Its registered office is located at Rockline Centre, 2nd Floor, # 54, Richmond Road, Bangalore – 560 025. Presently the entire share capital of the company comprising of 4,503,011 equity shares is held by M&M. The company is engaged in the business of information technology enabled engineering services in the areas of CAD / CAE / EDM PDM services in the automotive sector and providing design and manufacturing activities in the aerospace sector.

Board of Directors

Name	Nature of directorship/ designation
Mr. Hemat Luthra	Chairman
Dr. M.K. Padmanabhan	Whole-time Director
Dr. Dilip H Bonde	Whole-time Director
Dr. Pawan Kumar Goenka	Director
Mr. Ulhas N Yargop	Director
Mr. Prabal Banerjee	Director

Financial Performance

(Rs in Millions)
(except per share data)

	For the year ending March 31, 2006	For the year ending March 31, 2005	For the year ending March 31, 2004
Equity capital	45.03	39.57	33.79
Reserves and surplus (excluding revaluation reserve)	(7.49)	5.26	(1.78)
Total revenue	105.70	68.86	37.46
Profit after tax	(2.54)	(21.86)	(23.3)
EPS (Rs)	(3.13)	(5.63)	(7.28)
NAV per share Rs)	8.34	11.33	9.47

51) Plexion Technologies (U.K.) Limited

Plexion Technologies (U.K.) Limited was incorporated on November 24, 2000.Its registered office is located at Atrium Court, The Ring, Bracknell, Berkshire RG12 1BW, United Kingdom. The company is engaged in the business of information technology enabled engineering services in the areas of CAD / CAE / EDM PDM services in the Automotive sector to cater the needs in UK & France. Presently, Plexion Technologies (India) Private Limited holds its entire share capital i.e. 65,000 equity shares of Pound Sterling 1 each. Presently, Dr. M.K. Padmanabhan is holding the designation of director in the company.

Financial Performance

(In Pound Sterling)

	For the year ending March 31, 2006	For the year ending December 31, 2005	For the year ending December 31, 2004
Equity capital	65,000	65,000	65,000
Reserves & surplus (excluding Revaluation Reserve)	44,000	40,000	11,000
Total revenue	273,000	1,059,000	802,000
Profit after tax	4,000	28,000	28,000
EPS	0.07	0.43	0.44
NAV per share ($)	1.68	1.61	1.18

(In Rupees)

	For the year ending March 31, 2006	For the year ending March 31, 2005	For the year ending March 31, 2004
Equity capital	5,057,000	5,057,000	5,057,000
Reserves & surplus (excluding revaluation reserve)	3,423,200	3,112,000	855,800
Total revenue	21,239,400	82,390,200	623,956,000
Profit after tax	311,200	2,178,400	2,178,400
EPS	5.446	33.45	34.2
NAV per share (Rs.)	130.7	125.25	91.804

 # Convenience translation at INR/Pound Sterling rate of 77.80 as on March 31, 2006 (Source: RBI reference rate).

52) Plexion Technologies Inc.

Plexion Technologies Inc. was incorporated on December 2, 2000.Its registered office is located at 39500, Orchard Hill Place, Suite 100, MI 48375, USA. The company is Plexion Technologies Inc. is engaged in the business of information technology enabled engineering services in the areas of CAD / CAE / EDM PDM services in the Automotive sector to cater the needs in USA. Presently, Plexion Technologies (India) Private Limited holds its entire share capital i.e. 590 equity shares of US$ 1,000 each.

Board of Directors

Name	**Nature of directorship/ designation**
Dr. M.K. Padmanabhan	Director
Dr. Dilip H Bonde	Director

Financial Performance

(in US$)

	For the year ending March 31, 2006	For the year ending December 31, 2005	For the year ending December 31, 2004
Equity capital	590,000	590,000	590,000
Reserves & surplus (excluding Revaluation Reserve)	(3,91,000)	(333,000)	(275,000)
Total revenue	193,000	1,117,000	1,340,000
Profit after tax	(58,000)	(58,000)	99,000
EPS $	(98.14)	(97.54)	166.96
NAV per share ($)	337.69	435.85	533.37

(in Rs.)

	For the year ending March 31, 2006	For the year ending March 31, 2005	For the year ending March 31, 2004
Equity capital	26,319,900	26,319,900	26,319,900
Reserves & surplus (excluding revaluation reserve)	(17,442,510)	(14,855,130)	(12,267,750)
Total revenue	8,609,730	49,829,370	59,777,400
Profit after tax	(2,587,380)	(2,587,380)	4,416,390
EPS (Rs.)	(4,378.02)	(4351.25)	7448.08
NAV per share (Rs.)	15,064.35	19443.26	23790.5

 # Convenience translation at INR/US$ rate of 44.6100 as on March 31, 2006 (Source: RBI reference rate).

53) Plexion Technologies GmbH

Plexion Technologies GmbH was incorporated on September 14, 2001.Its registered office is located at Niedenau 39, 60325 Frankfurt am Main, Germany. The company is engaged in the business of information technology enabled engineering services in the areas of CAD / CAE / EDM PDM services in the automotive sector to cater the needs in Germany. Presently, Plexion Technologies (India) Private Limited holds its entire share capital i.e. 59,000 equity shares of Euro 1 each. Presently, Mr. Vijay Verma is holding the designation of managing director in the company.

Financial Performance

(In Euros)

	For the year ending March 31, 2006	For the year ending December 31, 2005	For the year ending December 31, 2004
Equity capital	59,000	59,000	59,000
Reserves & surplus (excluding Revaluation Reserve)	7,000	4,000	(11,000)
Total revenue	67,000	346,000	356,000
Profit after tax	2,000	16,000	3,000
EPS $	0.03	0.26	0.05
NAV per share ($)	1.11	1.06	0.8

(in R upees).

	For the year ending March 31, 2006	For the year ending December 31, 2005	For the year ending December 31, 2004
Equity capital	3,197,800	3,197,800	3,197,800
Reserves & surplus (excluding revaluation reserve)	379,400	216,800	(596,200)
Total revenue	3,631,400	18,753,200	19,295,200
Profit after tax	108,400	867,200	162,600
EPS (Rs.)	1.63	14.09	2.71
NAV per share (Rs.)	60.2	57.45	43.9

 # Convenience translation at INR/Euro rate of 54.2000 as on March 31, 2006 (Source: RBI reference rate).

54) Mahindra Insurance Brokers Limited

The company was incorporated as Mahipar Investments Private Limited on February 18, 1987. The date of commencement of business was February 18, 1987. The name was changed to Mahindra Insurance Brokers Limited on April 28, 2004. Its registered office is located at Mahindra Towers, Dr.G.M.Bhosale Marg, P.K.Kurne Chowk, Mumbai - 400018. The company is a direct insurance broker licensed by the Insurance Regulatory and Development Authority (IRDA). The company is engaged in the business of undertaking direct insurance broking for life & non-life businesses for Corporate as well as Retail customers. It is a wholly owned subsidiary of Mahindra & Mahindra Financial Services Limited, and presently its entire share capital consisting of 5,00,000 equity shares of Rs. 10 each is held by Mahindra & Mahindra Financial Services Limited.

Board of Directors

Name	**Nature of directorship/ designation**
Shri Rajeev Dubey	Chairman
Shri Ramesh Iyer	Director
Shri V.Ravi	Director
Shri Jaideep Devare	Director

Financial Performance

(Rs in Millions)
(except per share data)

	For the year ending March 31, 2006	For the year ending March 31, 2005	For the year ending March 31, 2004
Equity capital	5	5	1
Reserves and surplus (excluding revaluation reserve)	23.33	17.30	0.30
Total revenue	64.02	34.35	0.27
Profit after tax	28.83	17.34	0.07
EPS (Rs)	57.66	34.68	0.78
NAV per share Rs)	56.65	22.09	1.30

III Companies under Liquidation

55) Machinery Manufacturers Corporation Limited

Machinery Manufacturers Corporation Limited has been directed for winding up vide order dated April 26, 1989 by the High Court of Judicature at Mumbai.

56) Montreal Engineering International Limited

Montreal Engineering International Limited is under Members' Voluntary winding up which commenced on December 14, 1979.

57) Triton Overwater Transport Agency Limited

Triton Overwater Transport Agency Limited was in the business of providing ferry water hovercraft services and its operations were rendered unviable due to a variety of reasons including the lack of adequate infrastructure at landing points, suspension of services during monsoons and high operational costs. The company is under liquidation.

IV. Ventures from which M&M has disassociated during the last three years

In keeping with the M&M Group strategy to concentrate on its core business, shareholding in the following companies have been diluted/ divested.

58) Jayem Automotives Limited

59) Ford India Private Limited

60) Ford Credit Kotak Mahindra Limited

Pursuant to this decision:

- In September 2004, M&M sold 3,49,999 equity shares out of 3,50,000 equity shares of Rs. 10 each held in Jayem Automotives Limited.
- In March 2005, M&M sold its entire sharholding in Ford India Private Limited to Ford Motor Company, USA and terminated the Joint Venture Agreement.
- Consequent upon sale of its shareholding in Ford India Private Limited, the investment in Ford Credit Kotak Mahindra Limited was considered as non-core investments and, therefore, in October 2005, M&M sold its entire shareholding in Ford Credit Kotak Mahindra Limited to Ford Credit International Inc.

BT Group Companies in India

There is one company promoted by BT in India, either by itself or jointly with other entities and their group companies – BT India Private Limited, an unlisted company. It has not become a sick company under the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) and is not under winding up.

BT (India) Private Limited

BT (India) Private Limited was incorporated on December 26, 2000. The total issued equity capital of the company is 290,502 equity shares, 290,500 of which are held by BT (Netherlands) Holdings and two shares by BT Nominees Limited. The company's registered office is located at Gesco Corporate Centre, 70 Nehru Place, New Delhi 110019. BT (India) Private Limited provides telecom products, equipment and services to licensed telecom service providers, multi-national and other companies in India.

Board of Directors

Name	Nature of directorship/ designation
Arun Seth	Director
Mark Cleaver	Director
Sameer Chugh	Director

Financial Performance

The audited financials for the last three fiscals are as below:

(Rs. in million, except per share data)

	For the year ending March 31, 2005	For the year ending March 31, 2004	For the year ending March 31, 2003
Equity capital	2.91	2.91	0.48
Reserves and surplus (excluding revaluation reserve)	95.41	94.58	0
Total revenue	259.42	63.89	0
Profit/ (loss) after tax	11.16	(10.17)	(0.15)
EPS (Rs)	38.41	(70.27)	(3.14)
NAV per share (Rs)	338.43	335.55	10

Note: The audited financials for year ending March 31, 2006 are not available as on the date of this Red Herring Prospectus.

RELATED PARTY TRANSACTIONS

As required under Accounting Standard 18 (AS – 18), following are details of transactions during the year with the related parties of TML as defined in AS – 18:

(A) List of Related Parties and Relationships

Name of Related Party	Relation				
	March 31, 2002	**March 31, 2003**	**March 31, 2004**	**March 31, 2005**	**March 31, 2006**
Mahindra & Mahindra Limited	Holding Company	Holding Company	Holding Company	Holding Company	Holding Compan
Mahindra Information Technology Services Limited	Promoter holding more than 20% stake	Promoter holding more than 20% stake	Promoter * holding more than 20% stake	-	-
British Telecommunications, plc.	Promoter holding more than 20% stake	Promoter holding more than 20% stake	Promoter holding more than 20% stake	Promoter holding more than 20% stake	Promoter holding more than 20% stake
Mahindra BT Investment Company (Mauritius) Limited	-	-	-	-	Promoter Company
Mahindra Engineering and Chemical Products Limited	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company
Mahindra Engineering Design and Development Company Limited	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company
Bristlecone India Limited	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company
Mahindra Consulting Inc.	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company
Bristlecone UK Limited Formerly known as Mahindra Intertrade Limited UK)	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company
Mahindra Holidays & Resorts India Limited	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company
Key Management Personnel					
Mr Kiran Deshpande	Managing Director and CEO	-	-	-	-
Mr. Robert John Helleur	Executive Director and Chief Executive Officer	Executive Director and Chief Executive Officer	Executive Director and Chief Executive Officer	Executive Director and Chief Executive Officer*	-
Mr Vineet Nayyar	-	-	-	Vice Chairman and Managing Director*	Vice Chairman and Managing Director

** for part of the year*

(B) Transactions with related parties

Rs in millions

Transactions with related parties	**March 31, 2002**	**March 31, 2003**	**March 31, 2004**	**March 31, 2005**	**March 31, 2006**
Reimbursement of Expenses (Net)-Paid/(Receipt)					
- Promoter / Holding Companies	12.45	13.61	(35.47)	(43.64)	(83.41)
- Fellow subsidiary Companies	-	-	5.29	0.12	25.50
Payment for Training Fees					
- Promoter / Holding Companies	22.24	-	-	-	-
Income from Services & Management Fees					
- Promoter / Holding Companies	4,297.31	5,163.08	5,860.99	7,933.54	8,545.28
- Fellow subsidiary Companies	7.70	1.20	1.20	1.53	3.74
Rent paid					
- Fellow subsidiary Companies	9.28	7.19	-	-	-
Other expenses					
- Promoter / Holding Companies	-	6.51	-	-	-
- Fellow subsidiary Companies	-	0.29	-	-	-
Sub-contracting cost					
- Fellow subsidiary Companies	-	-	-	5.84	-
Dividend Paid					
- Promoter / Holding Companies	276.17	1,030.74	232.42	363.79	122.60
- Key Management Personnel	-	-	0.08	0.15	-
Loan Given/ (Repaid)					
- Key Management Personnel	(0.57)	-	-	-	-
Salary and Perquisites					
- Key Management Personnel	22.36	15.32	12.46	8.19	17.10
Sale of Fixed Assets					
- Fellow subsidiary Companies	-	-	8.10	-	-
Debit / (Credit) balances (Net) outstanding					
- Promoter / Holding Companies	1,255.13	1,523.78	2,132.84	1,707.32	3,031.74
- Fellow subsidiary Companies	0.33	3.41	(1.29)	(0.91)	(5.28)
Key Management Personnel	-	-	(0.82)	-	-

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

Rs in millions

Transactions with related parties	**March 31, 2002**	**March 31, 2003**	**March 31, 2004**	**March 31, 2005**	**March 31, 2006**
Reimbursement of Expenses (net) - Paid/ (Receipt)					
Promoter Companies					
- British Telecommunications plc	-	-	(59.69)	(51.06)	(87.29)
- Mahindra & Mahindra Ltd	(7.95)	(13.60)	-	-	-
- Mahindra Information Tech Ser Ltd.	(4.50)	-	-	-	-
Income from Services					
Promoter Companies					
- British Telecommunications plc	4,297.31	5,160.84	5,858.68	7,949.30	8,529.06
Dividend Paid					
Promoter Companies					
- Mahindra & Mahindra Ltd.	88.10	328.81	157.95	207.36	69.12
- British Telecommunications plc	118.75	443.22	212.94	156.43	52.14
- Mahindra Information Tech Ser Ltd	69.32	258.72	124.28	-	-
Salary and Perquisites					
Key Management Personnel					
- Mr. Robert John Helleur	13.31	8.72	12.46	4.85*	-
- Mr. Vineet Nayyar	-	-	-	3.34*	17.10
- Mr. Kiran Deshpande	9.05	6.60	-	-	-
Payment for training Fees					
Promoter Companies					
- Mahindra Information Tech Ser Ltd	22.24	-	-	-	-
Other Expenses					
Promoter Companies					
- Mahindra & Mahindra Ltd.	-	6.50	-	-	-
Rent Paid					
- Mahindra Engineering	9.28	7.20	-	-	-

** for part of the year*

Other related parties of TML with whom no transactions have been entered during the year ended March 31, 2006 are as under:

- Automartindia Limited
- Bristlecone Ltd. Cayman
- Bristlecone Inc.
- Mahindra Gesco Developers Ltd
- Mahindra Acres and Consulting Engineers Ltd
- Mahindra Ashtech Ltd
- Mahindra Automotive Steels Pvt. Ltd
- Bristlecone India Ltd.
- Bristlecone GmbH
- Bristlecone Singapore Pte. Ltd.
- Mahindra (China) Tractor Company Ltd.
- Mahindra Engg & Chem Products Ltd.
- Mahindra Engineering Design & Development Company Ltd.
- Mahindra Europe s.r.l.
- Mahindra Gujarat Tractor Ltd.
- Mahindra Holdings & Finance Ltd.
- Mahindra Holidays & Resorts India Ltd.
- Mahindra Holidays & Resorts (USA) Inc.
- Mahindra Insurance Brokers Ltd.
- Mahindra Infrastructure Developers Ltd.
- Mahindra Intertrade Ltd.
- Bristlecone UK Ltd.
- Mahindra International Ltd.
- Mahindra World City Developers Ltd.
- Mahindra Logisoft Business Solutions Ltd.
- Mahindra Middleeast Electrical Steel Service Centre (FZE)
- Mahindra & Mahindra Financial Services Ltd.
- Mahindra & Mahindra South Africa (Pty) Ltd.
- Mahindra Overseas Investment Company (Mauritius) Ltd.
- Mahindra Realty Ltd. Mahindra Renault Pvt. Ltd.
- Mahindra Steel Service Centre Ltd.
- Mahindra Shubhlabh Services Ltd.
- Mahindra SAR Transmission Pvt Ltd.
- Mahindra USA Inc.
- Mahindra Ugine Steel Company Ltd.
- Mahindra World City (Jaipur) Ltd.
- NBS International Ltd.

- Tech Mahindra (R & D Services) Inc
- Tech Mahindra (R & D Services) Pte Ltd.
- Stokes Group Limited
- Jensand Limited
- Stokes Forgings Dudley Limited
- Stokes Forgings Limited Plexion
- Technologies (India) Private limited
- Plexion Technologies (UK) Limited
- Plexion Technologies GmbH
- Plexion Technologies Incorporated
- Tech Mahindra Foundation
- Mahindra Inframan Water Utilities Pvt. Ltd.
- Mahindra Sona Ltd.
- Mahindra Water Utilities Ltd.
- PSL Erickson Ltd.
- Owens Corning (India) Ltd.
- Siroplast Ltd.
- Mahindra Construction Company Ltd.
- Officemartindia.com Ltd.
- Rathna Bhoomi Enterprises Pvt. Ltd.
- Kota Farm Services Ltd.
- Mriyalguda Farm Solution Ltd.
- Mega One Stop Farm Services Ltd.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our board of directors and approved by our shareholders, in their discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial position. Our Company has no stated dividend policy.

The dividend paid by us in the last five fiscal years is as provided herein:

	Fiscal 2002	**Fiscal 2003**	**Fiscal 2004**	**Fiscal 2005**	**Fiscal 2006**
Face Value Per share	2	2	2	2	2
Dividend (Rs. Million)	282.95	1,172.25	374.63	223.20	1,039.32
Dividend per equity share (Rs.)	2.8	11.6	3.7	2.2	10.0
Dividend rate (% to paid up capital)	Interim – 80% Final – 60% Total – 140%	Interim – 450% Final – 130% Total – 580%	Interim- 115% Final- 70% Total- 185%	Interim- 110% Final- 0% Total- 110%	Interim- 300% Final- 200% Total- 500%

The amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future.

FINANCIAL STATEMENTS UNDER INDIAN GAAP

AUDITOR'S REPORT

To,
The Board of Directors,
Tech Mahindra Limited
Sharda Centre,
Off Karve Road,
Pune 411 004

Dear Sirs,

Re: Public issue of Equity Shares of Tech Mahindra Limited

We have examined the consolidated financial information of Tech Mahindra Limited ('TML' or 'the Company'), annexed to this report and initialed by us for identification. The consolidated financial information has been prepared in accordance with the requirements of Part II of Schedule II to the Companies Act, 1956 ('the Act'), the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 ("the Guidelines") and related clarifications thereto issued by the Securities and Exchange Board of India (SEBI) under section 11 of the Securities and Exchange Board of India Act, 1992.

Financial Information as per the audited financial statements

1. The consolidated financial information referred to above, relating to consolidated profits and losses, consolidated assets and liabilities and consolidated cash flows of TML is contained in the following Annexures to this report:
   a) Annexure 1 contains the Summary Statement of Consolidated Profits and Losses, as restated of the Company for the years ended March 31, 2002, March 31, 2003, March 31, 2004, March 31, 2005 and March 31, 2006
   b) Annexure 2 contains the Summary Statement of Consolidated Assets and Liabilities, as restated as at March 31, 2002, March 31, 2003, March 31, 2004, March 31, 2005 and March 31, 2006
   c) Annexure 3 contains the Summary Statement of Consolidated Cash Flows, as restated as on March 31, 2002, March 31, 2003, March 31, 2004, March 31, 2005 and March 31, 2006
   d) Annexure 4 contains the Notes on adjustments made in the Summary Consolidated Statements
   e) Annexure 5 contains Schedules forming part of Consolidated Profits and Losses and Consolidated Assets and Liabilities
   f) Annexure 6 contains Summary of Significant Accounting Policies and Notes on Consolidated Accounts

Other Financial Information

2. Other financial information relating to TML prepared by the Company is attached in Annexure 7 to 11 to this report:
   a) Annexure 7 contains Details of Other Income (consolidated)
   b) Annexure 8 contains Accounting ratios (consolidated)
   c) Annexure 9 contains Details of Investments (consolidated)
   d) Annexure 10 contains Details of Sundry Debtors (consolidated)
   e) Annexure 11 contains Details of Loans and Advances (consolidated)
3. We have examined, as appropriate, the financial information contained in the aforesaid Annexures and are to state that:
   a) The financial information, prepared by the Company, is based on the consolidated financial statements of the Company for the years ended March 31, 2002, March 31, 2003, March 31, 2004, March 31, 2005 and March 31, 2006 audited by us.
   b) The financial information is arrived at after making such adjustments as in our opinion are appropriate in the year to which they related as detailed in Annexure 4 to this report.

4. We have issued a report of even date on our examination of the Statement of Profit and Losses, as restated of the Company for the years ended March 31, 2002, March 31, 2003, March 31, 2004, March 31, 2005 and March 31, 2006, the Statement of Assets and Liabilities, as restated of the Company as at March 31, 2002, March 31, 2003, March 31, 2004, March 31, 2005 and March 31, 2006 and the Statement of Cash flows, as restated for the years ended March 31, 2002, March 31, 2003, March 31, 2004, March 31, 2005 and March 31, 2006 together with the significant accounting policies and notes on accounts, other schedules and notes thereon.
5. In our opinion, the consolidated financial information of the Company as attached to this report, read with the significant accounting policies and notes on accounts and other notes contained in the aforesaid Annexures, has been prepared in accordance with Part II of Schedule II of the Act and the Guidelines issued by SEBI.
6. This report is intended solely for your information and for inclusion in the Red Herring Prospectus in connection with the Public Issue of Equity Shares of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Deloitte Haskins & Sells
Chartered Accountants

A. B. Jani
Partner
Membership No: 46488

Mumbai

Dated: May 31, 2006

Annexure 1: Summary Statement of Consolidated Profits and Losses of Tech Mahindra Limited, as restated

Rs in millions

Year ended		March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Income						
Income from services (including management fees)		5,492.00	6,214.32	7,417.06	9,456.41	12,426.67
Other income		114.14	204.54	148.05	85.49	340.13
Total Income		5,606.14	6,418.86	7,565.11	9,541.90	12,766.80
Expenditure						
Personnel costs		1,377.77	1,399.99	2,448.62	3,976.17	5,623.72
Operating and other expenses		2,151.05	2,858.63	4,170.15	4,129.99	4,124.24
Depreciation		443.27	228.37	226.52	321.13	397.48
Total Expenditure		3,972.09	4,486.99	6,845.29	8,427.29	10,145.44
Profit before tax		1,634.05	1,931.87	719.82	1,114.61	2,621.36
Taxation						
- Current tax		(368.36)	(319.67)	(151.00)	(142.25)	(207.68)
- Deferred tax		10.82	18.81	67.84	51.54	(24.53)
- Fringe benefit tax		-	-	-	-	(35.39)
		(357.54)	(300.86)	(83.16)	(90.71)	(267.60)
Profit after tax before Minority interest		1,276.51	1,631.01	636.66	1,023.90	2,353.76
Minority interest		-	-	-	-	(0.04)
Profit for the year		1,276.51	1,631.01	636.66	1,023.90	2,353.72
(Short)/ Excess provision in respect of income tax for earlier years		(13.59)	-	38.12	-	-
Net Profit as per audited financial statements	(A)	1,262.92	1,631.01	674.78	1,023.90	2,353.72
Adjustments on account of restatements (Refer Annexure No 4)						
- Depreciation		195.06	-	-	-	-
- Deferred tax impact on the above		(9.50)	(0.67)	-	-	-
- (Short)/ Excess provision in respect of income tax for earlier years		13.59	-	(38.12)	-	-
Total of adjustments	(B)	199.15	(0.67)	(38.12)	-	-
Net profit as restated	(A) + (B)	1,462.07	1,630.34	636.66	1,023.90	2,353.72

Rs in millions

Year ended		March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Balance brought forward from Previous year as restated		1,670.31	2,702.94	2,952.40	3,066.43	3,750.27
Profit available for appropriation as restated		3,132.38	4,333.28	3,589.06	4,090.33	6,103.99
Appropriations						
- Dividend		(282.95)	(1,172.22)	(374.63)	(223.20)	(1,039.32)
- Dividend tax		(16.49)	(33.66)	(48.00)	(28.86)	(145.76)
- Transfer to General Reserve		(130.00)	(175.00)	(100.00)	(88.00)	(230.00)
		(429.44)	(1,380.88)	(522.63)	(340.06)	(1,415.08)
Balance carried forward as restated		2,702.94	2,952.40	3,066.43	3,750.27	4,688.91

Annexure 2: Summary Statement of Consolidated Assets and Liabilities of Tech Mahindra Limited, as restated

Rs in millions

	As at		March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
A	Fixed Assets						
	Gross Block		1,862.08	1,952.17	2,189.19	2,866.69	4,579.63
	Less Depreciation		693.50	901.06	843.69	1,156.49	1,879.76
	Net Block		1,168.58	1,051.11	1,345.50	1,710.20	2,699.87
	Capital work in progress including advances		316.58	379.44	198.53	70.49	198.29
	Total	(A)	1,485.16	1,430.55	1,544.03	1,780.69	2,898.16
B	Investments	(B)	216.90	334.56	451.06	1,112.78	1,504.82
C	Deferred tax asset (Net)	(C)	1.45	19.59	85.31	133.73	111.68
D	Current Assets, Loans and Advances						
	Sundry Debtors		1,361.90	1,607.40	2,535.77	2,211.68	4,377.34
	Cash and Bank Balances		1,081.94	1,129.63	388.47	1,284.96	759.69
	Loans and Advances		214.01	238.25	303.96	243.30	440.66
	Total	(D)	2,657.85	2,975.28	3,228.20	3,739.94	5,577.69
E	Current Liabilities and Provisions						
	Current Liabilities		598.78	451.95	642.27	1,290.23	1,835.92
	Provisions		355.06	478.36	598.89	615.48	2,101.80
	Total	(E)	953.84	930.31	1,241.16	1,905.71	3,937.72
F	Net worth	(A+B+C+D-E)	3,407.52	3,829.67	4,067.44	4,861.43	6,154.63
G	Represented by						
	1. Share Capital		202.11	202.14	202.73	203.45	208.00
	2. Reserves and Surplus		3,205.41	3,627.53	3,864.71	4,657.98	5,946.28
	3. Minority interest		-	-	-	-	0.35
	Net worth		3,407.52	3,829.67	4,067.44	4,861.43	6,154.63

Annexure 3: Summary Statement of Consolidated Cash Flows of Tech Mahindra Limited, as restated

Rs in millions

	Year Ended		March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
A	**Cash Flow from operating activities**						
	Net Profit before taxation as restated		1,829.11	1,931.87	719.82	1,114.61	2,621.36
	Adjustments for:						
	Depreciation		248.21	228.37	226.52	321.13	397.48
	Loss/(Profit) on sale of Fixed Assets, (net)		0.16	(0.67)	(15.14)	3.36	4.41
	Fixed Assets written off		1.87	-	1.31	0.05	-
	Decrease in fair value of Current Investment		-	-	-	0.16	0.27
	Exchange (gain)/loss (net)		17.32	(38.13)	72.10	(49.55)	(21.09)
	Currency translation adjustment		4.02	(3.02)	11.02	6.21	(10.10)
	Dividend from current Investments		-	-	-	(16.19)	(52.95)
	Dividend from long term investments		(5.59)	(29.67)	(31.67)	-	-
	Interest Income		(36.91)	(62.16)	(30.72)	(31.56)	(67.14)
	Profit on Sale of Investments		-	-	-	(0.03)	(14.63)
	Miscellaneous expenses written off		7.28	-	-	-	-
	Operating profit before working capital changes		2,065.47	2,026.59	953.24	1,348.18	2,857.61
	Adjustments for:						
	Trade and other receivables		(458.30)	(251.54)	(952.73)	522.96	(2,038.53)
	Trade and other payables		107.51	(112.78)	207.67	558.70	543.13
	Cash generated from operations		1,714.68	1,662.27	208.18	2,429.85	1,362.21
	Direct Taxes		(303.82)	(423.55)	46.21	(23.01)	(36.00)
	Net cash from operating activities	(A)	1,410.86	1,238.72	254.39	2,406.84	1,326.21
B	**Cash flow from investing activities**						
	Purchase of Fixed assets		(544.05)	(173.97)	(344.95)	(549.41)	(395.05)
	Purchase of Investments		(199.39)	(137.66)	(326.25)	(1,318.66)	(2,510.74)

Rs in millions

	Year Ended		March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
	Investment in subsidiary		-	-	-	-	(0.50)
	Sale of Investments		12.54	20.00	209.76	656.83	2,515.22
	Sale of Fixed Assets		0.41	0.87	18.80	1.44	6.12
	Acquisition of business		-	-	-	-	(1,602.14)
	Interest received		35.01	61.95	33.75	29.93	68.83
	Dividend received		5.60	29.67	31.67	16.19	52.95
	Net cash used in investing activities	(B)	(689.88)	(199.14)	(377.23)	(1,163.68)	(1,865.31)
C	**Cash flow from financing activities**						
	Proceeds from issue of Shares (including Securities Premium)		-	0.72	12.72	15.94	134.28
	Dividend (including Dividend Tax) paid		(276.17)	(1,030.74)	(558.94)	(412.15)	(141.54)
	Net cash used in financing activities	(C)	(276.17)	(1,030.02)	(546.22)	(396.21)	(7.26)
	Net increase /(decrease) in cash and cash equivalents	(A+B+C)	444.81	9.56	(669.06)	846.95	(546.36)
	Cash and cash equivalents at the beginning of the year		654.45	1,099.26	1,108.82	439.76	1,286.71
	Cash and cash equivalents at the end of the year		1,099.26	1,108.82	439.76	1,286.71	740.35

Notes:

1 Components of cash and cash equivalents include cash, bank balances in current and deposit 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.

	Particulars	As at				
		March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
3	Cash and cash equivalents include :					
	Cash and Bank Balances	1,081.94	1,129.63	388.47	1,284.96	759.69
	Unrealised loss/(gain) on foreign currency					
	Cash and cash equivalents	17.32	(20.81)	51.29	1.75	(19.34)
	Total Cash and Cash equivalents	1,099.26	1,108.82	439.76	1286.71	740.35

Annexure 4: Notes on adjustments made in the Summary Consolidated Statements of Tech Mahindra Limited, as restated

1. Up to the year ended March 31, 2001, Tech Mahindra Limited (TML) provided for depreciation on its Fixed Assets on the straight-line method at the rates specified in Schedule XIV of the Companies Act, 1956. During and from the year ended March 31, 2002, TML, in order to have a more appropriate presentation of the financial statements, provided depreciation on the straight-line method on the basis of Management's estimate of the useful life of the Fixed Assets, which resulted into a charge for earlier years being made in the accounts of TML for the year ended March 31, 2002 aggregating to Rs.195.06 millions. Such charge and the related tax impact have been adjusted in the balance of the profit and loss account as at March 31, 2001 (see note 3 below).
2. The effect of short/excess provisions for taxation of TML arising as a result of completion of income-tax assessments for the individual years, have been given in the respective years in the Summary Statements (see note 3 below).
3. Summary of adjustments stated above:

a) Balance of profit and loss account as restated:

Rs. in millions

Year ended	**March 31, 2002**	**March 31, 2003**	**March 31, 2004**
Net Profit after tax as per audited consolidated financial statements	1,262.92	1,631.01	674.78
Add: Adjustment on account of depreciation (see note 1 above)	195.06	-	-
Less: Deferred tax impact on account of depreciation adjustment (see note 1 above)	(9.50)	(0.67)	-
Add/(Less): Adjustments on account of short/(excess) provisions for income-tax (see note 2 above)	13.59	-	(38.12)
Consolidated Net Profit after tax, as restated	1,462.07	1,630.34	636.66

b) Balance of profit and loss account, as restated as at March 31, 2001:

Rs. in millions

Balance of consolidated profit and loss account as at March 31, 2001 as per audited consolidated financial statements	1,840.84
(Decrease)/increase in profit as a result of the adjustment on account of	
- Depreciation	(195.06)
Excess provision in respect of income tax for earlier years	24.53
Balance of consolidated profit and loss account, as restated as at March 31, 2001	1,670.31

Annexure 5: Schedules forming part of Consolidated Balance Sheet and Profit and Loss Account of Tech Mahindra Limited, as restated

Schedule (i) Details of Share capital

Rs in millions

As at	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Authorised :					
125,000,000 Equity Shares of Rs. 2/- each	250.00	250.00	250.00	250.00	-
150,000,000 Equity Shares of Rs. 2/- each	-	-	-	-	300.00
Total	**250.00**	**250.00**	**250.00**	**250.00**	**300.00**
Issued and Subscribed:					
101,052,735 Equity Shares of Rs. 2/- each fully paid-up	202.11	-	-	-	-
101,069,355 Equity Shares of Rs. 2/- each fully paid-up	-	202.14	-	-	-
101,364,055 Equity Shares of Rs. 2/- each fully paid-up	-	-	202.73	-	-
101,726,575 Equity Shares of Rs. 2/- each	-	-	-	203.45	-
112,440,523 Equity Shares of Rs. 2/- each	-	-	-	-	224.88
Total	**202.11**	**202.14**	**202.73**	**203.45**	**224.88**
Paid up :					
101,052,735 Equity Shares of Rs. 2/- each fully paid-up	202.11	-	-	-	-
101,069,355 Equity Shares of Rs. 2/- each fully paid-up	-	202.14	-	-	-
101,364,055 Equity Shares of Rs. 2/- each fully paid-up	-	-	202.73	-	-
101,726,575 Equity Shares of Rs. 2/- each fully paid-up	-	-	-	203.45	-
102,508,885 Equity Shares of Rs. 2/- each fully paid-up	-	-	-	-	205.02
9,931,638 Equity Shares of Rs 2/- each Rs 0.30 paid-up	-	-	-	-	2.98
Total	**202.11**	**202.14**	**202.73**	**203.45**	**208.00**

Notes:

1. a) As on March 31, 2002 out of above, 32,235,823 Equity shares of Rs.2/- each fully paid up are held by e-Mahindra Solutions Ltd., a wholly owned subsidiary of Mahindra Information Technology Services Limited, which holds 25,364,237 (including 200 held with nominees) equity shares of Rs. 2 each fully paid up, in TML and is wholly owned subsidiary of Mahindra & Mahindra Limited.

b) As on March 31, 2003 out of above, 25,364,237 (including 200 held with nominees) Equity shares of Rs. 2/- each fully paid up are held by Mahindra Information Technology Services Ltd., a wholly owned subsidiary of Mahindra & Mahindra Limited, which holds 32,235,823 equity shares of Rs. 2 each fully paid up, in TML.

c) As on March 31, 2004 and March 31, 2005, 57,600,060 (including 200 held with nominees) Equity shares of Rs.2/- each fully paid up are held by Mahindra & Mahindra Limited, the holding company.

d) As on March 31, 2006, 57,600,060 Equity Shares of Rs. 2/- each fully paid-up are held by Mahindra & Mahindra Ltd., the holding company.

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

Schedule (ii) Details of Reserves and surplus, as restated

Rs in millions

As at	**March 31, 2002**	**March 31, 2003**	**March 31, 2004**	**March 31, 2005**	**March 31, 2006**
General Reserve :					
As per last Balance Sheet	235.61	365.61	540.61	640.61	728.61
Add : Transfer from Profit and Loss Account	130.00	175.00	100.00	88.00	230.00
	365.61	**540.61**	**640.61**	**728.61**	**958.61**
Securities Premium :					
As per last Balance Sheet	124.74	124.74	125.42	137.55	152.77
Add : Received during the year	-	0.68	12.13	15.22	129.74
	124.74	**125.42**	**137.55**	**152.77**	**282.50**
Currency Translation Reserve:					
As per last Balance Sheet	8.10	12.12	9.10	20.12	26.33
Addition during the year	4.02	(3.02)	11.02	6.21	(10.10)
	12.12	**9.10**	**20.12**	**26.33**	**16.23**
Capital Reserve	-	-	-	-	0.02
Balance in consolidated Profit and Loss Account	2,702.94	2,952.40	3,066.43	3,750.27	4,688.92
Total	**3,205.41**	**3,627.53**	**3,864.71**	**4,657.97**	**5,946.28**

Schedule (iii) Details of Fixed Assets, as restated

Rs in millions

As at	**March 31, 2002**	**March 31, 2003**	**March 31, 2004**	**March 31, 2005**	**March 31, 2006**
Goodwill on consolidation	-	-	-	-	866.83
Leased vehicles	9.11	19.29	45.76	81.56	74.35
Land	-	-	-	-	91.37
Building	932.44	932.44	1,139.78	1,410.28	1,593.52
Improvements to Leased Premises	31.84	28.92	-	-	-

Rs in millions

As at	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Computers	460.81	538.14	466.74	616.63	889.92
Plant and machinery	216.40	221.90	274.58	369.14	528.44
Furniture and fixtures	210.53	210.53	261.38	389.08	505.91
Own vehicles	0.95	0.95	0.95	-	29.29
Total	**1,862.08**	**1,952.17**	**2,189.19**	**2,866.69**	**4,579.63**
Less: Total accumulated depreciation	693.50	901.06	843.69	1,156.49	1,879.76
Add: Capital work-in-progress	316.58	379.44	198.53	70.49	198.29
Fixed assets (Net)	**1,485.16**	**1,430.55**	**1,544.03**	**1,780.69**	**2,898.16**
Fixed assets include certain leased vehicles on which vendors have a lien.	-	-	28.65	74.75	44.70

Schedule (iv) Details of Cash and bank

Rs in millions

As at	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Balance with Scheduled banks					
(i) In Current accounts	60.92	307.15	122.01	833.93	261.95
(ii) In Fixed Deposit accounts	954.79	757.11	157.37	451.02	359.94
Balance with other banks					
(i) In Current accounts	64.43	65.37	109.09	-	137.79
(ii) In Fixed Deposit accounts	1.80	-	-	-	-
Total	**1,081.94**	**1,129.63**	**388.47**	**1,284.96**	**759.69**

Schedule (v) Details of Current liabilities

Rs in millions

As at	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Total outstanding dues of Creditors other than Small Scale Industrial Undertakings	598.78	451.95	642.27	1,290.23	1,835.92
Total	**598.78**	**451.95**	**642.27**	**1,290.23**	**1,835.92**

Schedule (vi) Details of Provisions, as restated

Rs in millions

As at	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Provision for taxation (net of payments)	142.26	38.39	233.48	349.60	579.91
Proposed Dividends	121.26	262.74	141.91	-	915.19
Provision for Dividend tax	-	33.66	18.18	-	128.36
Provision for Gratuity	41.83	66.41	90.87	118.38	195.80
Provision for Leave Encashment	49.71	77.16	114.46	147.51	282.54
Total	**355.06**	**478.36**	**598.89**	**615.48**	**2,101.80**

Schedule (vii) Details of Personnel cost

Rs in millions

Year ended	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Salaries, wages and bonus	1,243.45	1,275.41	2,261.56	3,555.22	4,956.35
Contribution to Provident and Other Funds	69.03	73.51	95.52	253.91	337.34
Staff Welfare	65.29	51.07	91.53	167.05	330.03
Total	**1,377.77**	**1,399.99**	**2,448.62**	**3,976.17**	**5,623.72**

Schedule (viii) Details of Operating and other expenses

Rs in millions

Year ended	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Power	32.38	30.78	31.49	46.99	81.87
Rent	90.34	84.90	119.28	160.03	143.47
Rates and taxes	6.77	5.84	9.00	4.56	9.47
Communication expenses	128.17	143.99	156.53	227.77	283.21
Travelling expenses	1,394.95	1,904.21	2,382.87	2,075.76	1,816.18
Recruitment expenses	5.79	21.06	61.98	32.74	71.97
Hire Charges	27.86	78.45	99.17	118.49	108.58
Sub-contracting costs	47.31	168.56	556.14	799.89	763.79
Repairs and Maintenance:					
Buildings (including leased premises)	12.72	13.30	14.03	14.69	14.41
Machinery	16.97	17.09	14.82	22.01	35.83
Others	17.06	13.25	16.30	19.20	35.51
Insurance	12.85	8.94	17.60	25.00	34.87
Professional fees	121.78	148.79	224.73	132.19	112.95
Software Packages	66.07	11.15	52.00	80.03	141.62
Training	30.48	45.76	69.54	71.43	91.26
Advertising, Marketing and Selling expenses	15.65	25.43	45.67	82.22	5.22
Commission on Services Income	10.35	7.25	64.31	34.38	39.82
Loss on sale of fixed assets	0.16	-	-	3.36	4.41
Excess of cost over fair value of current investments	-	-	-	0.16	0.27
Advances / debts written off	15.54	2.30	2.23	13.40	0.37
Provision for Doubtful Debts	5.00	10.00	3.21	14.18	16.66
Fixed Assets written off	1.87	-	1.31	0.05	-
Loss on exchange fluctuation (Net)	-	-	17.35	-	-
Donations	-	-	-	3.68	154.86
Miscellaneous Expenditure written off	7.28	-	-	-	-
Miscellaneous expenses *	83.68	117.57	210.60	147.81	157.65
Total	**2,151.05**	**2,858.63**	**4,170.15**	**4,129.99**	**4,124.24**

* includes Printing and Stationery expenses, Hospitality expenses, Conveyance, etc.

Annexure - 6: Summary of Significant Accounting Policies and Notes on Consolidated accounts of Tech Mahindra Limited, as restated

1) Significant accounting policies:

a) Basis for preparation of accounts:

The accompanying Consolidated Financial Statements of Tech Mahindra Limited (TML) ("the holding company") (formerly known as Mahindra-British Telecom Limited) and its subsidiaries are prepared under the historical cost convention in accordance with the generally accepted accounting principles applicable in India (Indian GAAP), the provisions of the Companies Act, 1956 and the Accounting Standards issued by The Institute of Chartered Accountants of India (ICAI) 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 upto the same reporting date as that of the Holding company namely March 31, 2006.

b) Principles of consolidation:

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

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

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

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

Minority interest in the net assets of the consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made in the subsidiary company/s and further movements in their share in the equity, subsequent to the dates of investments.

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) Assets taken on lease:

Assets taken on finance lease on or after April 1, 2001 are accounted for as fixed assets in accordance with Accounting Standard 19 (AS 19) on "Leases", issued by the ICAI. Accordingly, the assets have been accounted at fair value. Lease payments are apportioned between finance charge and reduction of outstanding liability.

e) Fixed Assets:

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

f) Depreciation on fixed assets:

Depreciation for all fixed assets including for assets taken on lease is computed using the straight-line method based on estimated useful lives. Depreciation is charged on a pro-rata basis for assets purchased or sold during the year.

Management's estimate of the useful life of fixed assets is as follows:

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

g) Impairment of Assets

At the end of each year, the company determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard 28 ''Impairment of Assets'' issued by the ICAI. Where the recoverable amount of any fixed asset is lower than its carrying amount, a provision for impairment loss on fixed assets is made for the difference.

h) Investments:

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

i) Revenue recognition:

Revenue from software consists primarily of revenue earned from services performed on 'time and material' basis. The related revenue is recognised as and when services are performed. Income from service performed by the Company pending receipt of purchase orders from customers, which are invoiced subsequently on receipt thereof, are recognised as unbilled revenue.

The Company also performs time bound fixed–price engagements, under which revenue is recognised using the percentage of completion method of accounting, unless work completed cannot be reasonably estimated.

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

Income from training is recognised over the period of instruction.

j) Foreign currency transactions:

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

Any premium or discount arising at the inception of the forward exchange contract is recognised as income or expense over the life of the contract, except in the case where the contract is in connection with purchase of fixed asset, where the same is adjusted to the cost of fixed assets. Exchange difference accounted on a forward exchange contract entered into to hedge the foreign currency risk of a firm commitment is the difference between the foreign currency amount of the contract translated at the exchange rate at the reporting/settlement date and the said amount translated at the later date of inception of the contract / last reporting date.

k) Translation and Accounting of Financial Statement of Foreign subsidiaries:

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

1. All incomes and expenses are translated at the average rate of exchange prevailing during the year
2. Assets and liabilities are translated at the closing rate on the Balance sheet date
3. Share Capital is translated at historical rate
4. The resulting exchange differences are accumulated in currency translation reserve

l) Retirement Benefits:

Provision is made for gratuity and encashment of unavailed leave on retirement on the basis of actuarial valuations.

m) Income taxes:

Tax expense comprises of current tax, deferred tax and fringe benefit tax. Current tax is measured at the amount expected to be paid to/recovered from the tax authorities, using the applicable tax rates. Deferred tax assets and liabilities are recognised for future tax consequences attributable to timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent years and are measured using relevant enacted tax rates. Fringe benefits tax is recognised in accordance with the relevant provisions of the Income-tax Act, 1961 and the Guidance Note on Fringe Benefits Tax issued by the ICAI. Tax on distributed profits payable by Indian Companies in accordance with the provisions of the Income-tax Act, 1961 is disclosed in accordance with the Guidance Note on Accounting for Corporate Dividend Tax issued by the ICAI.

n) Contingent Liabilities:

These, if any, are disclosed in the notes and 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.

2) The consolidated financial statements present the consolidated accounts of TML, which consists of the accounts of TML and of the following subsidiaries

Name of the Subsidiary company	**Country of incorporation**	**Extent of Holding (%) as on March 31, 2006**
Tech Mahindra (Americas) Inc. (Formerly known as MBT International Inc.)	United States of America	100 %
Tech Mahindra GmbH (Formerly known as MBTI GmbH)	Germany	100 %
Tech Mahindra (Singapore) Pte. Ltd. (Formerly known as MBT Software Technologies Pte. Ltd., Singapore)	Singapore	100 %
Tech Mahindra (Thailand) Limited	Thailand	99.99%
Tech Mahindra (R & D Services) Limited (Formerly known as Axes Technologies (India) Private Limited) and its following subsidiaries:	India	99.97%
(a) Tech Mahindra (R & D Services) Inc. (Formerly known as Axes Technologies Inc.)	United States of America	99.97%
(b) Tech Mahindra (R & D Services) Pte. Ltd., (Formerly known as Axes Technologies (Asia pacific) Pte. Ltd.)	Singapore	99.97%

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

3) The estimated amount of contracts remaining to be executed on capital accounts and not provided for:

Rs in millions

As at	**March 31, 2002**	**March 31, 2003**	**March 31, 2004**	**March 31, 2005**	**March 31, 2006**
	151.60	43.63	5.81	92.43	422.30

4) Contingent liabilities:

Rs in millions

As at	**March 31, 2002**	**March 31, 2003**	**March 31, 2004**	**March 31, 2005**	**March 31, 2006**
Income tax demands disputed in appeal	17.12	75.44	87.46	87.46	43.21
Bank guarantees outstanding	10.31	0.86	43.48	53.53	114.58
Claims from statutory authorities (relating to Provident fund)	-	-	-	-	1.50

5) Confirmation letters have been sent to the debtors of TML and their balances are subject to reconciliation and consequent adjustments, if any, on receipt of such confirmation.

6) During the year ended March 31, 2006, vide Share Purchase Agreement dated 15th November, 2005, TML has acquired Tech Mahindra (R&D services) Limited (Formerly known as Axes Technologies (India) Private Limited.) for initial consideration of Rs. 1,755,060,271 (including stamp duty). As a result, TMRDL and its two wholly owned subsidiaries have become subsidiary / step subsidiaries of the Company with effect from the date of acquisition i.e. 28th November, 2005.

   The terms of purchase also provide for payment of contingent consideration to all the selling shareholders, payable over three years and calculated based on achievement of specific targets. The contingent consideration is payable in cash and cannot exceed Rs. 640,780,000. The consideration so payable would be accounted in the books of account in the year of achieving the milestones under the Agreement and payment thereof. Accordingly Rs. 32,828,677 has been provided for during the year.

   The excess of the above cost to TML over its share of the equity in TMRDL at the date on which the investment is made aggregating to Rs. 866,827,792 has been recognised as 'Goodwill on Consolidation' and disclosed along with Fixed Assets.

7) Segmental information

   As per Accounting Standard 17 (AS-17) on Segment reporting issued by the ICAI, the Primary Segment is Geographical by location of customers. The Secondary Segments are identified based on the line of operations. The Accounting principles consistently used in the preparation of the financial statements are also applied to record income and expenditure in individual segments. There are no inter-segment transactions during the year.

   The Primary Geographical segments consist of regions of Europe, United States of America (USA) and Rest of the World (ROW). The Secondary Segments consist of services provided in the Telecom sector and other sectors.

   Segregation of assets, liabilities, depreciation and other non-cash expenses into various primary segments has not been done as the assets are used interchangeably between segments and the management 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.

   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 is not given.

   A. PRIMARY SEGMENTS, AS RESTATED

Rs in millions

For the year ended March 31, 2006	**Geographical Segments Based on Location of Customers**			
PARTICULARS	**EUROPE**	**USA**	**ROW**	**TOTAL**
REVENUES	9,532.25	2,226.41	668.01	12,426.67
DIRECT EXPENSES	5,216.24	1,594.19	586.04	7,396.47
SEGMENTAL OPERATING INCOME	4,316.01	632.22	81.97	5,030.20
UNALLOCABLE EXPENSES				
1. Depreciation				397.48
2. Other Unallocable Expenses				2,351.49
Total				2,748.97
OPERATING INCOME				2,281.23
Other Income				340.13
NET PROFIT BEFORE TAXES				2,621.36
INCOME TAXES				
- Current				(207.68)
- Deferred				(24.53)
- Fringe benefit tax				(35.39)
NET PROFIT AFTER TAXES				2,353.76

SECONDARY SEGMENTS:

Revenues from secondary segments are as under –

Rs in millions

Sector	
Telecom	12,268.25
Others	158.42
Total	12,426.67

B. PRIMARY SEGMENTS, AS RESTATED

Rs in millions

For the year ended March 31, 2005	Geographical Segments Based on Location of Customers			
PARTICULARS	**EUROPE**	**USA**	**ROW**	**TOTAL**
REVENUES	8,415.70	659.98	380.73	9,456.41
DIRECT EXPENSES	5,221.82	484.60	265.80	5,972.22
SEGMENTAL OPERATING INCOME	3,193.88	175.38	114.93	3,484.19
UNALLOCABLE EXPENSES				
1. Depreciation				321.13
2. Other Unallocable Expenses				2,133.94
Total				2,455.07
OPERATING INCOME				1,029.12
Other Income				85.49
NET PROFIT BEFORE TAXES				1,114.61
INCOME TAXES				
- Current				(142.25)
- Deferred				51.54
NET PROFIT AFTER TAXES				1,023.90

SECONDARY SEGMENTS:

Revenues from secondary segments are as under –

Rs in millions

Sector	
Telecom	9,456.41
Others	-
Total	9,456.11

C. PRIMARY SEGMENTS, AS RESTATED

Rs in millions

For the year ended March 31, 2004	Geographical Segments Based on Location of Customers			
PARTICULARS	**EUROPE**	**USA**	**ROW**	**TOTAL**
REVENUES	6,516.40	716.07	184.59	7,417.06
DIRECT EXPENSES	4,050.62	499.00	145.83	4,695.45
SEGMENTAL OPERATING INCOME	2,465.78	217.07	38.76	2,721.61
UNALLOCABLE EXPENSES				
1. Depreciation				226.52
2. Other Unallocable Expenses				1,923.32
Total				2,149.84
OPERATING INCOME				571.77
Other Income				148.05
NET PROFIT BEFORE TAXES				719.82
INCOME TAXES				
- Current				(151.00)
- Deferred				67.84
NET PROFIT AFTER TAXES				636.66

SECONDARY SEGMENTS:

Revenues from secondary segments are as under –

Rs in millions

Sector	
Telecom	7,417.06
Others	-
Total	7,417.06

D. PRIMARY SEGMENTS, AS RESTATED

Rs in millions

For the year ended March 31, 2003	Geographical Segments Based on Location of Customers			
PARTICULARS	**EUROPE**	**USA**	**ROW**	**TOTAL**
REVENUES	5,572.28	541.05	100.99	6,214.32
DIRECT EXPENSES	2,761.14	280.13	45.27	3,086.54
SEGMENTAL OPERATING INCOME	2,811.14	260.92	55.72	3,127.78

Rs in millions

For the year ended March 31, 2003	Geographical Segments Based on Location of Customers			
PARTICULARS	**EUROPE**	**USA**	**ROW**	**TOTAL**
UNALLOCABLE EXPENSES				
1. Depreciation				228.37
2. Other Unallocable Expenses				1,172.09
Total				1,400.46
OPERATING INCOME				1,727.32
Other Income				204.55
NET PROFIT BEFORE TAXES				1,931.87
INCOME TAXES				
- Current				(319.67)
- Deferred				18.14
NET PROFIT AFTER TAXES				1,630.34

SECONDARY SEGMENTS:

Revenues from secondary segments are as under –

Rs in millions

Sector	
Telecom	5,985.59
Others	228.73
Total	6,214.32

E. PRIMARY SEGMENTS, AS RESTATED

Rs in millions

For the year ended March 31, 2002	GGeographical Segments Based on Location of Customers			
PARTICULARS	**EUROPE**	**USA**	**ROW**	**TOTAL**
REVENUES	4,768.97	656.60	66.43	5,492.00
DIRECT EXPENSES	2,102.43	342.49	32.16	2,477.08
SEGMENTAL OPERATING INCOME	2,666.54	314.11	34.27	3,014.92
UNALLOCABLE EXPENSES				
1. Depreciation				248.21
2. Other Unallocable Expenses				1,051.74
Total				1,299.95
OPERATING INCOME				1,714.97
Other Income				114.14
NET PROFIT BEFORE TAXES				1,829.11
INCOME TAXES				
- Current				(368.36)
- Deferred				1.32
NET PROFIT AFTER TAXES				1,462.07

SECONDARY SEGMENTS:

Revenues from secondary segments are as under –

Rs in millions

Sector	
Telecom	5,300.20
Others	191.80
Total	5,492.00

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

The details of the options are as under:

	March 31, 2006
Options outstanding at the beginning of the year	2,229,740
Options granted during the year	345,000
Options lapsed during the year	313,340
Options cancelled during the year	259,090
Options exercised during the year	782,310
Options outstanding at the end of the year	1,220,000

Out of the options outstanding at the end of March 31, 2006, 504,300 options have vested, which have not been exercised.

B) During the year ended March 31, 2006 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 and its subsidiary companies. 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.

Options granted and outstanding at the end of the period are 10,219,860.

2,271,078 options have vested as at the end of March 31, 2006.

C) During the year ended March 31, 2006 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:

	March 31, 2006
Options outstanding at the beginning of the year	-
Options granted during the year	4,633,680
Options lapsed during the year	-
Options cancelled during the year	21,300
Options exercised during the year	-
Options outstanding at the end of the year	4,612,380
Weighted average share price of the above options on the date of the exercise	Rs 83

Out of the options outstanding at the end of March 31, 2006, none of the options have vested.

D) TML uses the intrinsic value-based method of accounting for stock options granted after April 1, 2005. TML has accounted for the ESOPs based on Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. Had the compensation cost for TML stock based compensation plan been determined in the manner consistent with the fair value approach as described in the Guidance note, TML's net income would be lower by Rs. 36,942 and earnings per share as reported would be lower as indicated below:

Rs. in millions

Net profit	
As Reported	2,353.72
Less: Total stock-based employee compensation expense determined under fair value base method.	0.04
Adjusted net profit	2,353.68
Basic earnings per share (Rs.)	
As reported	22.63
Adjusted	22.63
Diluted earnings per share (Rs.)	
As reported	18.32
Adjusted	18.32

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

Dividend yield (%)	6.89
Expected life	5 years
Risk free interest rate (%)	7.12
Volatility	-

9) As required under Accounting Standard 18 (AS – 18), following are details of transactions during the year with the related parties of TML as defined in AS – 18:

(A) List of Related Parties and Relationships

Name of Related Party	**Relation**				
	March 31, 2002	**March 31, 2003**	**March 31, 2004**	**March 31, 2005**	**March 31, 2006**
Mahindra & Mahindra Limited	Holding Company	Holding Company	Holding Company	Holding Company	Holding Company
Mahindra Information Technology Services Limited	Promoter holding more than 20% stake	Promoter holding more than 20% stake	Promoter* holding more than 20% stake	-	-
British Telecommunications, plc.	Promoter holding more than 20% stake	Promoter holding more than 20% stake	Promoter holding more than 20% stake	Promoter holding more than 20% stake	Promoter holding more than 20% stake

Name of Related Party	Relation				
	March 31, 2002	**March 31, 2003**	**March 31, 2004**	**March 31, 2005**	**March 31, 2006**
Mahindra BT Investment Company (Mauritius) Limited	-	-	-	-	Promoter Group Company
Mahindra Engineering and Chemical Products Limited	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company
Mahindra Engineering Design and Development Company Limited	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company
Bristlecone India Limited	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company
Mahindra Consulting Inc.	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company
Bristlecone UK Limited (Formerly known as Mahindra Intertrade Limited UK)	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company
Mahindra Holidays & Resorts India Limited	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company
Key Management Personnel					
Mr. Kiran Deshpande	Managing Director and CEO	-	-	-	-
Mr. Robert John Helleur	Executive Director and Chief Executive Officer	Executive Director and Chief Executive Officer	Executive Director and Chief Executive Officer	Executive Director and Chief Executive Office*	-
Mr. Vineet Nayyar	-	-	-	Vice Chairman and Managing Director	Vice Chairman and Managing Director

** for part of the year*

(B) Transactions with related parties

Rs in millions

Transactions with related parties	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Reimbursement of Expenses (Net)-Paid/(Receipt)					
- Promoter / Holding Companies	12.45	13.61	(35.47)	(43.64)	(83.41)
- Fellow subsidiary Companies	-	-	5.29	0.12	25.50
Payment for Training Fees					
- Promoter / Holding Companies	22.24	-	-	-	-
Income from Services & Management Fees					
- Promoter / Holding Companies	4,297.31	5,163.08	5,860.99	7,933.54	8,545.28
- Fellow subsidiary Companies	7.70	1.20	1.20	1.53	3.74
Rent paid					
- Fellow subsidiary Companies	9.28	7.19	-	-	-
Other expenses					
- Promoter / Holding Companies	-	6.51	-	-	-
- Fellow subsidiary Companies	-	0.29	-	-	-
Sub-contracting cost					
- Fellow subsidiary Companies	-	-	-	5.84	-
Dividend Paid					
- Promoter / Holding Companies	276.17	1,030.74	232.42	363.79	122.60
- Key Management Personnel	-	-	0.08	0.15	-
Loan Given/ (Repaid)					
- Key Management Personnel	(0.57)	-	-	-	-
Salary and Perquisites					
- Key Management Personnel	22.36	15.32	12.46	8.19	17.10
Sale of Fixed Assets					
- Fellow subsidiary Companies	-	-	8.10	-	-
Debit/ (Credit) balances (Net) outstanding					
- Promoter/ Holding Companies	1,255.13	1,523.78	2,132.84	1,707.32	3,031.74
- Fellow subsidiary Companies	0.33	3.41	(1.29)	(0.91)	(5.28)
- Key Management Personnel	-	-	(0.82)	-	-

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

Rs in millions

Transactions with related parties	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Reimbursement of Expenses (net) - Paid/ (Receipt)					
Promoter Companies					
- British Telecommunications plc.	-	-	(59.69)	(51.06)	(87.29)
- Mahindra & Mahindra Ltd.	(7.95)	(13.60)	-	-	-
- Mahindra Information Tech Ser Ltd.	(4.50)	-	-	-	-
Income from Services					
Promoter Companies					
- British Telecommunications plc.	4,297.31	5,160.84	5,858.68	7,949.30	8,529.06
Dividend Paid					
Promoter Companies					
- Mahindra & Mahindra Ltd.	88.10	328.81	157.95	207.36	69.12
- British Telecommunications plc.	118.75	443.22	212.94	156.43	52.14
- Mahindra Information Tech Ser Ltd	69.32	258.72	124.28	-	-
Salary and Perquisites					
Key Management Personnel					
- Mr. Robert John Helleur	13.31	8.72	12.46	4.85*	-
- Mr. Vineet Nayyar	-	-	-	3.34*	17.10
- Mr. Kiran Deshpande	9.05	6.60	-	-	-
Payment for training Fees					
Promoter Companies					
- Mahindra Information Tech Ser Ltd	22.24	-	-	-	-
Other Expenses					
Promoter Companies					
- Mahindra & Mahindra Ltd.	-	6.50	-	-	-
Rent Paid					
- Mahindra Engineering	9.28	7.20	-	-	-

* for part of the year

Other related parties of TML with whom no transactions have been entered during the year ended March 31, 2006 are as under:

- Automartindia Limited
- Bristlecone Ltd. Cayman
- Bristlecone Inc.
- Mahindra Gesco Developers Ltd
- Mahindra Acres and Consulting Engineers Ltd
- Mahindra Ashtech Ltd
- Mahindra Automotive Steels Pvt. Ltd
- Bristlecone India Ltd.
- Bristlecone GmbH
- Bristlecone Singapore Pte. Ltd.
- Mahindra (China) Tractor Company Ltd.
- Mahindra Engg & Chem Products Ltd.
- Mahindra Engineering Design & Development Company Ltd.
- Mahindra Europe s.r.l.
- Mahindra Gujarat Tractor Ltd.
- Mahindra Holdings & Finance Ltd.
- Mahindra Holidays & Resorts India Ltd.
- Mahindra Holidays & Resorts (USA) Inc.
- Mahindra Insurance Brokers Ltd.
- Mahindra Infrastructure Developers Ltd.
- Mahindra Intertrade Ltd.
- Bristlecone UK Ltd.
- Mahindra International Ltd.
- Mahindra World City Developers Ltd.
- Mahindra Logisoft Business Solutions Ltd.
- Mahindra Middleeast Electrical Steel Service Centre (FZE)
- Mahindra & Mahindra Financial Services Ltd.
- Mahindra & Mahindra South Africa (Pty) Ltd.
- Mahindra Overseas Investment Company (Mauritius) Ltd.
- Mahindra Realty Ltd.
- Mahindra Renault Pvt. Ltd.
- Mahindra Steel Service Centre Ltd.
- Mahindra Shubhlabh Services Ltd.
- Mahindra SAR Transmission Pvt Ltd.
- Mahindra USA Inc.
- Mahindra Ugine Steel Company Ltd.

- Mahindra World City (Jaipur) Ltd.
- NBS International Ltd.
- Tech Mahindra (R & D Services) Inc
- Tech Mahindra (R & D Services) Pte Ltd.
- Stokes Group Limited
- Jensand Limited
- Stokes Forgings Dudley Limited
- Stokes Forgings Limited Plexion
- Technologies (India) Private limited
- Plexion Technologies (UK) Limited
- Plexion Technologies GmbH
- Plexion Technologies Incorporated
- Tech Mahindra Foundation
- Mahindra Inframan Water Utilities Pvt. Ltd.
- Mahindra Sona Ltd.
- Mahindra Water Utilities Ltd.
- PSL Erickson Ltd.
- Owens Corning (India) Ltd.
- Siroplast Ltd.
- Mahindra Construction Company Ltd.
- Officemartindia.com Ltd.
- Rathna Bhoomi Enterprises Pvt. Ltd.
- Kota Farm Services Ltd.
- Mriyalguda Farm Solution Ltd.
- Mega One Stop Farm Services Ltd.

Annexure 7: Details of other income (consolidated) of Tech Mahindra Limited, as restated

Rs in millions

Particulars	For the years ended				
	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Interest received on					
- Bank deposits	36.68	58.49	29.20	30.97	65.88
- Others	0.24	3.68	1.52	0.59	1.26
Dividend received on Long Term Investments	5.59	29.67	31.67	-	-
Dividend received on Current Investments	-	-	-	16.22	52.95
Exchange gain (net)	67.55	90.02	-	13.32	152.26
Profit/(loss) on sale of fixed assets	-	0.67	15.14	-	-
Profit on sale of investments	-	-	-	0.03	14.63
Excess provision for earlier years / sundry credit balances written back	-	5.65	48.62	0.22	31.58
Provision for doubtful debts / Advances written back	3.16	4.33	2.22	8.50	4.55
Miscellaneous income	0.92	12.03	19.68	15.54	17.02
Total	**114.14**	**204.54**	**148.05**	**85.49**	**340.13**

Annexure 8: Accounting ratios (consolidated) of Tech Mahindra Limited, on restated amounts

	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Earnings per share (Rs):					
- Basic	14.47	16.13	6.28	10.07	22.63
- Diluted	14.18	15.80	6.17	8.97	18.32
Return on net worth %	42.91	42.57	15.65	21.06	38.25
Net asset value per equity share (Rs)	33.72	37.84	40.13	47.79	59.18
Weighted average number of equity shares outstanding during the year.	101,052,735	101,053,281	101,208,473	101,481,675	103,361,928
	101,052,735	101,069,355	101,364,055	101,726,575	103,998,631
Total number of shares outstanding at the end of the year.	101,052,735	101,053,281	101,208,473	101,481,675	103,361,928

Notes:

1. The ratios have been computed as below:

$$\text{Earnings per share (Rs)} = \frac{\text{Net profit attributable to equity shareholders as restated}}{\text{Weighted average number of equity shares outstanding during the year.}}$$

$$\text{Return on net worth (\%)} = \frac{\text{Net profit after tax as restated}}{\text{Net worth excluding revaluation reserve at the end of the year.}}$$

$$\text{Net asset value per equity share (Rs)} = \frac{\text{Net worth excluding revaluation reserve and preference share capital at the end of the year.}}{\text{Number of equity shares outstanding at the end of the year.}}$$

2. Net profit, as restated as appearing in the summary statement of profits and losses, of the Company has been considered for the purpose of computing the above ratios.
3. Earnings per share is calculated in accordance with Accounting Standard 20 ‘Earnings Per Share’, issued by the Institute of Chartered Accountants of India.

Annexure 9: Details of investments (consolidated) of Tech Mahindra Limited.

Rs in millions

As at	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Investment in subsidiary	-	-	-	-	0.50*
Investment in units of Mutual funds	216.90	334.56	451.06	1,112.78	1,504.32
Total	**216.90**	**334.56**	**451.06**	**1,112.78**	**1,504.82**
Aggregate book value of unquoted investments	**216.90**	**334.56**	**451.06**	**1,112.78**	**1,504.82**

* Refer note 2 of Annexure 6

Annexure 10: Details of Sundry Debtors (unsecured) (consolidated) of Tech Mahindra Limited, as restated

Rs in millions

As at	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Debts outstanding for a period exceeding six months					
- Considered good	7.73	5.69	225.79	189.21	145.10
- Considered doubtful	4.46	8.11	10.90	15.10	29.23
Other debts					
- Considered good	1,354.17	1,601.71	2,309.98	2,022.47	4,232.24
- Considered doubtful	-	-	-	2.42	0.40
Less: Provision	4.46	8.11	10.90	17.52	29.63
Total	**1,361.90**	**1,607.40**	**2,535.77**	**2,211.68**	**4,377.34**

The above includes the following debts due from promoter group companies

Rs in millions

As at	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
British Telecom Plc					
- Debts outstanding for a period exceeding six months	0.03	-	82.55	130.35	123.97
- Other debts	1,261.46	1,373.31	2,050.83	1,575.79	2,903.64
Mahindra & Mahindra Limited					
- Debts outstanding for a period exceeding six months	-	-	-	-	-
- Other debts	-	-	0.38	2.08	4.49
Total debts due from promoter group	**1,261.49**	**1,373.31**	**2,133.76**	**1,708.22**	**3,032.10**

Annexure 11: Details of Loans and advances (consolidated) of Tech Mahindra Limited

Rs. in millions

As at	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Advances recoverable in cash or in kind or for value to be received	162.70	182.29	234.85	163.67	237.04
Security / Other deposits	53.36	60.04	71.39	83.39	207.38
Less: Provision	2.05	4.08	2.28	3.76	3.76
Total	**214.01**	**238.25**	**303.96**	**243.30**	**440.66**

No loans and advances are given to other companies in the promoter group.

AUDITORS' REPORT

To,

The Board of Directors,
Tech Mahindra Limited
Sharda Centre,
Off Karve Road,
Pune 411 004

Dear Sirs,

Re: Public issue of Equity Shares of Tech Mahindra Limited

We have examined the financial information of Tech Mahindra Limited ('TML' or 'the Company') annexed to this report and initialed by us for identification. The financial information has been prepared in accordance with the requirements of Part II of Schedule II to the Companies Act, 1956 ('the Act'), the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 ("the Guidelines") and related clarifications thereto issued by the Securities and Exchange Board of India (SEBI) under section 11 of the Securities and Exchange Board of India Act, 1992.

Financial Information

1. The financial information referred to above, relating to profits and losses, assets and liabilities and cash flows of TML is contained in the following Annexures to this report:
   a) Annexure 1 contains the Summary Statement of Profits and Losses, as restated for the years ended March 31, 2002, March 31, 2003, March 31, 2004, March 31, 2005 and March 31, 2006
   b) Annexure 2 contains the Summary Statement of Assets and Liabilities, as restated as at March 31, 2002, March 31, 2003, March 31,2004, March 31, 2005 and March 31, 2006
   c) Annexure 3 contains the Summary Statement of Cash Flows, as restated for the years ended March 31, 2002, March 31, 2003, March 31,2004, March 31, 2005 and March 31, 2006
   d) Annexure 4 contains the Notes on adjustments made in the Summary Statements
   e) Annexure 5 contains Summary of Significant Accounting Policies and Notes on Accounts

Other Financial Information

2. Other financial information relating to TML prepared by the Company is attached in Annexure 6 to 13 to this report:
   a) Annexure 6 contains Details of dividend paid
   b) Annexure 7 contains Details of Other Income
   c) Annexure 8 contains Accounting ratios
   d) Annexure 9 contains Capitalisation Statement
   e) Annexure 10 contains Details of Investments
   f) Annexure 11 contains Details of Sundry Debtors
   g) Annexure 12 contains Details of Loans and advances
   h) Annexure 13 contains Tax Shelter Statement
3. We have examined, as appropriate, the financial information contained in the aforesaid annexures and are to state that:
   a) The financial information, prepared by the Company, is based on the financial statements of the Company for the years ended March 31, 2002, March 31, 2003, March 31, 2004, March 31, 2005 and March 31, 2006 audited by us and adopted by the Board of Directors/Members for those respective years.
   b) The financial information is arrived at after making such adjustments as in our opinion are appropriate in the year to which they related as detailed in Annexure 4 to this report.

4. We have issued a report of even date on our examination of the Statement of Consolidated Statement of Profit and Losses, as restated of the Company for the years ended March 31, 2002, March 31, 2003, March 31, 2004, March 31, 2005 and March 31, 2006, the Consolidated Statement of Assets and Liabilities, as restated of the Company as at March 31, 2002, March 31, 2003, March 31, 2004, March 31, 2005 and March 31, 2006 and the Statement of Consolidated Cash flows, as restated for the years ended March 31, 2002, March 31, 2003, March 31, 2004, March 31, 2005 and March 31, 2006 together with the significant accounting policies and notes on accounts, other schedules and notes thereon.
5. In our opinion, the financial information of the Company as attached to this report, read with the significant accounting policies and notes on accounts and other notes contained in the aforesaid Annexures, has been prepared in accordance with Part II of Schedule II of the Act and the Guidelines issued by SEBI.
6. This report is intended solely for your information and for inclusion in the Red Herring Prospectus in connection with the Public Issue of Equity Shares of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Deloitte Haskins & Sells
Chartered Accountants

A. B. Jani
Partner
Membership No: 46488

Mumbai

Dated: May 31, 2006

Annexure 1: Summary Statement of Profits and Losses of Tech Mahindra Limited, as restated

Rs in millions

Year ended		March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Income						
Income from services (including management fees)		5,161.04	6,026.21	7,115.02	9,223.37	11,971.44
Other income		113.35	204.22	135.41	72.56	313.05
Total Income		5,274.39	6,230.43	7,250.43	9,295.93	12,284.49
Expenditure						
Personnel costs		1,183.80	1,231.67	2,088.85	3,537.25	4,675.75
Operating and other expenses		2,040.17	2,720.12	3,848.64	4,071.26	4,828.50
Depreciation		441.64	225.26	221.45	315.27	373.80
Total Expenditure		3,665.61	4,177.05	6,158.94	7,923.78	9,878.05
Profit before tax and non recurring/ exceptional items		1,608.78	2,053.38	1,091.49	1,372.15	2,406.44
Taxation						
- Current tax		(356.82)	(339.38)	(150.54)	(142.25)	(175.09)
- Deferred tax		10.82	1.45	0.33	(0.56)	2.86
- Fringe benefit tax		-	-	-	-	(33.00)
		(346.00)	(337.93)	(150.21)	(142.81)	(205.23)
Profit for the year after tax and before non recurring/exceptional items		1,262.78	1,715.45	941.28	1,229.34	2,201.21
Non recurring / Exceptional items		-	-	-	(518.42)	-
Profit for the year after tax and non recurring/exceptional items		1,262.78	1,715.45	941.28	710.92	2,201.21
(Short)/Excess provision in respect of income tax for earlier years		(13.59)	-	38.12	-	-
Net Profit as per audited financial statements	(A)	1,249.19	1,715.45	979.40	710.92	2,201.21
Adjustments on account of restatements (Refer Annexure No 4)						
- Depreciation		195.06	-	-	-	-
- Deferred tax impact on the above		(9.50)	(0.67)	-	-	-
- Short/(Excess) provision in respect of income tax for earlier years		13.59	-	(38.12)	-	-
Total of adjustments	(B)	199.15	(0.67)	(38.12)	-	-

Rs in millions

Year ended		March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Net profit as restated	(A) + (B)	1,448.34	1,714.78	941.28	710.92	2,201.21
Balance brought forward from Previous year as restated		1,601.08	2,619.98	2,953.88	3,372.53	3,743.39
Profit available for appropriation as restated		3,049.42	4,334.76	3,895.16	4,083.45	5,944.60
Appropriations						
- Dividend		(282.95)	(1,172.22)	(374.63)	(223.20)	(1,039.32)
- Dividend tax		(16.49)	(33.66)	(48.00)	(28.86)	(145.76)
- Transfer to General Reserve		(130.00)	(175.00)	(100.00)	(88.00)	(230.00)
Total appropriations		(429.44)	(1,380.88)	(522.63)	(340.06)	(1,415.08)
Balance carried forward as restated		2,619.98	2,953.88	3,372.53	3,743.39	4,529.52

Annexure 2: Summary Statement of Assets and Liabilities of Tech Mahindra Limited, as restated

Rs in millions

	As at		March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
A.	Fixed Assets						
	Gross Block		1,853.94	1,934.49	2,164.87	2,841.19	3,069.55
	Less: Depreciation		690.46	894.90	832.52	1,140.67	1,501.59
	Net Block		1,163.48	1,039.59	1,332.35	1,700.52	1,567.96
	Capital work in progress including advances		316.58	379.44	198.53	70.49	193.32
	Total	(A)	1,480.06	1,419.03	1,530.88	1,771.01	1,761.28
B	Investments	(B)	229.73	376.75	732.36	1,149.35	2,947.51
C	Deferred tax asset (Net)	(C)	1.45	2.23	2.57	2.01	4.87
D	Current Assets, Loans and Advances						
	Sundry Debtors		1,337.72	1,694.23	2,762.12	2,174.17	4,127.57
	Cash and Bank Balances		1,019.35	1,064.26	291.50	1,221.74	515.83
	Loans and Advances		207.75	246.90	293.96	234.00	600.74
	Total	(D)	2,564.82	3,005.39	3,347.58	3,629.91	5,244.14
E	Current Liabilities and Provisions						
	Current Liabilities		604.78	474.86	670.95	1,117.68	1,957.67
	Provisions		358.84	506.48	589.02	606.35	2,021.48
	Total	(E)	963.62	981.34	1,259.97	1,724.03	3,979.15
F	Net worth	(A+B+C +D-E)	3,312.44	3,822.06	4,353.42	4,828.25	5,978.65
G	Represented by						
	1. Share Capital		202.11	202.14	202.73	203.45	208.00
	2. Reserves and Surplus		3,110.33	3,619.92	4,150.69	4,624.80	5,770.65
	Net worth		3,312.44	3,822.06	4,353.42	4,828.25	5,978.65

Annexure 3: Summary Statement of Cash Flows of Tech Mahindra Limited, as restated

Rs in millions

	Year Ended		March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
A	Cash Flow from operating activities						
	Net Profit before taxation as restated		1,803.84	2,053.38	1,091.49	1,372.15	2,406.44
	Adjustments for:						
	Depreciation		246.58	225.26	221.45	315.27	373.80
	Loss/(Profit) on sale of Fixed Assets, (net)		(0.04)	(0.67)	(13.84)	3.17	4.06
	Fixed Assets written off		1.87	-	-	0.04	-
	Decrease in fair value of Current Investment		-	-	-	0.16	0.27
	Exchange (gain)/loss (net)		17.32	(38.13)	72.10	(49.55)	(21.09)
	Dividend from current Investments		-	-	-	(16.19)	(47.10)
	Dividend from Long Term Investment		(5.84)	(33.66)	(33.19)	-	-
	Interest Income		(35.84)	(57.96)	(28.52)	(30.85)	(69.99)
	Profit on Sale of Investments		-	-	-	(0.03)	(11.20)
	Miscellaneous expenses written off		7.28	-	-	-	-
	Operating profit before working capital changes		2,035.17	2,148.22	1,309.49	1,594.17	2,635.19
	Adjustments for:						
	Trade and other receivables		(464.74)	(395.44)	(1,117.98)	496.54	(2,321.83)
	Trade and other payables		123.14	19.37	192.29	494.79	1022.47
	Cash generated from operations		1,693.57	1,772.15	383.80	2,585.50	1,335.83
	Direct Taxes		(284.34)	(418.92)	16.42	(26.13)	(1.09)
	Net cash from operating activities	(A)	1,409.23	1,353.23	400.22	2,559.37	1,334.74
B	Cash flow from investing activities						
	Purchase of Fixed assets		(541.98)	(261.68)	(282.63)	(546.61)	(391.98)
	Purchase of Investments		(187.86)	(147.03)	(823.74)	(1,318.65)	(2,507.11)
	Acquisition/Investments in subsidiaries		-	-	-	(120.68)	(1,791.91)
	Sale of Investments		-	-	468.12	656.83	2,511.79

Rs in millions

	Year Ended		March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
	Sale of Fixed Assets		0.39	0.87	18.84	1.24	5.95
	Interest received		36.08	61.74	33.08	29.22	71.68
	Dividend received		5.60	29.67	31.67	16.19	47.10
	Net cash used in investing activities	(B)	(687.77)	(316.43)	(554.66)	(1,282.46)	(2,054.48)
C	Cash flow from financing activities						
	Proceeds from issue of Shares (including Share Premium)		-	0.72	12.72	15.94	134.28
	Dividend (including Dividend Tax) paid		(276.17)	(1,030.74)	(558.94)	(412.15)	(141.54)
	Net cash used in financing activities	(C)	(276.17)	(1,030.02)	(546.22)	(396.21)	(7.26)
	Net increase/(decrease) in cash and cash equivalents	(A+B+C)	445.29	6.78	(700.66)	880.70	(727.00)
	Cash and cash equivalents at the beginning of the year		591.38	1,036.67	1,043.45	342.79	1,223.49
	Cash and cash equivalents at the end of the year		1,036.67	1,043.45	342.79	1,223.49	496.49

Notes:

1 Components of cash and cash equivalents include cash, bank balances in current and deposit accounts.

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

3

Particulars	As at				
Cash and cash equivalents include:	**March 31, 2002**	**March 31, 2003**	**March 31, 2004**	**March 31, 2005**	**March 31, 2006**
Cash and Bank Balances	1,019.35	1,064.26	291.50	1,221.74	515.83
Unrealised loss/(gain) on foreign currency	-	-	-	-	-
Cash and cash equivalents	17.32	(20.81)	51.29	1.75	(19.34)
Total Cash and Cash equivalents	1,036.37	1,043.45	342.79	1,223.49	496.49

Annexure 4: Notes on adjustments made in the Summary Statements of Tech Mahindra Limited, as restated

1. Up to the year ended March 31, 2001, the Company provided for depreciation on its Fixed Assets on the straight-line method at the rates specified in Schedule XIV of the Companies Act, 1956. During and from the year ended March 31, 2002, the Company, in order to have a more appropriate presentation of the financial statements, provided depreciation on the straight-line method on the basis of Management's estimate of the useful life of the Fixed Assets, which resulted into a charge for earlier years being made in the accounts for the year ended March 31, 2002 aggregating to Rs.195.06 millions. Such charge and the related tax impact have been adjusted in the balance of the profit and loss account as at March 31, 2001 (see note 3 below).
2. The effect of short/excess provisions for taxation, arising as a result of completion of income-tax assessments for the individual years, have been given in the respective years in the Summary Statements (see note 3 below).
3. Summary of adjustments stated above:

   a) Balance of profit and loss account as restated:

Rs. in millions

Year ended	March 31, 2002	March 31, 2003	March 31, 2004
Net Profit after tax as per audited financial statements	1,249.19	1,715.45	979.40
Add: Adjustment on account of depreciation (see note 1 above)	195.06	-	-
Less: Deferred tax impact on account of depreciation adjustment (see note 1 above)	(9.50)	(0.67)	-
Add/(Less): Adjustments on account of short/(excess) provisions for income-tax (see note 2 above)	13.59	-	(38.12)
Net Profit after tax as restated	1,448.34	1,714.78	941.28

   b) Balance of profit and loss account, as restated as at March 31, 2001:

Rs in millions

Balance of profit and loss account as at March 31, 2001 as per audited financial statements	1,771.61
(Decrease)/increase in profit as a result of the adjustment on account of Depreciation	(195.06)
Excess provision in respect of income tax for earlier Years	24.53
Balance of profit and loss account as restated as at March 31, 2001	1,601.08

Annexure - 5: Summary of Significant Accounting Policies and Notes on Accounts of Tech Mahindra Limited, as restated.

1) Significant accounting policies:

(a) Basis for preparation of accounts:

The accounts have been prepared to comply in all material aspects with applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) 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:

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

(d) Assets taken on lease:

Assets taken on finance lease on or after April 1, 2001 are accounted for as fixed assets in accordance with Accounting Standard 19 on "Leases", (AS 19) issued by The Institute of Chartered Accountants of India. Accordingly, the assets have been accounted at fair value. Lease payments are apportioned between finance charge and reduction of outstanding liability.

(e) Depreciation on fixed assets:

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

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

(f) Impairment of Assets:

At the end of each year, the company determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard 28 on "Impairment of Assets" issued by the Institute of Chartered Accountants of India. Where the recoverable amount of any fixed asset is lower than its carrying amount, a provision for impairment loss on fixed assets is made for the difference.

(g) Investments:

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

(h) Revenue recognition:

Revenue from software consists primarily of revenue earned from services performed on 'time and material' basis. The related revenue is recognised as and when services are performed. Income from services performed by the Company pending receipt of purchase orders from customers, which are invoiced subsequently on receipt thereof, are recognised as unbilled revenue.

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

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

(i) Foreign currency transactions:

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

Any premium or discount arising at the inception of the forward exchange contract is recognised as income or expense over the life of the contract, except in the case where the contract is in connection with purchase of fixed asset, where the same is adjusted to the cost of fixed assets. Exchange difference accounted on a forward exchange contract entered into to hedge the foreign currency risk of a firm commitment is the difference between the foreign currency amount of the contract translated at the exchange rate at the reporting/settlement date and the said amount translated at the later date of inception of the contract/last reporting date.

(j) Retirement Benefits:

Provision is made for gratuity and encashment of unavailed leave on retirement on the basis of actuarial valuations.

(k) Income taxes:

Tax expense comprises of current tax, deferred tax and fringe benefit tax. Current tax and Deferred tax are accounted for in accordance with Accounting standard 22 on "Accounting For Taxes on Income", (AS 22) issued by the ICAI. Current tax is measured at the amount expected to be paid to/recovered from the tax authorities, using the applicable tax rates. Deferred tax assets and liabilities are recognised for future tax consequences attributable to timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent years and are measured using relevant enacted tax rates. The carrying amount of deferred tax assets at each Balance sheet date is reduced to the extent that it is no longer reasonably certain that sufficient future taxable income will be available against which the deferred tax asset can be realised. Fringe benefit tax is recognised in accordance with the relevant provisions of the Income-tax Act, 1961 and the Guidance Note on Fringe Benefits Tax issued by the ICAI. Tax on distributed profits payable in accordance with the provisions of the Income-tax Act, 1961 is disclosed in accordance with the Guidance Note on Accounting for Corporate Dividend Tax issued by the ICAI.

(l) Contingent Liabilities:

These, if any, are disclosed in the notes and 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.

2) The estimated amount of contracts remaining to be executed on capital accounts and not provided for:

Rs in millions

As at	**March 31, 2002**	**March 31, 2003**	**March 31, 2004**	**March 31, 2005**	**March 31, 2006**
	15.16	43.63	5.81	92.43	421.61

3) Contingent liabilities:

Rs in millions

As at	**March 31, 2002**	**March 31, 2003**	**March 31, 2004**	**March 31, 2005**	**March 31, 2006**
Income tax demands disputed in appeal by company	17.12	75.44	87.46	87.46	42.66
Bank guarantees outstanding	10.31	0.88	43.48	47.36	90.74

4) During the year ended March 31, 2006, vide Share Purchase Agreement dated 15th November, 2005, the Company has acquired Tech Mahindra (R&D services) Limited (Formerly known as Axes Technologies (India) Private Limited), for a initial consideration of Rs. 1,755,060,471 (including stamp duty). As a result, TMRDL and its two wholly owned subsidiaries have become subsidiary / step subsidiaries of the Company with effect from the date of acquisition i.e. 28th November, 2005.

   The terms of purchase also provide for payment of contingent consideration to all the selling shareholders, payable over three years and calculated based on achievement of specific targets. The contingent consideration is payable in cash and cannot exceed Rs. 640,780,000. The consideration so payable would be accounted in the books of account in the year of achieving the milestones under the Agreement. Accordingly Rs. 32,828,677 has been accounted for as at the year end, as additional cost of acquisition.

5) Confirmation letters have been sent to the debtors and creditors of the Company and their balances are subject to reconciliation and consequent adjustments, if any, on receipt of such confirmations.

6) The Company holds investments (unquoted) in two subsidiaries, viz., Tech Mahindra (Americas) Inc.(TMI) (formerly known as MBT International Incorporated, USA) , Tech Mahindra GmbH (TMGMBH) (formerly known as MBT GmbH, Germany) aggregating to Rs. 11,794,500 and Rs. 388,827,375 respectively, which are held as strategic long-term investments. Further, the Company has trade receivables aggregating to Rs. 372,324,042 and Rs. 42,186,455 from TMI and TMGMBH respectively and loan outstanding aggregating to Rs. 223,050,000 from TMI.

   As per the latest available audited accounts of the aforesaid companies as at March 31, 2006, their respective net worth have been fully/substantially eroded. These subsidiaries have incurred losses due to substantial costs incurred over the past few years in building marketing capabilities but have made operating profits during the last year. Moreover, the subsidiaries have growth plans and expect to continue to earn profits in subsequent years resulting into positive net worth over a period of time.

   Considering the above, out of abundant caution, the company has made provisions in the year ended March 31, 2005, to the extent of accumulated losses in these subsidiaries as at the year ended March 31, 2005, aggregating, to Rs. 11,794,500 and Rs. 353,632,342 towards diminution in the value of investments in TMI and TMGMBH respectively and Rs.152,991,436 towards debts recoverable from TMI.

7) Segmental information

   As per Accounting Standard 17 (AS-17) on Segment reporting issued by the Institute of Chartered Accountants of India, the Primary Segment of the Company is Geographical by location of customers. The Secondary Segments are identified based on the line of operations of the Company. The Accounting principles consistently used in the preparation of the financial statements are also applied to record income and expenditure in individual segments. There are no inter-segment transactions during the year.

   The Primary Geographical segments of the company consist of regions of Europe, United States of America (USA) and Rest of the World (ROW). The Secondary Segments consist of services provided in the Telecom sector and other sectors.

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

   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 is not given.

A. PRIMARY SEGMENTS AS RESTATED

Rs in millions

For the year ended March 31, 2006	Geographical Segments Based on Location of Customers			
PARTICULARS	**EUROPE**	**USA**	**ROW**	**TOTAL**
REVENUES	9,530.23	1,787.00	654.21	11,971.44
DIRECT EXPENSES	5,221.99	1,439.71	576.26	7,237.96
SEGMENTAL OPERATING INCOME	4,308.24	347.29	77.95	4,733.48
UNALLOCABLE EXPENSES				
1. Depreciation				373.80
2. Other Unallocable Expenses				2,266.30
Total				2,640.10
OPERATING INCOME				2,093.38
Other Income				313.06
NET PROFIT BEFORE TAXES				2,406.44
INCOME TAXES				
- Current				(175.09)
- Deferred				2.86
- Fringe benefit tax				(33.00)
NET PROFIT AFTER TAXES				2,201.21

SECONDARY SEGMENTS:

Revenues from secondary segments are as under –

Rs in millions

Sector	
Telecom	11,813.02
Others	158.42
Total	11,971.44

B. PRIMARY SEGMENTS AS RESTATED

Rs in millions

For the year ended March 31, 2005	Geographical Segments Based on Location of Customers			
PARTICULARS	**EUROPE**	**USA**	**ROW**	**TOTAL**
REVENUES	8,328.66	549.89	344.82	9,223.37
DIRECT EXPENSES	5,120.08	404.28	243.50	5,767.86
SEGMENTAL OPERATING INCOME	3,208.58	145.61	101.32	3,455.51
UNALLOCABLE EXPENSES				
1. Depreciation				315.27
2. Other Unallocable Expenses				1,840.65
Total			2,155.92	
OPERATING INCOME				1,299.59
Other Income				72.56
NET PROFIT BEFORE TAXES & NON RECURRING/EXCEPTIONAL ITEMS				1,372.15
INCOME TAXES				
- Current				(142.25)
- Deferred				(0.56)
Net profit after tax				1,229.34
Non recurring/exceptional items				(518.42)
NET PROFIT AFTER TAX & NON RECURRING/EXCEPTIONAL ITEMS				710.92

SECONDARY SEGMENTS:

Revenues from secondary segments are as under –

Rs in millions

Sector	
Telecom	9,223.37
Others	-
Total	9,223.37

C. PRIMARY SEGMENTS AS RESTATED

Rs in millions

For the year ended March 31, 2004	Geographical Segments Based on Location of Customers			
PARTICULARS	**EUROPE**	**USA**	**ROW**	**TOTAL**
REVENUES	6,467.74	490.45	156.83	7,115.02
DIRECT EXPENSES	4,013.94	329.07	81.66	4,424.67
SEGMENTAL OPERATING INCOME	2,453.80	161.38	75.17	2,690.35
UNALLOCABLE EXPENSES				
1. Depreciation				221.45
2. Other Unallocable Expenses				1,512.82
Total				1,734.27
OPERATING INCOME				956.08
Other Income				135.41
NET PROFIT BEFORE TAXES				1,091.49
INCOME TAXES				
- Current				(150.54)
- Deferred				0.33
NET PROFIT AFTER TAXES				941.28

SECONDARY SEGMENTS:

Revenues from secondary segments are as under –

Rs in millions

Sector	
Telecom	6,777.06
Others	337.96
Total	7,115.02

D. PRIMARY SEGMENTS AS RESTATED

Rs in millions

For the year ended March 31, 2003	Geographical Segments Based on Location of Customers			
PARTICULARS	**EUROPE**	**USA**	**ROW**	**TOTAL**
REVENUES	5,566.97	388.91	70.33	6,026.21
DIRECT EXPENSES	2,758.45	169.97	31.38	2,959.80
SEGMENTAL OPERATING INCOME	2,808.52	218.94	38.95	3,066.41
UNALLOCABLE EXPENSES				
1. Depreciation				225.26
2. Other Unallocable Expenses				991.99
Total				1,217.25
OPERATING INCOME				1,849.16
Other Income				204.22
NET PROFIT BEFORE TAXES				2,053.38
INCOME TAXES				
- Current				(339.38)
- Deferred				0.78
NET PROFIT AFTER TAXES				1,714.78

SECONDARY SEGMENTS:

Revenues from secondary segments are as under –

Rs in millions

Sector	
Telecom	5,797.48
Others	228.73
Total	6,026.21

E. PRIMARY SEGMENTS AS RESTATED

Rs in millions

For the year ended March 31, 2002	Geographical Segments Based on Location of Customers			
PARTICULARS	**EUROPE**	**USA**	**ROW**	**TOTAL**
REVENUES	4,768.97	325.65	66.42	5,161.04
DIRECT EXPENSES	2,102.43	149.20	32.16	2,283.79
SEGMENTAL OPERATING INCOME	2,666.54	176.45	34.26	2,877.25
UNALLOCABLE EXPENSES				
1. Depreciation				246.58
2. Other Unallocable Expenses				940.18
Total				1,186.76
OPERATING INCOME				1,690.49
Other Income				113.35
NET PROFIT BEFORE TAXES				1,803.84
INCOME TAXES				
- Current				(356.82)
- Deferred				1.32
NET PROFIT AFTER TAXES				1,448.34

SECONDARY SEGMENTS:

Revenues from secondary segments are as under –

Rs in millions

Sector	
Telecom	4,935.88
Others	190.50
Total	5,126.38

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

The details of the options are as under:

	March 31, 2006
Options outstanding at the beginning of the year	2,229,740
Options granted during the year	345,000
Options lapsed during the year	313,340
Options cancelled during the year	259,090
Options exercised during the year	782,310
Options outstanding at the end of the year	1,220,000

Out of the options outstanding at the end of March 31, 2006, 504,300 options have vested, which have not been exercised.

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

Options granted and outstanding at the end of March 31, 2006 are 10,219,860

2,271,078 options have vested as at the end of March 31, 2006.

C) During the year the Company has instituted "Employee Stock Option Plan 2006" (ESOP 2006) for its employees and directors of holding and 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:

	March 31, 2006
Options outstanding at the beginning of the year	-
Options granted during the year	4,633,680
Options lapsed during the year	-
Options cancelled during the year	21,300
Options exercised during the year	-
Options outstanding at the end of the year	4,612,380
Weighted average share price of the above options on the date of the exercise	Rs 83

Out of the options outstanding at the end of March 31, 2006, none of the options have vested.

D) The Company uses the intrinsic value-based method of accounting for stock options granted after April 1, 2005. The Company has done the accounting of ESOPs based on Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. Had the compensation cost for the Company's stock based compensation plan been determined in the manner consistent with the fair value approach as described in the Guidance note, the Company's net income would be lower by Rs 36,942 and earnings per share as reported would be lower as indicated below:

Rs in millions

Net profit	
As Reported	2,201.21
Less: Total stock-based employee compensation expense determined under fair value base method.	0.04
Adjusted net profit	2,201.17
Basic earnings per share (Rs.)	
As reported	21.17
Adjusted	21.17
Diluted earnings per share (Rs.)	
As reported	17.13
Adjusted	17.13

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

Dividend yield (%)	6.89
Expected life	5 years
Risk free interest rate (%)	7.12
Volatility	-

9) As required under Accounting Standard 18 (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				
	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Mahindra & Mahindra Limited	Holding Company	Holding Company	Holding Company	Holding Company	Holding Company
Mahindra Information Technology Services Limited	Promoter holding more than 20% stake	Promoter holding more than 20% stake	Promoter holding more than 20% stake*	-	-
British Telecommunications, plc.	Promoter holding more than 20% stake	Promoter holding more than 20% stake	Promoter holding more than 20% stake	Promoter holding more than 20% stake	Promoter holding more than 20% stake
Mahindra BT Investment Company (Mauritius) Limited	-	-	-	-	Promoter Group Company
Mahindra Engineering and Chemical Products Limited	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company
TECH MAHINDRA (AMERICAS) Inc. (Formerly known as MBT International Inc.)	100% subsidiary Company	100% subsidiary Company	100% subsidiary Company	100% subsidiary Company	100% subsidiary Company
TECH MAHINDRA GmbH (Formerly known as MBT GmbH)	-	100% subsidiary Company	100% subsidiary Company	100% subsidiary Company	100% subsidiary Company
TECH MAHINDRA (SINGAPORE) PTE. LIMITED (Formerly known as MBT Software Technologies Pte. Ltd.)	-	100% subsidiary Company	100% subsidiary Company	100% subsidiary Company	100% subsidiary Company
Mahindra Engineering Design and Development Company Limited	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company
Bristlecone India Limited	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company

Name of Related Party	Relation				
	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Mahindra Consulting Inc.	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company
Bristlecone UK Limited (Formerly known as Mahindra Intertrade Limited UK)	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company
Mahindra Holidays & Resorts India Limited	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company	Fellow subsidiary Company
Key Management Personnel					
Mr. Kiran Deshpande	Managing Director and CEO	-	-	-	-
Mr. Robert John Helleur	Executive Director and Chief Executive Officer	Executive Director and Chief Executive Officer	Executive Director and Chief Executive Officer	Executive Director and Chief Executive Officer *	-
Mr. Vineet Nayyar	-	-	-	Vice Chairman and Managing Director *	Vice Chairman and Managing Director

* For part of the year

(B) Transactions with related parties

Rs in millions

Transactions with related parties	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Reimbursement of Expenses (Net) -Paid/(Receipt)					
- Promoter / Holding Companies	12.45	13.61	(35.47)	(43.64)	(83.41)
- Fellow subsidiary Companies	-	-	5.29	0.12	25.50
- Subsidiary Companies	63.97	(133.24)	192.81	192.25	(162.59)
Payment for Training Fees					
- Promoter / Holding Companies	22.24	-	-	-	-
Income from Services & Management Fees					
- Promoter / Holding Companies	4,297.31	5,163.08	5,860.99	7,933.54	8,545.28
Fellow subsidiary Companies	7.70	1.20	1.20	1.53	3.74
- Subsidiary Companies	323.46	386.72	501.39	612.97	854.48

Rs in millions

Transactions with related parties	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Rent paid					
- Fellow subsidiary Companies	9.28	7.19	-	-	-
Commission on sales					
- Subsidiary Companies	-	-	39.55	34.38	-
Other expenses					
- Promoter / Holding Companies	-	6.51	-	-	-
- Fellow subsidiary Companies	2.39	0.29	-	-	-
Interest on Loan					
- Subsidiary Companies	-	-	0.34	-	5.41
Sub-contracting cost					
- Subsidiary Companies	-	-	-	212.94	1,459.98
- Fellow subsidiary Companies	-	-	-	5.84	-
Dividend Paid					
- Promoter / Holding Companies	276.17	1,030.74	232.42	363.79	122.60
- Fellow subsidiary Companies	-	-	-	-	-
- Key Management Personnel	-	-	0.08	0.15	-
Loan Given/ (Repaid)					
- Subsidiary Companies	2.02	3.68	(5.82)	-	223.05
- Key management personnel	(0.57)	-	-	-	-
Donation	-	-	-	-	150.00
Salary and Perquisites					
- Key Management Personnel	22.36	15.32	12.46	8.19	17.10
Sale of Fixed Assets					
- Promoter / Holding Companies	-	-	-	-	-
- Fellow subsidiary Companies	-	-	8.10	-	-
Investments					
- Subsidiary Companies	1.03	29.36	239.12	120.69	1,791.91
Provision for value in diminution of investments					
- Subsidiary Companies	-	-	-	365.43	-
Provision for value in diminution of debtors					
- Subsidiary Companies	-	-	-	152.99	-
Debit / (Credit) balances (Net) outstanding					
- Promoter / Holding Companies	1,255.13	1,523.78	2,132.84	1,707.32	3,031.74
- Fellow subsidiary Companies	0.33	3.41	(1.29)	(0.91)	(5.28)
- Subsidiary Companies	53.85	207.02	265.37	277.85	260.87
Key management personnel	-	-	(0.82)	-	-

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

Rs in millions

Transactions with related parties	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Reimbursement of Expenses (net) - Paid/(Receipt)					
Promoter Companies					
- British Telecommunications plc	-	-	(59.69)	(51.06)	(87.29)
- Mahindra & Mahindra Ltd	7.95	-	-	-	-
Subsidiary Companies					
- Tech Mahindra (Americas) Inc. (Formerly known as MBT International Inc.)	60.71	117.85	195.91	188.95	163.35
Tech Mahindra GmbH (Formerly known as MBT GmbH)	-	-	6.19	-	-
Income from Services					
Promoter Companies					
- British Telecommunications plc	4,297.31	5,160.84	5,858.68	7,949.30	8,529.06
Subcontracting Cost					
Subsidiary Companies					
- Tech Mahindra (Americas) Inc. (Formerly known as MBT International Inc.)	-	-	-	124.47	1,219.75
- Tech Mahindra GmbH (Formerly known as MBT GmbH)	-	-	-	88.47	174.33
Commission on Sales					
Subsidiary Companies					
- Tech Mahindra GmbH (Formerly known as MBT GmbH)	-	-	39.55	34.41	-
Dividend Paid					
Promoter Companies					
- Mahindra & Mahindra Ltd.	88.10	328.81	157.95	207.36	69.12
- British Telecommunications plc	118.75	443.22	212.94	156.43	52.14
- Mahindra Information Tech Ser Ltd	69.32	258.72	124.28	-	-
Investment					
Subsidiary Companies					
- Tech Mahindra GmbH (Formerly known as MBT GmbH)	1.03	27.99	239.11	120.69	-
Tech Mahindra (R & D Services) Limited (Formerly known as Axes Technologies India Pvt Ltd)	-	-	-	-	1,787.89
Loan Given / (Repaid)					
Subsidiary Companies					

Rs in millions

Transactions with related parties	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Tech Mahindra GmbH (Formerly known as MBT GmbH)	2.02	3.68	-	-	-
- Tech Mahindra (Americas) Inc. (Formerly known as MBT International Inc.)	-	-	-	-	223.05
Interest on Loan					
Subsidiary Companies					
- Tech Mahindra (Americas) Inc. (Formerly known as MBT International Inc.)	-	-	-	-	5.40
Donation					
Subsidiary Companies					
- Tech Mahindra Foundation	-	-	-	-	150.00
Provision for Diminution in value of Investment					
Subsidiary Companies					
- Tech Mahindra GmbH (Formerly known as MBT GmbH)	-	-	-	353.63	-
Tech Mahindra (Americas) Inc. (Formerly known as MBT International Inc.)	-	-	-	11.79	-
Salary and Perquisites					
Key Management Personnel					
- Mr. Robert John Helleur	13.3	8.72	12.46	4.85*	-
- Mr. Vineet Nayyar	-	-	-	3.34*	17.10
- Mr. Kiran Deshpande	9.05	6.60	-	-	-
Provision for Diminution in value of Debtors					
Subsidiary Companies					
- Tech Mahindra (Americas) Inc. (Formerly known as MBT International Inc.)	-	-	-	152.99	-
Payment for training Fees					
Promoter Companies					
Mahindra Information Tech Ser Ltd	22.24	-	-	-	-
Other Expenses					
Promoter Companies					
- Mahindra & Mahindra Ltd.	-	6.50	-	-	-
Rent Paid					
- Mahindra Engineering	9.28	7.19	-	-	-

* for part of the year

Other related parties of the Company with whom no transactions have been entered during the year ended March 31, 2006 are as under:

- Automartindia Limited
- Bristlecone Ltd. Cayman
- Bristlecone Inc.
- Mahindra Gesco Developers Ltd
- Mahindra Acres and Consulting Engineers Ltd
- Mahindra Ashtech Ltd
- Mahindra Automotive Steels Pvt. Ltd
- Bristlecone India Ltd.
- Bristlecone GmbH
- Bristlecone Singapore Pte. Ltd.
- Mahindra (China) Tractor Company Ltd.
- Mahindra Engg & Chem Products Ltd.
- Mahindra Engineering Design & Development Company Ltd.
- Mahindra Europe s.r.l.
- Mahindra Gujarat Tractor Ltd.
- Mahindra Holdings & Finance Ltd.
- Mahindra Holidays & Resorts India Ltd.
- Mahindra Holidays & Resorts (USA) Inc.
- Mahindra Insurance Brokers Ltd.
- Mahindra Infrastructure Developers Ltd.
- Mahindra Intertrade Ltd.
- Bristlecone UK Ltd.
- Mahindra International Ltd.
- Mahindra World City Developers Ltd.
- Mahindra Logisoft Business Solutions Ltd.
- Mahindra Middleeast Electrical Steel Service Centre (FZE)
- Mahindra & Mahindra Financial Services Ltd.
- Mahindra & Mahindra South Africa (Pty) Ltd.
- Mahindra Overseas Investment Company (Mauritius) Ltd.
- Mahindra Realty Ltd.
- Mahindra Renault Pvt. Ltd.
- Mahindra Steel Service Centre Ltd.
- Mahindra Shubhlabh Services Ltd.
- Mahindra SAR Transmission Pvt Ltd.
- Mahindra USA Inc.
- Mahindra Ugine Steel Company Ltd.

- Mahindra World City (Jaipur) Ltd.
- NBS International Ltd.
- Tech Mahindra (R & D Services) Inc
- Tech Mahindra (R & D Services) Pte Ltd.
- Stokes Group Limited
- Jensand Limited
- Stokes Forgings Dudley Limited
- Stokes Forgings Limited Plexion
- Technologies (India) Private limited
- Plexion Technologies (UK) Limited
- Plexion Technologies GmbH
- Plexion Technologies Incorporated
- Mahindra Inframan Water Utilities Pvt. Ltd.
- Mahindra Sona Ltd.
- Mahindra Water Utilities Ltd.
- PSL Erickson Ltd.
- Owens Corning (India) Ltd.
- Siroplast Ltd.
- Mahindra Construction Company Ltd.
- Officemartindia.com Ltd.
- Rathna Bhoomi Enterprises Pvt. Ltd.
- Kota Farm Services Ltd.
- Mriyalguda Farm Solution Ltd.
- Mega One Stop Farm Services Ltd.

10) a) The Company enters into foreign exchange forward 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 is generally a bank. These contracts are entered into to hedge the foreign currency risks of firm commitments.

b) The amount of exchange difference in respect of foreign exchange contract to be recognised in the profit and loss account:

Rs in millions

As at	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Gain/(Loss)	0.77	0.18	(3.38)	2.11	51.40

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

Rs in millions

As at	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Income from services	34.67	54.62	32.18	(2.80)	(68.51)
Others	67.56	90.02	(17.35)	13.32	148.03

d) The following are the outstanding Forward Exchange Contracts entered into by the company as on 31st March, 2006:

Rs in millions

Currency	Amount outstanding at year end in Foreign currency	Amount outstanding at year end in Rs.	Exposure to Buy/ Sell
US Dollar	100.49	4,482.85	Sell
UK Pound	15.00	1,162.50	Sell

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

Amounts receivable in foreign currency on account of the following:

	Rs in millions	Foreign currency in millions
Debtors	2,814.53	Aud 0.68 Eur 1.56 Gbp 34.83 Nzd 0.20 Sgd 0.60
Loans and advances	113.07	Gbp 1.43 Thb 0.19 Dhr 0.08 Eur 0.004 Aud 0.02
Cash/Bank balances (Net)	31.37	Aud 0.77 Nzd 0.24 Twd 0.14

Amounts payable in foreign currency on account of the following:

	Rs in millions	Foreign currency in millions
Creditors (Net)	468.48	Eur 1.06 Gbp 0.42 Sgd 0.62 Usd 8.11
Other current liabilities (Net)	117.31	Gbp 1.51

The disclosures made in paragraphs (d) and (e) have been made consequent to an announcement by the Institute of Chartered Accountants of India in December, 2005, which is applicable to the financial periods ending on or after 31st March, 2006. Therefore, figures for the previous year have not been disclosed.

11) Details of Reserves and Surplus of Tech Mahindra Limited, as restated

Rs in millions

As at	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
General Reserve:					
- As per last Balance Sheet	235.61	365.61	540.61	640.61	728.61
Add : Transfer from Profit and Loss Account	130.00	175.00	100.00	88.00	230.00
	365.61	540.61	640.61	728.61	958.61
Securities Premium					
- As per last Balance Sheet	124.74	124.74	125.43	137.55	152.80
Add : Received during the year	-	0.69	12.12	15.25	129.72
	124.74	125.43	137.55	152.80	282.52
Balance in Profit and Loss Account	2,619.98	2,953.88	3,372.53	3,743.39	4,529.52
Total	**3,110.33**	**3,619.92**	**4,150.69**	**4,624.80**	**5,770.65**

Annexure 6: Details of dividend paid by Tech Mahindra Limited

Rs in millions

Class of shares	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Number of Equity shares at end of the year of Rs 2 each fully paid up	101,052,735	101,069,355	101,218,378	101,726,575	102,508,885
Number of Equity shares at end of the year of Rs 2 each Rs 0.30 paid up	-	-	-	-	9,931,368
- Interim	80%	450%	115%	110%	300%
- Final	60%	130%	70%	-	200%
Total	140%	580%	185%	110%	500%
Amount of dividend (Rs)	282.95	1,172.22	374.63	223.20	1,039.32

Annexure 7: Details of other income of Tech Mahindra Limited, as restated

Rs in millions

Particulars	For the years ended				
	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Interest received on					
- Bank deposits	35.84	57.96	28.52	30.26	63.44
- Others	0.24	4.00	1.52	0.59	6.55
Dividend received on Long Term Investments	5.59	29.67	-	-	-
Dividend received on Current Investments	-	-	24.16	16.19	47.10
Exchange gain (net)	67.56	90.02	-	13.32	148.03
Profit/(loss) on sale of fixed assets	0.04	0.67	15.14	-	-
Profit on sale of investments	-	-	7.51	0.03	11.20
Excess provision for earlier years/ sundry credit balances written back	-	5.65	48.62	0.22	31.58
Provision for doubtful debts/ Advances written back.	3.16	4.33	2.22	8.50	2.75
Miscellaneous income	0.92	11.92	7.72	3.45	2.40
Total	**113.35**	**204.22**	**135.41**	**72.56**	**313.05**

Annexure 8: Accounting ratios of Tech Mahindra Limited, on restated amounts

	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Earnings per share (Rs):					
- Basic	14.33	16.97	9.29	6.99	21.17
- Diluted	14.05	16.61	9.12	6.23	17.13
Return on net worth %	43.72	44.87	21.62	14.72	36.82
Net asset value per equity share (Rs)	32.78	37.82	42.95	47.46	57.49
Weighted average number of equity shares outstanding during the year.	101,052,735	101,053,281	101,208,473	101,481,675	103,361,928
Total number of shares outstanding at the end of the year.	101,052,735	101,069,355	101,364,055	101,726,575	103,998,631
Net profit as restated (Rs. in million)	1,488.34	1,714.78	941.28	710.92	2,201.21

Notes:

1. The ratios have been computed as below:

$$\text{Earnings per share (Rs)} = \frac{\text{Net profit attributable to equity shareholders as restated}}{\text{Weighted average number of equity shares outstanding during the year.}}$$

$$\text{Return on net worth (\%)} = \frac{\text{Net profit after tax as restated}}{\text{Net worth excluding revaluation reserve at the end of the year.}}$$

$$\text{Net asset value per equity share (Rs)} = \frac{\text{Net worth excluding revaluation reserve and preference share capital at the end of the year.}}{\text{Number of equity shares outstanding at the end of the year.}}$$

2 Net profit, as restated as appearing in the summary statement of profits and losses, of the Company has been considered for the purpose of computing the above ratios.

3 Earnings per share is calculated in accordance with Accounting Standard 20 on 'Earnings Per Share', issued by the ICAI.

Annexure 9: Capitalisation statement of Tech Mahindra Limited, as at March 31, 2006

Rs in millions

	Pre issue	Post issue
Short term debt	-	-
Long term debt	-	-
Total debt	-	-
Shareholders' funds		
- Share capital	208.00	*
- Reserves (excluding revaluation reserve)	5,770.66	*
Total shareholders' funds	5,978.66	*
Long term debt/equity ratio	-	*
Total debt/equity ratio	-	*

Notes:

*Share capital and reserves and surplus post issue can be calculated only on the conclusion of the book building process

Annexure 10: Details of investments of Tech Mahindra Limited

Rs in millions

As at	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Investments in subsidiaries	12.83	42.19	281.30	36.57	1,828.47
Investments in units of Mutual funds	216.90	334.56	451.06	1,112.78	1,119.04
Total	**229.73**	**376.75**	**732.36**	**1,149.35**	**2,947.51**
Aggregate book value of unquoted investments	**229.73**	**376.75**	**732.36**	**1,149.35**	**2,947.51**

Annexure 11: Details of Sundry Debtors (unsecured) of Tech Mahindra Limited

Rs in millions

As at	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Debts outstanding for a period exceeding six months					
- considered good	7.73	5.69	225.79	189.21	145.10
- considered doubtful	4.46	8.11	10.90	168.09	26.45
Other debts					
- considered good	1,329.99	1,688.54	2,536.33	1,984.96	3,982.47
- considered doubtful			-	-	153.39
Less: Provision	4.46	8.11	10.90	168.09	179.84
Total	**1,337.72**	**1,694.23**	**2,762.12**	**2,174.17**	**4,127.57**

The above includes the following debts due from promoter group companies

As at	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
British Telecom Plc					
- Debts outstanding for a period exceeding Six months	0.03	-	82.55	130.35	123.97
- Other debts	1,261.47	1,373.31	2,050.83	1,575.79	2,903.64
Mahindra & Mahindra Limited					
- Debts outstanding for a period exceeding Six months	-	-	-	-	-
- Other debts	-	-	0.38	2.08	4.49
Total debts due from promoter group	**1,261.50**	**1,373.31**	**2,133.76**	**1,708.22**	**3,032.10**

Annexure 12: Details of Loans and advances of Tech Mahindra Limited

Rs in millions

As at	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Advances recoverable in cash or in kind or for value to be received	157.10	191.94	225.45	155.07	421.18
Security / Other deposits	52.71	59.04	70.79	82.69	183.32
Less: Provision	2.06	4.08	2.28	3.76	3.76
Total	**207.75**	**246.90**	**293.96**	**234.00**	**600.74**

No loans and advances are given to other companies in the promoter group

Annexure 13: Tax Shelter Statement of Tech Mahindra Limited, as restated

Rs in millions

		March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Profit before current and deferred taxes, as restated		1,803.84	2,053.38	1,091.49	1,372.15	2,406.44
Income Tax Rate (%)	(A)	35.70	36.75	35.88	36.59	33.66
Tax expenses	(B)	643.97	754.62	391.57	502.10	810.01
Adjustments on account of:						
a) Permanent Differences						
Deduction u/s 10A of the Act		(1,245.84)	(1,461.83)	(741.54)	(1,249.36)	(2,349.23)
Deduction u/s 80HHE of the Act		(194.30)	(90.97)	(56.16)	-	-
Dividend exempt u/s 10 (34) of the Act						(47.10)
Others		82.33	29.10	7.20	13.54	150.34
Total	(C)	(1,357.82)	(1,523.70)	(790.50)	(1,235.82)	(2,245.99)
b) Temporary Differences						
Difference between book depreciation and tax depreciation		14.22	25.27	(12.18)	(10.74)	(2.42)
Provision for doubtful debts		1.20	3.71	2.80	5.00	(11.75)
Provision for retirement benefits		50.00	50.00	30.00	60.00	164.54
Total	(D)	65.42	78.98	20.62	54.26	173.87
Net Adjustment	(E)= (C + D)	(1,292.40)	(1,444.72)	(769.88)	(1,181.56)	(2,072.12)
Tax saving thereon	(F)= (E * A)	(461.39)	(530.93)	(276.19)	(432.36)	(697.48)
Total taxation charge	(G)= (F + B)	182.58	223.68	115.38	69.74	112.53
Double Taxation Avoidance Benefit	(H)	73.60	81.43	28.35	13.76	9.18
Total taxation (Domestic)	(I) = (G - H)	108.99	142.25	87.03	55.98	103.35
Overseas taxes	(J)	247.83	197.13	63.51	86.27	71.74
Total tax as per books of accounts	(K)= (I + J)	356.82	339.38	150.54	142.25	= 175.09

FINANCIAL STATEMENTS UNDER INDIAN GAAP FOR THE QUARTER ENDED JUNE 30, 2006

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of Tech Mahindra Limited

1. We have audited the attached Consolidated Balance Sheet of **TECH MAHINDRA LIMITED** and its subsidiaries as at June 30, 2006, and also the Consolidated Profit and Loss account and the Consolidated Cash Flow Statement for the period from April 1, 2006 to June 30, 2006 annexed thereto. These consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiaries, whose financial statements reflect total assets of Rs. 1,229,895,127 as at June 30, 2006 and total revenues of Rs. 346,472,153 and cash flow amounting to Rs. 88,559,324 for the period from April 1, 2006 to June 30, 2006. These financial statements and other financial information have been subjected to audit/limited review by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21 on, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India.
5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanation given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
   (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at June 30, 2006;
   (b) in the case of the Consolidated Profit and Loss Account, of the profit for the period from April 1, 2006 to June 30, 2006; and
   (c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the period from April 1, 2006 to June 30, 2006.

For Deloitte Haskins & Sells
Chartered Accountants

A.B.Jani
Partner
Membership No. 46488

Mumbai, dated: July 20, 2006

TECH MAHINDRA LIMITED

CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2006

		Schedule	As at June 30, 2006 (Rupees)
I.	SOURCES OF FUNDS:		
	SHAREHOLDERS' FUNDS:		
	Capital	I	1,126,855,730
	Reserves and Surplus	II	6,579,255,975
	Minority Interest		187,188
	TOTAL		7,706,298,893
II.	APPLICATION OF FUNDS:		
	FIXED ASSETS:	III	
	Gross Block		4,752,280,954
	Less: Depreciation		1,985,646,055
	Net Block		2,766,634,899
	Capital Work-in-Progress, including Advances		295,418,932
	TOTAL		3,062,053,831
	INVESTMENTS	IV	1,460,173,534
	DEFFERED TAX ASSET (NET)		109,764,950
	CURRENT ASSETS, LOANS AND ADVANCES:	V	
	Sundry Debtors		6,052,157,974
	Cash and Bank Balances		1,423,417,672
	Loans and Advances		799,889,898
	TOTAL		8,275,465,544
	Less: CURRENT LIABILITIES AND PROVISIONS:		
	Liabilities	VI	3,372,727,505
	Provisions	VII	1,828,431,461
			5,201,158,966
	Net Current Assets		3,074,306,578
		TOTAL	7,706,298,893
	SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	XI	

TECH MAHINDRA LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM APRIL 1, 2006 TO JUNE 30, 2006

	Schedule	Period Ended June 30, 2006 Rupees
INCOME	VIII	5,911,724,371
EXPENDITURE:		
Personnel	IX	2,323,847,860
Operating and Other Expenses	X	2,269,695,844
Depreciation		108,023,783
	TOTAL	**4,701,567,487**
PROFIT BEFORE TAXATION		1,210,156,884
Provision for Taxation		
- Current tax [includes provision for wealth tax of Rs. 153,083]		(123,824,095)
- Deferred tax		(5,312,880)
- Fringe benefit tax		(15,300,000)
PROFIT BEFORE MINORITY INTEREST		**1,065,719,909**
Minority Interest		(8,725)
NET PROFIT FOR THE PERIOD		**1,065,711,184**
Balance brought forward from previous year		4,699,095,831
Balance available for appropriation		**5,764,807,015**
Interim Dividend		(90,148,458)
Dividend Tax		(12,643,321)
Transfer to General Reserve		(25,000,000)
Balance Carried to Balance Sheet		5,637,015,236
Earning Per Share (Refer note 15 of Schedule XI)		
- Basic		9.54
- Diluted		8.35
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	XI	

TECH MAHINDRA LIMITED

CONSOLIDATED CASH FLOW FOR THE PERIOD FROM APRIL 1, 2006 TO JUNE 30, 2006

	Particulars	Rupees	Current Period Rupees
A	**Cash Flow from operating activities**		
	Net Profit before taxation		**1,210,156,884**
	Adjustments for:		
	Depreciation	108,023,783	
	Loss on sale of Fixed Assets, (net)	996,859	
	Decrease in fair value of Current Investment	50,903	
	Exchange gain (net)	79,233,108	
	Currency translation adjustment	4,339,928	
	Dividend from current Investments	(8,065,182)	
	Interest Income	(15,796,161)	
	Profit on Sale of Investments	(8,111,281)	
			160,671,957
			1,370,828,841
	Adjustments for:		
	Trade and other receivables	(1,928,208,447)	
	Trade and other payables	1,561,136,884	
			(367,071,563)
			1,003,757,278
	Direct Taxes	(63,375,517)	
			(63,375,517)
	Net cash from operating activities		**940,381,761**
B	**Cash flow from investing activities**		
	Purchase of Fixed assets	(289,684,502)	
	Purchase of Investments	(927,567,048)	
	Sale of Investments	980,277,158	
	Sale of Fixed Assets	465,549	
	Interest received	15,644,870	
	Dividend received	8,065,182	
	Net cash used in investing activities		**(212,798,791)**
C	**Cash flow from financing activities**		
	Proceeds from issue of Shares (including Securities Premium)	584,583,018	
	Dividend (including Dividend Tax paid)	(569,205,305)	
	Net cash used in financing activities		**15,377,713**
	Net increase in cash and cash equivalents (A+B+C)		**742,960,683**
	Cash and cash equivalents at the beginning of the period		**740,349,497**
	Cash and cash equivalents at the end of the period		**1,483,310,180**

TECH MAHINDRA LIMITED

Notes:

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

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

3 Cash and cash equivalents includes:

	June 30, 2006 (Rs.)
Cash and Bank Balances	1,423,417,672
Unrealised (Gain)/Loss on foreign currency	-
Cash and cash equivalents	59,892,508
Total Cash and Cash equivalents	1,483,310,180

4 The Consolidated accounts are prepared for the limited purpose of inclusion in the Red Herring Prospectus of Tech Mahindra Limited and hence previous period figures are not given.

TECH MAHINDRA LIMITED

Schedules forming part of the Consolidated Balance Sheet

	As at June 30, 2006 Rupees
Schedule I	
SHARE CAPITAL:	
Authorised:	
175,000,000 Equity Shares of Rs. 10/- each	1,750,000,000
	1,750,000,000
Issued, Subscribed and Paid up:	
112,685,573 Equity Shares of Rs. 10/- each fully paid-up	1,126,855,730
	1,126,855,730

1. Out of the above 11,520,012 Equity Share of Rs. 10/- each fully paid-up are held by Mahindra & Mahindra Ltd., the holding company.
2. The above includes 51,000,100 and 25,000,000 Equity Shares, of Tech Mahindra Limited (TML) originally of Rs 2/- each issued as fully paid-up bonus shares by capitalisation of balance of Profit and Loss Account and General Reserve of TML, respectively.
3. During the period, 90,148,459 Equity Shares of Rs 10/- each of TML are allotted as fully paid-up bonus shares by way of capitalisation of Profit and Loss Account of TML (Refer note 6 of schedule XI).
4. During the period, 5 Equity Shares of Rs.2/- each of TML have been consolidated into 1 Equity Share of Rs.10/-each (Refer note 6 of schedule XI)

	Rupees	Rupees
Schedule II		
RESERVES AND SURPLUS:		
General Reserve:		
As per last Balance Sheet	948,430,284	
Add: Transfer from Profit and Loss Account	25,000,000	
		973,430,284
Securities Premium:		
As per last Balance Sheet	282,503,344	
Add: Received during the year	567,209,139	
		849,712,483
Currency Translation Reserve		
As per last Balance Sheet	16,226,670	
Addition during the period	4,339,928	
		20,566,598
Capital Reserve		15,964
Balance in Profit and Loss Account	5,637,015,236	
Less: Capitalised on issue of bonus shares	901,484,590	
		4,735,530,646
		6,579,255,975

Schedule III

FIXED ASSETS

Description of Assets	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	Cost as at April 01, 2006	Additions during the period	Deductions during the period	Cost as at June 30, 2006	Upto March 31, 2006	For the period	Deductions during the period	Upto March 31, 2006	As at June 30, 2006
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Goodwill on Consolidation	866,827,792	3,428,075	-	870,255,867	-	-	-	-	870,255,867
Leased Assets:									
Vehicles	74,345,454	-	3,343,300	71,002,154	27,294,192	3,867,454	1,967,887	29,193,759	41,808,395
(Refer Note 5 of Schedule XI)									
Other Assets:									
Land	91,374,785	108,771,560	-	200,146,345	-	190,827	-	190,827	199,955,518
Office Building / Premises	1,593,520,812	-	-	1,593,520,812	468,536,303	26,546,491	-	495,082,794	1,098,438,018
Computers	889,921,371	54,231,724	142,618	944,010,477	637,419,794	40,298,207	142,618	677,575,383	266,435,094
Plant and Machinery	528,444,248	6,546,980	117,300	534,873,928	380,019,928	19,293,730	30,305	399,283,353	135,590,576
Furniture and Fixtures	505,905,651	2,755,617	-	508,661,268	355,848,522	15,889,728	-	371,738,250	136,923,018
Vehicles	29,292,477	517,626	-	29,810,103	10,644,343	1,937,346	-	12,581,689	17,228,414
Total	**4,579,632,590**	**176,251,582**	**3,603,218**	**4,752,280,954**	**1,879,763,082**	**108,023,783**	**2,140,810**	**1,985,646,055**	**2,766,634,899**
Capital Work in Progress									295,418,932
									3,062,053,831

Note: Fixed assets include certain leased vehicles aggregating to Rs 42,957,970 on which vendors have a lien.

	As at June 30, 2006	
	Rupees	Rupees
Schedule IV		
INVESTMENTS		
Long Term (Unquoted - at cost)		
Trade:		
In Subsidiary Companies:		
49,994 Equity shares of Tech Mahindra Foundation of Rs. 10/- each fully paid up (Refer note 2 of Schedule XI)		499,940
Current Investments (Unquoted - at lower of cost and fair value)		
Non Trade:		
109,863.63 units of Rs.1,000.20 each of DSP Merrill Lynch - Liquidity Fund	109,885,700	
5,000,000 units of Rs.10.00 each of each of DSP Merrill Lynch - Fixed Term Plan Series 1D	50,000,000	
200,000.00 units of Rs. 1,000.00 each of DSP Merrill Lynch - Fixed Term Plan Series 3c	200,000,000	
5,000,000.00 units of Rs. 10.00 each of Prudential ICICI Mutual Fund-quarterly FMP plan A	50,000,000	
5,000,000.00 units of Rs 10.00 each of Birla Mutual Fund - Fixed term growth plan	50,000,000	
10,004,360.16 units of Rs 10.02 each of Birla Mutual Fund - Institutional Plan [Cost Rs. 100,302,611]	100,268,699	
5,000,000 units of Rs.10.00 each of HSBC Mutual Fund- Fixed maturity plan	50,000,000	
4,877,112.71 units of Rs. 10.50 each of HSBC Mutual Fund - Fixed term series Institutional Growth Plan	51,190,313	
10,000,000 units of Rs. 10.00 each of Kotak Mutual Fund -FMP Growth	100,000,000	
4,994,433.77 units of Rs. 10.04 each of Kotak Mutual Fund - Liquid Institiutional Weekly Dividend	50,150,530	
10,027,599.05 units of Rs. 10.00 each of Principal Mutual Fund - Liquid Institutional weekly dividend [Cost Rs. 100,303,010]	100,303,010	
5,012,424.29 units of Rs.10.01 each of Reliance Liquity Weekly Dividend Fund [Cost Rs. 50,150,757]	50,133,767	
5,000,000.00 units of Rs. 10.00 each of Reliance Fixed Horizon Monthly Dividend	50,000,000	
5,000,000.00 units of Rs. 9.99 each of Reliance Fixed Tenor Fund Growth Plan [Cost Rs. 50,000,000.00]	49,927,500	
5,079,500.00 units of Rs. 10.00 each of Chola Fund Liquid Institutional Plus-Dividend Option	50,795,000	
4,866,586.57 units of Rs. 10.30 each of Grindlays - Cash fund Weekly Dividend	50,123,408	
5,000,000.00 units of Rs. 9.98 each of Grindlays – FMP [Cost Rs. 50,000,000]	49,900,000	
5,000,000 units of Rs. 10.00 each of Standard Chartered FMP - V Plan	50,000,000	
4,600,000 units of Rs. 10.00 each of TATA Fixed Horizon Fund Series III	46,000,000	
87,432.76 units of Rs. 1,146.08 each of TATA Mutual Fund Liquid weekly dividend	100,205,152	
5,079,051.46 units of Rs. 10.00 each of ABN AMRO Mutual Fund - FMP	50,790,515	
		1,459,673,594
		1,459,673,594
		1,460,173,534

	As at June 30, 2006	
	Rupees	Rupees
Schedule V		
CURRENT ASSETS, LOANS AND ADVANCES:		
Current Assets:		
(a). Sundry Debtors* (Unsecured)		
Debts outstanding for a period exceeding six months:		
: considered good**		141,315,983
: considered doubtful		48,911,780
		190,227,763
Other debts, considered good***		5,910,841,992
considered doubtful		-
		6,101,069,755
Less: Provision		48,911,781
		6,052,157,974
* Debtors include unbilled revenue of Rs 903,503,918		
** Net of advances of Rs. 75,842,494 pending adjustments with invoices		
*** Net of advances of Rs.69,149,607 pending adjustments with invoices.		
(b) Cash and Bank Balances:		
Cash in hand	801,388	
Balance with Scheduled banks: (i) In Current accounts	559,251,276	
(ii) In Fixed Deposit accounts	678,372,710	
Balance with other banks: (i) In Current accounts	184,992,298	
		1,423,417,672
(c). Loans and Advances:		
(Unsecured)		
Bills of Exchange (considered doubtful)	5,000,000	-
Less: Provision	5,000,000	-
Advances recoverable in cash or in kind or for value to be received ....considered good	694,204,087	
........considered doubtful	3,758,992	
	697,963,079	
Less: Provision	3,758,992	
		694,204,087
Advance Tax (net of provisions)		105,685,811
		799,889,898
		8,275,465,544

	As at June 30, 2006	
	Rupees	Rupees
Schedule VI		
CURRENT LIABILITIES:		
Sundry Creditors:		
Total outstanding dues to Small Scale Industrial Undertakings		-
Total outstanding dues of Creditors other than Small Scale Industrial Undertakings *		3,372,727,505
		3,372,727,505
* includes progress billing (unearned revenue) agreegating to Rs 215,625,141		
Schedule VII		
PROVISIONS:		
Provision for taxation (net of payments)		764,746,491
Proposed Dividends		506,142,981
Provision for Dividend tax		70,986,553
Provision for Gratuity		209,814,000
Provision for Leave Encashment		276,741,436
		1,828,431,461
Schedule VIII		
INCOME		
Income from Services (net)		5,871,185,580
[Tax deducted at source Rs. 2,889,086]		
Interest on:		
Deposits with Banks	15,357,643	
[Tax deducted at source Rs. 2,083,531]		
Others	438,518	
		15,796,161
Dividend received on current investments (non-trade)		8,065,182
Profit on Sale of Current Investment (Net)		8,111,281
Provision for Doubtful Debts written back		5,650,875
Miscellaneous Income		2,915,292
		5,911,724,371
Schedule IX		
PERSONNEL		
Salaries, wages and bonus		2,105,478,592
Contribution to Provident and Other Funds		111,421,173
Staff Welfare		106,948,095
		2,323,847,860

Schedule X	June 30, 2006	
	Rupees	Rupees
OPERATING AND OTHER EXPENSES		
Power		42,912,306
Rent		68,865,218
Rates and taxes		8,810,578
Communication expenses		99,290,668
Travelling expenses [Net of recoveries Rs.91,476,175]		669,253,269
Recruitment expenses		23,685,847
Hire Charges [includes car lease rentals Rs. 922,230]		34,549,270
Sub-contracting costs		496,508,216
Repairs and Maintenance:		
Buildings (including leased premises)	4,932,208	
Machinery	9,892,511	
Others	6,338,046	
		21,162,765
Insurance		15,737,537
Professional fees		28,855,261
Software Packages		553,917,596
Training		18,497,414
Advertising, Marketing and Selling expenses		2,416,988
Commission on Services Income		54,882,694
Loss on sale of fixed assets		996,859
Excess of cost over fair value of current investments		50,903
Advances / debts written off		6,400
Provision for Doubtful Debts		24,933,602
Loss on exchange fluctuation (Net)		24,846,584
Miscellaneous expenses *		79,515,869
		2,269,695,844

* includes Printing and Stationery expenses, Hospitality expenses, Conveyance, etc.

Schedule XI

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

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FORMING PART OF CONSOLIDATED ACCOUNTS FOR THE PERIOD FROM APRIL 1, 2006 T0 JUNE 30, 2006.

1. Significant accounting policies:

(a) Basis for preparation of accounts:

The accompanying Consolidated Financial Statements of Tech Mahindra Limited (TML) ("the holding company") and its subsidiaries are prepared under the historical cost convention in accordance with the generally accepted accounting principles applicable in India (Indian GAAP), the provisions of the Companies Act, 1956 and the Accounting Standards issued by The Institute of Chartered Accountants of India 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 upto the same reporting date as that of the Holding company namely June 30, 2006.

(b) Principles of consolidation:

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

The financial statements of the holding company and its subsidiaries have been consolidated using uniform accounting policies for like transaction and others 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.

(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 period. Differences between the actual results and estimates are recognised in the period in which the results are known / materialised.

(d) Assets taken on lease:

Assets taken on finance lease on or after April 1, 2001 are accounted for as fixed assets in accordance with Accounting Standard 19 (AS 19) on "Leases", issued by The Institute of Chartered Accountants of India. Accordingly, the assets have been accounted at fair value. Lease payments are apportioned between finance charge and reduction of outstanding liability. (Refer note 9 below)

(e) Fixed Assets:

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

(f) Depreciation on fixed assets:

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

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

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

(g) Impairment of Assets

At the end of each period, each company determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard 28 on ''Impairment of Assets'' issued by the Institute of Chartered Accountants of India. Where the recoverable amount of any fixed asset is lower than its carrying amount, a provision for impairment loss on fixed assets is made for the difference.

(h) Investments:

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

(i) Revenue recognition:

Revenue from software includes revenue earned from services performed on 'time and material' basis, time bound fixed price engagements and system integration projects.

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

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

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

Income from training is recognized over the period of instruction.

(j) Foreign currency transactions:

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the period-end rates. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of monetary items at the end of the period, is recognised as income or expense, as the case may be, except where they relate to fixed assets where they are adjusted to the cost of fixed assets.

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 in connection with purchase of fixed asset, where the same is adjusted to the cost of fixed assets. Exchange difference on a forward exchange contract entered into to hedge the foreign currency risk of a firm commitment is the difference between the foreign currency amount of the contract translated at the exchange rate at the reporting/settlement date and the said amount translated at the later date of inception of the contract / last reporting date and the said amount translated at the later date of inception of the contract/last reporting date and is recognized as income or expense in the reporting period.

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

The financial statements are translated to Indian Rupees in accordance with the guidance issued by the Institute of Chartered Accountants of India in the background material to AS 21 as follows:

1. All incomes and expenses are translated at the average rate of exchange prevailing during the period
2. Assets and liabilities are translated at the closing rate on the Balance sheet date
3. Share Capital is translated at historical rate
4. The resulting exchange differences are accumulated in currency translation reserve.

(l) Retirement Benefits:

Provision is made for gratuity and encashment of unavailed leave on retirement on the basis of actuarial valuations. (Refer note 8 below)

(m) Income taxes:

Tax expense comprises of current tax, deferred tax and fringe benefit tax. Current tax is measured at the amount expected to be paid to/recovered from the tax authorities, using the applicable tax rates. Deferred tax assets and liabilities are recognised for future tax consequences attributable to timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent years/period and are measured using relevant enacted tax rates. Fringe benefits tax is recognized by Indian companies, in accordance with the relevant provisions of the Income-tax Act, 1961 and the Guidance Note on Fringe Benefits Tax issued by the ICAI. Tax on distributed profits payable by Indian Companies in accordance with the provisions of the Income-tax Act, 1961 is disclosed in accordance with the Guidance Note on Accounting for Corporate Dividend Tax issued by the ICAI.

(n) Contingent Liabilities:

These, if any, are disclosed in the notes and 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.

2. 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 June 30, 2006**
Tech Mahindra (Americas) Inc.	United States of America	100 %
Tech Mahindra GmbH	Germany	100 %
Tech Mahindra (Singapore) Pte. Ltd.	Singapore	100 %
Tech Mahindra (Thailand) Limited	Thailand	100%
PT Tech Mahindra Indonesia	Indonesia	100 %
Tech Mahindra (R & D Services) Limited and its following subsidiaries:	India	99.98%
a) Tech Mahindra (R & D Services) Inc.	United States of America	99.98%
b) Tech Mahindra (R & D Services) Pte. Ltd.	Singapore	99.98%

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

TML acquired Tech Mahindra (R&D services) Limited (formerly known as Axes Technologies (India) Private Limited) (TMRDL) on November 28, 2005. The terms of purchase provides for payment of contingent consideration to all the selling shareholders, payable over three years and calculated based on achievement of specific targets. The contingent consideration is payable in cash and cannot exceed Rs. 640,780,000.

The consideration so payable would be accounted in the books of account of TML in the year of achieving milestones specified under the agreement. Accordingly the consideration payable aggregating to Rs 32,828,677 had been accounted in the previous year as additional cost of acquisition. During the period, an amount of Rs **3,302,161** has been accounted as additional consideration due to revision in management estimates made in the previous year.

The excess of the above aggregate cost to TML over its share of the equity in TMRDL of Rs. 870,255,867 has been recognized as 'Goodwill on Consolidation' and disclosed along with Fixed Assets (Refer Schedule 3).

3. The estimated amount of contracts remaining to be executed on capital account, and not provided for as at June 30, 2006 is Rs. 774,678,796

4. Contingent liabilities:

   i) TML has received demands from Income-tax authorities in respect of earlier years aggregating to **Rs.** 42,656,152. The demands are mainly on account of disallowance in respect of income from software maintenance under section 80HHE of Income-tax Act, 1961. The company has appealed against the said demands with the higher authorities, which are pending settlements thereof.

   ii) Bank Guarantees outstanding Rs. 125,168,566

   iii) Claims from Statutory Authorities (Provident Fund) Rs. 2,050,000

6. During the period, pursuant to the resolution passed by the shareholders at the Extra ordinary General Meeting held on June 01, 2006, TML consolidated its share capital from 112,685,573 equity shares of Rs.2/- each into 22,537,114 equity shares of Rs.10/- each

   Further, TML during the period has issued 90,148,459 Equity Shares of Rs 10/- each as bonus shares at the rate of 4 shares for each share held as at June 01, 2006, aggregating to Rs. 901,484,590 by way of capitalization from the balance of Profit and Loss account.

7. Confirmation letters have been sent to the debtors of TML and their balances are subject to reconciliation and consequent adjustments, if any, on receipt of such confirmation.

8. The Revised Accounting Standard 15 on "Employee Benefits", (AS 15) issued by the Institute of Chartered Accountants of India, is applicable with effect from April 1, 2006.

   (i) The disclosure as required under AS 15 regarding the gratuity plan for TML is as follows:

Particulars	**Rupees**
Projected benefit obligation, beginning of the period	185,214,000
Service cost	19,371,000
Interest cost	3,897,000
Actuarial loss	3,790,000
Benefits paid	(3,958,000)
Projected benefit obligation, end of the period	208,314,000

TML's gratuity plan is not funded and the liability is provided for in the books of account.

Net periodic gratuity cost	**Rupees**
Service cost	19,371,000
Interest cost	3,897,000
Amortisation of actuarial loss	3,790,000
Net periodic gratuity cost	27,058,000

Assumptions:

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

The disclosure as required under AS 15 regarding TML's leave encashment is as follows:

Particulars	Rupees
Projected benefit obligation, beginning of the period	204,057,000
Service cost	9,200,000
Interest cost	3,830,000
Actuarial loss	9,003,000
Benefits paid	(8,555,000)
Projected benefit obligation, end of the period	217,535,000

TML's leave encashment liability is not funded and is provided for in the books of account.

Net periodic leave encashment cost	Rupees
Service cost	9,200,000
Interest cost	3,830,000
Amortisation of actuarial loss	9,003,000
Net periodic leave encashment cost	22,033,000

TML has in addition to above accounted for provident fund contribution of Rs 26,104,200 on leave encashment and Rs 4,535,807 on short term leave encashment.

(ii) The disclosure as required under AS 15 regarding TMRDL is as follows:

Gratuity

Particulars	Rupees
Projected benefit obligation, beginning of the period	29,410,000
Service cost	1,813,000
Interest cost	629,000
Actuarial loss	(886,000)
Benefits paid	(439,000)
Projected benefit obligation, end of the period	**30,527,000**
Defined Benefit obligation liability as at the balance sheet is wholly funded by the company	
Change in Plan Assets	
Fair Value of Assets, beginning of the period	18,827,380
Contribution made during the period	10,600,001
Expected Return on Assets	649,000
Actuarial Gain (Loss)	(593,000)
Benefits Paid	(439,000)
Projected Fair Value of Assets, end of the period	**29,044,381**

Particulars	Rupees
Gratuity Cost for the period	
Service Cost	1,813,000
Interest Cost	629,000
Expected return on assets	(649,000)
Amortisation of Actuarial Loss (Gain)	(293,000)
Net Periodic Gratuity Cost	**1,500,000**

Assumptions:

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

Leave encashment

Particulars	Rupees
Projected benefit obligation, beginning of the period	25,917,000
Service cost	1,578,212
Interest cost	549,000
Actuarial loss	(1,383,000)
Benefits paid	(842,000)
Projected benefit obligation, end of the period	**25,819,212**

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

Net periodic leave encashment cost	Rupees
Service cost	1,578,212
Interest cost	549,000
Amortization of actuarial loss	(1,383,000)
Net periodic leave encashment cost	**744,212**

TMRDL has in addition to above accounted for provident fund contribution of Rs 2,747,217 on leave encashment.

9. Assets acquired on Lease on or after April 1, 2001:

TML has acquired vehicles on lease, the fair value of which aggregates to Rs. 71,002,154. As per AS-19 on "Leases", issued by The Institute of Chartered Accountants of India, TML has capitalised the said vehicles at their fair values as the leases are in the nature of finance leases as defined in AS-19. Lease payments are apportioned between finance charge and deduction of outstanding liabilities. The details of lease rentals payable in future are as follows:

	Not later than 1 year	Later than 1 year not later than 5 years
Minimum Lease rentals payable	17,833,090	14,897,014
Present value of Lease rentals payable	16,176,605	12,026,837

10. As per Accounting Standard 17 on Segment reporting issued by the Institute of Chartered Accountants of India, the Primary Segment of TML and its subsidiaries is Geographical by location of customers. The Secondary Segments are identified based on the line of operations. The Accounting principles consistently used in the preparation of the financial statements are also applied to record income and expenditure in individual segments. There are no inter-segment transactions during the period.

    The Primary Geographical segments consist of regions of Europe, United States of America (USA) and Rest of the World (ROW). The Secondary Segments consist of services provided in the Telecom sector and other sectors.

    A. PRIMARY SEGMENTS *(in Rupees)*

As on June 30, 2006	**Geographical Segments Based on Location of Customers**			
Particulars	**Europe**	**USA**	**ROW**	**Total**
Revenues	3,936,251,421	1,043,743,882	891,190,277	5,871,185,580
Less: Direct expenses	2,188,111,807	738,007,153	797,930,077	3,724,049,037
Segmental Operating Income	**1,748,139,614**	**305,736,729**	**93,260,200**	**2,147,136,543**
Less : Unallocable Expenses				
Depreciation				108,023,783
Other Unallocable Expenses				869,494,667
Total Unallocable expenses				**977,518,450**
Operating Income				**1,169,618,093**
Add : Other Income				40,538,791
Net Profit Before Taxes				**1,210,156,884**
Less : Provision for Taxation				
Current Tax				123,824,095
Deferred Tax				5,312,880
Fringe Benefit Tax				15,300,000
Net Profit After Taxes				**1,065,719,909**

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

    B. **SECONDARY SEGMENTS**:

    Revenues from secondary segments are as under –

Sector	**Amount in Rs.**
Telecom	5,079,728,041
Others	791,457,539
Total	**5,871,185,580**

    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 is not given.

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

The details of the options are as under:

	June 30,2006
Options outstanding at the beginning of the period	1,220,000
Options granted during the period	-
Options lapsed during the period	15,480
Options cancelled during the period	12,640
Options exercised during the period	245,050
Options outstanding at the end of the period	946,830

Out of the options outstanding at the end of the period, 243,770 options have vested, which have not been exercised.

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

Options granted and outstanding at the end of the period are 10,219,860.

2,271,078 options have vested as at the end of the period.

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:

	June 30, 2006
Options outstanding at the beginning of the period	4,612,380
Options granted during the period	299,200
Options lapsed during the period	-
Options cancelled during the period	85,510
Options exercised during the period	-
Options outstanding at the end of the period	4,826,070
Weighted average share price of the above options on the date of the exercise	Rs 83

Out of the options outstanding at the end of the period, none of the options have vested.

D) TML uses the intrinsic value-based method of accounting for stock options granted after April 1, 2005. The Company has done the accounting of ESOPs based on Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. Had the compensation cost for the Company's stock based compensation plan been determined in the manner consistent with the fair value approach as described in the

Guidance note, the Company's net income would be lower by Rs. 459,826 and earnings per share as reported would be lower as indicated below:

Net profit	**Rupees**
As Reported	1,065,711,184
Less: Total stock-based employee compensation expense determined under fair value base method.	459,826
Adjusted net profit	1,065,251,358
Basic earnings per share	
- As reported	9.54
- Adjusted	9.54
Diluted earnings per share	
- As reported	8.35
- Adjusted	8.35

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

Dividend yield (%)	6.89
Expected life	5 years
Risk free interest rate (%)	7.12
Volatility	-

12. As required under Accounting Standard 18 (AS – 18) on ''Related Party Disclosures'', following are details of transactions during the period with the related parties of TML as defined in AS – 18:

(a) List of Related Parties and Relationships

Name of Related Party	**Relation**
Mahindra & Mahindra Limited	Holding Company
British Telecommunications, plc.	Promoter holding more than 20% stake
Mahindra-BT Investment Company (Mauritius) Ltd.	Promoter Group Company
Tech Mahindra Foundation	99.98% Subsidiary Company
Mahindra Engineering and Chemical Products Limited	Fellow Subsidiary Company
Mahindra Engineering Design and Development Company Limited	Fellow Subsidiary Company
Bristlecone India Limited	Fellow Subsidiary Company
Mr. Vineet Nayyar	
Vice Chairman, Managing Director and CEO	Key Management personnel

(b) Related Party Transactions:

Transactions	Promoter Companies	Fellow subsidiary Companies	Key Management Personnel
	Rupees	Rupees	Rupees
Expenses reimbursed	52,715,988	7,378,236	-
Income from Services & Management Fees	3,429,257,954	200,000	-
Dividend Paid	492,203,715	-	-
Salary and Perquisites	-	-	4,389,524
Debit / (Credit) balances (Net) outstanding as on June 30, 2006	3,378,704,561	(5,807,129)	(1,376,400)

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

(Amount in Rupees)

Transactions	For the period ended June 30, 2006
Expenses reimbursed	
Promoter Companies	
- British Telecommunications plc.	55,233,354
Income from Services	
Promoter Companies	
- British Telecommunications plc.	3,429,257,954
Dividend Paid	
Promoter Companies	
- Mahindra & Mahindra Ltd.	276,480,288
- British Telecommunications plc.	208,572,648
Salary and Perquisites	
Key Management Personnel	
- Mr. Vineet Nayyar	4,389,524

Other related parties of TML are as under:

- Automartindia Limited
- Bristlecone Ltd. Cayman
- Bristlecone Inc.
- Mahindra Gesco Developers Ltd
- Mahindra Acres and Consulting Engineers Ltd
- Mahindra Ashtech Ltd
- Mahindra Automotive Steels Pvt. Ltd
- Bristlecone India Ltd.

- Bristlecone GmbH
- Bristlecone Singapore Pte. Ltd.
- Mahindra (China) Tractor Company Ltd.
- Mahindra Engg & Chem Products Ltd.
- Mahindra Engineering Design & Development Company Ltd.
- Mahindra Europe s.r.l.
- Mahindra Gujarat Tractor Ltd.
- Mahindra Holdings & Finance Ltd.
- Mahindra Holidays & Resorts India Ltd.
- Mahindra Holidays & Resorts (USA) Inc.
- Mahindra Insurance Brokers Ltd.
- Mahindra Infrastructure Developers Ltd.
- Mahindra Intertrade Ltd.
- Bristlecone UK Ltd.
- Mahindra International Ltd.
- Mahindra World City Developers Ltd.
- Mahindra Logisoft Business Solutions Ltd.
- Mahindra Middleeast Electrical Steel Service Centre (FZE)
- Mahindra & Mahindra Financial Services Ltd.
- Mahindra & Mahindra South Africa (Pty) Ltd.
- Mahindra Overseas Investment Company (Mauritius) Ltd.
- Mahindra Realty Ltd.
- Mahindra Renault Pvt. Ltd.
- Mahindra Steel Service Centre Ltd.
- Mahindra Shubhlabh Services Ltd.
- Mahindra SAR Transmission Pvt Ltd.
- Mahindra USA Inc.
- Mahindra Ugine Steel Company Ltd.
- Mahindra World City (Jaipur) Ltd.
- NBS International Ltd.
- Tech Mahindra (R & D Services) Inc
- Tech Mahindra (R & D Services) Pte Ltd.
- Stokes Group Limited
- Jensand Limited
- Stokes Forgings Dudley Limited
- Stokes Forgings Limited Plexion
- Technologies (India) Private limited
- Plexion Technologies (UK) Limited
- Plexion Technologies GmbH

- Plexion Technologies Incorporated
- Mahindra Inframan Water Utilities Pvt. Ltd.
- Mahindra Sona Ltd.
- Mahindra Water Utilities Ltd.
- PSL Erickson Ltd.
- Owens Corning (India) Ltd.
- Siroplast Ltd.
- Mahindra Construction Company Ltd.
- Officemartindia.com Ltd.
- Mega One Stop Farm Services Ltd.
- Mahindra & Mahindra Contech Limited

There have been no transactions with the aforesaid companies during the period.

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

	Rupees June 30, 2006
Deferred Tax	
a) Deferred tax liability:	
Depreciation	(3,041,010)
b) Deferred tax asset:	
Gratuity, Leave Encashment etc.	10,205,501
Doubtful Debts	1,203,412
Carry forward of Net operating losses of a subsidiary	101,397,047
Total Deferred Tax Asset (Net)	**109,764,950**

Tech Mahindra (Americas) Inc. has net operating losses aggregating to Rs. 122,179,387 which are available to be carried forward. As stated in the audited financials of Tech Mahindra (Americas) Inc., Tech Mahindra (Americas) Inc. expects to be able to utilize the entire deferred tax benefit on the said losses.

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

a) TML and its subsidiary TMRDL enter into foreign exchange forward contracts to offset the foreign currency risk arising from the amounts denominated in currencies other than the Indian rupee. The counter party to their foreign currency forward contracts is generally a bank. These contracts are entered into to hedge the foreign currency risks of firm commitments.

b) The following are the outstanding Forward Exchange Contracts entered into by TML and its subsidiary TMRDL as on 30th June, 2006:

Currency	Amount outstanding at period end in Foreign currency	Amount outstanding at period end in Rs.	Exposure to Buy/ Sell
US Dollar	47,137,350	2,164,771,545	Sell
UK Pound	61,000,000	5,169,140,000	Sell

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

Amounts receivable in foreign currency on account of the following:

	In Rupees	In foreign currency
Debtors	Rs. 241,536,078	Aud 1,017,295 Eur 3,008,632 Nzd 142,836 Sgd 913,462
Loans and advances	Rs. 227,544,512	Usd 4,924,377 Thb 24,000 Eur 2,235 Aud 20,889
Cash/Bank balances (Net)	Rs. 35,289,849	Aud 643,059 Nzd 472,103 Twd 173,667

Amounts payable in foreign currency on account of the following:

	In Rupees	In foreign currency
Creditors (Net)	Rs. 572,992,378	Eur 2,009,513 Gbp 324,102 Sgd 659,830 Usd 8,875,444
Other current liabilities (Net)	Rs. 898,872,425	Gbp 10,546,808 Usd 111,578

d) The amount of exchange difference in respect of forward exchange contracts to be recognized in the profit and loss account for subsequent accounting period aggregates to Rs 91,974,991 (Gain).

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

Particulars	Rupees
Income from services	(128,121,013)
Others	(24,846,584)

15. Earning Per Share is calculated as follows:

Period ended June 30, 2006	
Net Profit after tax	1,065,719,909
Less : Minority interest	8,725
Net profit attributable to equity shareholders	1,065,711,184
Equity Shares outstanding as at the period end (in Nos.)	112,685,574
Weighted average equity shares outstanding as at the period end (in nos)	111,703,013
Weighted average number of Equity Shares used as denominator for calculating Basic Earnings Per Share	111,703,013
Add: Diluted number of Shares	
ESOP outstanding at the end of the period	15,992,760
Number of Equity Shares used as denominator for calculating Diluted Earnings Per Share	127,695,773
Nominal Value per Equity Share (in Rs.)	10.00
Earnings Per Share (Basic) (in Rs.)	9.54
Earnings Per Share (Diluted) (in Rs.)	8.35

16. The Consolidated Accounts are prepared for the limited purpose of inclusion in the Red Herring Prospectus of Tech Mahindra Limited and hence the previous year/period figures are not given.

Signatures to Schedules I to XI

As per our attached report of even date:

For Deloitte Haskins & Sells	**For Tech Mahindra Limited**
Chartered Accountants	Mr. Vineet Nayyar –Vice Chairman, Managing Director and CEO
A.B. Jani	Mr. Ulhas N. Yargop - Director
Partner	Mr. Vikrant Gandhe, Asst. Company Secretary
Mumbai, Dated: July 20, 2006	Place: Mumbai, Dated: July 20, 2006

AUDITORS' REPORT ON THE STAND ALONE FINANCIAL STATEMENTS

To the Board of Directors

1. We have audited the attached Balance Sheet of Tech Mahindra Limited as at 30th June, 2006, and also the Profit and Loss Account and the Cash Flow Statement for the period from 1st April, 2006 to 30th June, 2006 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 auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Further, we report that:
   a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b) In our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of the books;
   c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
   d) In our opinion the Balance sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
   e) Without qualifying our opinion, we draw attention to note no.16 of Schedule XI regarding non-disclosure of certain information for purposes of interim accounts.
   f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with Significant Accounting Policies and other notes thereon, 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 30th June, 2006,
      ii) in the case of the Profit and Loss Account, of the profit for the period from 1st April, 2006 to 30th June, 2006, and
      iii) in the case of Cash Flow Statement, of the cash flows for the period from 1st April, 2006 to 30th June, 2006.

For Deloitte Haskins & Sells
Chartered Accountants

A. B. Jani
Partner

Mumbai, dated: June 17, 2006

Membership No. 46488

BALANCE SHEET AS AT JUNE 30, 2006

		Schedule	As at June 30, 2006 Rupees	As at March 31, 2006 Rupees
I.	SOURCES OF FUNDS :			
	SHAREHOLDERS' FUNDS:			
	Capital	I	1,126,855,730	207,997,261
	Reserves and Surplus	II	6,335,570,191	5,770,647,929
	TOTAL		7,462,425,921	5,978,645,190
II.	APPLICATION OF FUNDS :			
	FIXED ASSETS:	III		
	Gross Block		3,235,059,801	3,069,549,614
	Less : Depreciation		1,594,556,864	1,501,590,748
	Net Block		1,640,502,937	1,567,958,866
	Capital Work-in-Progress, including Advances		290,446,372	193,315,116
			1,930,949,309	1,761,273,982
	INVESTMENTS	IV	2,910,565,858	2,947,512,505
	DEFFERED TAX ASSET (NET)		8,367,903	4,868,662
	CURRENT ASSETS, LOANS AND ADVANCES:	V		
	Sundry Debtors		5,414,890,616	4,127,568,931
	Cash and Bank Balances		1,087,998,539	515,830,084
	Loans and Advances		882,368,820	699,438,243
			7,385,257,975	5,342,837,258
	Less : CURRENT LIABILITIES AND PROVISIONS:			
	Liabilities	VI	2,995,935,430	1,957,671,077
	Provisions	VII	1,776,779,694	2,120,176,140
			4,772,715,124	4,077,847,217
	Net Current Assets		2,612,542,851	1,264,990,041
	TOTAL		7,462,425,921	5,978,645,190

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS XI

PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM APRIL 1, 2006 TO JUNE 30, 2006

	Schedule	June 30, 2006 Rupees	June 30, 2005 Rupees
INCOME	VIII	5,565,252,219	2,443,271,818
EXPENDITURE :			
Personnel	IX	1,804,467,571	1,064,618,704
Operating and Other Expenses	X	2,547,416,985	921,570,295
Depreciation		95,076,621	89,113,272
TOTAL		4,446,961,177	2,075,302,271
PROFIT BEFORE TAXATION		1,118,291,042	367,969,547
Provision for Taxation (Refer note 14 of Schedule XI)			
- Current tax [includes provision for wealth tax of Rs 153,083 (previous period Rs.Nil)]		(105,800,791)	(25,228,076)
- Deferred tax		3,499,241	(77,028)
- Fringe benefit tax		(14,000,000)	(15,000,000)
PROFIT AFTER TAXATION		1,001,989,492	327,664,443
Balance brought forward from previous year		4,539,714,301	3,753,582,131
Balance available for appropriation		5,541,703,793	4,081,246,574
Interim Dividend		(90,148,458)	(30,607,607)
Dividend Tax		(12,643,321)	(4,000,032)
Transfer to General Reserve		(25,000,000)	(33,000,000)
Balance Carried to Balance Sheet		5,413,912,014	4,013,638,935
Earning Per Share (Refer note 17 of Schedule XI)			
- Basic		8.97	3.22
- Diluted		7.85	3.08

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS XI

Cash flow for the Period from April 1, 2006 to June 30, 2006

	Particulars		Current Period Rupees	Previous Period Rupees
A	**Cash Flow from operating activities**			
	Net Profit before taxation		**1,118,291,042**	**367,969,547**
	Adjustments for:			
	Depreciation	95,076,621		89,113,272
	Loss on sale of Fixed Assets, (net)	996,859		292,034
	Decrease in fair value of Current Investment	50,903		265,506
	Exchange gain (net)	79,233,108		(16,965,647)
	Dividend from current Investments	(5,887,020)		(10,831,988)
	Interest Income	(16,678,210)		(19,631,570)
	Profit on Sale of Investments	(8,100,094)		(1,068,328)
			144,692,167	41,173,279
	Operating profit before working capital changes		**1,262,983,209**	**409,142,826**
	Adjustments for:			
	Trade and other receivables	(1,463,114,635)		267,428,909
	Trade and other payables	1,089,848,782		173,539,217
			(373,265,853)	440,968,126
	Cash generated from operations		**889,717,356**	850,110,952
	Direct Taxes	(38,926,901)		(50,777,198)
			(38,926,901)	(50,777,198)
	Net cash from operating activities		**850,790,455**	**799,333,754**
B	**Cash flow from investing activities**			
	Purchase of Fixed assets	(282,554,938)		(49,530,303)
	Purchase of Investments	(806,556,650)		(661,556,350)
	Acquisition / Investments in Subsidiaries	(28,305,118)		-
	Sale of Investments	879,857,608		142,030,791
	Sale of Fixed Assets	378,554		1,472,206
	Interest received	16,526,919		19,856,493
	Dividend on current investments received	5,887,020		10,831,988
	Net cash used in investing activities		**(214,766,605)**	**(536,895,175)**
C	**Cash flow from financing activities**			
	Proceeds from issue of Shares (including Securities Premium)		584,583,018	12,983,280
	Dividend (including Dividend Tax paid)		(569,205,305)	-
	Net cash from financing activities		**15,377,713**	**12,983,280**
	Net increase in cash and cash equivalents (A+B+C)		**651,401,563**	**275,421,859**
	Cash and cash equivalents at the beginning of the period		**496,489,484**	**1,223,489,421**
	Cash and cash equivalents at the end of the period		**1,147,891,047**	**1,498,911,280**

Notes:

		June 30, 2006 Rs.	June 30, 2005 Rs.
1.	Components of cash and cash equivalents include cash, bank balances in current and deposit accounts as disclosed under Schedule V(b) of the accounts.		
2.	Purchase of fixed assets are stated inclusive of movements of capital work in progress between the commencement and end of the period and are considered as part of investing activity.		
3.	Cash and cash equivalents include:		
	Cash and Bank Balances	1,087,998,539	1,514,128,080
	Unrealised (gain)/loss on foreign currency	-	-
	Cash and cash equivalents	59,892,508	(15,216,800)
	Total Cash and Cash equivalents	1,147,891,047	1,498,911,280

Schedules forming part of the Balance Sheet

			As at June 30, 2006 Rupees	As at March 31, 2006 Rupees
	Schedule I			
	SHARE CAPITAL :			
	Authorised :			
	175,000,000 (previous year 150,000,000) Equity Shares of Rs. 10/- (Previous Year Rs. 2/-) each.		1,750,000,000	300,000,000
			1,750,000,000	300,000,000
	Issued and Subscribed :			
	112,685,573 (previous year 112,440,523) Equity Shares of Rs. 10/- (previous year Rs 2/-) each fully paid-up.		1,126,855,730	224,881,046
	Issued, Subscribed and Paid-up:			
	112,685,573 (previous year 102,508,885) Equity Shares of Rs. 10/- (Previous Year Rs.2/-) each fully paid-up		1,126,855,730	205,017,770
	Nil (previous year 9,931,638) Equity Shares of Rs 2/- each Rs 0.30 paid-up		-	2,979,491
	TOTAL		1,126,855,730	207,997,261
	Notes:			
1	Out of the above 11,520,012 (previous year 57,600,060) Equity Share of Rs. 10/- (previous year Rs. 2/-) each fully paid-up are held by Mahindra & Mahindra Ltd., the holding company.			
2	The above includes 51,000,100 and 25,000,000 Equity Shares originally of Rs 2/- each issued as fully paid-up bonus shares by capitalisation of balance of Profit and Loss Account and General Reserve, respectively.			
3	During the period, 90,148,459 Equity Shares of Rs 10/- each are allotted as fully paid-up bonus shares by way of capitalisation of Profit and Loss Account (Refer note 4 of schedule XI).			
4	During the period, 5 Equity Shares of Rs.2/- each have been consolidated into 1 Equity Share of Rs.10/-each (Refer note 4 of schedule XI)			

	As at June 30, 2006 Rupees	As at March 31, 2006 Rupees
Schedule II			
RESERVES AND SURPLUS:			
General Reserve :			
As per last Balance Sheet	948,430,284		718,430,284
Add : Transfer from Profit and Loss Account	25,000,000		230,000,000
		973,430,284	948,430,284
Securities Premium :			
As per last Balance Sheet	282,503,344		152,766,273
Add : Received during the year	567,209,139		129,737,071
		849,712,483	282,503,344
Balance in Profit and Loss Account	5,413,912,014		4,539,714,301
Less : Capitalised on issue of Bonus Shares	901,484,590		-
		4,512,427,424	4,539,714,301
TOTAL		6,335,570,191	5,770,647,929

Schedule III

FIXED ASSETS

Description of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as at April 01, 2006	Additions during the period	Deductions during the period	Cost as at June, 30 2006	Up to March 31, 2006	For the period	Deductions during the period	Up to June, 30 2006	As at June,30 2006	As at March 31, 2006
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Leased Assets:										
Vehicles	74,345,454	-	3,343,300	71,002,154	27,294,192	3,867,454	1,967,887	29,193,759	41,808,395	47,051,262
(Refer Note 9 of Schedule XI)										
Other Assets:										
Leasehold Land	-	108,771,560	-	108,771,560	-	190,827	-	190,827	108,580,733	-
Office Building/ Premises	1,411,074,895	-	-	1,411,074,895	414,912,102	23,514,127	-	438,426,229	972,648,666	996,162,793
Computers	782,128,909	52,352,050	142,618	834,338,341	547,252,100	36,878,086	142,618	583,987,568	250,350,773	234,876,809
Plant and Machinery	390,029,945	6,308,828	-	396,338,773	253,974,086	16,067,122	-	270,041,208	126,297,565	136,055,859
Furniture and Fixtures	391,834,869	1,046,041	-	392,880,910	254,779,395	12,851,727	-	267,631,122	125,249,788	137,055,474
Vehicles	20,135,542	517,626	-	20,653,168	3,378,873	1,707,278	-	5,086,151	15,567,017	16,756,669
Total	3,069,549,614	168,996,105	3,485,918	3,235,059,801	1,501,590,748	95,076,621	2,110,505	1,594,556,864	1,640,502,937	1,567,958,866
Previous year	2,841,185,187	252,813,342	24,448,915	3,069,549,614	1,140,672,013	373,803,612	12,884,877	1,501,590,748		
Capital Work-in-Progress, including Advances									290,446,372	193,315,116
Total									1,930,949,309	1,761,273,982

Note: Fixed assets include certain leased vehicles aggregating to Rs.42,957,970 (previous year Rs.44,703,670) on which vendors have a lien.

			As at June 30, 2006 Rupees	As at March 31, 2006 Rupees
	Schedule IV			
	INVESTMENTS			
	Long Term (Unquoted - at cost)			
	Trade:			
	In Subsidiary Companies:			
	375,000 Ordinary Shares of US$ 1 each fully paid-up of Tech Mahindra (Americas) Inc. (Formerly known as MBT International Incorporated U.S.A.)	11,794,500		11,794,500
	Less : Provision for Dimunition (Refer Note 8 of Schedule XI)	11,794,500	-	11,794,500 -
	3 Shares of Euro 25,000, 50,000 and 500,000 each, fully paid-up of Tech Mahindra GmbH (Formerly known as MBT GmbH) (Refer Note below)	388,827,375		388,827,375
	Less: Provision for Dimunition (Refer Note 8 of Schedule XI)	353,632,342	35,195,033	353,632,342 35,195,033
	5,000 Equity Shares of Singapore $ 10 each fully paid-up of Tech Mahindra (Singapore) Pte Ltd. (Formerly known as MBT Software Technologies Pte Ltd, Singapore)		1,371,976	1,371,976
	9,205,100 Equity Shares (previous year 9,203,500) of Tech Mahindra (R &D Services) Limited (Formerly known as Axes Technologies (India) Private Limited) of Rs. 5 each fully paid-up (Refer Note 5 of schedule XI)		1,791,495,597	1,787,889,148
	500,000 Equity Shares (previous year 300,000) of Tech Mahindra (Thailand) Limited (Formerly known as MBT Thailand Co Limited) of THB.100 each fully paid-up		5,915,418	3,516,749
	49,994 Equity shares (previous year 49,994) of Tech Mahindra Foundation of Rs. 10/- each fully paid up		499,940	499,940
	500,000 Equity shares (previous year Nil) of PT Tech Mahindra Indonesia of US $ 10 each fully paid up		22,300,000	-
			1,856,777,964	1,828,472,846

			As at June 30, 2006 Rupees	As at March 31, 2006 Rupees
	Current Investments (Unquoted - at lower of cost and fair value)			
	Non Trade :			
	Nil (previous year 92,347.61) units each of Rs. 1,000.58 of Franklin Templeton Mutual Fund Weekly Dividend Institutional Plan [Cost Rs. Nil (previous year Rs. 92,443,267)]	-		92,401,094
	10,027,599.05 (previous year 6,265,066.85) units of Rs. 10.00 each of Principal Mutual Fund - Liquid Instituional weekly dividend[Cost Rs. 100,303,010 (previous year Rs. 62,701,509)]	100,303,010		62,672,596
	5,000,000.00 (previous year Nil) units of Rs. 10.00 each of Prudential ICICI Mutual Fund-quarterly FMP plan A	50,000,000		-
	Nil (previous year 4,748,969.47 units) of Rs. 10.53 each of Prudential ICICI Mutual Fund FMP Yearly Growth Plan	-		50,000,000
	Nil (previous year 11,665,474.85) units of Rs. 10.00 each of Prudential ICICI Mutual Fund Liquid Plan Super Institutional	-		116,668,816
	5,000,000.00 (previous year 5,000,000.00) units of Rs 10.00 each of Birla Mutual Fund - Fixed term growth plan	50,000,000		50,000,000
	10,004,360.16 (previous year 3,071,767.96) units of Rs 10.02 (previous year Rs. 10.03) each of Birla Mutual Fund - Institutional Plan[Cost Rs. 100,302,611 (previous year Rs. 30,810,447)]	100,268,699		30,786,794
	5,000,000(previous year 5,000,000.00) units of Rs.10.00 each of HSBC Mutual Fund- Fixed maturity plan	50,000,000		50,000,000
	4,877,112.71 (previous year 5,029,509.92) units of Rs. 10.50 (previous year Rs. 10.00) each of HSBC Mutual Fund - Fixed term series Institutional Growth Plan	51,190,313		50,295,099
	Nil (previous year 6,952,192.63) units of Rs.10.03 each of J M Mutual Fund- High Liquidity Super Institutional Plan	-		69,748,080
	Nil (previous year 4,098,246.52) units of Rs. 10.03 each of Kotak Liquid Institutional Premiun weekly dividend	-		41,096,908
	10,000,000.00 (previous year 5,000,000.00) units of Rs. 10.00 each of Kotak Mutual Fund -FMP Growth	100,000,000		50,000,000

			As at June 30, 2006 Rupees	As at March 31, 2006 Rupees
	4,994,433.77 (previous year 5,214,307.74) units of Rs. 10.04 (previous year Rs.10.03) each of Kotak Mutual Fund - Liquid Institiutional Weekly Dividend	50,150,530		52,288,682
	5,012,424.29 (previous year Nil) units of Rs.10.01 each of Reliance Liquidity Weekly Dividend Fund[Cost Rs. 50,150,757 (previous year Rs. Nil)]	50,133,767		-
	5,000,000.00 (previous year Nil) units of Rs. 10.00 each of Reliance Fixed Horizon Monthly Dividend	50,000,000		-
	Nil (previous year 5,000,000.00 units) of Rs. 10.00 each of Reliance Mutual Fund-FMP	-		50,000,000
	5,000,000.00 (previous year 5,000,000.00) units of Rs. 9.99 each of Reliance Fixed Tenor Fund Growth Plan [Cost Rs. 50,000,000.00 (previous year Rs. 50,000,000.00)]	49,927,500		49,927,500
	5,000,000.00 (previous year Nil) units of Rs.10.00 each of Standard Chartered Fixed Maturity V plan	50,000,000		-
	5,079,500.00 (previous year Nil) units of Rs. 10.00 each each of Chola Fund Liquid Institutional Plus-Dividend Option	50,795,000		-
	Nil (previous year 5,000,000.00) units of Rs.10.00 each of Chola Fund Liquid Institutional Plus-Dividend Option	-		50,000,000
	4,866,586.57 (previous year Nil) units of Rs. 10.30 each of Grindlays - Cash fund Weekly Dividend	50,123,408		-
	5,000,000.00 (previous year 5,000,000.00) units of Rs. 9.98 each of Grindlays - FMP [Cost Rs. 50,000,000.00 (previous year Rs.50,000,000.00)]	49,900,000		49,900,000
	87,432.76 (previous year 90,695.00) units of Rs. 1,146.08 (previous year Rs. 1135.75) each of TATA Mutual Fund Liquid weekly dividend	100,205,152		103,007,090
	Nil (previous year 5,000,000.00) units of Rs. 10.00 each of Sundaram Mutual Fund - FMP	-		50,000,000
	5,079,051.46 (previous year 5,024,693.83) units of Rs. 10.00 each of ABN AMRO Mutual Fund - FMP	50,790,515		50,247,000
			1,053,787,894	1,119,039,659
	TOTAL		2,910,565,858	2,947,512,505
	Note:			
	Includes Rs. 359,806,875 (previous year Rs. 359,806,875) invested towards capital reserve of the company in accordance with the German Commercial Code			

			As at June 30, 2006 Rupees	As at March 31, 2006 Rupees
	Schedule V			
	CURRENT ASSETS, LOANS AND ADVANCES :			
	Current Assets :			
	(a) Sundry Debtors * : (Unsecured)			
	Debts outstanding for a period exceeding six months:			
	: considered good **		141,315,983	145,101,029
	: considered doubtful		162,855,483	26,445,830
			304,171,466	171,546,859
	Other debts, considered good ***		5,273,574,633	3,982,467,902
	considered doubtful		35,205,213	153,393,431
			5,612,951,312	4,307,408,192
	Less: Provision (Refer note 8 of schedule XI)		198,060,696	179,839,261
			5,414,890,616	4,127,568,931
	* Debtors include unbilled revenue of Rs 903,503,918 (previous year Rs. 437,865,019)			
	** Net of advances of Rs. 75,842,494 (previous year Rs. 63,188,086) pending adjustments with invoices			
	*** Net of advances of Rs.69,149,607 (previous year Rs. 29,217,991) pending adjustments with invoices.			
	(b) Cash and Bank Balances :			
	Balance with Scheduled banks :			
	(i) In Current accounts	472,064,309		231,486,518
	(ii) In Fixed Deposit accounts	609,157,803		275,971,678
	Balance with other banks: With Commonwealth Bank of Australia @ In Current accounts	6,776,427		8,371,888
			1,087,998,539	515,830,084
	@ Maximum balance outstanding during the period/year :			
	Current Account - Rs 8,370,633 (previous year Rs.8,371,888)			

			As at June 30, 2006 Rupees	As at March 31, 2006 Rupees
	(c) Loans and Advances : (Unsecured)			
	Bills of Exchange (considered doubtful)	5,000,000		5,000,000
	Less: Provision	5,000,000		5,000,000
		-		-
	Loans to Subsidiary	230,150,000		223,050,000
	Advances recoverable in cash or in kind or for value to be received........considered good	546,533,009		377,688,771
	........considered doubtful	3,758,992		3,758,992
		550,292,001		381,447,763
	Less : Provision	3,758,992		3,758,992
			546,533,009	377,688,771
	Advance Taxes (Net of provisions)		105,685,811	98,699,472
			882,368,820	699,438,243
	TOTAL		7,385,257,975	5,342,837,258

			As at June 30, 2006 Rupees	As at March 31, 2006 Rupees
	Schedule VI			
	CURRENT LIABILITIES :			
	Sundry Creditors :			
	Total outstanding dues to Small Scale Industrial Undertakings		-	-
	Total outstanding dues of Creditors other than Small Scale Industrial Undertakings *		2,995,935,430	1,957,671,077
	* includes -			
	Rs.411,390,658 (previous year Rs.349,735,805) due to Tech Mahindra (Americas) Inc. USA a subsidiary company			
	Rs.117,791,304 (previous year Rs. 53,138,178) due to Tech Mahindra GmbH a subsidiary company			
	Rs. 19,112,224 (previous year Rs.16,916,357) due to Tech Mahindra (Singapore) Pte. Ltd. a subsidiary company			
	Rs 2,411,860 (previous year Rs.843,437) due to Tech Mahindra (R&D Services) Limited ;a Subsidairy Company			
	TOTAL		2,995,935,430	1,957,671,077

			As at June 30, 2006 Rupees	As at March 31, 20066 Rupees
	Schedule VII			
	PROVISIONS:			
	Provision for taxation (net of payments)		743,161,153	655,300,924
	Proposed Dividend		506,142,981	915,187,950
	Provision for Dividend tax		70,986,553	128,355,110
	Provision for Gratuity		208,314,000	185,214,000
	Provision for Leave Encashment		248,175,007	236,118,156
	TOTAL		1,776,779,694	2,120,176,140

			June 30, 2006 Rupees	June 30, 2005 Rupees
	Schedule VIII			
	INCOME			
	Income from services (net) [Tax deducted at source Rs. 2,720,013 (previous period Rs.1,518,615)]	5,527,012,764		2,402,875,929
	Management fess (Net)	-		5,108,994
			5,527,012,764	2,407,984,923
	Interest on :			
	Deposits with banks [Tax deducted at source Rs.2,083,531(previous period Rs.2,085,803)]	14,060,475		19,494,415
	Others [Tax deducted at source Rs.Nil	2,617,735		137,155
	(previous period Rs.Nil)]		16,678,210	19,631,570
	Dividend received on current investments (non - trade)		5,887,020	10,831,988
	Profit on sale of current investments (net)		8,100,094	1,068,328
	Exchange fluctuations (Net)		-	1,580,770
	Provision for doubtful debts		5,650,875	737,920
	Miscellaneous income		1,923,256	1,436,319
	TOTAL		5,565,252,219	2,443,271,818

			June 30, 2006 Rupees	June 30, 2005 Rupees
	Schedule IX			
	PERSONNEL			
	Salaries, wages and bonus (Refer note 11 of Schedule XI)		1,638,696,764	941,641,689
	Contribution to provident and other funds		85,160,917	65,864,863
	Staff welfare		80,609,890	57,112,152
	TOTAL		1,804,467,571	1,064,618,704

	Schedule X			
	OPERATING AND OTHER EXPENSES			
	Power		30,023,681	16,469,113
	Rent		58,240,508	17,781,650
	Rates and taxes		8,169,742	665,817
	Communication expenses		92,235,071	64,307,470
	Traveling expenses [Net of recoveries Rs.91,476,175 (previous period Rs.9,905,499)]		565,178,299	255,218,840
	Recruitment expenses		20,907,292	10,950,928
	Hire charges [includes car lease rentals Rs.922,230 (previous period Rs.1,557,020)]		31,656,813	25,693,480
	Sub-contracting costs		971,927,305	375,841,284
	Repairs and maintenance :			
	Buildings (including leased premises)	4,567,428		3,963,910
	Machinery	8,416,786		9,808,348
	Others	6,002,498		8,428,791
			18,986,712	22,201,049
	Insurance		9,890,029	7,016,616
	Professional fees		18,273,981	23,797,172
	Software packages		536,320,805	31,933,427
	Training		17,587,250	18,786,907
	Advertising, marketing and selling expenses		2,324,123	921,866
	Commission on services income		54,882,694	8,765,000
	Loss on sale of fixed assets (net) [Net of write back of leased liability aggregating to Rs. Nil (Previous period Rs 1,560,859)]		996,859	292,034
	Excess of cost over fair value of current investments		50,903	265,506
	Provision for doubtful debts		23,872,310	8,712,133
	Exchange fluctuations (Net)		23,253,451	-
	Miscellaneous expenses *		62,639,157	31,950,003
	TOTAL		2,547,416,985	921,570,295
	* includes printing and stationery expenses, hospitality expenses, conveyance, etc.			

TECH MAHINDRA LIMITED

Schedule XI

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

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE PERIOD FROM APRIL 1, 2006 TO JUNE 30, 2006

1. Significant accounting policies:

(a) Basis for preparation of accounts:

The accounts have been prepared to comply in all material aspects with applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and the relevant provisions of the Companies Act, 1956.

(b) Use of Estimates:

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

(c) Fixed Assets:

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

(d) Assets taken on lease:

Assets taken on finance lease on or after April 1, 2001 are accounted for as fixed assets in accordance with Accounting Standard 19 on "Leases", (AS 19) issued by The Institute of Chartered Accountants of India. Accordingly, the assets have been accounted at fair value. Lease payments are apportioned between finance charge and reduction of outstanding liability.

(e) Depreciation on fixed assets:

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

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

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

(f) Impairment of Assets:

At the end of each year, the company determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard 28 on ''Impairment of Assets'' issued by the Institute of Chartered Accountants of India. Where the recoverable amount of any fixed asset is lower than its carrying amount, a provision for impairment loss on fixed assets is made for the difference.

(g) Investments:

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

(h) Revenue recognition:

Revenue from software includes revenue earned from services performed on 'time and material' basis, time bound fixed price engagements and system integration projects.

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

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

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

(i) Foreign currency transactions:

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the period-end rates. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of monetary items at the end of the period, is recognised as income or expense, as the case may be, except where they relate to fixed assets where they are adjusted to the cost of fixed assets.

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 in connection with purchase of fixed asset, where the same is adjusted to the cost of fixed assets. Exchange difference accounted on a forward exchange contract entered into to hedge the foreign currency risk of a firm commitment is the difference between the foreign currency amount of the contract translated at the exchange rate at the reporting/settlement date and the said amount translated at the later date of inception of the contract/last reporting date and is recognized as income or expense in the reporting period.

(j) Retirement Benefits:

Provision is made for gratuity and encashment of unavailed leave on retirement on the basis of actuarial valuations (Refer note 7 below).

(k) Income taxes:

Tax expense comprises of current tax, deferred tax and fringe benefit tax. Current tax and Deferred tax are accounted for in accordance with Accounting standard 22 on "Accounting For Taxes on Income", (AS 22) issued by the ICAI. Current tax is measured at the amount expected to be paid to/recovered from the tax authorities, using the applicable tax rates. Deferred tax assets and liabilities are recognised for future tax consequences attributable to timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent years and are measured using relevant enacted tax rates. The carrying amount of deferred tax assets at each Balance sheet date is reduced to the extent that it is no longer reasonably certain that sufficient future taxable income will be available against which the deferred tax asset can be realized. Fringe benefit tax is recognized in accordance with the relevant provisions of the Income-tax Act, 1961 and the Guidance Note on Fringe Benefits Tax issued by the ICAI. Tax on distributed profits payable in accordance with the provisions of the Income-tax Act, 1961 is disclosed in accordance with the Guidance Note on Accounting for Corporate Dividend Tax issued by the ICAI.

(l) Contingent Liabilities:

These, if any, are disclosed in the notes and 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

2. The estimated amount of contracts remaining to be executed on capital account, and not provided for as at June 30, 2006 Rs. 773,986,796 (previous year: Rs. 421,608,250).

3. Contingent liabilities:

i) The company has received demands from Income tax authorities in respect of earlier years aggregating to Rs. 42,656,152 (previous year Rs 42,656,152). The demands are mainly on account of disallowance in respect of income from software maintenance under section 80HHE of Income-tax Act, 1961. The company has appealed against the said demands with the higher authorities, which are pending settlements thereof .

ii) Bank Guarantees outstanding **Rs. 101,692,080** (previous year: Rs. 90,739,321)

4. During the period, pursuant to the resolution passed by the shareholders at the Extra ordinary General Meeting held on June 01, 2006, the Company consolidated its share capital from 112,685,573 equity shares of Rs.2/- each into 22,537,114 equity shares of Rs.10/- each

   Further, the Company during the period has issued 90,148,459 Equity Shares of Rs 10/- each as bonus shares at the rate of 4 shares for each share held as at June 01, 2006, aggregating to Rs.901,484,590 by way of capitalization from the balance of Profit and Loss account.

5. The Company acquired Tech Mahindra (R&D services) Limited (formerly known as Axes Technologies (India) Private Limited) (TMRDL) on November 28, 2005. The terms of purchase provides for payment of contingent consideration to all the selling shareholders, payable over three years and calculated based on achievement of specific targets. The contingent consideration is payable in cash and cannot exceed Rs. 640,780,000.

   The consideration so payable would be accounted in the books of account in the year of achieving milestones specified under the agreement. Accordingly the consideration payable aggregating to Rs 32,828,677 had been accounted in the previous year as additional cost of acquisition. During the period, an amount of Rs 3,302,161 has been accounted as additional consideration due to revision in management estimates made in the previous year.

6. Confirmation letters have been sent to the debtors and creditors of the Company and their balances are subject to reconciliation and consequent adjustments, if any, on receipt of such confirmations.

7. The revised Accounting Standard 15 on "Employee Benefits", (AS 15) issued by the Institute of Chartered Accountants of India, is applicable with effect from April 1, 2006.

   The disclosure as required under AS 15 regarding the Company's gratuity plan is as follows:

Particulars	**Rupees**
Projected benefit obligation, beginning of the period	185,214,000
Service cost	19,371,000
Interest cost	3,897,000
Actuarial loss	3,790,000
Benefits paid	(3,958,000)
Projected benefit obligation, end of the period	208,314,000

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

Net periodic gratuity cost	**Rupees**
Service cost	19,371,000
Interest cost	3,897,000
Amortisation of actuarial loss	3,790,000
Net periodic gratuity cost	27,058,000
Assumptions:	
Discount rate	8.00%
Rate of increase in compensation levels of covered employees	7.75%

The disclosure as required under AS 15 regarding the Company's leave encashment is as follows:

Particulars	Rupees
Projected benefit obligation, beginning of the period	204,057,000
Service cost	9,200,000
Interest cost	3,830,000
Actuarial loss	9,003,000
Benefits paid	(8,555,000)
Projected benefit obligation, end of the period	217,535,000

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

Net periodic leave encashment cost	Rupees
Service cost	9,200,000
Interest cost	3,830,000
Amortisation of actuarial loss	9,003,000
Net periodic gratuity cost	22,033,000

The Company has in addition to above accounted for provident fund contribution of Rs 26,104,200 (previous year Rs 24,486,840) on leave encashment and Rs 4,535,807 (previous year Rs 7,574,316) on short term leave encashment.

8. The Company holds investments (unquoted) in two subsidiaries, viz., Tech Mahindra (Americas) Inc.(TMI) (formerly known as MBT International Incorporated, USA) , Tech Mahindra GmbH (TMGMBH) (formerly known as MBT GmbH, Germany) aggregating to Rs. 11,794,500 and Rs. 388,827,375 respectively (Refer Schedule IV), which are held as strategic long-term investments. Further, the Company has trade receivables aggregating to Rs. 461,171,726 and Rs. 106,499,138 from TMI and TMGMBH respectively and loan outstanding aggregating to Rs. 230,150,000 from TMI.

   As per the latest available audited accounts of the aforesaid companies as at March 31, 2006, their respective net worth have been fully/substantially eroded. These subsidiaries have incurred losses due to substantial costs incurred over the past few years in building marketing capabilities but have made operating profits during the last year. Moreover, the subsidiaries have growth plans and expect to continue to earn profits in subsequent years resulting into positive net worth over a period of time.

   Considering the above, out of abundant caution, the Company has made provisions in the previous year, to the extent of accumulated losses in these subsidiaries as at the previous year end , aggregating, to Rs. 11,794,500 and Rs. 353,632,342 towards diminution in the value of investments in TMI and TMGMBH respectively and Rs.152,991,436 towards debts recoverable from TMI.

9. Assets acquired on Lease on or after April 1, 2001:

   The Company has acquired vehicles on lease, the fair value of which aggregates to Rs. 71,002,154. As per Accounting Standard 19 (AS-19) on Leases, issued by The Institute of Chartered Accountants of India the Company has capitalised the said vehicles at their fair values as the leases are in the nature of finance leases as defined in AS-19. Lease payments are apportioned between finance charge and deduction of outstanding liabilities. The details of lease rentals payable in future are as follows:

	Not later than 1 year	Later than 1 year not later than 5 years
Minimum Lease rentals payable (Previous year Rs. 19,147,044 and Rs. 19,297,314 respectively)	17,833,090	14,897,014
Present value of Lease rentals payable (Previous year Rs. 17,368,509 and 15,466,831 respectively)	16,176,605	12,026,837

10. As per Accounting Standard 17 (AS-17) on Segment reporting issued by the Institute of Chartered Accountants of India, the Primary Segment of the Company is Geographical by location of customers. The Secondary Segments are identified based on the line of operations of the Company. The Accounting principles consistently used in the preparation of the financial statements are also applied to record income and expenditure in individual segments. There are no inter-segment transactions during the period.

The Primary Geographical segments of the company consist of regions of Europe, United States of America (USA) and Rest of World (ROW). The Secondary Segments consist of services provided in the Telecom sector and other sectors.

(in Rupees)

A. **PRIMARY SEGMENTS** **As on June 30, 2006**	**GEOGRAPHICAL SEGMENTS BASED ON LOCATION OF CUSTOMERS**			
Particulars	**Europe**	**USA**	**ROW**	**Total**
Revenues	3,934,135,451	703,767,965	889,109,348	5,527,012,764
Less : Direct Expenses	2,192,767,225	571,811,920	795,518,832	3,560,097,977
Segmental Operating Income	**1,741,368,226**	**131,956,045**	**93,590,516**	**1,966,914,787**
Less : Unallocable Expenses				95,076,621
Depreciation				791,786,579
Other Unallocable Expenses				**886,863,200**
Total Unallocable Expenses				**1,080,051,587**
Operating Income				
Add : Other Income				38,239,455
Net Profit Before Taxes				**1,118,291,042**
Less : Provision for Taxation				
Current Tax				105,800,791
Deferred Tax				(3,499,241)
Fringe Benefit Tax				14,000,000
Net Profit After Taxes				1,001,989,492

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

B. **SECONDARY SEGMENTS:**

Revenues from secondary segments are as under –

Sector	**Amount in Rs.**
Telecom	4,737,517,837
Others	789,494,927
Total	**5,527,012,764**

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 is not given. **(Rupees)**

A. **PRIMARY SEGMENTS** **As on June 30, 2006**	**Geographical Segments Based on Location of Customers**			
Particulars	**Europe**	**USA**	**ROW**	**Total**
Revenues	1,951,450,681	289,307,649	167,229,593	2,407,984,923
Less : Direct Expenses	1,046,962,004	108,764,411	114,671,322	1,270,397,737
Segmental Operating Income	**904,688,677**	**180,540,238**	**52,558,271**	**1,137,587,186**
Less : Unallocable Expenses				89,113,272
Depreciation				715,791,262
Other Unallocable Expenses				
Total Unallocable Expenses				**804,904,534**
Operating Income				**332,682,652**
Add : Other Income				35,286,895
Net Profit Before Taxes				**367,969,547**
Less : Provision for Taxation				
Current Tax				25,228,076
Deferred Tax				77,028
Fringe Benefit Tax				15,000,000
Net Profit After Taxes				**327,664,443**

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

B. **SECONDARY SEGMENTS:**

Revenues from secondary segment aggregating to Rs. 2,407,984,923 are only from Telecom Sector.

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 is not given.

11. Salaries, Wages, Bonus includes provision for Gratuity Rs. 23,100,000 (Previous period Rs. 10,500,000), Encashment of unavailed leave Rs.12,056,851 (Previous period Rs. 12,600,000).

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

The details of the options are as under:

	June 30,2006	March 31, 2006
Options outstanding at the beginning of the year	1,220,000	2,229,740
Options granted during the year	-	345,000
Options lapsed during the year	15,480	313,340
Options cancelled during the year	12,640	259,090
Options exercised during the year	245,050	782,310
Options outstanding at the end of the year	946,830	1,220,000

Out of the options outstanding at the end of the period, 243,770 (previous year 504,300) options have vested, which have not been exercised.

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

Options granted and outstanding at the end of the period are 10,219,860 (previous year 10,219,860).

2,271,078 (previous year 2,271,078) options have vested as at the end of the period.

(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:

	June 30, 2006	March 31, 2006
Options outstanding at the beginning of the year	**4,612,380**	-
Options granted during the year	**299,200**	4,633,680
Options lapsed during the year	**-**	-
Options cancelled during the year	**85,510**	21,300
Options exercised during the year	**-**	-
Options outstanding at the end of the year	**4,826,070**	4,612,380
Weighted average share price of the above options on the date of the exercise	**Rs 83**	Rs 83

Out of the options outstanding at the end of the period, none of the options have vested.

(D) The Company uses the intrinsic value-based method of accounting for stock options granted after April 1, 2005. The Company has done the accounting of ESOPs based on Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. Had the compensation cost for the Company's stock based compensation plan been determined in the manner consistent with the fair value approach as described in the Guidance note, the Company's net income would be lower by Rs 459,826 and earnings per share as reported would be lower as indicated below:

Net profit	1,001,989,492
As Reported	
Less: Total stock-based employee compensation expense determined under fair value base method	459,826
Adjusted net profit	1,001,529,666
Basic earnings per share	
- As reported	8.97
- Adjusted	8.97
Diluted earnings per share	
- As reported	7.85
- Adjusted	7.85
The fair value of each warrant is estimated on the date of grant based on the following assumptions :	
Dividend yield (%)	6.89
Expected life	5 years
Risk free interest rate (%)	7.12
Volatility	-

13. As required under Accounting Standard 18 (AS – 18), following are details of transactions during the period 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	Holding Company
British Telecommunications, plc.	Promoter holding more than 20% stake
Mahindra BT Investment Company (Mauritius) Limited	Promoter group company
Tech Mahindra (Americas)Inc, USA (Formerly known as MBT International Inc., USA)	100% subsidiary company
Tech Mahindra GmbH (Formerly known as MBT GmbH, Germany)	100% Subsidiary company
Tech Mahindra (Singapore) Pte Ltd. (Formerly known as MBT Software Technologies Pte. Ltd., Singapore)	100% Subsidiary company
Tech Mahindra (R & D Services) Limited (Formerly known as Axes Technologies (India) Private Limited)	99.98% Subsidiary company
Tech Mahindra (Thailand) Limited	100% Subsidiary company
PT Tech Mahindra Indonesia	100% Subsidiary company
Mahindra Engineering and Chemical Products Limited	Fellow Subsidiary Company
Mahindra Engineering Design and Development Company Limited.	Fellow Subsidiary Company
Bristlecone India Ltd.	Fellow Subsidiary Company
Mr. Vineet Nayyar Vice Chairman, Managing Director and Chief Executive Officer	Key Management Personnel

(a) Related Party Transactions

Transactions	Promoter Companies Rupees	Subsidiary Companies Rupees	Fellow subsidiary Companies Rupees	Key Management Rupees
Expenses reimbursed	**52,715,988** [13,586,790]	**29,103,298** [3,460,267]	**7,378,236** [-]	- [-]
Income from Services & Management Fees	**3,429,257,954** [1,750,422,718]	**255,351,098** [198,977,906]	**2,00,000** [425,000]	- [-]
Interest on Loan	- [-]	**2,263,879** [-]	- [-]	- [-]
Sub-contracting cost	- [-]	**599,266,004** [282,351,666]	- [-]	- [-]
Rent Paid	- [-]	**1,552,980** [-]	- [-]	- [-]
Deposit Paid	- [-]	**9,805,000** [-]	- [-]	- [-]
Advance Given	- [-]	**3,617,340** [-]	- [-]	- [-]
Dividend Paid	**492,203,715** [-]	- [-]	- [-]	- [-]
Investment	- [-]	**28,305,118** [-]	- [-]	- [-]
Loan Given/ (Repaid) (including exchange fluctuations)	- [-]	**7,100,000** [223,050,000]	- [-]	- [-]
Salary and Perquisites	- [-]	- [-]	- [-]	**4,389,524** [4,150,906]
Debit / (Credit) balances (Net) outstanding as on March 31, 2006	**3,378,704,561** [3,031,737,577]	**273,328,805** [260,871,048]	**(5,807,129)** [(5,278,085)]	**(1,376,400)** [-]

(Figures in brackets "[ ]"are for the previous period/year)

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

(Amount in Rupees)

Transactions	For the period ended June 30,2006	For the period ended June 30,2005
Expenses reimbursed		
Promoter Companies		
- British Telecommunications plc.	**55,233,354**	13,872,633
Subsidiary Companies		
- Tech Mahindra (Americas) Inc. (Formerly known as MBT International Inc.)	**35,350,148**	4,589,260
Income from Services		
Promoter Companies		
- British Telecommunications plc.	**3,429,257,954**	1,749,720,719
Subcontracting Cost		
Subsidiary Companies		
- Tech Mahindra (Americas) Inc. (Formerly known as MBT International Inc.)	**440,605,671**	237,082,217
- Tech Mahindra GmbH (Formerly known as MBT GmbH)	**89,946,418**	45,269,449
Tech Mahindra (Singapore) Pte Ltd. (Formerly known as MBT Software Technologies Pte. Ltd., Singapore)	**68,673,915**	282,351,666
Rent Paid		
Subsidiary Companies		
- Tech Mahindra (R & D Services) Limited (Formerly known as Axes Technologies (India) Private Limited)	**1,552,980**	-
Deposit Paid		
Subsidiary Companies		
- Tech Mahindra (R & D Services) Limited (Formerly known as Axes Technologies (India) Private Limited)	**9,805,000**	-
Advance Given		
Subsidiary Companies		
- Tech Mahindra (R & D Services) Limited (Formerly known as Axes Technologies (India) Private Limited)	**3,617,340**	-
Dividend Paid		
Promoter Companies		
- Mahindra & Mahindra Ltd.	**276,480,288**	-
- British Telecommunications plc.	**208,572,648**	-
Investment		
Subsidiary Companies		
- PT Tech Mahindra Indonesia	**22,300,000**	-
- Tech Mahindra (R & D Services) Limited (Formerly known as Axes Technologies India Pvt Ltd)	**3,606,449**	-
Interest on Loan		
Subsidiary Companies		
- Tech Mahindra (Americas) Inc. (Formerly known as MBT International Inc.)	**2,263,879**	-
Salary and Perquisites		
Key Management Personnel		
- Mr. Robert John Helleur	**-**	4,150,906
- Mr. Vineet Nayyar	**4,389,524**	-

Other related parties of the Company are as under:

- Automartindia Limited
- Bristlecone Ltd. Cayman
- Bristlecone Inc.
- Mahindra Gesco Developers Ltd
- Mahindra Acres and Consulting Engineers Ltd
- Mahindra Ashtech Ltd
- Mahindra Automotive Steels Pvt. Ltd
- Bristlecone India Ltd.
- Bristlecone GmbH
- Bristlecone Singapore Pte. Ltd.
- Mahindra (China) Tractor Company Ltd.
- Mahindra Engg & Chem Products Ltd.
- Mahindra Engineering Design & Development Company Ltd.
- Mahindra Europe s.r.l.
- Mahindra Gujarat Tractor Ltd.
- Mahindra Holdings & Finance Ltd.
- Mahindra Holidays & Resorts India Ltd.
- Mahindra Holidays & Resorts (USA) Inc.
- Mahindra Insurance Brokers Ltd.
- Mahindra Infrastructure Developers Ltd.
- Mahindra Intertrade Ltd.
- Bristlecone UK Ltd.
- Mahindra International Ltd.
- Mahindra World City Developers Ltd.
- Mahindra Logisoft Business Solutions Ltd.
- Mahindra Middleeast Electrical Steel Service Centre (FZE)
- Mahindra & Mahindra Financial Services Ltd.
- Mahindra & Mahindra South Africa (Pty) Ltd.
- Mahindra Overseas Investment Company (Mauritius) Ltd.
- Mahindra World City (Maharashtra) Ltd
- Mahindra Renault Pvt. Ltd.
- Mahindra Steel Service Centre Ltd.
- Mahindra Shubhlabh Services Ltd.
- Mahindra SAR Transmission Pvt Ltd.
- Mahindra USA Inc.
- Mahindra Ugine Steel Company Ltd.
- Mahindra World City (Jaipur) Ltd.

- NBS International Ltd.
- Tech Mahindra (R & D Services) Inc
- Tech Mahindra (R & D Services) Pte Ltd.
- Stokes Group Limited
- Jensand Limited
- Stokes Forgings Dudley Limited
- Stokes Forgings Limited Plexion
- Technologies (India) Private limited
- Plexion Technologies (UK) Limited
- Plexion Technologies GmbH
- Plexion Technologies Incorporated
- Mahindra Inframan Water Utilities Pvt. Ltd.
- Mahindra Sona Ltd.
- Mahindra Water Utilities Ltd.
- PSL Erickson Ltd.
- Owens Corning (India) Ltd.
- Siroplast Ltd.
- Mahindra Construction Company Ltd.
- Officemartindia.com Ltd.
- Mega One Stop Farm Services Ltd.
- Mahindra Intermodal Transportation Pvt. Ltd.
- Tech Mahindra Foundation
- Mahindra & Mahindra Contech Limited

There have been no transactions with the aforesaid companies during the period.

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

(Amount in Rupees)

	June 30, 2006	March 31, 2006
Deferred Tax		
a) Deferred tax liability:		
Depreciation	**(3,041,010)**	(1,435,453)
b) Deferred tax asset:		
Gratuity, Leave Encashment etc.	**10,205,501**	5,771,675
Doubtful Debts	**1,203,412**	532,440
Total Deferred Tax Asset (Net),	**8,367,903**	**4,868,662**

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

a) The Company enters into foreign exchange forward 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 is generally a bank. These contracts are entered into to hedge the foreign currency risks of firm commitments.

b) The following are the outstanding Forward Exchange Contracts entered into by the company as on 30th, June 2006:

Currency	Amount outstanding at period end in Foreign currency	Amount outstanding at period end in Rs.	Exposure to Buy/ Sell
US Dollar	38,387,350	1,766,969,721	Sell
UK Pound	61,000,000	5,169,140,000	Sell

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

Amounts receivable in foreign currency on account of the following:

	In Rupees	In foreign currency
Debtors	Rs. 241,536,078	Aud 1,017,295 Eur 3,008,632 Nzd 142,836 Sgd 913,462
Loans and advances	Rs. 227,544,512	Usd 4,924,377 Thb 24,000 Eur 2,235 Aud 20,889
Cash/Bank balances (Net)	Rs. 35,289,849	Aud 643,059 Nzd 472,103 Twd 173,667

Amounts payable in foreign currency on account of the following:

	In Rupees	In foreign currency
Creditors (Net)	Rs. 572,992,378	Eur 2,009,513 Gbp 324,102 Sgd 659,830 Usd 8,875,444
Other current liabilities (Net)	Rs. 893,736,512	Gbp 10,546,808

d) The amount of exchange difference in respect of forward exchange contracts to be recognized in the profit and loss account for subsequent accounting period aggregates to **Rs. 90,050,565** (Gain) [(previous period Rs 18,520,000) (Gain)]

e) Exchange gain/(loss)(net) accounted during the period: (In Rupees)

Particulars	**June30, 2006**	**June 30, 2005**
Income from services	**(134,802,977)**	(25,330,853)
Others	**(23,253,451)**	1,580,770

16. The accounts are prepared for the interim period from April 1, 2006 to June 30, 2006 as desired by Management and hence the information pertaining to CIF value of imports, earnings and expenditure in foreign currency, dividend remittance and managerial remuneration etc. pursuant to provisions of Part IV of Schedule VI to the Companies Act, 1956 have not been disclosed.

17. Earning Per Share is calculated as follows:

	Period ended June 30, 2006	**Period ended June 30, 2005**
Net Profit after tax	1,001,989,492	327,664,443
Equity Shares outstanding as at the period end (in Nos.)	112,685,574	102,025,355
Weighted average equity shares outstanding at period/year end	111,703,013	101,897,306
Consolidation of five Shares of Rs. 2/- each into one Share of Rs. 10/- each	-	20,379,461
Bonus Shares allotted during the period ended June 30, 2006	-	81,517,845
Weighted average number of Equity Shares used as denominator for calculating Basic Earnings Per Share	111,703,013	101,897,306
Add: Diluted number of Shares		
ESOP outstanding at the end of the period	15,992,760	2,416,260
Shares issued pending subscription	-	1,986,328
Number of Equity Shares used as denominator for calculating Diluted Earnings Per Share	127,695,773	106,299,894
Nominal Value per Equity Share (in Rs.)	10.00	10.00
Earnings Per Share (Basic) (in Rs.)	8.97	3.22
Earnings Per Share (Diluted) (in Rs.)	7.85	3.08

In accordance with Accounting Standard – 20 " Earnings Per share" issued by the Institute of Chartered Accountants of India the weighted average number of equity shares (the denominator) used for calculation of earnings per equity share for the period ended June 30, 2005, is after considering consolidation of five shares of Rs. 2/- each into one share of Rs. 10/- each and bonus shares, which was approved by the members at the Extra-Ordinary General Meeting held on June 01, 2006.

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

Signatures to Schedules I to XI

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants
A.B. Jani
Partner
Mumbai, Dated: July 17, 2006

For Tech Mahindra Limited
Mr. Anand G Mahindra - Chairman
Mr. Vineet Nayyar – Vice-Chairman, Managing Director & CEO
Mr. Bharat Doshi – Director
Mr Clive Goodwin - Director
Mr. Anupam Puri – Director
Hon. Akash Paul - Director
Mr. Al-Noor Ramji – Director
Dr. Raj Reddy – Director
Mr. Arun Seth – Director
Mr. Ulhas N. Yargop – Director
Mr. Paul Zuckerman - Director
Mr. Vikrant Gandhe - Asst. Company Secretary
Mumbai
Dated: July 17, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our consolidated Indian GAAP financial statements for the fiscal years ended March 31, 2004, 2005 and 2006, including the notes thereto, which have been restated in accordance with the SEBI Guidelines and appear elsewhere in this Red Herring Prospectus. Our fiscal year ends on March 31 of each year, so all references to a particular fiscal year are to the twelve-month period ended March 31 of that year.

Overview

We are a leading Indian provider of information technology services to the telecommunications industry. Our clients include telecommunications service providers, equipment manufacturers and independent software vendors. The range of services we provide to our clients includes applications development and maintenance, solution integration, product lifecycle management, consulting and managed services. We generally provide these services to our clients in the form of offerings that are specific to the telecommunications industry, such as operations support systems, business support systems and services for next generation networks. We also offer security, embedded solutions, network design and engineering, testing and mobility services to our clients. We provide services to our clients through a model which integrates the delivery function with domain knowledge.

Our revenues in fiscal 2004, 2005 and 2006 were Rs.7,417 million, Rs.9,456 million and Rs.12,427 million, representing a compound annual growth rate of 29%, our gross profit in these years was Rs. 2,722 million, Rs. 3,484 million and Rs.5,030 million, representing a compound annual growth rate of 36%, and our profit after tax in these years was Rs.637 million, Rs. 1,024 million and Rs.2,354 million, representing a compound annual growth rate of 92%. We have been successful in acquiring new clients and in diversifying our operations by growing the proportion of revenues from North America as well as the Asia-Pacific region. We have also increased the proportion of our business that we service from offshore locations, thereby adding value for our customers and improving our profitability. In addition to our revenue growth, our financial results have benefited from our efforts to reduce our selling, general and administration expenses.

An additional reason for the growth of our business has been growing demand for IT services by telecommunications companies. This demand has been influenced by various factors such as the evolution and increased viability of new technologies, the increased demand for sophisticated and secure data transmission, the conversion of legacy networks to provide next generation services and the increased convergence of voice, data, video and content. As a consequence, we have experienced an increase in the size and number of projects executed for existing and new clients, as well as an expansion in the solutions we provide to our clients.

Factors Affecting Our Results of Operations

Revenues

References to "revenues" herein are to the line item titled "Revenue from Services" in the consolidated financial statements included in this Red Herring Prospectus. We derive our revenues principally from technology services provided to clients in the telecommunications industry. Our revenues are affected by economic conditions and the levels of business activity in the telecommunications industry, as well as by the pace of technological change and the type and level of IT spending by our clients. Our revenues also depend on our ability to secure contracts for new engagements and to deliver services and products that meet the changing IT needs of our clients. We endeavour to increase our revenues by, among other things, increasing the proportion of higher value services and solutions we provide to our clients and taking greater responsibility for the planning and execution of our engagements. Our focus on the telecommunications industry, our understanding of our clients and their changing needs, as well as our ability to successfully deliver solutions to our customers have contributed to the high proportion of repeat business we receive. Our business from clients is anchored mainly by multi-year MSAs with these clients.

We provide our services on either a time and materials basis or a fixed price basis. When bidding for fixed price, fixed time engagements, we endeavour to accurately estimate the costs and timing of completing the projects based on the processes we plan to use, the professionals we plan to apply to the engagements and past project experiences. Most of our MSAs and other client contracts can be terminated with or without cause, without penalties and with short notice periods between zero and 90 days. In order to deliver projects in line with our commitments, we monitor the progress of defined milestones and deliverables for all contracts on a regular basis. This includes a focused review of our ability and the client's ability to perform on the contract, a review of extraordinary conditions that may lead to a contract termination, as well as historical client performance considerations. This review aids us in anticipating and managing the risk of early or abrupt contract terminations. Losses on contracts, if any, are provided for in full in the period when determined.

Cost of Services

The head "cost of services" does not appear in our financial statements prepared in accordance with Indian GAAP. However, we believe that identifying the costs that are directly related to our revenue generating activities provides a more meaningful understanding of our business and results of operations. Accordingly, we have reclassified such costs under the title "cost of services" in this discussion. Our cost of services consists primarily of compensation and the travelling expenses of our technical personnel, and the costs for technical subcontractors.

Compensation cost of our technical personnel includes salaries and wages, which are the fixed component of compensation, variable compensation including bonus, overseas allowances, staff welfare costs, and the cost of contribution to provident and other employee benefit funds. The majority of our technical personnel are located in India. Labour costs in the IT services industry in India have historically been significantly lower than in Europe, the United States and other countries where our clients are located. However, wages in India have increased at a faster rate than in the other countries where we have significant operations and as a result, we have experienced and expect to continue to experience substantial increases in the compensation of our technical personnel, particularly project managers and other mid-level professionals. We seek to maintain salary levels in accordance with prevailing trends in our industry. The compensation cost of our technical personnel accounted for 82%, 83% and 85% of our cost of services in fiscal 2004, 2005 and 2006.

Travelling expenses include costs such as airfares, transport, hotels and short stay daily allowances paid to our technical personnel for short term travel. Travelling expenses as a proportion of cost of services declined from 5.1% in fiscal 2004 to 4.3% in fiscal 2005 to 4.2% in fiscal 2006.

We hire technical subcontractors on a limited basis from time to time to meet unexpected demand, requirements for special skills and operational flexibility. Our subcontracting costs as a percentage of cost of services decreased from 12% in fiscal 2004 and 2005 to 9% in fiscal 2006.

Gross Profit

We define gross profit as the difference between revenues and cost of services. In fiscal 2004, 2005 and 2006, our gross profit was Rs. 2,722 million, Rs. 3,484 million and Rs. 5,030 million. Our gross profit is impacted by the various factors that impact our revenues and cost of services. An additional determinant of gross profit is the proportion of work that is performed offshore to the proportion of work performed onsite. The proportion of work performed at our facilities and at client sites varies from quarter to quarter. We charge higher rates and incur higher compensation and other expenses for work performed at client sites outside India and at our own facilities outside India, resulting in lower gross profit, than the same services performed at our facilities in India. We charge lower rates for offshore work, but the effect of this on our gross profit is generally outweighed by the lower compensation costs and travelling expenses we incur for offshore work. As a result, our revenues and expenditure can fluctuate from quarter to quarter based on the relative proportions of onsite and offshore work. Our gross profit has benefited from a more favourable offshore/onsite revenue mix in recent years. In fiscal 2004, 2005 and 2006, this mix was 32/68%, 48/52%, and 66/34%.

Gross profit is also affected by employee utilisation rates. We define employee utilisation as the proportion of total billed headcount to total available headcount, for our technical personnel. We manage utilisation by monitoring project requirements and timetables and matching these with the available resource pool. The number of technical personnel assigned to a project will vary according to size, complexity, duration, and demands of the project. We have managed to maintain steady utilisation rates in the periods under discussion.

Selling, General and Administration Expenses

This segment of our expenditure includes all our expenses other than the cost of services, interest and depreciation. The largest element of these expenses is the salary and allowances of our management, sales and support staff. This head also includes expenses for communications, rent, business travel, expenses for professional services, software packages and other general and administration expenses. Our focus on managing and optimising our costs has resulted in the reduction of SG&A expenses as a percentage of revenues from 26% in fiscal 2004 to 23% in fiscal 2005 to 19% in fiscal 2006.

Other Income

Other income includes interest income, dividend income and net exchange gain/ loss on forward contracts.

Our functional currency is the Indian rupee; however, a considerable proportion of our revenues from overseas clients are denominated in foreign currencies, in particular British pounds and U.S. dollars.

Income Taxes

Currently, we benefit from certain tax incentives under Section 10A of the Income Tax Act, 1961, for the IT services that we provide from specially designated "Software Technology Parks," or STPs. The STP tax incentives currently include a ten year "tax holiday" from the payment of Indian corporate income tax for the operations of most of our Indian facilities. In addition, until March 31, 2005, a partial tax deduction on profits derived from exported IT services was also available. During the period when both these benefits were available, we were permitted to use either of the tax incentives. As a result of these incentives, our operations in India have been subject to relatively low tax liabilities in India.

Significant tax benefits have been provided to units set up in SEZs under the Special Economic Zones Act, 2005. For units which are set up after April 1, 2005, 100% of export profits of the units for the first five years starting from the year in which manufacturing or production or provision of service commences is exempt. 50% of the export profits of the units for the next five years are exempt and 50% of the export profits are exempt for a further period of five years provided these are transferred to a SEZ Reinvestment Allowance Reserve Account subject to certain conditions. We plan to set up many of our new units in Special Economic Zones and have commenced acquiring land in SEZ designated areas.

The Axes Acquisition

In November 2005, we acquired Axes Technologies (India) Private Ltd. ("Axes"), which is a company providing IT services to TEM clients such as Alcatel. We paid an initial purchase price of Rs. 1,755 million including expenses, of which Rs.867 million was accounted for as goodwill. We agreed to pay contingent consideration in cash of up to Rs.641 million to the sellers over a three-year period ending on March 31, 2008 based on the achievement of certain revenue and margin targets. The contingent consideration will be accounted for in our financial statements in the year(s) of achieving the specific targets and making the related payments. The contingent consideration payable for fiscal 2006 based on the achievement of agreed milestones is Rs. 33 million, which has been accrued in our financial statements for the year and recorded as goodwill. We expect that the acquisition will result in a significant contribution to our revenues from TEM clients. From November 28, 2005, the date of acquisition, until March 31, 2006, Axes' revenues were Rs. 441 million. The results of Axes are consolidated in our results from November 28, 2005, the date of acquisition. Axes has been renamed as Tech Mahindra (R&D Services) Ltd.

Summary Discussion of the Three Months Ended June 30, 2006

We have included in this Red Herring Prospectus audited consolidated financial statements as of and for the three months ended June 30, 2006, prepared in accordance with Indian GAAP. These audited financial statements have not been restated in accordance with the SEBI Guidelines and therefore may not be directly comparable to the annual restated financial statements presented in this Red Herring Prospectus.

We had revenues of Rs. 5,871 million and profit after tax of Rs. 1,066 million in the three months ended June 30, 2006. We believe that the key trends in our results of operations for the three months ended June 30, 2006 are the following:

- In the three months ended June 30, 2006, we experienced an increase in the volume of business from both BT and our non-BT customers, as well as an increase in our technical employee headcount. Our technical employee headcount as of June 30, 2006 was 10,453, compared to 9,012 as of March 31, 2006.
- We reduced our reliance on BT as a source of revenues during this period. For the three months ended June 30, 2006, we derived 59% of our revenues from BT.

- Approximately 10% of our revenues in the three months ended June 30, 2006 was attributable to the sale of packaged software to a client in the Asia Pacific region. Our revenues from the sale were largely offset by the cost of the software. Therefore, the margin on this transaction was lower than our overall margin.
- We conducted our annual salary review during the three months ended June 30, 2006, which resulted in an increase in our cost of services. However, the increase in our cost of services was largely offset by SG&A leverage, because of which our operating profit as a percentage of revenues was not adversely affected.

Our cash flow from operating activities was Rs. 940 million, our cash used in investing activities was Rs. 213 million and our cash flow from financing activities was Rs. 15 million for the three months ended June 30, 2006. The proceeds from the full payment by MBTM, one of our shareholders, for previously partly paid shares, which were partially offset by the payment of dividends, contributed to our cash flow from financing activities.

Our total assets increased to Rs. 12,907 million as of June 30, 2006, compared to Rs. 10,093 million as of March 31, 2006. Our fixed assets increased to Rs. 3,062 million as of June 30, 2006, compared to Rs. 2,898 million as of March 31, 2006, because we purchased certain fixed assets. Sundry debtors increased to Rs. 6,052 million as of June 30, 2006, compared to Rs. 4,377 million as of March 31, 2006 due to the growth in our business. Current liabilities and provisions increased to Rs. 5,201 million as of June 30, 2006, compared to Rs. 3,938 million as of March 31, 2006, due to growth in our business.

Our equity share capital increased during the three months ended June 30, 2006. On June 1, 2006, we made a bonus issue of 4 equity shares for every equity share held by our existing shareholders. As a result of the bonus issue, our share capital increased and our reserves and surplus correspondingly decreased. In addition, MBTM, one of our shareholders, made full payment for previously partly paid shares during the period.

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 2004		Fiscal 2005		Fiscal 2006	
	Rs. in millions	% of Revenues	Rs. in millions	% of Revenues	Rs. in millions	% of Revenues
Revenues from services	7,417	100.0%	9,456	100.0%	12,427	100.0%
Cost of services	4,695	63.3%	5,972	63.2%	7,396	59.5%
Compensation of technical personnel	3,866	52.1%	4,946	52.3%	6,302	50.7%
Travelling expenses	242	3.3%	255	2.7%	312	2.5%
Subcontracting costs	560	7.5%	703	7.4%	674	5.4%
Other	28	0.4%	68	0.7%	109	0.9%
Gross profit	2,722	36.7%	3,484	36.8%	5,030	40.5%
Selling, general and administration expenses	1,923	25.9%	2,134	22.6%	2,351	18.9%
Operating profit	798	10.8%	1,350	14.3%	2,679	21.6%
Depreciation	227	3.1%	321	3.4%	397	3.2%
Other income	148	2.0%	85	0.9%	340	2.7%
Profit before tax	720	9.7%	1,115	11.8%	2,621	21.1%
Provision for Taxes	(83)	(1.1)%	(91)	(1.0)%	(268)	(2.2)%
Profit after tax	637	8.6%	1,024	10.8%	2,354	18.9%

Comparison of Fiscal 2006 to Fiscal 2005

Revenues

Our revenues increased by 31% to Rs.12,427 million in fiscal 2006 from Rs.9,456 million in fiscal 2005. This reflected an increase in the number of clients we served during the respective years as well as an increase in the amount of business from our clients. We increased our client relationships to 62 as of March 31, 2006 from 45 as of March 31, 2005.

Onsite revenues accounted for 34% of our revenues in fiscal 2006 compared to 52% in fiscal 2005, and the corresponding percentages for offshore revenues were 66% and 48%.

Revenues from Europe as a percentage of total revenues decreased to 77% in fiscal 2006 from 89% in fiscal 2005, reflecting the increase in our revenues from other geographic segments. Revenues from the United States as a percentage of total revenues increased to 18% in fiscal 2006 from 7% in fiscal 2005. The reasons for this increase included the growth in our business from customers in the United States. Our revenues from Alcatel benefited from the inclusion of four months of revenue from Axes, which we acquired during fiscal 2006, in our consolidated revenues. The share of revenues attributable to the Rest of the World segment increased from 4% in fiscal 2005 to 5% in fiscal 2006 as a result of an increase in number of clients and growth in business from existing clients, particularly in the Asia-Pacific region.

Cost of Services

Our cost of services increased by 24% to Rs.7,396 million in fiscal 2006 from Rs.5,972 million in fiscal 2005. Our cost of services as a percentage of revenues was 60% in fiscal 2006 and 63% in fiscal 2005.

Compensation of technical personnel increased by 27% to Rs.6,302 million in fiscal 2006 from Rs.4,946 million in fiscal 2005. This was due to a significant increase in our technical personnel as well as a general increase in wages in our industry. Our technical personnel as of March 31, 2006 was 9,012, which represented an increase of 98% over our technical personnel of 4,559 as of March 31, 2005. Compensation of technical personnel as a percentage of revenues was 51% in fiscal 2006 and 52% in fiscal 2005. In fiscal 2006 we maintained the levels of offshoring that we achieved in fiscal 2005 despite the growth in our business and the acquisition of new clients. Our mix of offshore and onsite professionals was 84%/16% as of March 31, 2006 as well as March 31, 2005.

Travelling expenses increased by 22% to Rs.312 million (or 2.5% of revenues) in fiscal 2006 from Rs.255 million (or 2.7% of revenues) in fiscal 2005, on account of increase in business.

Subcontracting costs decreased to Rs.674 million (or 5.4% of revenues) in fiscal 2006 from Rs.703 million (or 7.4% of revenues) in fiscal 2005, reflecting the replacement of subcontractors with our own employees.

Gross profit

Gross profit increased by 44% to Rs.5,030 million in fiscal 2006 from Rs.3,484 million in fiscal 2005, as a result of an increase in our revenues by 31%. Gross profit as a percentage of revenues increased to 41% for fiscal 2006 from 37% for fiscal 2005. The improvement in our gross profit was mainly due to the gains realised from increased offshoring. We transitioned substantial work offshore in a the second half of fiscal 2005, and therefore the benefits of this initiative were realised only partially during fiscal 2005, whereas the benefits were realised for the full year in fiscal 2006.

Selling, General and Administration Expenses ("SG&A")

SG&A expenses increased by 10% to Rs.2,351 million in fiscal 2006 from Rs. 2,134 million in fiscal 2005. As a percentage of revenues, however, SG&A expenses decreased to 19% in fiscal 2006 from 23% in fiscal 2005, reflecting our focus on managing costs and leveraging volume growth. In fiscal 2006, we donated Rs.150 million to the Tech Mahindra Foundation for charitable activities, which resulted in an increase in our miscellaneous expenses.

Operating Profit

Our operating profit, which we define as gross profit less SG&A expenses, increased by 98% to Rs.2,679 million in fiscal 2006 from Rs. 1,350 million in fiscal 2005. As a percentage of revenues, operating profit increased to 22% in fiscal 2006 from 14% in fiscal 2005.

Depreciation

Depreciation increased by 24% to Rs.397 million in fiscal 2006 from Rs.321 million in fiscal 2005. This was due to an increase in our investment in infrastructure and equipment to service our growing business.

Other Income

Other income increased almost threefold to Rs.340 million in fiscal 2006 from Rs.85 million in fiscal 2005. This was due to higher interest and dividend income from higher investments and an increase in our foreign exchange gains as a result of favourable exchange rate movements.

Profit before Tax

Our profit before tax increased by 135% to Rs.2,621 million in fiscal 2006 from Rs.1,115 million in fiscal 2005. Our profit before tax as a percentage of revenues was 21% in fiscal 2006 and 12% in fiscal 2005.

Provision for Taxes

Provision for taxes was Rs. 268 million in fiscal 2006 compared to Rs.91 million in fiscal 2005. As a percentage of revenues, provision for taxes increased to 2% in fiscal 2006 from 1% in fiscal 2005. Our effective tax rate in these years was 10% and 8%, respectively, compared to the Indian statutory tax rate of 33.66%. The increase in our effective tax rate was mainly due to introduction of fringe benefit taxes in fiscal 2006.

Profit after Tax

Our profit after tax increased by 130% to Rs.2,354 million in fiscal 2006 from Rs.1,024 million in fiscal 2005. Our profit after tax as a percentage of revenues was 19% in fiscal 2006 and 11% in fiscal 2005.

Comparison of Fiscal 2005 to Fiscal 2004

Revenues

Our revenues increased by 27% to Rs.9,456 million in fiscal 2005 from Rs.7,417 million in fiscal 2004. This reflected an increase in the number of clients we served during the respective years as well as an increase in the amount of business from our clients. We had 45 client relationships as of March 31, 2005.

Onsite revenues accounted for 52% of our revenues in fiscal 2005 compared to 68% in fiscal 2004; and the corresponding percentages for offshore revenues were 48% and 32%.

Revenues from Europe as a percentage of total revenues increased to 89% from 88%, reflecting the increase in business from clients in Europe. Revenues from the United States as a percentage of total revenues decreased to 7% from 10% because of an 8% decline in revenues from the United States owing to the acquisition of a client and the decision by the combined entity to move IT services functions in-house. The share of revenues from the Asia-Pacific region increased to 4% from 2% because of the acquisition of new clients and an increase in business from the region.

Cost of Services

Our cost of services increased by 27% to Rs.5,972 million in fiscal 2005 from Rs.4,695 million in fiscal 2004. Our cost of services as a percentage of revenues was 63% in fiscal 2005 and fiscal 2004.

Compensation of technical personnel increased by 28% to Rs.4,946 million in fiscal 2005 from Rs.3,866 million in fiscal 2004. This was in part due to the increase in the number of our technical personnel during this period as well as the general upward movement in wages in our industry. Our technical personnel as of March 31, 2005 was 4,559, which represented an increase of 29% over our technical headcount of 3,536 as of March 31, 2004. Compensation of technical personnel as a percentage of revenues, however, was 52% in fiscal 2005 and fiscal 2004.

Our mix of offshore and onsite professionals changed significantly to 84%/16% as of March 31, 2005 from 63%/37% as of March 31, 2004.

Travelling expenses increased by 6% to Rs.255 million (or 2.7% of revenues) in fiscal 2005 from Rs.242 million (or 3.3% of revenues) in fiscal 2004, due mainly to the increase in business volumes.

Subcontracting costs increased to Rs.703 million in fiscal 2005 from Rs.560 million in fiscal 2004, in order to service the growth in our business.

Gross Profit

Gross profit increased by 28% to Rs.3,484 million in fiscal 2005 from Rs.2,722 in fiscal 2004, on account of the increase in revenues. Gross profit as a percentage of revenues remained unchanged at 37%. We started moving work offshore in a significant way in the second half of fiscal 2005; however, the gains from offshoring were offset by the related transition costs.

Selling, General and Administration Expenses

SG&A expenses increased by 11% to Rs.2,134 million in fiscal 2005 from Rs.1,923 million in fiscal 2004. This was in line with supporting a 27% growth in revenue and includes general increases in various heads of SG&A expenditure. As a percentage of revenues, however, SG&A expenses declined to 23% in fiscal 2005 from 26% in fiscal 2004, reflecting our cost management efforts.

Operating Profit

Our operating profit, which we define as gross profit less SG&A expenses, increased by 69% to Rs.1,350 million in fiscal 2005 from Rs. 798 million in fiscal 2004. As a percentage of revenues, operating profit increased to 14% in fiscal 2005 from 11% in fiscal 2004.

Depreciation

Depreciation increased by 42% to Rs.321 million (or 3% of revenues) in fiscal 2005 from Rs.227 million (or 3% of revenues) in fiscal 2004, reflecting the expansion of our facilities in response to our business growth.

Other Income

Other income decreased by 42% to Rs.85 million in fiscal 2005 from Rs.148 million in fiscal 2004. In fiscal 2004 our other income was high because we reversed certain provisions made in prior years. Further, interest and dividends from current investments declined to Rs.16 million in fiscal 2005 from Rs.32 million in fiscal 2004.

Profit before Tax

Profit before tax increased by 55% to Rs.1,115 million in fiscal 2005 from Rs.720 million in fiscal 2004. Profit before tax as a percentage of revenues was 12% in fiscal 2005 and 10% in fiscal 2004.

Provision for Taxes

Provision for taxes was Rs.91 million in fiscal 2005 compared to Rs.83 million in fiscal 2004. As a percentage of revenues, provision for taxes remained unchanged at 1% in these years. Our effective tax rate in fiscal 2005 and fiscal 2004 was 12% and 8%, compared to the Indian statutory tax rate of approximately 34% and 36%, respectively. The reason for the difference between the statutory and effective tax rates is that in both years we benefited from tax exemptions under Section 10A of the Income Tax Act.

Profit after Tax

Profit after tax increased by 61% to Rs.1,024 million in fiscal 2005 from Rs.637 million in fiscal 2004. Profit after tax as a percentage of revenues was 10.7% in fiscal 2005 and 8.6% in fiscal 2004.

Restatement

In fiscal 2004 our profit after tax was increased by Rs.38 million because we reversed certain income tax provisions made in prior years. As part of the restatement of our financial statements in accordance with the requirements of the SEBI Guidelines, we have eliminated the effect of the reversal in fiscal 2004.

Quarterly Results of Operations

	Fiscal 2005					Fiscal 2006				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Revenues from services	2,200	2,251	2,335	2,370	9,456	2,419	2,469	3,326	4,212	12,427
Cost of services	1,430	1,667	1,536	1,339	5,972	1,494	1,606	1,919	2,377	7,396
Gross profit	770	884	799	1,031	3,484	925	862	1,407	1,836	5,030
SG&A	522	517	551	545	2,134	502	448	547	855	2,351
Operating profit	249	367	249	486	1,350	423	415	860	980	2,679
Other income	45	42	(0)	(2)	85	36	108	70	127	340
Depreciation	67	74	92	88	321	91	93	103	111	397
Profit before tax	227	334	157	397	1,115	368	429	827	996	2,621
Provision for taxes	19	20	8	44	91	30	55	76	106	268
Profit after tax	208	315	149	353	1,024	338	374	751	891	2,354

Liquidity and Capital Resources

Cash Flows

As of March 31, 2006 we had cash and cash equivalents (cash and bank balances) of Rs.740 million as compared to Rs.1,287 million as of March 31, 2005 and Rs.440 million as of March 31, 2004.

Rs. in millions

	Fiscal Year		
	Fiscal 2004	Fiscal 2005	Fiscal 2006
Net cash flow from operating activities	254	2,407	1,326
Net cash flow from (used in) investing activities	(377)	(1,164)	(1,865)
Net cash flow from (used in) financing activities	(546)	(396)	(7)
Cash and cash equivalents at the beginning of the year	1,109	440	1,287
Cash and cash equivalents at the end of the year	440	1,287	740

Cash flows from operating activities

Net cash from operating activities in fiscal 2006 consisted of net profit before tax of Rs.2,621 million, a net upward adjustments of Rs.237 million relating to various items, principally depreciation of Rs.397 million, and a net downward working capital movement of Rs.1,496 million. Working capital movements included trade and other receivables of Rs.2,039 million and trade and other payables of Rs.543 million. Our receivables increased on account of the increase in our business.

Net cash from operating activities in fiscal 2005 consisted of net profit before tax of Rs.1,115 million, a net upward adjustment of Rs.233 million relating to various items, principally depreciation of Rs.321 million, and a net upward working capital movement of Rs.1,033 million. Working capital movements included trade and other receivables of Rs.475 million and trade and other payables of Rs.559 million, reflecting the increase in our business.

Net cash from operating activities in fiscal 2004 consisted of net profit before tax of Rs.720 million, a net upward adjustment of Rs.233 million relating to various items, principally depreciation of Rs.227 million, and a net downward working capital movement of Rs.745 million. Working capital movements included trade and other receivables of Rs.953 million and trade and other payables of Rs.208 million, reflecting the increase in our business.

Cash flows from investing activities

In fiscal 2006 we used cash of Rs.1,865 million in investing activities. These investing activities primarily included the purchase of fixed assets of Rs.395 million, which included buildings, furniture and fixtures and computer hardware, the payment of Rs.1,602 million for the acquisition of Axes and the purchase of investments of Rs.2,511 million (which was offset by the sale of investments of Rs.2,515 million). Mutual funds constitute the principal category of investments that we purchase and sell.

In fiscal 2005 we used cash of Rs.1,164 million in investing activities. These investing activities primarily included the purchase of fixed assets of Rs.549 million, which included buildings, furniture and fixtures and computer hardware, and the purchase of investments of Rs.1,319 million (which was partly offset by the sale of investments of Rs.657 million).

In fiscal 2004 we used cash of Rs.377 million in investing activities. These investing activities primarily included the purchase of fixed assets of Rs.345 million, which included buildings, furniture and fixtures and computer hardware, and the purchase of investments of Rs.326 million (which was partly offset by the sale of investments of Rs.210 million).

Cash flows from financing activities

In fiscal 2006 we used cash of Rs.7 million, mainly to pay dividends of Rs.142 million, which were largely offset by proceeds of Rs.134 million from the issue of equity shares to a Mauritius-based company owned by our promoters and as a result of stock option exercises.

In fiscal 2005 we used cash of Rs.396 million, mainly to pay dividends of Rs.412 million, which were partly offset by proceeds of Rs.16 million from the issue of equity shares as a result of stock option exercises.

In fiscal 2004 we used cash of Rs.546 million, mainly to pay dividends of Rs.559 million, which were partly offset by proceeds of Rs.13 million from the issue of equity shares as a result of stock option exercises.

Liquidity

We have traditionally depended primarily on cash from operations to fund our working capital requirements and our capital expenditures.

Financial Position

Our net worth increased by 27% to Rs. 6,154 million as of March 31, 2006 from Rs.4,861 million as of March 31, 2005.

Assets

The table below sets forth the principal components of our assets, current liabilities and provisions as of March 31, 2005 and 2006:

Rs. in millions

	As of March 31	
	2005	**2006**
Assets		
Fixed assets[1]	1,781	2,898
Investments	1,113	1,505
Deferred tax asset (net)	134	112
Current assets, loans and advances:		
Sundry debtors[2]	2,212	4,377
Cash and bank balances	1,285	760
Loans and advances	243	441
Total	6,768	10,093

Rs. in millions

	As of March 31	
	2005	**2006**
Current Liabilities and Provisions		
Liabilities	1,290	1,836
Provisions	615	2,102
Total	1,905	3,938

Notes:

1. Net of depreciation. Includes capital work in progress, including advances.

2. After provision for doubtful debts.

Our total assets increased by 49% to Rs.10,093 million as of March 31, 2006 from Rs.6,768 million as of March 31, 2005. Fixed assets increased as a result of the Axes acquisition, purchase of land, and increased investment in computer hardware as a result of our increased headcount. Sundry debtors increased because of the increased volume of business. As of March 31, 2006, our receivables period (which we calculate based on per-day sales in the last quarter) was 94 days, compared to 84 days as of March 31, 2005. BT accounted for 77% and 69% of our sundry debtors as of March 31, 2005 and 2006. We continue to focus on reducing our receivables period by improving our collection efforts. Cash and bank balances declined largely because of our cash payment for the Axes acquisition, in addition to our ongoing capital expenditures.

Our current liabilities and provisions doubled to Rs.3,938 million as of March 31, 2006 from Rs.1,905 million as of March 31, 2005. Liabilities and provisions increased mainly because of higher dividend provision and higher employee-related liabilities following increased headcount.

Off-balance Sheet Arrangements

We do not have material off-balance sheet arrangements except for contractual commitments for forward exchange hedging contracts. The aggregate amount of these contracts was Rs.5,645 million as of March 31, 2006. As of March 31, 2006, the principal components of our contingent liabilities were income tax demands that we have appealed in the amount of Rs.43 million and outstanding bank guarantees of Rs.115 million. The guarantees include guarantees given to customers towards advance payments, guarantees supporting our bids for projects, and guarantees to government authorities towards fulfillment of certain statutory obligations.

Contractual obligations

As of March 31, 2006, the estimated amount of contracts remaining to be executed on capital accounts and not provided for was Rs. 422 million. These consist mainly of ordinary course purchase obligations in respect of capital equipment.

Quantitative and Qualitative Disclosures about Market Risk

General

Market risk is attributable to all market sensitive financial instruments including foreign currency receivables and payables. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes that affect market risk sensitive instruments.

Our exposure to market risk is a function of our revenue generating activities and any future borrowing activities in foreign currency. The objective of market risk management is to avoid excessive exposure of our earnings and equity to loss. Most of our exposure to market risk arises out of our foreign currency accounts receivable.

Risk Management Procedures

We manage market risk through treasury operations. Our treasury operations' objectives and policies are approved by senior management and our audit committee. Our treasury operations include the management of cash resources, implementing hedging strategies for foreign currency exposures and ensuring compliance with market risk limits and policies.

Components of Market Risk

Our exposure to market risk arises principally from exchange rate risk. Even though our functional currency is the Indian rupee, we earn a major portion of our revenue in foreign currencies, particularly the British pound and the U.S. dollar. The exchange rate between the rupee and these currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of our operations are adversely affected as the rupee appreciates against these currencies. For fiscal 2006, British pound and U.S. dollar denominated revenues represented 75% and 22% of our total revenues. The corresponding percentages for fiscal 2005 were 87% and 10%. Our exchange rate risk primarily arises from our foreign currency revenues, receivables and payables. We have sought to reduce the effect of exchange rate fluctuations on our operating results by purchasing derivative instruments such as foreign exchange forward contracts to cover a portion of outstanding accounts receivable. As of March 31, 2006 and 2005, we had outstanding forward contracts in the amount of Rs.5,645 million and Rs.2,884 million. The increase reflected our higher revenues, as a result of which we decided to obtain increased forward cover. These contracts typically mature within one to twelve months, must be settled on the day of maturity and may be cancelled subject to adjustment for any gains or losses on account of the difference between the contract exchange rate and the market exchange rate on the date of cancellation. We use these derivative instruments only as a hedging mechanism and not for speculative purposes. We may choose not to purchase adequate instruments to insulate ourselves from foreign exchange currency risks. The policies of the Reserve Bank of India may change from time to time which may limit our ability to hedge our foreign currency exposures adequately. In addition, any such instruments may not perform adequately as a hedging mechanism. We may, in the future, adopt more active hedging policies, and have done so in the past.

Critical Accounting Policies

We prepare financial statements in conformity with Indian GAAP, which requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the financial reporting period, among other things. We primarily make estimates related to contract costs expected to be incurred in our engagements, allowances for doubtful accounts receivable, useful lives of property, plant and equipment, future income tax liabilities and provisions for contingencies and litigation.

We continually evaluate these estimates and assumptions based on the most recently available information, our own historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results may differ from those estimates.

Revenue recognition

We recognise revenue as follows:

- Revenues from contracts priced on a time and materials basis are recognised as and when services are performed. Revenues from services performed by us pending receipt of purchase orders from customers, which are invoiced subsequently on receipt thereof, are recognized as unbilled revenue.
- Revenues from time bound fixed price contracts are recognised over the life of the contract using the percentage-of-completion method, with contract costs determining the degree of completion. Losses on such contracts are recognised when probable.

Employee Stock Option Plans ("ESOPs")

The Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India, requires Indian companies to expense options granted to employees under employee stock option plans after April 1, 2005. To account for these option grants, companies are permitted to use either the fair value method or the intrinsic value method with fair value disclosures. We have elected to use the intrinsic value method, with disclosure on the compensation cost that would have resulted had we used the fair value method as described in the Guidance Note. Our profit after tax in fiscal 2006 would have been lower by Rs.0.04 million had we used the fair value method.

Foreign currency transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Monetary items are translated at the year-end rates, except where they are covered by a forward cover, in which case they are translated at the transaction rate. The exchange rate difference between the rate prevailing on the date of a transaction and on the date of settlement as also on translation of monetary items at the end of the year, is recognised as income or expense, as the case may be, except in the case of fixed assets where it is adjusted to the cost of fixed assets. In the case of forward contracts, the exchange difference between the forward rate and the exchange rate at the date of the transaction is recognised as income or expense over the life of the contract, except in the case of fixed assets where it is adjusted to the cost of fixed assets.

Income taxes

Income taxes are accounted for in accordance with Accounting Standard 22, issued by the Institute of Chartered Accountants of India. Income tax expense comprises both current and deferred tax. Current tax is measured at the amount expected to be paid to or recovered from the tax authorities, using the applicable tax rates. Deferred tax assets and liabilities are recognised for future tax consequences attributable to timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent years and are measured using relevant enacted tax rates. The carrying amount of deferred tax assets at each balance sheet date is reduced to the extent that it is no longer reasonably certain that sufficient future taxable income will be available against which the deferred tax asset can be realised.

Income tax payable for operations in countries other than India is provided for, on the “tax effect accounting” method as per laws applicable in the respective countries. Foreign taxes are based on our best estimate at the balance sheet date of the taxes payable in foreign jurisdictions.

Depreciation; Impairment

Depreciation for all fixed assets, including leased assets, is computed using the straight line method based on estimated useful lives. Depreciation is charged on a pro rata basis for assets purchased or sold during the year.

We recognise impairment loss in respect of a fixed asset based on the difference between its recoverable amount and the amount at which it is carried on our balance sheet. At the end of each year we determine whether a provision should be made for impairment losses on fixed assets in accordance with Accounting Standard 28, issued by the Institute of Chartered Accountants of India.

Investments

Current investments are carried at the lower of cost and fair value. Long term investments are carried at cost. We provide for declines, other than declines that in our judgement are temporary, in the carrying amount of long term investments.

New Accounting Standards

Due to a revision of AS 15, which became effective as of April 1, 2006, companies will be required to account for actuarial gains and losses on retirement benefits. We do not believe that this change will have a material impact on our financial results.

US GAAP Financial Information

We have included in this Red Herring Prospectus audited consolidated US GAAP financial statements for the Company as of March 31, 2005 and 2006 and for the years ended March 31, 2004, 2005 and 2006. The US GAAP financial statements, which we prepare annually, have been presented as additional information only. For further details, see the section titled “Additional Information: Financial Statements under US GAAP” on page 397 of this Red Herring Prospectus.

US GAAP differs in significant respects from Indian GAAP, including with respect to the treatment of retirement benefits, consolidation of acquired businesses, recording of investments at fair value and accounting for dividends. As a result of these differences, there are differences in our profits and other measures of performance measured under the two GAAPs.

The US GAAP financial statements also differ from the reclassified Indian GAAP financial information discussed in this section, in particular with respect to the classification of expenses as cost of services/revenues or selling, general and administration expenses. Various costs, such as communication costs, rent and other indirect costs related to service delivery, that we have classified as selling, general and administration expenses in the reclassified presentation, have been recorded as cost of revenues in our US GAAP financial statements. As a consequence, certain measures of operating performance presented in this section, such as gross profit, are higher than the corresponding measures in our US GAAP financial statements.

The consolidated shareholders' equity for the year ended March 31, 2006 was Rs. 6,154.2 million under Indian GAAP. After making adjustments for provision for retirement benefits, deferred tax on retirement benefits, amortisation of intangible assets, reversal of mark to market of current investments under Indian GAAP, unrealised gains on available-for-sale securities and reversal of proposed dividend and tax thereon, the corresponding consolidated shareholders' equity under US GAAP was Rs.7,132.9 million.

The consolidated income for the year ended March 31, 2006 was Rs. 2,353.7 million under Indian GAAP. After making adjustments for provision for retirement benefits, deferred tax on retirement benefits, amortisation of intangible assets and reversal of mark to market of current investments under Indian GAAP, the corresponding consolidated income under US GAAP was Rs. 2,357.4 million.

The reconciliation of significant differences in the consolidated shareholders' equity as per Indian GAAP and US GAAP for the years ended March 31, 2006 and March 31, 2005 and consolidated income as per Indian GAAP and US GAAP for the years ended March 31, 2006, March 31, 2005 and March 31, 2004 has been given at Note 21 under the head "Notes to consolidated statements" on page 418 of this Red Herring Prospectus.

Analysis of certain changes

Please read the following disclosure in conjuction with the detailed analysis of our financial results is provided in the section titled "Managements Discussion and Analysis of the Financial Condition and Results of Operations" on page 285 of this Red Herring Prospectus.

Unusual or infrequent events or transactions

During the periods under review there have been no transactions or events, which in our best judgment, would be considered unusual or infrequent.

Significant economic changes

There have been no significant economic changes during the periods under review that have materially affected or are likely to affect our income.

Known trends or uncertainties

Our business has been affected and we expect that it will continue to be affected by the trends identified above under "Factors Affecting Our Results of Operations" and the uncertainties described in the section titled "Risk Factors" beginning on page xiii of this Red Herring Prospectus. To our knowledge, except as disclosed in this Red Herring Prospectus, there are no known factors which we expect to have a material adverse impact on our revenues or income.

Future relationship between costs and revenues

Our costs and profitability are affected by the factors described above in "Factors Affecting Our Results of Operations" on page 285 of this Red Herring Prospectus.

Increase in revenues

Increases in our revenues are due to the factors described above in "Factors Affecting Our Results of Operations".

Total turnover in each industry segment

Please refer to the revenues discussion based on geographical segments under "Results of Operations" above. We report geographical segment as primary segment.

New products or business segments

We have not announced and do not expect to announce in the near future any new products or business segments, except in the ordinary course of our business.

Seasonality

Our results of operations do not generally exhibit seasonality. However, there may be variation in our quarterly income or profit after tax as a result of various factors, including those described above under “Factors Affecting Our Results of Operations” and those described in the section titled “Risk Factors” beginning on page xiii of this Red Herring Prospectus.

Dependence on certain clients

We derive a significant proportion of our revenues from BT, which is one of our promoter companies. In fiscal 2006, BT accounted for 69% of our revenues. For further details of our dependence on BT, see “Risk Factors” beginning on page xiii of this Red Herring Prospectus.

Competitive conditions

We expect competition from other Indian IT services companies and foreign IT services companies to intensify. For further details, see “Risk Factors” beginning on page xiii and “Business—Competition” beginning on page 61 of this Red Herring Prospectus.

OUTSTANDING LITIGATION AND OTHER MATERIAL DEVELOPMENTS

Except as described below, there are no outstanding litigations, suits or civil proceedings or criminal or prosecutions, proceedings or tax liabilities by or against us, our subsidiaries, our Directors or our Promoters and Promoter Group, and there are no defaults, non payment of statutory dues, overdues to banks/ financial institutions, defaults against banks/financial institutions, defaults in dues payable to holders of any debentures, bonds or fixed deposits, and arrears on preference shares issued by the Company, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic/ civil/ and other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of part 1 of Schedule XIII of the Companies Act) that would result in a material adverse effect on our consolidated business taken as a whole. None of the aforesaid persons/ companies are on RBI's list of willful defaulters.

Litigation Against the Company

Civil Cases

Case no. 3202 of 2004 has been filed by Shabib Jehangir Kedri (Plaintiff) against the Company before the City Civil Court, Ahmedabad claiming compensation for the revocation of his appointment order to the extent of Rs. 0.3 million. The Company has filed its reply and the case remains pending.

Tax related cases

Case No./ Date of filing	Case Title	Forum	Nature of Case	Status and Impact
ITA 159 /M/2002	Mahindra British Telecom Limited v. Additional Commissioner of Income Tax	ITAT	Appeal against the assessment order for the Fiscal 1997-98 relating to treatment of software expenses as capital expenditure and certain other deductions under section 80HHE.	Hearing yet to take place. If the case is decided in favour of the Company then it will be entitled to a refund.
ITA 5286 /M/02	Mahindra British Telecom Limited v. Additional Commissioner of Income Tax	ITAT	Appeal against the assessment order for the Fiscal 1998-99. The company has appealed against the decision of the CIT in confirming (i) disallowance under section 43B of belated contributions in respect of Employees State Insurance and family pension Fund; (ii) disallowance of corporate membership fees of clubs; (iii) disallowance of expenses on computer software by treating it as a capital expenditure; (iv) certain deductions under section 80 HHE of the Income tax Act. The principal amount involved in this appeal is Rs. 17.11 million.	Hearing yet to take place. If the case is decided in favour of the Company then it will be entitled to a refund.

Case No./ Date of filing	Case Title	Forum	Nature of Case	Status and Impact
ITA no. 3584/MUM/ 2004	Deputy CIT, Mumbai v. Mahindra British Telecom	ITAT	The Deputy CIT, Mumbai has appealed against the order of CIT(A) for the Fiscal 1999-00, dated February 27, 2004 which allowed (i) the Company the payment of employers and employees contribution to PF account within the grace period of five days; (ii) the treatment of project specific expenditure as revenue expenditure. The principal amount involved in this appeal is Rs. 13.51 million.	Pending, hearing yet to take place. If the appeal succeeds then the company will be entitled to a refund.
ITA No. 1922 (Mum) 05	Mahindra British Telecom Limited v. Additional Commissioner of Income Tax	ITAT	Appeal to ITAT against the order of Commissioner of Income Tax (Appeals) - II dated December 13, 2004 for the fiscal 2000-01 relating to treatment of software expenses as capital expenditure and certain other deductions under section 80HHE. The principal amount involved in this appeal is Rs. 12.02 million.	Pending. If the case is decided in favour of the Company then it will be entitled to a refund.
Number not allotted yet	Mahindra British Telecom Limited v. Assessing Officer, IT	CIT (A)	Appeal to Commissioner of Income Tax (Appeals) against the Assessment Order dated November 30, 2004 for the Fiscal 2001-02 relating to treatment of software expenses as capital expenditure and certain other deductions under section 80 HHE.	Pending. If the case is decided in favour of the Company then it will be entitled to a refund.

Property related cases

The Company had acquired various floors of buildings situated at Oberoi Gardens Estate, Chandivali, Mumbai from Wellworth Developers Mumbai. The conveyance deeds executed for the various floors and on different dates for the said propery, states that under the Urban Land (Ceiling & Regulations) Act, 1976 (“ULCRA”), a proceeding has been initiated against the Wellworth Developers Mumbai in relation to the land on which the buildings are situated. The Company understands that an order has been passed against Wellworth Developers Mumbai, by the Chief Minister of Maharashtra on July 18, 2005, acting as the appellate authority under the ULCRA, revoking the occupation certificate in respect of the entire complex, comprising amongst others the portion held by the Company. The impact of this order on the Company's ability to continue to use the said premises is not ascertainable.

Litigation involving our subsidiaries

i. Civil Action No. 1:05-CV-3211 has been filed against Tech Mahindra (Americas) Inc in the appropriate court in the United States by a former employee alleging wrongful termination of his services. The plaintiff has, inter alia, sought reinstatement, back wages and compensation. At present Tech Mahindra (Americas) Inc's reply as defendant is scheduled to be filed.

ii. Axes has filed an appeal before the Employee Provident Appellate Tribunal against an order by the Regional Provident Fund Commissioner, Bangalore levying penalty and penal interest amounting to Rs. 1.5 million alleging delay in transfer of subscribers' contribution. The matter is pending hearing and final disposal.

iii. Axes has filed a suit against Rakesh Singal Suman and another before the 7th Metropoolitan Magistrates Court at Chennai in relation to dishonour of cheques issued for refund for rent for a sum of Rs. 0.4 million.

Property related cases

TMRD had leased certain land situated at Chennai from State Industries Promotion Corporation of Tamil Nadu Limited ("SIPCOT") on March 10, 2005. TMRD through its letter dated November 22, 2005 had informed SIPCOT that there would be a change in control of TMRD, pursuant to the execution of the shareholders agreement by the Company. SIPCOT had requested for information in relation to the shareholding pattern of TMRD and for a copy of the shareholders agreement. In March 2006, TMRD submitted its shareholding pattern disclosing the shareholding of the Company in TMRD. SIPCOT has issued a show cause notice dated April 12, 2006 alleging that pursuant to the transfer of shares to the Company there was a transfer of interest in the said property that required the prior approval of SIPCOT. SIPCOT has asked TMRD to show cause as to why the allotment should not be cancelled. TMRD is in the process of replying to the said show cause notice.

Litigation against the Directors

Litigation against Mr. Anand Mahindra

Civil cases

- A suit has been filed before the Civil Judge, Senior Division, Gazipur by an ex-dealer of M&M seeking to restrain them from terminating his dealership and appointing another dealer. The order passed by the court against M&M has been set aside by the High Court at Allahabad. The amount involved is Rs.1.6 million. The matter is pending for hearing.
- A suit (Original Suit no: 606/2006) has been filed by Delhi Assam Roadways Corporation Limited, in the court of City Civil Judge at Bangalore who used to carry out transportation services for M&M. The plaintiff has filed the suit for a decree of Rs. 2,019,428.15/- towards the work orders for transportation of consignments delivered to M&M. The matter will come up for hearing on August 8, 2006. M&M has to file its written statement.

Criminal cases

- The Maharashtra Security Guard Board filed a criminal complaint (183/1998) against Mahindra Realty & Infrastructure Developers Limited (merged with Mahindra Gesco Developers Limited with effect from April 1, 2001) and its directors including Mr. Anand Mahindra for their non registration as an employer under the Maharashtra Private Security Guards (Regulation of Employment and Welfare) Scheme, 1981. A revision application was filed by Mr. Anand Mahindra, such application was rejected. A stay of the lower courts' orders has been granted by the High Court at Mumbai.
- Six criminal complaints have been filed before various courts in India by dealers and customers of M&M and other group companies against Mr. Anand Mahindra and others, alleging cheating on various grounds including the non supply of vehicles, supply of defective vehicles, defective services by a group company inspite of receiving the due consideration for the vehicle and other services. In five cases orders passed by the lower court were challenged before the relevant high courts who have stayed the proceedings. The matters are pending final hearing.
- A dealer filed a criminal complaint before the Chief Judicial Magistrate, Karnal against M&M and its directors including Mr Anand Mahindra alleging that six cheques deposited by M&M in the bank were stolen from his premises and were not

issued by him. M&M and its directors have filed a petition to quash the proceeding before the Punjab and Haryana High Court. The court has stayed the proceedings, pending final hearing.

- A criminal complaint has been filed against Mr. Anand Mahindra by Shops & Establishment Inspector, Municipal Corporation of Greater Mumbai with Special Metropolitan Magistrate Court, Borivali alleging non- compliance of maintaining employment register and leave register in the prescribed form under the Shops & Establishment Act. The matter is pending hearing.
- A dealer of M&M has filed complaint under Section 420, 467, 471, 384, 34 and 147 of IPC against the company and its directors i.e. Mr. Keshub Mahindra, Mr. Anand Mahindra, Mr. Dawasia, Mr. V.K. Pruti and Mr. Rekhiv Supekar alleging that the company has filed a false case against him under Section 138 of the Negotiable Instruments Act as the cheques in question were not issued to M&M. The matter is pending for hearing and next hearing is scheduled on September 4, 2006.

Labour cases

i. Some ex-employees and workmen of group companies have filed four complaints before appropriate labour court/industrial tribunals against Mr. Anand Mahindra and the relevant group company alleging various grounds including wrongful termination of their services, change in working conditions and demanding compensation, back wages and for reinstatement where applicable. The matters are pending for hearing.

ii. 4 complaints have been filed by one of the employees' union at one of the factories of M&M before the labour courts against Mr. Anand Mahindra, M&M and others on several grounds including termination of services of workmen, shifting of machinery, transfer of workmen, redeployment of workmen, out sourcing manufacturing activities, stay on voluntary retirement scheme and lay-off. These complaints are pending for hearing.

Consumer cases

There are 58 consumer complaints filed before various consumer courts such as District Forum, State Forum and National Forum, in which Mr. Anand Mahindra has been impleaded as a party. These complaints include allegations including deficiency in service, defects in the vehicle and delay in delivery. These complainants have claimed replacement of the tractors and vehicles and/or compensation. The total claim involved in these cases amounts to approximately Rs. 17.58 million. The matter is pending for hearing.

Litigation against Mr. Bharat N. Doshi

i. A criminal complaint (4354 (S) of 2000) has been filed against Mr. Bharat N. Doshi, in his capacity as director of Ramani Hotel Limited (RHL) alleging that RHL had not correctly published its annual accounts. Mr. Bharat N. Doshi has since ceased to be the director of RHL from September 29, 2000. The High Court at Mumbai has stayed the proceedings before the lower court.

ii. The Maharashtra Security Guard Board filed a criminal complaint against Mahindra Realty & Infrastructure Developers Limited (merged with Mahindra Gesco Developers Limited with effect from April 1, 2001) and its directors including Mr. Bharat N. Doshi for non registration of the company as an employer under the Maharashtra Private Security Guards (Regulation of Employment and Welfare) Scheme, 1981. A dismissal petition under Section 482 of CrPC was filed by Mr. Doshi as he was never a director or officer in the company and that his name has been wrongfully included. The High Court at Mumbai has stayed the order passed by the lower court.

Litigation against Mr. Anupam Puri

Mr. Dinesh Kumar Singh has filed a criminal contempt proceeding against ICICI Bank and its directors including Mr. Anupam Puri in the High Court of Allahabad. The compliant is in relation to the repossession of the complainant's car. The matter is pending disposal.

Litigation Against Our Promoters

Mahindra and Mahindra Limited

Contingent Liabilities as of March 31, 2006

M&M had contingent liabilities not provided for as of March 31, 2006 as follows:

(a) Guarantees given by M&M as on March 31, 2006:

	Amount of guarantees (Rs. million)	Outstanding amounts against the guarantees (Rs. Million)
For employees	10.5	0.03
For other companies	527.0	271.7

(b) Claims against M&M not acknowledged as debts as on March 31, 2006 comprise of:

i. Excise Duty, Sales tax and Service Tax claims disputed by M&M relating to issues of applicability and classification aggregating to Rs. 1,335.6 million (Net of Tax: Rs. 991.6 million);

ii. Other Matters (excluding claims where amounts are not ascertainable) Rs. 54.5 million (Net of Tax: Rs. 36.8million);

iii. Claims on capital account: Rs. 11.8 million.

(c) Uncalled liability on equity shares as on March 31, 2006 partly paid Rs. 105.0 million.

(d) Taxation matters till March 31, 2006:

i. Demands against M&M not acknowledged as debts and not provided for, relating to issues of deductibility and taxability in respect of which M&M is in appeal and exclusive of the effect of similar matters in respect of assessments remaining to be completed - Income-tax: Rs. 1,131.7 million;

ii. Items in respect of which M&M has succeeded in appeal, but the Income-tax Department is pursuing/ likely to pursue in appeal/reference and exclusive of the effect of similar matters in respect of assessments remaining to be completed - Income-tax matters: Rs. 496.2 million and Surtax matters: Rs. 1.2 million.

(e) Bills discounted not matured, as on March 31, 2006, Rs. 869.7 million.

Litigation

Civil Cases

i. M&M has fifty one civil cases instituted against it. The aggregate amount, where claimed and where quantifiable, in these cases is approximately Rs. 124.63 million.

ii. Seven of the above civil cases have been filed by M&M's dealers, on grounds including breach of dealer contract, wrongful termination of the dealership aggregating Rs. 31.6 million, where an amount has been claimed and is quantifiable.

iii. Other Miscellaneous Civil Cases:

The other forty four miscellaneous cases, pending against M&M aggregate approximately Rs. 93.03 million. The cases have been summarized below:

i. M&M has challenged and appealed before the High Court at Mumbai against the order passed by the Small Causes Court on the notice of Mumbai Municipal Corporation demanding the octroi for total sum of Rs. 6.1 million towards import of software acquired by way of license, including further licences for additional number of users of software. The appeal is pending hearing.

ii. M&M had filed a suit against Credential Finance Limited (Credential) for recovery of sum of Rs. 89.7 million towards the redemption of non convertible debenture issued to M&M by Credential and the unpaid interest theron. Credential has subsequently filed a recovery suit before the High Court at Mumbai claiming Rs. 68.7 million on the ground of excess payment made by it to M&M. Credential has also prayed for cancellation of the non convertible debenture amounting to Rs. 50.0 million issued by it to M&M. The matters are pending hearing.

iii. Canara Bank has filed a recovery case before the Debt Recovery Tribunal against Sunex Automotive Plastics Private Limited (Sunex) and others including M&M. M&M is one of the drawees/acceptors of certain bills and hundis drawn by Sunex involving a sum of Rs. 10.5 million. Sunex has failed to honour the hundis which were discounted by M&M with Canara Bank. Canara Bank is claiming the amount from M&M as well. The sum involved against M&M is Rs. 2.2 million. The matter is pending hearing.

iv. M&M also has sixteen civil legal actions filed against it on grounds including non delivery of vehicles and compensation, replacement of defective vehicle, recovery of excess or advance amount. The sum involved in these cases is approximately Rs. 13.68 million.

v. M&M has been added as a party or as a party to twenty two actions, including claims by its shareholders relating to transfer and/or transmission of their shares, where no monetary claim has been made against M&M.

vi. A transporter, Sarwan Singh Nijjar, has filed a recovery suit against M&M. M&M not being satisfied with work carried out by the transporter Sarwan Singh Nijjar, terminated the Agreement dated September 1, 1997. Sarwan Singh is claiming Rs.17,31,257 alongwith interest at the rate of 12% per annum from March 1, 2004 upto the date amounting to Rs.5,00,000 which aggregates to Rs. 2,231,257.

vii. New India Assurance Company Limited has filed a recovery suit against M&M alleging that M&M, being the transporter, is liable to pay for the loss/ damage caused to goods in transit. A decree was passed against M&M by Delhi Court holding it liable to pay Rs. 98,415/- as compensation with interest of 18% thereon and suit cost. M&M has filed an application for setting aside the order. The matter is pending for hearing.

Employee Related Cases

M&M has cases filed by its workmen and officers against it before labour courts and civil courts, which are summarised below:

i. Three hundred sixty cases have been filed against M&M by its suspended employees, ex-employees, contract workmen alleging ground such as illegal termination, suspension, and claiming permanency and/ or for payment of back wages. The sum involved in these cases is Rs. 134.54 million.

ii. The union at one of the M&M factories has filed a case before the industrial tribunal against M&M claiming wages during the strike period i.e. between the period January 11, 2000 and February 9, 2000. The claim made by the union aggregates to Rs. 67.5 million.

iii. Six cases have been filed by M&M's ex-workmen and officers alleging either insufficient or non-payment of voluntary retirement scheme compensation. The amount involved in these cases is approximately Rs. 12.7 million.

iv. M&M has challenged, by filing a writ petition before the High Court at Kolkata, three demand notices from Employees State Insurance Authority claiming Rs. 1.3 million, for the period from January 1968 to March 1989, along with the interest, on the basis of wrongful consolidation of payment in relation to the contributions of non M&M employees and M&M employees by the department. The petition before the High Court at Kolkata is at final hearing stage.

v. There are thirty miscellaneous cases filed by employees against M&M, wherein the sum involved is Rs. 1.0 million and eleven cases filed by employees unions at certain plants of M&M and officer's association on various grounds. No monetary compensation has been claimed in these cases.

vi. Eight officers of Roplas India Limited have filed before junior division civil judge Pune, suit for claiming for monetary benefits of its Voluntary Retirements Scheme. Mahindra Holding and Finance Limited and M&M have also been named as a party in the suit.

Property Related Cases

M&M has eleven property related litigation pending against it. The sum involved in these legal actions is about Rs. 69.9 million:

i. M&M has filed a petition before the High Court at Hyderabad against the Commissioner (Land Acquisition), Hyderabad and Mandal Revenue Office, Zaheerabad against order passed by the appellate authority viz. revenue divisional officer, Zaheerabad on a notice issued by Mandal Revenue Office to Mahindra Allwyn Nissan Limited (which was merged with M&M) demanding an amount of Rs. 56.46 million being compensation awarded to the land owners, for the land acquired on its behalf by the Andhra Pradesh Government.

ii. A notice was issued by the Collector of Stamps at M&M's Jaipur plant claiming Rs. 11 million as inadequate stamp duty paid on sale deed for the purchase of land at Jaipur. The matter is presently pending before the Collector of Stamps.

iii. Seven suits including for eviction and encroachment have been filed against M&M aggregating approximately Rs. 2.40 million, where the amount is quantifiable.

iv. Chairperson of Thumkunta Vanasamrakshna Samiti field a writ petition against joint collector Medak district at Sangareddy & M&M. on grounds that the local authorities had illegally allowed M&M to erect pillars in the Sangareddy property and that M&M had encroached into forest land. A stay order directing M&M to stop such construction was later vacated by the high court at Kerela. The matter is pending for hearing.

v. A suit is filed by the original holder of the property against M&M in the Civil Court, Thane praying for permanent injunction restraining M&M from entering the suit property. The suit was filed on ground that the suit property was illegally acquired by the builder, who had sold it to M&M. The matter is now pending for hearing.

Consumer Cases

M&M has nine hundred and forty one cases filed by its customers before various consumer courts such as the District Forum, State Forum and National Forum, alleging deficiency in service, defects in the vehicle/tractor, delay in delivery etc., and claiming replacement of the tractors and vehicles and/or compensation. The total claim involved in these cases amounts to approximately Rs.124.3 million**.**

Forum	Number of cases	Amount involved (Rs. in million)
District Consumer Dispute Redressal Forum	690	98.4
State Consumer Dispute Redressal Forum	237	13.1
National Consumer Dispute Redressal Forum	14	13.4
Total	941	124.9

Insurance related cases/workmen's compensation cases

M&M is involved in seven hundred and forty six cases, summarized below, where various claims have been made against M&M and/or the insurance companies. All the insurance claims, by survivors or their heirs, relate to third party claims, personal injury and fatal accidents occurring during the transit of the vehicles. The claims are usually filed before the appropriate MACT and occasionally before the commissioner of workmen's' compensation:

i. Three hundred and forty eight cases have been filed jointly against the various insurance companies and M&M before various MACT and or the Commissioner of Workmen's Compensation on account of accidents occurring to M&M vehicles in transit and M&M has been joined only as a necessary party. The aggregate claim made under these cases amount to Rs. 128.3 million. There is no financial implication on M&M under these cases as the respective insurance companies would be liable for the same.

ii. Twenty-two cases are pending against M&M where insurance companies have declined liability under the term of the insurance policy conditions. The aggregate amount of claims arising from these cases is Rs. 15.8 million. All such claims are made in cases where the transporter has taken passengers en-route during transit.

iii. Three hundred and fifty seven cases are pending against M&M and insurance companies where the insurance company has still not declined liability and proceeding of the cases have not been served on M&M. The amount involved in such cases is not ascertainable.

iv. There are nineteen cases where the insurance company has preferred an appeal against the order passed by the MACT tribunals, wherein M&M has been made party to the proceeding. The amount involved is Rs. 46.9 million.

Tax related litigation

Income Tax Cases

i. M&M has filed twenty two appeals pending before Appellate authorities, Commissioner of Income Tax (Appeals), Income Tax Appellate Tribunal, High Courts, etc. The amount claimed under the appeals aggregates to Rs. 1,131.7 million.

ii. In thirty-two cases M&M has filed and succeeded in appeals on various claims made by the Income Tax Department, the Income Tax Department is however pursuing or is likely to pursue an appeal/reference in these cases (including surtax). The amount involved in these appeals aggregates to Rs. 496.2 million.

Sales Tax

M&M has thirty eight sales tax related matter pending against it. The aggregate amount involved in the matters is approximately Rs. 102 million.

Excise Related Claims

M&M has thirty one excise related matters pending against it. The aggregate amount involved in the matters is Rs. 4,116.46 million.

Criminal Cases

There are seventeen criminal cases pending against M&M before various courts and authorities. The details of these are as follows:

i. A dealership contract of one of the dealer was terminated by M&M. Pursuant to that three criminal complaints have been filed against M&M under section 425, 420, 409, 467, 471, 120B, 323, 505, 504 read with Section 34 of IPC by the dealer and two of his customers alleging that the due payment of consideration by demand drafts aggregating to Rs. 2.2 million, Rs. 0.2 million and Rs. 0.2 million respectively has been made but M&M has not delivered the tractors to them. M&M has filed criminal writ petition in one of the complaints before the High Court at Mumbai. The court has admitted the application and stayed the criminal process. M&M has filed a criminal revision petition pertaining to the other two, before the High Court at Mumbai, which have been admitted and stay of the proceedings in the lower courts has been granted.

ii. A customer of M&M filed a complaint under Section 420 of the IPC against M&M and its directors alleging supply of inferior quality vehicle. A petition under section 482 for quashing the proceeding has been filed, which is pending for hearing.

iii. A customer of M&M filed a complaint under Section 406, 420, 467, 468, 471, 120 B of IPC alleging that M&M is guilty of cheating and supplying defective vehicle. The High Court at Patna has quashed the proceedings under Section 482 CrPC. The matter is pending for final hearing.

iv. The commissioner of excise and prohibition has filed a special leave petition before the Supreme Court against the order of the Andhra Pradesh High Court releasing the confiscated vehicle of M&M. The M&M vehicle was being transported from Zaheerabad factory to the regional sales depot at Chennai on stock transfer through a transport agency when it was intercepted by the excise inspector. The matter is pending for hearing.

v. A dealer of M&M has filed a criminal complaint before the Chief Judicial Magistrate, Karnal against M&M and its directors alleging six cheques deposited by M&M in the bank were stolen from his premises and were not issued by him. M&M and its directors have filed a petition to quash the proceeding before the Punjab and Haryana High Court, which has stayed the proceeding, pending the hearing and final disposal of the petition.

vi. Three criminal complaints has been filed against the occupier and manager of the Kandivli Unit (Farm Equipment and Auto Sector) of M&M under Factories Act, 1948 by Deputy Director for Industrial Safety and Health alleging that the specified safety and health standards were not met by the unit. The cases arose from the injury suffered by workmen working at the above unit. The matters are pending with the Metropolitan Magistrate, Andheri, Mumbai.

vii. Six criminal complaints have been filed against the occupier and manager of Kandivli unit (Auto Sector) of M&M, by Director for Industrial Safety and Health alleging that the unit had violated Section 54 of the Factories Act, 1948 by working beyond 9 hours without permission from the authorities. The case is pending before the Metropolitan Magistrate, Andheri, Mumbai.

viii. A dealer of the company has filed complaint under Section 420, 467, 471, 384, 34 and 147 of IPC against the company and its directors alleging that the company has filed a false case against him under Section 138 of the Negotiable Instruments Act as the cheques in question were not issued to M&M. The matter is pending for hearing and next hearing is scheduled on September 4, 2006.

Litigation filed by M&M

i. M&M has filed forty six cases for claiming relief under Section 138 of the NIA for cheques issued in favour of M&M but were not honoured. The aggregate of claims in these proceedings is approximately Rs. 121.41 million.

ii. M&M has filed twenty three recovery suits for claiming amounts due under various contractual arrangements such as dealer contracts; amounts due on discounted bills and amounts due on the debentures in which M&M had invested. The amount involved in these cases is Rs. 333.6 million.

iii. M&M has filed three cases involving immovable property. One suit is for specific performance of a contract for sale of land. The other case is an eviction suit asking the employee to vacate M&M's company property as he is no longer entitled to the same, the decree has been issued in M&M's favour and M&M has applied for execution of the decree. The third suit is filed against an encroacher and claiming damages and loss suffered due to the caving in of the property. The amount claimed is Rs. 2.0 million. The matter is pending for hearing.

iv. M&M has filed three trademark cases restraining Mahendra & Mahendra Paper Mills Limited, Mahendra & Mahendra Seeds Limited; Mahendra & Mahendra Electronic Limited from infringing and/or passing off the mark "Mahindra" and "Mahindra & Mahindra". The High Court at Mumbai granted an order in the notice of motion as well an appeal in notice for motion in favour of M&M. The Supreme Court has also confirmed the order passed by the High Court. The suits are pending for trial.

v. M&M has filed a criminal complaint against North Bay Industries for criminal breach of trust. M&M had sent 10 chassis to North Bay Industries for body building who did not return these chassis but hypothecated them to the Allahabad Bank and availed a loan. The chassis were seized by police and returned to M&M. M&M also filed a case under Section 406 and 420 of the IPC against K.N. Roy and Allahabad Bank, for criminal breach of trust. K.N. Roy and the manager of Allahabad Bank have filed separate discharge application. Further, M&M had also filed a civil petition claiming the amount due under a bank guarantee issued by Allahabad Bank in this transaction. The civil matter has been settled and is yet to be taken on record by the court.

vi. M&M has filed two cases against its unions and member employees of such unions before the appropriate courts in whose jurisdiction the particular factory unit is located, seeking to restrain workers and employees from agitating in front of the factory gate.

iv. A suit (2965 of 2003) is filed by M&M against the State of Gujarat and Gujarat State Investments Limited, for recovery of losses suffered by M&M to the tune of Rs.24.95 million along with interest, on account of suppression, non-disclosure and misrepresentation of facts by State of Gujarat during the due diligence carried out by M&M for the acquisition of Gujarat Tractor Corporation Limited in the year 1999. The defendants have not filed their written statement so far and the matter is likely to proceed ex-parte.

BT Telecommunications plc

Contingent Liabilities as of March 31, 2006

BT has provided guarantees relating to certain leases entered into by O2 UK Limited prior to its demerger with O2 on 19 November 2001. O2 plc has given BT a counterindemnity for these guarantees. The maximum likely exposure is US$72 million (£42 million) as at 31 March 2006, although this could increase by a further US$545 million (£314 million) in the event of credit default in respect of amounts used to defease future lease obligations. The guarantee lasts until O2 UK Ltd has discharged all its obligations, which is expected to be when the lease ends on 30 January 2017.

Criminal Cases

There have been criminal proceedings in Italy against 21 defendants, including a former BT employee, in connection with the Italian UMTS auction. Blu, in which BT held a minority interest, participated in that auction process. On 20 July 2005, the former BT employee was found not culpable of the fraud charge brought by the Rome Public Prosecutor. All the other defendants were also acquitted. The Public Prosecutor is in the process of appealing the court's decision. If the appeal is successful, BT could be held liable, with others, for damages, the amount of which is not ascertainable. BT has concluded that it would not be appropriate to make a provision in respect of any such claim.

Other Cases

The European Commission is formally investigating the way the UK Government has set BT's property rates and those paid by Kingston Communications. The Commission is examining whether the Government has complied with EC Treaty rules on state aid in assessing BT's rates. BT's rates were set by the Valuation Office after lengthy discussions based on well-established principles, in a transparent process. In BT's view, any allegation of state aid is groundless and BT is confident that the Government will demonstrate the fairness of the UK ratings system. A finding against HM Government could result in BT having to repay any amount of state aid it may be determined to have received. BT has concluded that it is not appropriate to make a provision in respect of any such potential finding.

Litigation Involving Our Promoter Group Companies

Litigation Against Mahindra Ugine Steel Company Limited

Contingent Liabilities

MUSCO had contingent liabilities not provided for as of March 31, 2006 in relation to

a) Bills discounted (customers' bills) but not matured Rs. 121.9 million.

b) Excise duty:

(i) Claims against MUSCO not acknowledged as debts Rs. 3,206,434.

(ii) Other excise matters for which the company is contingently liable Rs. 63,999,857. These are in respect of matters which have been successfully defended by the company and where the Department has further gone in appeal. This includes:

- Rs. 6,223,476: which relates to the method of valuation of customer processed finished goods for the purpose of discharge of excise duty, where the customer supplies raw material. This matter has been settled by the Customs, Excise and Service Tax Appellate Tribunal (CESTAT) in favour of the company. Excise department has continued to issue show cause notices for subsequent periods aggregating to Rs. 20,667,042.
- Rs. 36,508,71 - which relates to inclusion of scrap credit in the assessable value for the purpose of payment of excise duty. This matter has been settled by CESTAT in favour of the company.

In both the above mentioned cases, the department has gone in appeal to the Supreme Court.

- Rs. 600,629 being other matters.

c) Taxation demands: Rs. 19,738,817 against which MUSCO had filed its appeal which was decided in its favour. The department has now filed an appeal against the order claiming Rs. 15,041,926.

d) Other claims against the company not acknowledged as debts Rs. 43,472,887. These include:

(i) Rs. 41,519,887 pertaining to show cause notice for payment of custom duty in respect of the value based advance licenses purchased by the company and used for import of goods. As the export obligation against the above was already fulfilled by the seller of the license, the company appealed against the said notice before the CESTAT who has granted a stay.

(ii) Rs. 1,953,000 being other matters.

e) Other matters for which the company is contingently liable amount to Rs. 146,346,951. This represents the dispute in the rate of water charges demanded by the irrigation department based on a unilateral increase in rates and the amount which the company has been paying. The above amount includes an initial demand raised by the irrigation department of Rs. 5,673,638 up to March 31, 1995 which was decided in favour of the company in the court of the Civil Judge, Senior Division, Panvel. The balance of Rs. 140,673,313 represents differential demands raised by the irrigation department for subsequent periods.

Litigation

Excise Cases

i. The method of valuation, adopted by MUSCO, of customer processed finished goods for the purpose of discharge of excise duty, where the customer supplies raw material was not accepted by the excise department. The excise department issued a show cause notice which was settled in MUSCO's favour by the CESTAT. The claim amount was Rs. 6.22 million. The department has filed its appealed and the matter is pending hearing before the Supreme Court.

   The department has issued a further show cause notice on the same ground for the subsequent years for a sum aggregating to Rs. 20.7 million. The matter is also pending for hearing before the Supreme Court.

ii. The inclusion of scrap credit in the assessable value, by the department, for the purpose of payment of excise duty was challenged by MUSCO. The matter was decided in MUSCO's favour by CESTAT. The amount involved is Rs. 36.5 million. The department has filed its appeal and the matter is pending hearing before the Supreme Court.

   A claims of Rs. 0.6 million on the same ground as above has also been made by the department against the MUSCO for subsequent period of assessment year 2003- 2004.

Custom Cases

A show cause notice was issued against MUSCO, in respect of value based advance licenses purchased and used for import of goods. The notice demanded payment of custom duty of Rs. 41.51 million. As the export obligation against the above was already fulfilled by the seller of the license, MUSCO appealed against the said notice with CESTAT who has granted a stay.

Tax Cases

There was a taxation demand from the assessing officer against MUSCO amounting to Rs. 19.74 million for the assessment year 1990-91, 1991-9 2 and 2003 – 2004. In appeal the matter was decided partly in favour of MUSCO . The department and MUSCO have preferred an appeal against the order.

Other matters

MUSCO has sent a legal notice dated May 13, 2005 to M/s. Choksi Tube Company Limited, Ahmedabad, for a sum of Rs. 8.68 million towards recovery of direct and indirect sale of alloy steel and difference of sales tax and interest thereon payable to Sales Tax Authorities for non-submission of Sales Tax declaration forms. The matter is pending for hearing.

Litigation Against Mahindra Gesco Developers Limited

Contingent Liabilities

MGESCO had contingent liabilities not provided for as of March 31, 2006 in relation to:

i. a suit filed by a party, in the Delhi High Court, for recovery of brokerage in respect of a transaction relating to operating of commercial complexes. The claim made in the suit aggregates to Rs. 4,266,771.

ii. MGESCO has filed appeals against demands, for the assessment years 2002-2003 and 2003-2004, arising primarily out of reclassification of income from business income to income from house property, which aggregates to Rs.163,762,156 and after giving effect to rectification applications, the demand raised is expected to be reduced to the amount disclosed. The amount of demand aggregates to Rs. 105,989,749.

iii. Guarantees issued by a bank on behalf of third parties and counter guaranteed by the company, against which the company has also received counter guarantees from the respective parties. The amount involved in these guarantees aggregates to Rs. 32,062,500.

Litigation

Civil Cases

i. Orchid, Daffodil and other Mahindra Garden Societies filed a civil suit (6863 of 2002) against MGESCO alleging issues about private garden, recreation garden, conveyance of the property in favour of the respective societies and other issues under Maharashtra Ownership Flat Act, 1963. The application was rejected by the City Civil Court. The societies have filed an appeal in the Mumbai High Court which is pending admission.

ii. Karan Promoters Private Limited filed a case before the District Court, Delhi (case No. 408 of 2000) against MGESCO claiming that the brokerage for sale of three floors of the GE Plaza Building was not paid to them. The relief claimed by them is Rs. 4.2 million. The matter is pending for hearing.

iii. Mahindra Realty & Infrastructure Developers Limited, whose realty and infrastructure division were demegered into MGESCO, filed a writ application (No. 3893 of 2001) against the order of the Appellate Authority for the Board for Industrial and Financial Reconstruction (BIFR), to deposit Rs. 49.6 million towards balance consideration for the purchase of Tensile Steel Limited's land at Vadodara under a BIFR Scheme. The Delhi High Court has ruled in favour of the company and has refunded the amount to it. The matter is pending for hearing.

iv. The Employees Union filed a writ petition against Tensile Steel Limited and MGESCO in the Gujarat High Court, challenging the management's decision of terminating services of workers and non-payment of their wages and the sale of its land. The High Court has allowed the sale of land and stated that MGESCO is not concerned with the matter. MGESCO continues to be a party to the litigation as an observer.

v. Ramila Kilachand has filed a case against Harsh Kilachand and several others (Case No. 1355 of 2004) claiming her right over certain property. MGESCO has filed a written statement stating that the property in question has been sold to it and such property should not be a subject matter of the family dispute. The matter is pending for hearing.

vi. Yashomala CHS Limited has filed a case against the Pimpri Chinchwad Municipal Corporation objecting sanction of plan showing access from the land bearing survey no. 210/1, Wakad (actually owned by Government) to the Wakad property which is being developed by MGESCO. Pursuant to the interim order of the court the Municipal Corporation has sanctioned the plan. The matter is pending for hearing.

Criminal Cases

i. MGESCO filed a complaint against Dhanish Construction Private Limited (Dhanish) (Case No. 824/M/2001) and its directors alleging that Dhanish misappropriated Rs 14.6 million paid to them for the purchase of land. The lower court ordered a police investigation to be carried out as per section 156(3) of the CrPC and the directors were arrested. The matter will proceed once the chargesheet is filed.

ii. The Maharashtra Security Guard Board filed a criminal complaint (No. 183 of 98) against MRIDL (now MGESCO), Mr. Anand Mahindra, Mr. S. Narayan and Mr. Bharat N. Doshi before the Metropolitan Magistrate at Ballard Estate, Mumbai alleging that the security guard employed by MGESCO was not registered under the security guard board and hence was in violation of the Maharashtra Private Security Guards (Regulation of Employment and Welfare) Act, 1981 and the rules made there under. The Mumbai High Court has admitted the applications of Mr. Anand Mahindra and Mr. Bharat N. Doshi challenging the issuance of process and rejection of revision application, by the lower court. The case is pending for hearing.

Others

i. The Daffodil Mahindra Garden Cooperative Housing Society Limited filed a case against the BrihanMumbai Municipal Corporation (Case No 1966 of 2002) stating that the property tax assessed by the corporation is not valid and excessive. Though MGESCO is a party to the suit, there is no monetary claim against MGESCO.

ii. The New Great Eastern Spinning & Weaving Mills Limited has filed a reference (No. 58 of 90) under the Sick Industrial Companies Act for rehabilitation with the Appellate Authority, BIFR, Delhi. MGESCO is a party to the hearing as a developer.

iii. Tensile Steel Limited has filed a petition No. 25/87 under Sick Industrial Companies Act in 1987 for rehabilitation before the BIFR, Delhi. MGESCO is a party to the hearing as a developer. The rehabilitation scheme has been sanctioned to allow development. The matter is pending for hearing.

iv. MGESCO has filed a writ petition before the High Court at Mumbai (No. 1319 of 2004) seeking dismissal of the demand by the Collector of Mumbai for transfer charges in relation to the transfer of premises located at 8th floor, World Trade Centre, Mumbai from Great Eastern Shipping Limited to MGESCO. The petition has been admitted and is pending for hearing.

Litigation Against Mahindra & Mahindra Financial Services Limited ("MMFSL")

Contingent Liabilities

Mahindra & Mahindra Financial Services Limited had contingent liabilities not provided for as of March 31, 2006 in relation to

i. Estimated amount of contracts remaining to be executed on capital account (net of advances) –Rs. 7.6 million.

ii. Claims not acknowledged as debts in respect of:

a. Income Tax demands under appeal for the assessment years 1997-1998, 1999-2000, 2000-2001, 2002-2003, 2003-2004 aggregating to Rs. 118.8 million.

b. Sales Tax demands for the assessment year 2004-2005 aggregating to Rs. 9.8 million.

iii. Performance guarantee issued for Rs. 20 million.

iv. Corporate Undertaking for Securitisation of Rs. 712.1 million.

v. Contingent Claims on Account of Legal suits filed in Consumer Forums and Civil courts for Rs. 60.4 million.

vi. Guarantee to NSE of Rs. 20.0 million towards listing of equity shares.

Litigation

Civil Cases

There are two hundred and twenty three civil cases involving the MMFSL. The aggregate claims in these cases are approximately Rs. 13.12 million. In addition, there are several claims in these cases the company that are not quantifiable.

a) Repossession Cases

There are one hundred and fifty four cases filed by customers seeking possession of the vehicles seized from them due to non-payment of dues or seeking an injunction to restrain the company from repossessing the vehicles.

b) In addition to the above, there are thirteen cases filed against the company, where under interalia it is alleged that MMFSL has illegally seized the vehicle or MMFSL has demanded arbitrary amount. The damages claimed under each of the claim is more than Rs. 50,000 and a claim for return of vehicle has been made. The claims under such suits aggregate Rs. 6.7 million.

c) Miscellaneous Civil Cases:

Presently there are fifty six miscellaneous cases pending against the company. The aggregate amount claimed under these cases is approximately Rs. 12.65 million. In addition, there are several unquantifiable claims in these cases.

i. There are 16 cases filed in the Motor Accident Claim Tribunal (MACT) claiming compensation under the Motor Vehicles Act. The aggregate amount claimed under these cases is approximately Rs. 8,265,400.

ii. There are 3 cases filed against MMFSL alleging improper account statement and wrongful repossession of the vehicle. The claims interalia relate to the issuance of correct statement of accounts.

iii. There are 5 cases filed against MMFSL alleging non-issuance of no-objection certificate by the certificate. There are claims for issuance of no-objection certificates and award of damages at the rate of Rs. 200 in one case.

iv. There are 2 cases filed against MMFSL for declaration of ownership in favour of the MMFSL's clients. The matter is pending hearing.

v. There are 3 cases filed against MMFSL alleging interalia demand of excess amount or excess late charges. There are claims for refund of excess amount paid and damages. The aggregate damages claimed are Rs. 28,000.

vi. There are 6 civil cases filed against MMFSL against insurance company for accident claim amounts on the vehicles financed by MMFSL. The aggregate claims under these cases is approximately Rs.5.9 million.

vii. There are 5 civil cases filed against MMFSL alleging demand of excessive dues, illegal repossession and apprehension of misuse of post-dated cheques taken from the customer at time of financing. The claims under these cases are for restraing MMFSL from utilising the cheques, for possession of vehicle and damages. The aggregate claims under these cases is approximately Rs. 419,289.

viii. A customer, Wahajul Sirajul Huq Khan, filed a case in the Court of the Civil Judge, Senior Division, Mau (Case no.13/2004) on February 1, 2004 against the Oriental Insurance Company and the company. The customer has prayed that until the insurance amount is received from the Oriental Insurance Company, MMFSL be directed not to recover any money from the customer. The matter is pending in the said court for arguments.

ix. A customer, Sukadev Pradhan, filed a case in the Orissa High Court, Cuttack, (Case no. ARBP-12/2004) on July 15, 2004 against the company, its Managing Director and the branch manager of the company, Bhubaneshwar, for appointment of an arbitrator under Section 11 of the ACA. The customer has prayed that he be provided with a copy of the original loan agreement and for the appointment of an arbitrator. The matter is pending for further hearing.

x. A customer, Ganpat Bansode, filed a case in the Court of the Civil Judge, Junior Division, Solapur (Case no. 72/04) on June 29, 2004 alleging harassment. The customer has prayed that the company be restrained from causing any harm till the disposal of the suit. The matter is pending for hearing.

xi. A customer, Jayanta Ghosh, filed a writ petition in the High Court at Kolkata (WP. no.2443/04) on September 29, 2004 alleging illegal seizure of his vehicle. The matter is pending for hearing.

xii. A customer, Devi Lal Jat filed a case in the Court of the Civil Judge, Junior Division Sri Ganganagar (Case No.16/2003) on January 23, 2003 praying that the refinance agreement in respect of his vehicle had not been completed and hence there is no liability of the customer under the said agreement. The matter is pending for hearing.

xiii. A customer, Sukhjit Singh, filed a case in the Court at Sirsa, (Case no 788C/03), on October 13, 2003 alleging illegal repossession. The customer has prayed for stay on such repossession. The suit was withdrawn by an order dated October 20, 2003 in the company's favour. The customer defaulted again and hence the company filed for execution of decree dated October 10, 2003. The customer's application for dismissal of execution application was dismissed on October 23, 2005. The customer has filed an appeal against the order dated October 23, 2005 on March 28, 2005 which is now pending and shall be heard on February 16, 2006.

xiv. A customer, Gurdit Singh, filed an appeal (Appeal No. 55G/05) under section 96 of the Civil Procedure Court (CPC) against the decree dated March 7, 2005 passed by the Civil Judge Senior Division wherein it was alleged that vehicle had been improperly valued and sold at a lower price, than the market price. The appeal is pending for hearing.

xv. A customer, E. Aruna, filed a case before the District Judge, Saroor Nagar, Andhra Pradesh (no. OP 1255/99), on November 30, 1999 alleging that the claim under the MVA has not been released in his favour by the insurance company and making MMFSL a party to the above case. The amount claimed is Rs. 50,000. The matter is pending hearing.

xvi. A customer, Parmod Kumar, filed a civil case in the Court of the Civil Judge, Senior Division, Sonepat (Case no. 32/04) on September 9, 2004 alleging apprehension of illegal seizure of the vehicle. The customer has prayed that MMFSL be prevented from recovering the penal amount over instalments which could not be paid by him. The company has filed an application for arbitration under section 8 of the ACA. The matter is pending hearing.

xvii. A customer, Arun Kumar Mishra filed a case in the Court of Civil Judge, Faizabad, (case no. 221/05), on October 19, 2004 against MMFSL alleging the vehicle given to the dealer for purpose of repairs was illegally handed over to the company. The customer has prayed for release of vehicle. The matter is pending for hearing.

xviii. The complainant, Kamla Devi filed a case in the Court of Additional District Judge, Kanpur, (case no. 822/05), on October 6, 2005 against a customer of the company and the company alleging death of her son due to an accident involving a non-insured vehicle financed by the company. Complainant has prayed for Rs. 5,016,000 as compensation. The matter is pending for hearing.

xix. A customer, Sanjay Prakash Mishra filed a case in the Court of District Judge, Senior Division, Satna., (case no. 39A/05), on July 13, 2005 against a dealer alleging that defect in vehicle chassis. The customer has also prayed for a decree of permanent injunction directing MMFSL to not recover Rs. 71,900/-. The matter is pending in the court for arguments.

xx. Bihari Gas has filed a case in the Civil Judge Senior Division,Varanasi (Case No. 75/06), on January 25, 2006 against the company alleging no registration certificate of the vehicle has been provided. The Complainant has prayed for the issuance of registration certificate and cost of the suit. The matter is pending for hearing.

xxi. A customer, Ajmas filed a case in the court of Munsif Court, Calicut, on February 24, 2006 against MMFSL alleging illegal repossession and without intimation selling his vehicle. The complainant has prayed for recovery of Rs. 263,215 with interest at the rate of 12%. The matter is pending for first appearance by MMFSL on the next adjourned date.

xxii. A customer of MMFSL, A Jesuddas filed an insolvency petition in the court of P J Subcourt Salem, on February 22, 2006 against MMFSL. The complainant has prayed for declaration of bankruptcy by the court. The matter is pending for and is kept for filing of written statement on the next date.

xxiii. A customer of MMFSL, Radhamani Sethi filed against MMFSL in the court of Civil Judge, Nayagarh on February 13, 2006 alleging slander and illegal repossession of his vehicle. The complainant has prayed for Rs.10,00,000/- as compensation against slander and Rs. 2,00,000/- towards damages. The matter is pending for filing of objection to the arbitration petition on the next date of hearing.

Consumer Cases

MMFSL has four hundred and fifty one consumer litigation pending against it. The aggregate of claims in these claims is approximately Rs. 56.08 million.

Forum	**Number of cases**	**Amount involved (Rs. Million)**
District Consumer Dispute Redressal Forum	390	49.08
State Consumer Dispute Redressal Forum	58	6.70
National Commission	3	0.30

Tax Related Cases

Income Tax Cases

There are disputes relating to income tax assessments for the assessment years 1997-98, 1999-2000, 2000-01, 2002-03 and 2003-04 and the aggregate of claim under dispute is approximately Rs. 118.8 million.

a) The primary issue in the income tax cases is as follows: Disallowance of Depreciation on leased assets - The contention of the Assessing Officer is that the lease transactions are in the nature of pure finance (loan) transactions and hence he has disallowed depreciation on such leased assets.

b) The other income-tax cases in the various financial years are as follows:

   (i) In the assessment year 1997-98: On reopening of the assessment under section 147 of the I.T. Act the Assessing Officer imposed a liability of Rs. 14.51 million on us. In the said reassessment, the Assessing Officer disallowed the interest accrued on non performing assets. The case is pending before the ITAT.

   (ii) In the assessment year 1999-2000: In the assessment order the Assessing Officer had disallowed depreciation on leased assets, loss on preclosure of hire purchase contracts, guarantee commission incurred and bad debts written off. The matter is pending before the ITAT.

   (iii) In the assessment year 2000-01: The Assessing Officer has imposed a liability of Rs. 14.6 million on us. The said demand has been partly paid and partly adjusted against refunds of assessment years. In the assessment order, the Assessing Officer has disallowed Depreciation on leased assets, expenditure under section. 35D and expenditure under Section 14A of the ITA. The matter is pending final adjudication before ITAT.

   (iv) In the assessment year 2002-03: The Assessing Officer has imposed a liability of Rs. 28.72 million on us by disallowing depreciation on the leased asset. The said demand has been partly paid and partly adjusted against refunds of assessment years. The case is pending before the ITAT.

   (v) In the assessment year 2003-04: The Assessing Officer has imposed a liability of Rs. 60.90 million on us by disallowing depreciation on the leased asset and bad debts. Out of this total amount, Rs. 20.0 million has been paid. The case is pending before the CIT Appeals.

Sales Tax Cases

For the financial year 2001-02 sales tax liability of Rs. 9.85 million has been imposed on the company. Out of this total amount, Rs. 3.12 million has been paid.

Criminal Cases

There are thirty criminal cases pending against us before various courts and authorities in India. The details of these are as follows:

i. There are 13 criminal complaints filed by customers of MMFSL against MMFSL and its employees alleging theft or robbery or dishonest receiving of stolen property on grounds of illegal repossession of vehicles before various courts in India. In 6 such cases MMFSL has filed petition under Section 482 Criminal Procedure Code, 1973 (CrPC) for quashing the complaint. Out of these in 2 cases proceeding at the lower court has been stayed by the high court while in 4 cases are pending before various High Courts.

ii. There are 3 petitions filed against MMFSL under Section 482 of CrPC seeking dismissal of complaints filed by MMFSL under Section 138 of Negotiable Instrument Act, 1881 (NIA) for redressal against dishonor of cheques or of criminal complaints filed against the gurantor.

iii. MMFSL seized the vehicle of one of its customers, Khadeeja on grounds of non payment of dues. The petitioner filed a writ petition on January 20, 2005 in the High Court of Kerala (WC.548/05) alleging police inaction in illegal repossession of his vehicle by the company. The petitioner has prayed for issue of writ of mandamus and for possession of the vehicle. The matter is pending for hearing.

iv. A customer, Vydyar, filed a complaint under sections 379 and 34 of the IPC, in the Court of the Judicial Magistrate First Class, Karunagapally (CC.No.1901/04) on September 22, 2005 against two managers and one field officer of the Allepey Branch of the company for alleged theft of his registration certificate book from the vehicle. The matter is pending for hearing.

v. Krishna Chandra Mishra, a customer of the company filed a complaint in the Court of Judicial Magistrate, Bahraich (UP) (Crime no. 1941/05) on September 30, 2005 against an erstwhile Manager and employees of the company for alleged cheating, defamation in filing of the cheque bouncing case against him. The company had filed the original complaint before the Assistant Chief Judicial Magistrate, Lucknow Court, under section 138 of the NIA claiming redressal for the bouncing of the cheque issued by Krishna Chandra Mishra. The matter is pending in the court for inquiry by the police.

vi. A customer, Ramanand Shastri, filed a complaint in the Court of the Judicial Magistrate, Hajipur (Crime no. 2170/05) on September 23, 2005 under section 156(3) of the CrPC for giving direction to the police for lodging a First Intimation Report (FIR) alleging that the company has committed criminal breach of trust, forgery and cheating and should be punished under sections 406, 465,467, 420 and 468 of the IPC. The matter is pending for police investigation ordered by the court.

vii. A customer, Bishun Dayal Bhagat, filed a complaint in the Court of the Judicial Magistrate, Muzzafarpur (Crime no. 315/04) on May 15, 2004 against one of the company's dealers and the manager of a branch of the company for cheating and criminal breach of trust by selling/financing a defective tractor to him. The company had filed a petition under section 482 of the CrPC for quashing the proceedings of the lower court in the High Court, Patna (Petition no.31463/04) against the manager of a branch of the company. The High Court has granted a stay on the process.

viii. A customer, Rajiv Dubey, filed a complaint with the Sub-Divisional Judicial Magistrate, Bhubaneswar (I.C.C. No. 210/2000) on May 11, 2000 against the company and its Managing Director alleging criminal breach of trust, cheating, criminal intimidation and act done by several persons in furtherance of a common intention of misuse of cheques given in good faith. The High Court of Orissa has admitted the application filed by the company and the Managing Director (Cr. M.Case No. 6246) for quashing the said proceedings of the Magistrates Court and has granted a stay on the process issued by the Magisterial Court. The matter is pending for hearing.

ix. A customer, Radhabhai Salunke, filed a criminal complaint (Crime No 424/05) on October 15, 2005 in the court of the Judicial Magistrate First Class Court at Thane against the company and the managing director alleging that cheating and forgery was committed in submitting the indemnity bond and subrogation letter to the insurance company for releasing the claim amount. The customer further alleges dishonest misappropriation of the vehicle and forging of documents. The

Magistrate's court has issued summons against the Managing Director. A revision application No. 186/05 has been filed on November 21, 2005 in the Session Court by the company, which has now been dismissed. An application has been filed against the Sessions court order in the Bombay High Court. The High Court has stayed the lower court's proceedings against the Managing Director and presently the case is pending for final hearing.

x. A customer, Jagat Narayan Tripathi, filed a criminal complaint (Crime No.3766/2001) on August 7, 2001 before the Chief Judicial Magistrate, Basti against the officers of the company alleging cheating on the grounds that the vehicle was not serviced during the warranty period and that the company charged arbitrary and exorbitant monthly installments. The company filed a writ petition before the High Court at Allahabad for quashing of the trial of the lower court**.** The matter is pending for hearing.

xi. A customer, Ramesh lodged a FIR bearing No. 3 dated January 7, 2005 under sections 467,468,471,120B, 420 of the IPC against employees of the company alleging forgery of the affidavit on which the vehicle was transferred. The bail application filed by the company was rejected. Thereafter the company approached the High Court at Chandigarh for bail which was granted. The matter is pending for hearing.

xii. A customer, Manoj Kumar Yadav filed a case (Cri. No. 1741/05) in the Court of Judicial Magistrate First Class, Gairatganj on October 19, 2005 against the Managing Director of the company, Branch Manager of Lucknow and others alleging cheating and criminal breach of trust by not providing him with the no objection certificate and by not returning him the security deposit amount of Rs.5,000. The matter is pending before the said Court for appearance**.**

xiii. Shops & Establishment Inspector, Municipal Corporation of Greater Mumbai has filed a criminal complaint in Special Metropolitan Magistrate Court, Borivali against the Managing Director of the company, Zonal Manager, Area Manager, Regional Manager of Goregaon for non- compliance of maintaining employment register and leave register in the prescribed form.

xiv. Radha Krishan (complainant) filed a complaint in the Court of Judicial Magistrate, Sub-division, Tohana (Fatehabad), Haryana against the Manager (Hisar Branch) and the Managing Director, MMFSL for defamation under section 499 and 500 of the IPC. The complainant has prayed for punishment under prescribed under the said sections. MMFSL filed a Revision Application in the Session Court for stay of the Lower Court proceedings and the same was allowed. The Court has ordered the stay of the Lower Court proceedings and the matter is now pending for hearing.

xv. Ashalata Dashrath Chavan (complainant) filed a complaint in the court of Chief Judicial Magistrate, Sangli on February 4, 2006 under section 29 of the Securitisation Act against the Branch Manager, Sangli and the Repossession Agent for illegal repossession of his vehicle. The complainant has prayed for punishment under the said Act. The matter is pending for evidence on the next adjourned date.

xvi. Munir Ramdurg , one of the customer has made a private complaint (OMA 134/2006) in the Court of J.M.F.C., Pimpari Chinchwad, Dist. Pune, on March 18, 2006, wherein he has made the Chairman and Managing Director and other four employees of Pune Branch as Accused in the said complaint. The said complaint is filed alleging theft, criminal breach of trust, cheating, forgery for the purpose of cheating and common intention arising out of the repossession of the vehicle under finance. The concerned court has not yet issued any process (summons) against any of the above persons; but has passed order of investigation dated May 8, 2006 (u/s.202 Cr. P.C.) by Nigdi Police Station, Pune.

Arbitration proceedings

i. The company is involved in fifty six arbitration proceedings with its customers claiming the unpaid amount due under various financing arrangements. The aggregate of claims in these proceedings is approximately Rs. 15.95 million.

ii. The company is involved in two hundred and eighty four arbitration proceedings with its customers. In these cases the company had reposed the vehicles where the amount due was not paid and then had resold them. The amount so realized had not been adequate to meet the amount due from the customers. The arbitration proceedings were initiated to claim such shortfall amount. The aggregate of claims in these proceedings is approximately Rs. 34.5 million.

Litigation Against NBS International Limited

Contingent liabilities not provided for in the balance sheet of NBS International Limited as on March 31, 2006 is 1,267,064, in relation to the following cases:

i. A customer filed a case against NBS International Limited for non delivery of booked vehicle inspite of adequate finance by HDFC. The relief claimed is refund of amount of Rs. 111,514 along with 15% interest per annum and compensation of Rs. 545,000. The matter is pending hearing.

ii. G.E. Countrywide instituted a case against Murtuza S. Khinkhabwalla and NBS International Limited (NBS) on August 12, 2005 alleging that NBS had not delivered the vehicle after accepting the payment. The claim is for Rs. 610,550 with interest at the rate 2.5% per annum on the principal amount of Rs. 440,000. The High Court at Mumbai on September 15, 2005 passed an ad-interim order against NBS, directing the court receiver to take possession of the vehicle. The notice of motion and the suit is pending hearing.

Litigation against Mahindra Gujarat Tractor Limited ("MGTL")

Contingent Liabilities

Contingent liabilities not provided for in the balance sheet of Mahindra Gujarat Tractor Limited as on March 31, 2006 is Rs. 10,886,971.

a) Excise

A demand of excise duty of Rs. 7, 350,805 has been made by Commissioner of Central Excise and Customs, Vadodara on transmission assemblies / chassis assemblies used in the manufacture of tractors of less than 25 horse power, which were exempt from payment of duty, during the period April 1996 to May 1998. An appeal has been filed before the Customs, Excise and Service Tax Appellate Tribunal, Mumbai.

b) Guarantees given by the Mahindra Gujarat Tractor Limited to a financial institution for housing loans given by the financial institution to the employees of the Mahindra Gujarat Tractor Limited. These guarantees aggregate to Rs. 678,739.

c) Bills discounted but not matured aggregate to Rs. 2,857,427.

d) The Wage Agreement with the labour union had expired on March 31, 1998, a charter of demand was received in June, 1998. Subsequent to that the union had filed complaint for conciliation proceeding before Deputy Commissioner of Labour, Vadodara. The matter is pending before the Industrial Court, Vadodara since November 2001. The amount of liability, if any, is not ascertainable

Litigation

Civil Cases

i. MGTL is defending four civil cases filed by Kantibhai Mali on the ground that the land sold to MGTL is not being used by it. One of these cases also claims to the right to pray at a temple situated on the land occupied by MGTL. Suresh Mali and M Vaghri have also filed similar cases claiming return of the land sold to MGTL after 40 years on the ground that the land sold is not being used for industrial purpose for which it was acquired. The amount involved is not quantifiable.

ii. A suit (Special Civil Petition No.3163 of 1999) was filed by 14 co-operative societies formed by 120 erstwhile employees of Gujarat Tractor Corporation Limited, for the supply of specified services and components. These societies challenged the sell of Gujarat Tractor Corporation Limited to M&M and an interim injunction was sought to restrain the sale. No interim relief was granted by the Court and the matter is still pending for hearing on interim relief application.

iii. The registered workers union of Gujarat Tractor Corporation Limited filed a petition (Special Civil Petition No.3024 of 1999) at the Ahemdabad High Court, opposing the deal of sell of Gujarat Tractor Corporation Limited to M&M and an interim injunction was sought against Gujarat Tractor Corporation Limited not to transfer any shares in favour of M&M. No interim relief was granted and the matter is pending for hearing.

iv. MGTL has been issued a notice on February 7, 2006 by Vadodara Municipal Corporation demanding Rs. 1.58 million as property tax on the property given on hire purchase to four societies. High Court by its order dated February 22, 2006 has reaffirmed the demand upto the extent of Rs. 0.9 million. MGTL has filed an appeal in the Supreme Court on March 31, 2006. The appeal is pending for hearing.

Labour Cases

i. MGTL is defending 29 cases filed by its employees/ ex-employees, before various forums including the labour court at Vadodara. The claims include wrongful termination of their employment, wrongful suspension, illegal transfer to another department, compensation for accident suffered, demanding bonus under the Payment of Bonus Act, illegal withholding of increment. The aggregate amount claimed under these labour cases is Rs. 6.46 million.

ii. The General Kamdar Union has filed three cases before the labour court against MGTL including for not accepting the charter of demands of the union, demanding bonus and ex-gratia payment for the financial year 2000 and 2001. The matters are pending hearing before the labour court. The amount involved in these cases is unquantifiable.

Consumer Cases

The company has 41 consumer litigations pending against it as follows:

Forum	Number of cases	Amount involved (in Rs.)
District Consumer Dispute Redressal Forum	27	10.3 million
State Consumer Dispute Redressal Forum	14	4.8 million

Litigation Against Mahindra Shubhlabh Services Limited (“Mahindra Shubhlabh”)

Contingent Liabilities

Contingent liabilities not provided for as of March 31, 2006 were in relation to a claim by one of its franchisees for loss of business claiming a sum of Rs. 0.55 million.

Litigation

1. A civil suit was instituted on February 25, 2005 before the Presiding Officer, Labour Court, Jalandhar by Gurdev Mann against Mahindra Shubhlabh for non payment of salary of an amount of Rs. 0.028 million. The matter is pending for hearing.
2. A consumer case is instituted on January 19, 2006 before Consumer Forum, Dindigul, Tamil Nadu by Thiru Paul Mayandi against Mahindra Shubhlabh claiming compensation for mental agony and loss of business caused due to defective services provided. The compensation aggregates to Rs. 0.52 million. The matter is pending reply.
3. A summon has been received from the Special Metropolitan Magistrate, Municipal Bench Court, in the name of four directors of Mahindra Shubhlabh, for alleged violation of the provision under Section 7 of the Shops & Establishment Act for non renewal of the Registration Certificate andnon dislay of the same at the establishment, as required. A petition for setting aside the complaint has been filed on behalf of the fdirectors in the High Court of Mumbai and High Court has granted stay in the matter. The matter is pending before the Sessions Court for hearing.
4. A consumer case has been filed on April 10, 2006 before the President, District Consumer Disputes Redressal Forum, Nawanshahr by Jagdish Singh against Mahindra Shubhlabh for outstanding dues and loss of business for an amount of Rs. 0.10 million. The matter is pending for hearing.

Litigation Against Mahindra (China) Tractor Company Limited

Contingent Liabilities

Capital commitments as at the end of the year not provided in the books amounting to RMB 1.02 million.

Litigation Against Mahindra Acres Consulting Engineers Limited

Contingent Liabilities

Contingent liabilities not provided for as of March 31, 2006 are Rs 2.7 million towards income tax exemption claimed under Section 80 (O) of the IT Act by the company for the assessment year 1997-1998.

Litigation

The Assessing Officer assessed a liability of Rs. 4.62 million against the company in respect of an exemption claimed under section 80(O) of the IT Act. The matter is pending before the ITAT.

Litigation Against Mahindra Holidays and Resorts India Limited ("MHRIL")

Contingent Liabilities

MHRIL has following contingent liabilities not provided for as of March 31, 2006:

a. Receivables securitised, with recourse to claim from MHRIL aggregating to Rs. 236,931,553.

b. Guarantee given to financial institution for timeshare financing aggregating to Rs. 10,185,802.

c. Claims against the company not acknowledged as debt.

   (i) Luxury tax claimed aggregating to Rs. 1,785,666, on room revenue by the Government and disputed by the company in the High Court. The amount has been paid to the Government and possibility of reimbursement depends on the outcome of the case pending before the High Court.

   (ii) The demands against the company with respect to this matter and exclusive of consequential effect of similar matter in respect of the assessments remaining to be completed is Rs. 200,618,279 (including interest of Rs. 58,051,475). However even if this liability crystallises there would be future tax benefits available on account of timing differences except for interest and income tax rate differences.

Litigation

Consumer Related Cases

i. MHRIL is defending fourteen cases before the District Consumer Forum, at different locations, filed by its customers on diverse grounds, such as, deduction of cancellation charges from the refund of membership fees; accommodation at their resort not provided when requested; clubbing of annual maintenance charges and utility charges in annual subscription fees and non enrolment in resort condominiums international. The total sum claimed in these consumer cases is Rs 906,577.

ii. A suit was instituted against MHRIL by Sivasankar, Proprietor, Sri Valli Vilas Gold House, Pondicherry on June 16, 2003 for an amount of Rs. 25,208 before the Additional Sub-Judge at Pondicherry. The suit challenged the deduction of cancellation charges. The suit is now posted for enquiry in the application filed by the company.

iii. A suit was instituted against MHRIL by Ashit Shipping Services Private Limited, on May 6, 2005 before the Court of Civil Judge, Senior Division, at Gandhidham. The suit was filed as the accommodation in their resorts was not provided when requested and hence the refund of membership fees of Rs. 194,000 was demanded. The hearing date is to be fixed.

Property Cases

i. A suit was instituted by MHRIL against Chancellor Resort (Munnar) in the Munsif Court, Devikulam for encroachment of land by Chancellor Resort. The Taluka Survey Report has been submitted in the court by the surveyor appointed by the court. However Chancellor Resort has challenged the above report and filed an interim application challenging the survey report. Chancellor Resort has been directed to file its statement before the court.

ii. A suit was instituted against MHRIL by Joanita Periera, Goa before the Civil Judge, Senior Division, Margao for encroachment on land by the company. The suit has been posted for trial.

Criminal Cases

A criminal case was filed against MHRIL by Dileep Sonthalia on June 3, 2005 before the Chief Judicial Magistrate, Hazaribaug for alleged cheating on account of non-provision of accommodation in their resort in spite of issuance of the confirmation voucher. The company filed a petition under Section 482 of the CrPC before the High Court, Ranchi for dismissing the criminal complaint. Both matters are pending for hearing.

Other Litigation

1. A case has been filed by MHRIL against the Luxury Tax Authorities on January 28, 2002, in the state of Himachal Pradesh for a sum of Rs.1.79 million before the High Court of Shimla challenging the levy of Luxury Tax on timeshare. MHRIL has filed a writ challenging the levy on the ground that Luxury Tax is not applicable on the timeshare occupancy. The case is yet to be listed.

2. A case was being filed against MHRIL by Rajan, an ex-employee before the Labour Court at Munnar, Kerala for reinstatement of his services in the company. The domestic enquiry was set aside and the court ordered fresh evidence. MHRIL furnished list of witnesses and fresh documents. The matter is pending for hearing.

Litigation against Mahindra Infrastructure Developers Limited

Contingent Liabilities

Mahindra Infrastructure Developers Limited had contingent liabilities not provided for, as of March 31, 2006 as follows:

a) Contracts entered into and remaining to be executed on capital account is Rs. 1.79 million.

b) Guarantee/Counter Guarantee given by the company in respect of joint venture companies is Rs. 90 million.

Litigation Against Mahindra World City Developers Limited (“MWCDL”)

Civil Suits

i. Seven cases have been filed against MWCDL before the District Munsif Court, Chengalpattu seeking permanent injunction against MWCDL, the district collector and the sub-district collector and challenging the transfer of land in favour of MWCDL. The matter is pending for hearing.

ii. A suit has been filed (Civil Suit No.290 / 2006) by auction purchaser of orchid plants lying over the lands which have been acquired by MWCDL against MWCDL in April, 2006 seeking damages of Rs.30 lakhs for alleged damage to his orchid plants. Suit is pending for hearing.

iii. A suit has been filed by legal heirs of vendor of the property acquired by MWCDL seeking partition of the suit property. The Suit is pending on the file of District Munshif Court, Chengalpattu for hearing.

Land Acquisition Cases

i. A writ petition (W.P.No.11560/2005) has been filed by Ulaganathan, before the High Court at Chennai in July 2005 against MWCDL, State of Tamil Nadu and the Tahsildar to quash the notification of the land acquisition proceedings (further proceedings for acquisition pending with Government) under section 3(2) of the Tamil Nadu Acquisition of Land For Industrial Purposes Act. The matter is pending for hearing.

ii. Eleven land acquisition original petitions have been filed against the Mahindra World City Developers Limited and the Special Tahsildar before the Subordinate Court, Chengalpattu on July 2002 by individual owners of the land seeking enhancement of compensation paid for land acquired by MWCDL at the rate of Rs. 25,000 per cent on land acquired by the company. The trial is presently going on before the Subordinate Court. The amount involved in these land acquisition cases is estimated to be Rs. 45 million.

iii. A writ petition (36236 of 2005) has been filed against MWCDL in the High Court at Chennai by the Central Bank of India, with whom the land acquired by MWCDL from Mr. Harshwardhan was mortgaged seeking enhancement under Section 18(2) of Land Acquisition Act, 1894 of compensation paid by MWCDL for the said land. The matter is pending for hearing.

iv. A writ petition (2266 of 2006) has been filed by Sivsenthilkumaran before High Court at Chennai in January 2006 against MWCDL, Tahsildar, State of Tamil Nadu to quash vacation of land acquisition proceedings. The matter is pending for hearing.

v. A writ petition (1729/2006) has been filed by Rajendran before the High Court at Chennai in January 2006 against the State of Tamil Nadu, District Collector, Kancheepuram, Special Tahsildar (LA) to quash the notification of the land acquisition proceedings under the Tamil Nadu Acquisition of Land For Industrial Purposes Act. MWCDL being an interested party had applied to the High Court for being impleaded in the writ petition which has been allowed in February 2006. The writ petition is pending for hearing.

Litigation Against Mahindra Intertrade Limited

Contingent Liabilities

Mahindra Intertrade Limited (MIL) had contingent liabilities not provided for as of March 31, 2006 is as follows:

i. Income Tax

Taxation demand against which the company has filed appeals before the Commissioner of Income Tax aggregating Rs. 22.2 million.

ii. Corporate Guarantee in relation to deferred credit facility sanctioned by Union Bank of India, Mumbai to the wholly owned subsidiary company Mahindra Middle East Electrical Steel Service Centre (FZE). The guarantee aggregates to Rs. 55.0 million.

iii. Financial guarantee in relation to bank guarantee issued by State Bank of India in favour if a supplier of raw materials of MGTL aggregating to Rs. 1.5 million.

Litigation

Income Tax Cases

MIL has filed an appeal before the ITAT against an order passed by the Commissioner of Income Tax (Appeal) for the assessment year 2001-02 on account of certain disallowances. The amount involved is Rs. 22.29 million. No date of hearing has been fixed**.**

MIL is in process of filing an appeal before Commissioner of Income Tax against tax assessment of Rs. 3.38 million for assessment year 2003-04 on account of certain disallowances.

Other Cases

i. An ex employee Dilip Chaturvedi has filed a civil suit (No 135/97) against MIL for recovery of his dues and damages amounting to Rs. 265,270 before the Civil Judge, Tis Hazari Court at Delhi. The case is pending for hearing.

ii. A suit was filed by the predecessor in title of MIL, Mahindra Exports Limited agaist Universal General Trading Compnay, Dubai, the vessel M.V. Reef Unguja, its owner of the export prceeds against a supply of 200 metric tonnes of wheat flour sold by ahindra Exports Limited to Universal General Trading Company. The claim towards export proceeds is Rs. 15.7 million. The vessel and its owners have filed a counter claim of USD 387,671.23 (approx Rs. 17,294,013.6) with interest thereon in view od expenses incurred on account of wrongful and illegal arrest of vessel made ar the instance of Mahindra Exports Limited. The matter is pending for hearing.

Litigation against Mahindra Steel Service Centre Limited (“MSSCL”)

Contingent Liabilities

MSSCL had contingent liabilities not provided for as of March 31, 2006:

a) Income Tax: Income tax demand for the assessment year 2003-04 aggregating to Rs. 0.89 million.

b) Sales Tax: Demand raised by Sales Tax authorities for Financial year 1997-1998 is Rs. 0.426 million which is contested before the Sales Tax Tribunal.

MSSCL is involved in certain legal actions filed pursuant to sales tax and income tax demands stated above in contingent liabilities

Litigation against Mahindra SAR Transmission Private Limited

Contingent Liabilitites

The details of contingent liabilities not provided for as on March 31, 2006 are (i) Bills discounted not matured - aggregating to Rs. 0.50 million and (ii) Pending Labour cases - amount is not ascertainable.

Litigation

Three employees of Mahindra SAR Transmission Private Limited, whose services were terminated, filed an application before the Labour Court, Rajkot for reinstatement and payment of back wages. The matter is pending for hearing.

Litigation Against Mahindra Holdings and Finance Limited ("MHFL")

Contingent Liabilities

MHFL had certain contingent liabilities not provided in its books as of March 31, 2005 for an amount of Rs. 1,223,415 in relation to income tax claims.

Litigation

Taxation Cases

MHFL has appealed before the ITAT against tax assessments of Rs 1.0 million for the financial year ending March 31, 2001 and Rs 0.2 million for the financial year ending March 31, 2000 due to non allowance of certain expenses by the Assessing Officer. The appeals have not been listed for hearing.

Civil suits

A civil suit was instituted by S. V. Deshpande and others (erstwhile employees of Roplas Limited (Roplas) before the Court of the Civil Judge, Senior Division at Pune against Roplas Limited, MHFL and others. They have claimed: a) an amount of Rs. 2.4 million; b) that the voluntary retirement scheme of Roplas dated March 25, 2001 should be declared as null and void and that they be granted the benefits of the voluntary retirement scheme dated August 2, 2000; and c) Roplas be restrained from winding up business operations till the suit is decided. The allegation against MHFL is that it took over the operations of Roplas after its closure. The matter is pending for hearing.

Litigation Against Mahindra AshTech Limited

Contingent Liabilities

Mahindra AshTech Limited has contingent liabilities not provided for as of March 31, 2006 in relation to claims of

a) Liquidated Damages/ Penalty in relation to projects and contracts undertaken by Mahindra AshTech Limited aggregating to Rs. 94.7 million.

b) Sales Tax claims aggregating to Rs. 0.375 million.

c) Income-tax claims for assessment year 2001-02 aggregating to Rs. 7.3 million.

Litigation

There are three pending cases against the company in labour court. The claims aggregate to Rs. 1 million.

Litigation against Mahindra Engineering & Chemical Products Limited ("MECPL")

Contingent Liabilities

The contingent liabilities of MECPL not provided for as of March 31, 2006 are as follows:-

a. Excise matters pending in appeal aggregating to Rs. 0.6 million.

b. Income Tax matters aggregating to Rs 3.10 million.

c. Sales Tax matters aggregating to Rs. 1.19 million.

d. Labour cases as described below aggregating to Rs. 0.02 million.

Litigation

Labour Related Suits

i. A case was filed against MECPL before the Labour Court at Pune, on account of leave encashment. The amount involved is Rs. 25, 274.50. The matter is pending for hearing.

ii. S. R. Charles filed a suit before the Labour Court at Pune against MECPL on November 27, 2003 while K Raju filed a suit before the High Court of Mumbai on June 6, 2003 in relation to the termination of their employment by the company seeking reinstatement and payment of all back wages. The matter of S.R. Charles is pending for hearing. The matter of K Raju has not been taken up for hearing.

iii. A case has been filed under the Factories Act, 1948 against MECPL and MECPL's Executive Director Mr.C.S.Devale as the occupier by Deputy Director of Industrial Health & Safety in Small Cause Court, Pune. The case relates to fatal accident of Mr. D. K. Nalawade, a contract Employee, working as electrician on factory premise. The matter is pending for hearing.

Income Tax Cases

i. MECPL has filed appeals before the Commissioner of Income Tax (Appeals II), against orders passed by the Assessing Officer for the assessment year 2000-2001 and for the assessment year 2002-2003 on account of certain disallowances. The amounts involved are Rs. 2.3 million and Rs 0.8 million respectively. No date for hearing has been fixed.

Sales Tax and Excise Related Suits

i. A case has been filed by the sales tax authorities against MECPL on November 17, 2003 before the Maharashtra, Sales Tax Tribunal, at Pune, on account of sales tax rate difference. The amount involved in the case is Rs. 0.67 million. The tribunal has passed an order against MECPL. MECPL shall be appealing against the order of the tribunal.

ii. A case has been filed by the excise tax authorities against MECPL on November 30, 1992 before the CESTAT on account of differential duty. The amount involved in the case is Rs. 0.52 million. The case is pending for hearing.

iii. A case has been filed by the sales tax authorities against MECPL on account of dues against rectification of assessment order. The amount involved in the case is Rs. 0.6 million. The case is pending for hearing.

Litigation Against Automart Limited

Civil Suits

(a) A suit was filed by the Delhi Development Authority against a director of the company before the Metropolitan Magistrate, New Delhi alleging that the showroom of the company at Okhla, Delhi is being used for commercial purposes whereas the same has been allotted for the purpose of industrial use as per the master plan of the Delhi Development Authority. The penalty involved was Rs. 5000 and Rs. 250 for every day of which the default continues. The matter is pending for hearing.

Litigation Against Bristlecone Inc.

The company received a notice on September 16, 2005 from the US Equal Employment Opportunity Commission for dismissal of an employee, Derrick H. Buckhalter on the charge of discrimination. The case is pending before the US Equal Employment Opportunity Commission.

Litigation Against Bristlecone India Limited

Contingent Liabilities

The contingent liability of Bristlecone India Limited not provided for as of March 31, 2006 aggregating to Rs. 0.23 million in relation to outstanding bank guarantee.

Litigation Against Bristlecone UK Limited

Contingent Liabilities

A PAYE investigation is ongoing with the Inland Revenue department. The amount of liability is not quantifiable at present.

Litigation Against Mahindra Logisoft Business Solutions Limited

Contingent Liabilities

The contingent liabilities not provided for as of March 31, 2006 are as follows: Suit filed by two employees before the Deputy Commissioner Labour (Appeals), Chennai for reinstatement. The total amount claimed by employees is Rs. 1.0 million

Litigation

Mahindra Logisoft Business Solutions Limited had filed two appeals on May 2, 2005 before the High Court of Judicature at Chennai (Special Original Jurisdiction), to stay the orders of the Deputy Commissioner of Labour (Appellate Authority, Chennai) setting aside orders of termination of two former employees, M. Balasubramanian and S.N Karmegam. The employees had claimed compensation of Rs 551,667 and Rs. 463,400, respectively (for the period from July 2003 to May 2005). Mahindra Logisoft Business Solutions Limited has deposited the disputed amount with the court. The matter is pending for hearing.

Litigation Against Mahindra Sona Limited

Contingent Liabilities

Mahindra Sona Limited had contingent liabilities of Rs. 94.76 million not provided for, as of March 31, 2005 in its books in relation to:

i. Income tax cases: For a sum of Rs. 94,165,500 (including interest upto March 31, 2005 of Rs. 55,365,500) in respect of proportionate depreciation not allowed in an earlier year, on the assets of the automotive component business acquired by the company. Mahindra Sona Limited is in the process of filing an appeal against the demand.

ii. Demand in respect of an earlier year against which the Company has gone in appeal Rs.296,875/-.

iii. Excise cases: In respect of excise claims against the company not acknowledged as debts Rs. 295,170.

Litigation Against Mahindra & Mahindra Contech Limited

Contingent Liabilities

Mahindra & Mahindra Contech Limited had contingent liabilities not provided for as of March 31, 2005 for a sum of Rs. 18,748,806 in relation to services tax demands.

Litigation

Mahindra & Mahindra Contech Limited was assessed for an amount of Rs. 18.75 million (inclusive of penalty Rs. 9,374,403) as service tax on services rendered as deputation service. The Deputy Commissioner of Central Excise ruled against Mahindra & Mahindra Contech Limited. Mahindra & Mahindra Contech Limited has preferred an appeal, which is pending before the CESTAT. In the hearing held on November 28, 2005, the Tribunal granted a stay. The company has filed an application on July 7, 2006 for extension of stay.

Litigation Against Owens-Corning (India) Limited

There are 3 cases filed by Directorate Of Industries for Safety and Health for non-compliance with provisions of Factories Act, 1948. The company has filed appeal stating that it is already compliant with the provisions.

Litigations involving BT Group in India

Data Access (India) Limited

The Global Services Agreement dated July 30, 2002 between Communications Global Network Services Limited ("CGNS Limited") and Data Access (India) Limited was terminated on February 18, 2005. This Agreement was terminated due to non-payment of outstanding amounts totalling US$1,145,473.35 for the services provided by CGNS Limited until October 31, 2004.

CGNS Limited has engaged counsel to claim the amount due through local courts and notices have been issued to Data Access (India) Limited. While in the process of filing the suit, CGNS Limited was informed that Company Petition No.292 of 2004 (Pacific Convergence Corpn. Ltd. Vs. Data Access (India) Ltd.) was pending before the Delhi High Court seeking liquidation of Data Access (India) Limited. Being an unsecured creditor, CGNS Limited was unsure whether or not to file a claim before the Official Liquidator. However, CGNS Limited is now in the process of identifying appropriate counsel to file the claim.

AllServe Systems (India) Limited

The Agreement between BT Services (Singapore) Pte Ltd ("BT Singapore") and Allserve Systems (India) Ltd for the supply of three circuits was terminated on December 6, 2004 by BT Singapore due to non-payment of amounts due totalling US$17,134 and GBP£199,340. BT Singapore filed a Company Petition No.28/2005 upon Allserve Systems (India) Ltd in Allahabad High Court for the winding up of Allserve Systems (India) Ltd and raised further demands of GBP£343,631.98 and US$28,330.73 (together with further interest on this total outstanding) for the circuits supplied to Allserve Systems (India) Ltd under the abovementioned Agreement. The matter is pending before the Allahabad High Court and the next date of hearing which was scheduled for the end of May 2006 until the end of 2006.

Show Cause Notice

The Department of Telecom issued a Show Cause Notice on October 22, 2005 to BT India Private Limited ("BT India") stating that it had been informed that BT India is providing services in India and issuing invoices from its office in Singapore. Further, the Show Cause Notice called upon BT India to show cause why action should not be taken against BT India and seeking a detailed response from BT India on or before November 7, 2005.

BT India has responded to the Show Cause Notice. The Department of Telecom responded to BT India earlier this year asking for additional information including any copies of the Agreement between BT Global Services and Bharti under which Bharti provides services to the global customers of BT Global Services. The requisite information has been provided to the Department of Telecom together with a detailed explanation. No further information or correspondence has been received from the Department of Telecom.

Material Developments

In the opinion of our Board of the Company, there have not arisen, since the date of the last audited financial statements disclosed in this Red Herring Prospectus, any circumstances that materially or adversely affect or are likely to affect our profitability on a consolidated basis or the value of our consolidated assets or our ability to pay our material liabilities within the next twelve months.

GOVERNMENT AND OTHER APPROVALS

In view of the approvals listed below, we can undertake this Issue and our current business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to undertake the Issue or continue our business activities. Unless otherwise stated, these approvals are all valid as of the date of this Red Herring Prospectus.

Approvals related to the Issue

The Company has, vide letter no. FE.CO.FID.418/10.21.045/2006-07 dated July 10, 2006, received approval from the RBI for of transfer of Equity Shares under the Offer for Sale.

Approvals for the Business

The Company has acquired the following permits and approvals for its operations:

STPA related approvals

1. Approval no. STP/P/VIII (A) (101)/95/7639 dated March 31, 1995 from Software Technology Park - Pune, Software Technology Parks of India approving establishment of 100% Export Oriented Unit at Ground floor and First floor, 101/102, 155, Bombay-Pune Road, Pimpri, Pune, 411 018 under the STP Scheme and approval no STP/P/VIII(A)/(101)/95/8753 dated November 5, 1999 for expansion of the operations to new location at Sharada centre, Erandavane, Pune 411 004 under the STP Scheme.(Unit I).
2. Green Card no. MIT/STP/P/2003/340 dated September 9, 2005 (renewed vide letter no. MIT/STPI/P/2005 of 343, dated April 7, 2006) from Software Technology Park - Pune, which entitles Unit I, Ground Floor, Sharada Centre, Off Karve Road, Erandavane, Pune - 04 to top priority treatment from all concerned central and state government department and other organisations in all matters relating to the project. This card is valid till April 4, 2011.
3. License no. PN-VI/CUS-STPU/37/1999 dated January 5, 2000 from the Office of the Deputy Commissioner of Central Excise and Customs, Pune – VI Division for grant of license for the Sharada Centre premises of the Company, as a Private Bonded Warehouse for warehousing capital goods and other equipment intended later for the sake of development of software, in bond without payment of duties of the first importation thereof, subject to prescribed conditions. This license is valid till March 1, 2011.
4. Approval no. STP/P/VIII (A) (366)/2000/723 dated March 25, 2000 from Software Technology Parks of India approving establishment of 100% Export Oriented Unit at Sharada Centre, Second & Third Floor Survey No. 91, CTS no. 11/B/1, Erandwane, Final Plot No. 9/B/3 of TP Scheme Pune, 411 004 under the STP Scheme and approval no. STP/P/VIII (A) (366)/ 2000/7135 dated May 22, 2001 for expansion of the operations to fourth and fifth floor of Sharada Centre, Erandavane, Pune 411 004 under the STP Scheme. Approval no STP/P/VIII (A)(366)/200/5004 dated January 20, 2006 for further expansion on the fifth floor of Sharada Centre, Erandavane, Pune (Unit II).
5. License no. PN-VI/CUS-STPU/38/ 2000 dated March 31, 2000 from the Office of the Deputy Commissioner of Central Excise and Customs, Pune – VI Division for grant of license for the 2nd, 3rd, 4th and 5th floors of the Sharada Centre premises of the Company, as a Private Bonded Warehouse for warehousing capital goods and other equipment intended later for the sake of development of software, in bond without payment of duties of the first importation thereof, subject to prescribed conditions. The validity of this license is till March 28, 2007.
6. Green Card no. MIT/STPI-P/2005/215 dated August 28, 2005 from Software Technology Park - Pune, which entitles Unit II, 2nd, 3rd, 4th and 5th floors, Sharada Centre, Off Karve Road, Erandavane, Pune -04 to top priority treatment from all concerned central and state government department and other organisations in all matters relating to the project. This card is valid till August 22, 2010.
7. Approval no. STP/P/VIII (A) (818)/2003/4066 dated June 25, 2003 from Software Technology Parks of India approving establishment of 100% Export Oriented Unit at MBT Annexe Bldg s.NO.91 CTS no11/B/1, Erandwane, Pune 411004 under the STP Scheme (Unit III). Approval no STP/P/VIII (A)(818)/2003 /9034 dated June 8,2005, for expansion at Panchshil Tech Park 3rd and 4th floor, Viman Nagar Pune -04,Approval no STP/P/VIII(A)(818)/2003/699 dated August 12, 2005 for expansion to 5th Floor Panchshil Tech Park Viman Nagar Pune -04, Approval no STP/P/VIII(A)(818)/2003/3542 dated December 5, 2005 for expansion to ground floor to seventh floor Manikchand Galleria CTS No 996,F.P.No 383 T.P Model Colony Pune -16

and Approval no STP/P/VIII(A)(818)/2003/764 dated March 18, 2006 for expansion to location at 1st to 6th Unit No. 101 to 601, Beta – II Bldg, Giga Space, Nagar Road, Pune.

8. License no. PVI/CUS-STP/19/2003-04 dated July 25, 2003 from the Office of the Deputy Commissioner of Central Excise and Customs, Pune – VI Division for grant of license for the MBT Annex Bldg Unit III for basement, stilt and 1st Floor to 8th Floor, Sno 91,CTS no 11/B/1 Erandavane, Pune 04 and 3rd, 4th, 5th floors of the Panchshil Tech Park and ground, 1 to 7 floors of Manik Chand Galleria premises of the Company, as a Private Bonded Warehouse for warehousing capital goods and other equipment intended later for the sake of development of software, in bond without payment of duties of the first importation thereof, subject to prescribed conditions. The validity of this license is upto July 1, 2008.

9. Green Card no MIT/STPI-P/2005/174 dated July 13, 2005 from Software Technology Park - Pune, which entitles Unit III, ie. MBT Annex Buidling, Panchshil Tech Park, Manikchand Galleria and Giga Space premises, Pune to top priority treatment from all concerned central and state government department and other organisations in all matters relating to the project. This card is valid till July 1, 2008.

10. Approval no. STPK:DIR:436:2005-06:1320 dated November 14, 2005 from Software Technology Park - Kolkotta, Software Technology Parks of India approving establishment of 100% Export Oriented Unit at Premises 3rd and 4th floor Gamma Building, Bengal Intelligent Park Sector V, Salt Lake Bidhannagar Kolkotta -091,under the STP Scheme.

11. License no. 37/2005(100% EOU/STP) dated December 21, 2005 from the Office of the Commissioner of Central Customs, Custom House, Calcutta, for grant of license to MBT, as a Private Bonded Warehouse at Premises 3rd and 4th floor Gamma Building, Bengal Intelligent Park Sector V, Salt Lake Bidhannagar Kolkotta -091 for warehousing computer goods and other equipment intended later for the sake of development of software, in bond without payment of duties of the first importation thereof, subject to prescribed conditions.

12. Approval no. STPI/APP/12202005/200680/34977 dated December 20, 2005 dated from Software Technology Park - Noida, Software Technology Parks of India approving establishment of 100% Export Oriented Unit at Premises No B -26, Sector - 57, Dist Gautam Nagar, Noida, under the STP Scheme.

13. License no. 24/MBTI/STP/N-II/2005 dated March 1, 2006 from the Office of Deputy Commissioner Customs & Central Excise, Noida, for grant of license to MBT, as a Private Bonded Warehouse at Ground Floor, First Floor, Second Floor, Basement, No B -26, Sector -57, Dist Gautam Nagar, Noida for warehousing computer goods and other equipment intended later for the sake of development of software, in bond without payment of duties of the first importation thereof, subject to prescribed conditions.

14. Approval no. STP/V/VIII (A) (12)/98(8)/372 dated August 5, 1998 from Software Technology Parks of India approving establishment of 100% Export Oriented Unit at Oberoi Estate Gardens, W-1, Next to Chandivali Studio, Off Saki Vihar Rod, Andheri (E), Mumbai – 72. Approval no STP/V/VIII (A) (12)/98(8)/7368 dated November 22, 2004 for expansion at Ground Floor, Oberoi Estate Gardens, W-1, Next to Chandivali Studio, Off Saki Vihar Rod, Andheri (E), Mumbai – 72

15. Green Card no MIT/STPI-MUM/2003/1012 dated August 5, 2003 from Software Technology Park – Mumbai, which entitles Oberoi Estate Gardens, Wing 1 and 2, Next to Chandivali Studio, Off Saki Vihar Rod, Andheri (E), Mumbai – 72 to top priority treatment from all concerned central and state government department and other organisations in all matters relating to the project. This card is valid till August 4, 2008.

16. License no. S/15-208/98-99 B dated August 16, 2000 from the Office of Commissionerate of Customs, Mumbai, for grant of license for the Oberoi Estate premises of the Company, as a Private Bonded Warehouse for warehousing capital goods and other equipment intended later for the sake of development of software, in bond without payment of duties of the first importation thereof, subject to prescribed conditions. This license is valid till August 4, 2008.

17. Approval no. STPI/MUM/VIII (A) (1142)/2004 (12)/8036 dated December 20, 2004 from Software Technology Parks of India approving establishment of 100% Export Oriented Unit at Unit 1, Oberoi Estate Gardens, Wing A, First and Second Floor, Off Saki Vihar Rod, Andheri (E), Mumbai – 72. Approval no STPI/MUM/VIII (A) (1142)/2004 (12)/391 dated January 13, 2006 for expansion at 1st Floor, Transmission House, Compartment No. 82, Plot No. 6/19, Marol Co-op Industrial Estate Limited, Mumbai – 59.

18. Green Card no MIT/STPI-MUM/2004/1157 dated December 21, 2004 from Software Technology Park – Mumbai, which entitles Unit 1, Oberoi Estate Gardens, Wing A, First and Second Floor, Off Saki Vihar Rod, Andheri (E), Mumbai – 72 to top

priority treatment from all concerned central and state government department and other organisations in all matters relating to the project. This card is valid till December 20, 2009.

19. License no. S/15-79/2004 EOU dated December 31, 2004 from the Office of Commissioner of Customs, Mumbai, for grant of license for the Oberoi Estate premises of the Company, as a Private Bonded Warehouse for warehousing capital goods and other equipment intended later for the sake of development of software, in bond without payment of duties of the first importation thereof, subject to prescribed conditions. This license is valid till December 19, 2009.
20. Approval no. STPB/AXES/95/2058 dated October 13, 1995 from Software Technology Parks of India approving establishment of 100% Export Oriented Unit at No.4/51, 'A' Block, 1st Floor, Morzaria Industrial Estate, Banglore 560 029.
21. Green Card no. DOE/STPB/95/0432 dated November 7, 1995 from Software Technology Park – Bangalore, which entitles the unit top priority treatment from all concerned central and state government department and other organisations in all matters relating to the project. This card is valid till March 31, 2010.
22. License no. VIII/40/218/95/EOU – I dated April 17, 2001 from the Office of Deputy Commissioner of Customs, Bangalore, for grant of license for the Bangalore Premises, as a Private Bonded Warehouse for warehousing capital goods and other equipment intended later for the sake of development of software, in bond without payment of duties of the first importation thereof, subject to prescribed conditions. This license is valid till September 13, 2010.
23. Approval no. EIG/AXES/UNIT-II/GEN/8721 dated June 9, 2005 from Software Technology Parks of India approving establishment of 100% Export Oriented Unit at No.9/7, Hosur Road, Bangalore 560 029.
24. Green Card no MCIT/STPIB/2005-06/6381 dated November 21, 1995 from Software Technology Park – Bangalore, which entitles the unit top priority treatment from all concerned central and state government department and other organisations in all matters relating to the project. This card is valid till March 31, 2010.
25. License no. VIII/40/39/2005 EOU – I dated September 6, 2005 from the Office of Deputy Commissioner of Customs, Bangalore, for grant of license for the Unit II, Bangalore, as a Private Bonded Warehouse for warehousing capital goods and other equipment intended later for the sake of development of software, in bond without payment of duties of the first importation thereof, subject to prescribed conditions. This license is valid till June 8, 2010.
26. Approval no. STPM(B)/G166/97-98/1693 dated May 20, 1997 from Software Technology Parks of India approving establishment of 100% Export Oriented Unit Sterling Regency, No.58 Sterling Road, Chennai – 34. The same was then renewed by the approval no. STPIC/IMSC/2002-03/381 dated July 9, 2002.
27. Green Card no. DOE/STPI-C/98/000394 dated July 28, 1997 from Software Technology Park – Chennai, which entitles the Chennai unit top priority treatment from all concerned central and state government department and other organisations in all matters relating to the project. This card has been re-validated till July 8, 2007.
28. License no. E-126 dated July 21, 1997 from the Office of Assistant Commissioner of Customs, Chennai, for grant of license for the Chennai unit, as a Private Bonded Warehouse for warehousing capital goods and other equipment intended later for the sake of development of software, in bond without payment of duties of the first importation thereof, subject to prescribed conditions. This license is valid till July 27, 2006. The application dated July 18, 2006 for renewal has been made and is under process.
29. Certificate of recognition bearing no 015527 dated December 23, 2004 as a four star export house issued by the joint director of foreign trade .
30. Certificate of Importer –Exporter Code bearing no 0389034789 dated January 3, 2005 issued by the Office of the JT Director General of Foreign Trade, Ministry of Commerce for eighteen branches.
31. Certificate bearing registration number IT(SW)Registration /11/19 /JDI/06/2004/616 dated April 8, 2004 by the Joint Director of Industries, Pune to the following STPI no (1) STP/P/VIII(A)(366)2000/4199dt 03/07/2003(2) STP/P/VIII(A)(818)2003/4316 dt 10/07/2003 (3) STP/P/VIII(A)(101)95/1022 dt 17/09/2003 for registration as IT software units for Telecom software and services. This certificate is valid till April 8, 2007.
32. Certificate bearing registration number IT/Regn.11/JDI(MMR)/2004/9370 dated October 11, 2004 by the Joint Director of Industries, Mumbai to the STPI no STP/V/VIII(A)(12)/98(08)/7399 dt 2/12/2003 for registration as IT software units for Software Development. This certificate is valid till October 11, 2007.

33. Certificate bearing registration number IT/Regn.11/JDI(MMR)/2004/22/13390 dated December 27 2004 by the Joint Director of Industries, Mumbai to the STPI no STP/MUM/VIII(A)(1142)2004(12)/8036 dated December 20, 2004 for registration as IT software units for Computer Software & IT Enabled Services. This certificate is valid till December 27, 2007.
34. Approval no. 7/2/88.EPZ dated October 18, 1989, received from the Government of India, Ministry of Commerce for setting up of an industrial unit in SEEPZ, Mumbai for manufacture of computer software.

Approvals from RBI

1. Letter no. SEEPZ. 462/10.06.199/2000-01 dated October 16, 2001 from the Exchange Control Department, Reserve Bank of India acknowledging the filling of Form FC-GPR for issue of 5,052,635 equity shares of Rs. 2 each at a premium of Rs 24.688 to British Telecommunications plc. UK under automatic route of RBI under FEMA.
2. Permission granted to the Company by the Exchange Control Department of RBI by letter no. EC.MRO.Seepz. 446/10.06/199/98-99 dated December 5, 1995 to issue of 5,760,000 fully paid equity shares of Rs. 10 each as bonus shares to British Telecommunications plc. UK under section 19(1) (d) of Foreign Exchange Regulation Act.
3. Letter no. FED.MUMBAI.CAD.FID/3810/04.63.152/2005-06 dated October, 2005 from, Reserve Bank of India acknowledging the filling of Form FC-GPR for issue of 29400 equity shares of Rs. 2 under ESOP to Melvyn Burgoyne UK for 10,010 shares on repatriation basis and 19390 shares to other investors on non –repatriation basis.
4. Letter no. FED.MUMBAI.CAD.FID 2735.01/M-152/04-05dated November 18, 2004 from, Reserve Bank of India acknowledging the filling of Form FC-GPR for issue of 22,980equity shares of Rs. 2 under to Mr Robert John Heileur UK and 10,010 equity shares of Rs 2 each at a premium of Rs 40 to Mr. Robert Oakley. Further permission was granted to issue 1,650 shares to Mr Ajit Velanker, Australlia under the ESOP scheme on a non repatriation basis.
5. Letter no. MUMBAI.FID(II)/5640/04.02.01/M-152/03-04 dated November 27, 2003 from the Exchange Control Department, Reserve Bank of India acknowledging the filling of Form FC-GPR for issue of (i) 26,280 equity shares of Rs 2 each at a premium of Rs 40 per share(ii) 9,340 equity shares of Rs 2 each at a premium of Rs 46 per share to Mr Robert John Heileur UK and for the issue of (i) 3,340 equity shares of Rs 2 each at a premium of Rs 40 per share (ii) 3,340 equity shares of Rs 2 each at a premium of Rs 46 per share to Shri Raj Reddy non resident Indian under the ESOP scheme on a repatriation basis.
6. Letter no. MUMBAI.FID(II)/946/04.02.01/M-152/2003-04 dated October 1, 2003 from the Exchange Control Department, Reserve Bank of India acknowledging the filling of Form FC-GPR for issue of (i) 3,340 equity shares of Rs 2 each at a premium of Rs 40 per share(ii) 3,340 equity shares of Rs 2 each at a premium of Rs 46 per share to Mr Sumantara Ghosal, UK on a repatriation basis.
7. Permission granted to the Company by the Exchange Control Department of RBI by letter no. EC.MRO.Seepz. 492/3(162)89-90 dated March 30, 1990 to issue 1600,000 equity shares of Rs. 10 each(being partly paid at Rs 6 each face value of shares being Rs 10) to British Telecommunications plc. UK.
8. Permission granted to the Company by the Exchange Control Department of RBI by letter no. EC.MRO.Seepz. 160/10.6.199/95-96 dated November 9, 1995 to issue to British Telecommunications plc. UK, one bonus share for every five existing shares held by them.
9. Approval no. EC.MRO.SEEPZ-295/10.06.199/2000-2001 dated September 8, 2000 from Reserve Bank of India for issue of fresh share certificates to BT in lieu of certificates already issued on account of sub-division of shares of the Company.

Approvals under Shops and Establishment Act

1. Registration no. Kothrud/II /10570 dated July 6, 2000, by the Shop Inspector under Bombay Shops and Establishments Act, 1948 for registration of the Company as a commercial establishment at Sharada Centre for software development. This certificate is valid till 2008.
2. Registration no. Yerwada/II/11186 dated July19, 2005, by the shop inspector under Bombay Shops and Establishments Act, 1948 for registration of the Company as a commercial establishment at Panchsheel Tech Park, Viman Nagar Pune for software development. This certificate is valid till July 19, 2007.
3. Registration no. Shivaji/.II /18972 dated February 8, 2006 Shop Inspector under Bombay Shops and Establishments Act, 1948 for registration of the Company as a commercial establishment at Manikchand galleria, Model Colony, Shivaji Nagar Pune for software development .This certificate is valid till Feburary 3, 2008.

4. Registration no. L-II/008055dated January 31, 2000, under Bombay Shops and Establishments Act, 1947 for registration of the Company as a commercial establishment at Wing 1, Oberoi Estate Garden, Chandivali, Mumbai for software development. This certificate is valid till December 16, 2006.
5. Registration no. L-IV/001070 dated February 28, 2003, under Bombay Shops and Establishments Act, 1947 for registration of the Company as a commercial establishment at Wing 1, Oberoi Estate Garden, Chandivali, Mumbai for software development canteen. This certificate is valid till May 20, 2007.
6. Certificate of enlistment no 5734 dated November 11, 2005 granted by the Bidhannagar Municipality, Kolkotta in respect of software development being carried out at GP-A2M2N2, ector –V, Lake Kolkotta -700091.
7. Registration no. 35/4086 dated February 27, 2006, under Uttar Pradesh Shops and Establishments Act, for registration of the Company as a commercial establishment at B-26, Sector 57, Gautam Buddh Nagar, for software development. This certificate is valid till March 31, 2010.

Tax related approvals

1. Permanent account number AAACM3484F issued by the Director of income Tax systems.
2. Certificate of registration bearing no 400072/S/4673 dated November 8, 2000 issued by the Sales Tax Department Maharastra for the unit at Oberoi Estate Garden Mumbai under section 22/22A of The Bombay Sales Tax act, 1959.
3. Certificate of registration bearing no 411004/S/3237 dated December 24, 2003 issued by the Sales Tax Department Maharastra for the unit at Sharada Centre, Pune under section 22/22A of The Bombay Sales Tax Act, 1959.
4. Certificate of registration bearing no VGN(30) STC –BAS /193/2005 dated November 3, 2005 issued by the Superintendent of Central excise Pune for payment of Service Tax on the service of Business Auxiliary Service.
5. Certificate of registration bearing no PIII/STC/MGC/770/05 dated October 10, 2005 issued by the Superintendent of Central excise Pune for payment of Service Tax on the service of Management Consultancy.
6. Certificate of registration bearing no 400072/C/4154 for central sales tax dated November 8, 2000 issued by Sales Tax officer, Mumbai the for payment of Central Sales Tax on the manufacture or sale of software products.
7. Certificate of central excise registration bearing no AAACM3484FXM001 dated August 20, 2003 under Rule 9 of the Central Excise Rules, 2002 issued by the Assistant Commissioner of Central Excise for operating an export oriented undertaking at Oberoi Estate, Mumbai.
8. Certificate of central excise registration bearing no AAACM3484FXM002 dated January 5, 2005 issued by the Assistant Commissioner of Central Excise for manufacturing of excisable goods at Oberoi Estate, Mumbai.
9. Permission dated January 14, 2005 vide letter no Oct/3099/HCCI granted by the BrihanMumbai Mahanagarpalika for the exemption of Octroi duty for importation of capital goods and raw materials.
10. Permission dated May 5, 2004 vide letter no O/380 granted to Mahindra British Telecom by Octroi department of Pune Municipal Corporation for exemption of Octroi for importation of capital goods and raw material for software development.

Labour related approvals

1. License no 3742 dated granted from the office of Assistant Commissioner of Labour, Govt of Maharastra under the Contract Labour Act 1970 to M/S RK Caterers to employ labour in Sharada centre not exceeding more than 35.This license is valid till December 31, 2006.
2. License no 3507 dated granted from the office of Assistant Commissioner of Labour, Govt of Maharastra under the Contract Labour Act 1970 to M/S Sai Prasad Industrial Services employ labour in Sharada Centre not exceeding more than 125. This license is valid till December 31, 2006.
3. Certificate of Registration bearing no PN 1297 issued by the Assistant Commissioner of labour, Govt of Maharastra dated January 6, 2006 to MBT, Karve Road, Pune as an principal employer under the Contract Labour (Regulation and Abolition) Act 1970 for seven contractors.
4. Certificate of Registration bearing no CL/CLa/Regn/Pvt/RC44/LW issued by the Assistant Commissioner of labour, Govt of Maharastra dated January 7, 2005to MBT, Karve Road, Pune as an principal employer under the Contract Labour (Regulation

and Abolition) Act 1970 for the following contractors (see table). Certificate of Registration bearing no CL/CLA/Regn/PVT/RC 44/LW dated February 20, 2001 under subsection (2).

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1. No Objection certificate vide letter no ROP /1297/2000 dated September 9, 2000 from Maharastra Pollution Control Board Regional Office Pune for installation of a 500 KVA DG set at S. NO 91, Final Plot No.9C/2/1, CTS No.11/B/1 Sharada Centre, Erandavane Off, Karve Road, Pune.
2. No Objection certificate vide letter no ROP/810/06 dated Januaury 1, 2006 from Maharastra Pollution Control Board Regional Office Pune for installation of two 750 KVA DG set at Sharada Centre.
3. No Objection certificate vide letter no ROP/197/2002 dated Feburary 2, 2002 from Maharastra Pollution Control Board Regional Office Pune for installation of one 750 KVA DG set at Sharada Centre.
4. Certificate of enrolment no RCE 0036196 to Mahindra British Telecom dated January 20, 2006 for enrolment as an employer under The West Bengal State tax on Professions, Traders, Calling and employment Act,1979.
5. License no 148035 dated November13, 2003 granted for the sale and distribution of eatables at Oberoi Estate, Wing no 1, SVR road Chandivili under Maharastra Prevention of Food Adulteration Rules 1962. This license is valid till December 12, 2006.
6. License no ALL/19459/MOH dated September 17, 2003 issued by the Municipal Corporation of Mumbai for running a staff canteen at Oberoi Estate, Mumbai. This license is valid till December 31, 2007.
7. License no L/4171 dated January 25, 2005 granted under section 313 of the Bombay Provisional Municipal Corporation Act 1949 issued by the Pune Municipal Corporation to establish a work place at Sharada Centre, Pune. This permission is valid till March 31, 2006. The area is restricted to 9635.01 square meters.
8. Certificate of Registration bearing no MH/PUN/34224/Circle – I/1664 dated January 21, 2002 allotting Code no MH/PUN/34224 under the employees provident fund organisation issued by the regional provident fund commissioner.
9. No-objection Certificate No. IO/1958/SR dated September 10, 2004 issued by the Asst/ Insecticide Officer of Municipal Corporation of Greater Mumbai.

Intellectual property

Trademarks registered in India

Sr. No.	Trademark	Trademark No.	Date of Registration	Class#
1.	Optemys (label)	1194259	April 24, 2003	9
		1194260	April 24, 2003	16
2.	ShoreCan (word)	1325400	December 13, 2004	35
		1325401	December 13, 2004	16
		1325402	December 13, 2004	42
		1325403	December 13, 2004	38
3.	ShoreCanalyzer (word)	1323835	December 3, 2004	9
		1323846	December 3, 2004	38
		1323847	December 3, 2004	35
		1323849	December 3, 2004	42
4.	ShorePlan (word)	1323836	December 3, 2004	42
		1323837	December 3, 2004	38

Sr. No.	Trademark	Trademark No.	Date of Registration	Class#
		1323838	December 3, 2004	35
		1323840	December 3, 2004	9
5.	ShoreReady (word)	1323841	December 3, 2004	42
		1323842	December 3, 2004	38
		1323843	December 3, 2004	35
		1323844	December 3, 2004	16
6.	MBT (logo – with seven dots)	1151937	November 20, 2002	9

Trademarks may be registered under the various classes in respect of different goods/services, including the ones given below:

Class	Goods/Services
9	Computer, computer software, recorded computer programs for use in creating, viewing, manipulating, printing, storing, transferring, for and retrieving computer aided graphics; multimedia applications and video images; hardware and accessories; computer peripherals and terminals; discs, drivers, printers, modems, hard and floppy discs; interfaces; cables; circuits boards; fax modems; CD ROMs, cards, internetting communication devices; USB hub, scanners; remote control
16	Computer print-outs; printed computer programs; manuals; operating instructions; books and publications of all kinds and descriptions, stationery including continuous stationery for computers; ribbons and inks; computer cards, printed matter, computer requisites; brochures; catalogues, news letters and news bulletins; periodicals; charts; projects and feasibility reports; advertising materials; hoardings
35	Compilation and systemisation of information into computer databases; business appraisals; business planning; professional business consultancy; business information inquiries and investigations; business process outsourcing; business management consultancy; assistance and advisory services, business research, commercial or industrial management assistance; market research and studies; cost-price analysis, economic forecasting, document reproduction and computerised file management
38	Telecommunications, communication by computer terminals, teleconferencing, cellular phone services, providing telecommunications and user access to a global computer network and services, optic fibre networks, radio and television broadcasting; telegram services; electronic facsimile transmission; news agencies; transmission of messages and images; satellite transmission and wire services
41	Event management, presentation of live performances, organisation of educational, cultural, entertainment competitions and shows; arranging and conducting colloquiums, conferences, seminars, symposiums, training workshops; vocational guidance (education or training advice); arranging beauty contests, education, academics, schools, teaching; physical education, health club service; publication of electronic books and journals online; library services
42	Drafting, designing and creation of computer hardware and software, research and development in the field of computer hardware and software, installation, maintenance, analysis, recovery, management, updating and consultancy of computer software, computer programming, conversion and preservation of data digitally; computer renting; creation, hosting and maintenance of websites; scientific and technological services and research and design relating thereto

Trademark applications pending registration

Applications pending before the Trademark Registry, Mumbai

Sr. No.	Trademark	Date of Application	Application No.	Class#
1.	Global Telecommitment (word)	November 2, 2004	1318624	9
		November 2, 2004	1318625	16
		November 2, 2004	1318626	35
		November 2, 2004	1318627	38
		November 2, 2004	1318628	42
2.	iTelecom (word)	November 2, 2004	1318629	9
		November 2, 2004	1318630	16
		November 2, 2004	1318631	35
		November 2, 2004	1318632	38
		November 2, 2004	1318633	42
3.	ShorePlan (word)	December 3, 2004	1323840	16
4.	ShoreReady (word)	December 3, 2004	1323845	9
5.	ShoreCanalyzer (word)	December 3, 2004	1323848	16
6.	ShoreCan (word)	December 13, 2004	1325399	9
7.	mASTER (Label)	December 17, 2004	1326557	9
		December 17, 2004	1326558	35
		December 17, 2004	1326559	38
		December 17, 2004	1326560	42
		December 17, 2004	1326564	16

\# Trademarks may be registered under the various classes in respect of different goods/services. For details, see "Trademarks registered in India" on page 330 of this Red Herring Prospectus.

Patents

Application No. 10646676 dated August 22, 2003 has been filed with the United States Patent and Trademark Office for grant of a patent for the invention tilted "System Method of Universal Programming Language Conversion" in favour of the Company.

Approvals for Tech Mahindra (R&D Services)

The Company can undertake its present activities and activities proposed by it in view of the material approvals it has already received.

1. Allotment of Import Export Code no LA -000970 by the Reserve Bank of India, Bangalore by letter Ref .EC.BG.No HD 964 dated October 31, 1995.
2. Allotment of TAN no BLRA01195F from the Income Tax department.
3. Allotment of Tax Deduction account No A-1195-F(S) BGL on November 30, 1995 by the Assistant Commissioner of Income Tax(Computer) Bangalore.
4. Certificate of enrolment no (PTNAN):05 -078-IN-0015 issued by the corporation of Chennai to Mr Kuldip Singh for enrolment

as a full time director under Tamil Naidu Tax on Professions, Trades, Callings and Employments Act 24 of 1992 dated July 17, 1998.

5. Certificate of enrolment no (PTNAN) 05 -078-PE-0004 issued by the corporation of Chennai to Axes Technologies as enrolment as a software developer under Tamil Nadu Tax on Professions, Trades, Callings and Employments Act 24 of 1992 dated July 17, 1998.

6. Certificate of registration no. (PTNAN) 05-078-PE-0004 issued by the corporation of Chennai to Axes Technologies as an employer under Tamil Nadu Tax on Professions, Trades, Callings and Employments Act 24 of 1992 dated July 17, 1998.

7. Approval granted by Chief Electrical Inspector of the Government of Karnataka under Rule no 47-A of I.E rules vide letter no CEIG/D1/T1/23818-21/00-01 dated December 5, 2000 to run the 3* 380 KVA generator set at Blue Chip software park, No 9/7 Hosur Road Bangalore.

8. Approval granted by Chief Electrical Inspector of the Government of Karnataka under Rule no 47-A of I.E rules vide letter no CEIG/D1/T1/23267/70/01-02 dated December 24, 2001 to run the 5* 380 KVA, 415Vgenerator set at Blue Chip software park, No 9/7 Hosur Road Bangalore.

9. Certificate of Incorporation no 08/18673 of 1995 to Axes Technologies issued by the Registrar of Companies on August 13, 1995.

10. Certificate of registration as a dealer bearing no TNGST 1501356 dated July 31, 1997 under Tamil Nadu Sales Tax Rules issued by the Commercial tax officer Valluvarkottam assessment Circle. This certificate is valid from July 9, 1997 until cancelled.

11. Certificate of registration as a dealer bearing CST no 637896 dated July 7, 1997 under section 7(1) /7(2) of the Central Sales Tax Act 1956 issued by the Commercial tax officer Valluvarkottam assessment Circle. This certificate is valid from July 9, 1997 until cancelled.

12. Issuance of new PAN no AABCA4342H by a letter dated January 29, 1999 by Deputy Commissioner of Income Tax (computers) Bangalore.

13. Allotment of Service Tax Code number AABCA4342HST001 by Deputy Commissioner of Central Excise Tax, Bangalore vide letter dated December 13, 2002 for the service of consulting engineers. The Service tax Code shall be with effect from July 1, 2002.

14. Certificate of central excise registration bearing no AABCA4342HXM001 under Rule 9 of the Central Excise Rules 2002 dated January 14, 2003 issued by the Deputy Commissioner of Central Excise for operating an Export Oriented Undertaking at 9/7 Hosur Road, Dharmaran College, Bangalore, Urban Karnataka 560029.

15. Approval no. No3/127/SIA/NFC/96-NRI dated January 4, 1997 From the Secretariat of Industrial Assistance, Department of Industrial Development, Ministry of Industry, Government of India approving the terms of NRI/OCB investment of Mr Paul Pandian on a repatriable basis of 98% amounting to 48.99 lakhs and a non repatriable basis of 0.20% amounting to 0.01 lakhs.

16. Approval in principle by the Reserve bank of India vide letter no EC.BG No./1766/FID/13.05.768/96/97 dated March 11,1997 for the issue of 4,89,900 equity shares amounting to Rs 48,99,000 to Mr. Paul Pandian in the terms of the approval letter No3/127/SIA/NFC/96/NRI dated January 4, 1997 issued by the Secretariat of Industrial Assistance, Department of Industrial Development, Ministry of Industry, Government of India.

17. Specific approval by the Reserve bank of India vide letter no EC.BG No.14/13.05.768/97-98dated July 3, 1997 for the issue of 4,89,900 equity shares amounting to Rs 48,99,000 to Mr. Paul Pandian in the terms of the approval letter No3/127/SIA/NFC/96/NRI dated January 4, 1997 issued by the Secretariat of Industrial Assistance, Department of Industrial Development, Ministry of Industry, Government of India.

18. Approval under section 19(1) (d) of FERA by the Reserve bank of India vide letter EC BG No 1092/13.05.768/98-99 dated March 27, 1999 for the issue of 19,59,992 bonus shares of Rs 10. amounting to Rs 1,95,99,220.

19. Post facto approval under section 19(1) (d) of FERA by the Reserve bank of India vide letter EC BG No 425HD/13.05.768/99-2000dated October 1, 1999 for the issue of 4,89,998 bonus shares of Rs 10 each amounting to Rs 48,99,980 on repatriation and 98 shares of Rs 10 each on non- repatriation basis to NRI investor Mr. Paul Pandian.

20. Allotment of Service Tax Code number AABCA4342HST002 by Deputy Commissioner of Central Excise Tax, Chennai vide letter dated September 13, 2004 for the service of commercial training and coaching.
21. Amended approval No 3/127/SIA/NFC/96/NRI dated September 13, 2000 amending the terms of NRI/OCB investment to the extent of 91.48% on amounting to Rs 338.94 lakhs on a repatriable basis and 0.02% amounting to Rs 0.06 lakhs on a non repatriable basis.
22. Registration no FC-2001 BG -0038 dated September 26, 2001 by vide letter no EC.BG.NO(FID)250/13.05.768/2000-20001 issued by the Reserve bank of India to issue 4,50,000 shares at a premium of Rs 38 per share amounting to Rs 2,16,00,000 to foreign collaborator Axes Technologies Inc (changed to transglobal technologies)under general permission in the terms of the FEMA notification no 20/2000-RB dated May 3, 2000.
23. Permission by the Reserve Bank of India vide letter no EC.BG.NO(FID) 9475/13.05.768/2001-02 dated June 4, 2002 to the issue of 60,000 shares of Rs 5 each at the premium of Rs. 49 amounting to Rs 32,40,000 to Mr Krish A Prabhu under general permission in the terms of the FEMA notification no 20/2000-RB dated May 3, 2000 and registration number no FC-2001 BG -0038.
24. Permission by the Reserve Bank of India vide letter no EC.BG.NO(FID) 687/13-05.768/2002-03 dated June 4, 2002 to the issue 5,00,000 shares of Rs 5 at a premium of Rs111 amounting to Rs 5,8000,000 to Glow Holdings Corporation .
25. Consent for the operation of the plant granted under section 21 of the Air (Prevention and control of Pollution) Act vide letter no No.98/KSPCB/EO/BNG-C-1/DEO/INR-134377/APC/2004-05/489 dated July 30, 2004 by the Karnataka State Pollution Control Board for the operation of the Industrial plant and to make existing discharges from eight chimneys. This consent is valid for a period from January 1, 2004 to December 31, 2013.
26. Consent for Existing discharge of Sewage and or trade effluents under section 25/26 of The Water (Prevention and Control of Pollution) Act 1974 granted vide letter No 94 /KSPC/RO/BNG-CITY-1/DEO/INR-134377/2004-05/490 dated July 30, 2004 by the Karnataka State Pollution Control Board to continue to make discharge of sewage effluent from the premises into the BWSSB sewer after treatment. This consent is valid for a period from January 1, 2004 to December 31, 2013.
27. Certificate of Registration bearing no. MRS CHENNAI-II/1627/STC dated December 28, 2004 by the Office of the Deputy Commissioner of Service tax, Chennai for payment of service tax on the services of maintenance and repair
28. Certificate of Registration bearing no CTC/CHENNAI-II/335/STC dated September 9, 2004 by Office of the Commissioner of Service tax, Chennai for the payment of service tax on the services of Commercial Training and Coaching centre.
29. Issuance of ISO 9001:2000 dated October 6, 1998 to Axes Technologies for computer programme services by Under Writers laboratories Incorporation.
30. Certificate of Registration bearing no KN/PF/ENF III/BD XIX/87/99 dated April 28, 1999 allotting Code no KN/24043 under the employees provident fund organisation issued by the regional provident fund commissioner.
31. Form No. 18 dated August 5, 2000 for change of registered office from Morzaria Industrial Estate to Hosur Road.
32. MAPIN Card No. 100095497.
33. Registration No. 53-14584-90 dated February 20, 1997 under the Employees' State Insurance Act, 1948.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Board has, pursuant to resolution passed at its meeting held on May 4, 2006, authorised the Issue subject to the approval by the shareholders of the Company under Section 81(1A) of the Companies Act. Pursuant to the authority granted by the Board at its meeting held on May 4, 2006, the IPO Committee of the Board approved the Issue on June 16, 2006.

The shareholders have authorised the Issue by a special resolution in accordance with Section 81(1A) of the Companies Act, passed at the Extra-Ordinary General Meeting of the Company held on June 1, 2006 at Pune.

The board of directors of M&M by way of their resolution dated June 6, 2006 and Board of Directors of BT by way of their resolution dated June 5, 2006, have authorised the Offer for Sale.

Prohibition by SEBI

The Company, the Directors, the Promoters, Directors or the person(s) in control of the Promoters, the Company's subsidiaries and affiliates and companies with which the Directors are associated with as directors have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI.

Eligibility for the Issue

The Company is eligible for the Issue as per Clause 2.2.1 of the SEBI Guidelines as confirmed the Auditors of the Company:

- The Company has net tangible assets of at least Rs.30 million in each of the preceding three full years (of 12 months each), of which not more than 50% is held in monetary assets;
- The Company has had a pre-Issue net worth of not less than Rs.10 million in each of the three preceding full years;
- The Company has had a track record of distributable profits as per Section 205 of Companies Act for at least three out of the immediately preceding five years;
- The proposed Issue size would not exceed five times the pre-Issue net worth as per the audited accounts for the year ended March 31, 2006;
- The Company has changed its name from Mahindra-British Telecom Limited to Tech Mahindra Limited in February 2006. The revenue accounted for by the activity suggested by the new name is not less than 50% of its total revenue in the preceding 1 full-year period.

The distributable profits as per Section 205 of the Companies Act and the net worth for the last five years as per Company's restated consolidated financial statements are as under:

(in Rupees million)

	For the year ended March 31,				
	2002	**2003**	**2004**	**2005**	**2006**
Distributable Profits (1)	1,448.3	1,714.8	941.3	710.9	2,201.2
Net Worth (2)	3,312.4	3,822.1	4,353.4	4,828.3	5,978.7
Net Tangible Assets (3)	2,348.8	2,840.7	3,093.5	3,104.2	1,999.5
Monetary Assets (4)	1,019.4	1,064.3	291.5	1,221.7	515.8
Monetary Assets as a % of Net Tangible Assets	43.4%	37.5%	9.4%	39.4%	25.8%

Note:

(1) Distributable profits have been defined in terms of section 205 of the Companies Act.

(2) Net worth has been defined as the aggregate of equity share capital and reserves, excluding miscellaneous expenditures, if any.

(3) Net tangible assets means the sum of all net assets of the Company excluding intangible assets as defined in Accounting Standard 26 issued by the Institute of Chartered Accountants of India.

(4) Monetary assets comprise cash and bank balances.

Further, the Issue is subject to the fulfilment of the following conditions as required by the SCRR:

- A minimum 2,000,000 Equity Shares (excluding reservations, firm Allotments and promoters contribution) are offered to the public;
- The Net Issue size, which is the Issue Price multiplied by the number of Equity Shares offered to the public, is a minimum of Rs. 1,000 million; and
- The Issue is made through the Book Building method with allocation of 60% of the Net Issue size to QIBs as specified by SEBI.

DISCLAIMER CLAUSE

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, KOTAK MAHINDRA CAPITAL COMPANY LIMITED AND ABN AMRO SECURITIES (INDIA) PRIVATE LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, KOTAK MAHINDRA CAPITAL COMPANY LIMITED, AND ABN AMRO SECURITIES (INDIA) PRIVATE LIMITED HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED JUNE 20, 2006 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

"(I) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS, MORE PARTICULARLY REFERRED TO IN THE ANNEXURE, IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.

(II) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:

A) THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

B) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.

(III) BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.

(IV) WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.

(V) WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF ITS SECURITIES AS PART OF PROMOTERS CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF THE PROMOTERS CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS."

All legal requirements pertaining to the Issue will be complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of section 60B of the Companies Act. All legal requirements pertaining to the issue will be complied with at the time of registration of the Prospectus with the RoC in terms of section 56, section 60 and section 60B of the Companies Act.

The filing of the Draft Red Herring Prospectus does not, however, absolve the Company from any liabilities under section 63 and section 68 of the Companies Act or from the requirement of obtaining such statutory and other clearances as may be required for the purpose of the proposed Issue. SEBI further reserves the right to take up at any point of time, with the Book Running Lead Managers, any irregularities or lapses in the Red Herring Prospectus.

Disclaimer from the Company and the BRLMs

Investors that bid in the Issue will be required to confirm and will be deemed to have represented to the Company, the Selling Shareholders and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company and will not Issue, sell, pledge or transfer the Equity Shares of the Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company. The Company, the Selling Shareholders, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of the Company.

The Company, the Selling Shareholders, the Directors and the BRLMs accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisements or any other material issued by or at instance of the above mentioned entities and anyone placing reliance on any other source of information, including our website, www.techmahindra.com, would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into among the BRLMs, the Company and the Selling Shareholders dated June 20, 2006 and the Underwriting Agreement to be entered into among the Underwriters and the Company.

All information shall be made available by the Company, the Selling Shareholders and BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at bidding centres etc.

Neither the Company, the Selling Shareholders nor the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Disclaimer in Respect of Jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India) and authorised to invest in shares, Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under the applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to permitted Non-Residents including Eligible NRIs, FIIs and eligible foreign investors. This Red Herring Prospectus does not, however, constitute an invitation to subscribe to Equity Shares Issued hereby in any other jurisdiction to any person to whom it is unlawful to make an Issue or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform himself or herself about and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

No action has been or will be taken to permit a public issuing in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus had been filed with SEBI for observations. Accordingly, the Equity Shares, represented thereby may not be Issued or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the Company's affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be Issued or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S of the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be Issued and sold only (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those Issues and sales occur.

Disclaimer clause of the BSE

BSE has given vide its letter dated July 11, 2006, permission to us to use BSE's name in the Red Herring Prospectus as one of the stock exchanges on which our securities are proposed to be listed. BSE has scrutinised the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to us. BSE does not in any manner:

- Warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; or
- Warrant that this Company's securities will be listed or will continue to be listed on BSE; or
- Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed to mean that the Draft Red Herring Prospectus has been cleared or approved by BSE. Every Person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such Person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer clause of the NSE

As required, a copy of the Draft Red Herring Prospectus has been submitted to NSE. NSE has given in its letter no. NSE/LIST/ 25128-Q dated July 6, 2006, permission to us to use NSE's name in the Red Herring Prospectus as one of the stock exchanges on which our further securities are proposed to be listed, The NSE has scrutinised the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to us. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed to mean that the Draft Red Herring Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; nor does it warrant that our securities will be listed or will continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project of this Company.

Every Person who desires to apply for or otherwise acquires any of our securities may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against NSE whatsoever by reason of any loss which may be suffered by such Person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Filing

A copy of this Red Herring Prospectus has been filed with SEBI at Corporation Finance Department, Ground Floor, Mittal Court, "A" Wing, Nariman Point, Mumbai 400 021.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, will be delivered for registration to the RoC and a copy of the Prospectus required to be filed under Section 60 of the Companies Act will be delivered for registration with RoC situated at Mumbai.

Listing

Applications have been made to the BSE and the NSE for permission for listing of the Equity Shares being issued through this Red Herring Prospectus.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by any of the Stock Exchanges, the Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Red Herring Prospectus. If such money is not repaid within eight days after the Company becomes liable to repay it (i.e. from the date of refusal or within 15 days from the date of Bid/Issue Closing Date, whichever is earlier), then the Company shall, on and from expiry of 8 days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

The Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at both the Stock Exchanges mentioned above are taken within seven working days of finalisation of the basis of allotment for the Issue.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

“Any person who:

(a) Makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or

(b) Otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name

shall be punishable with imprisonment for a term which may extend to five years.”

Consents

Consents in writing of: (a) the Directors, the Assistant Company Secretary and Compliance Officer, the auditors, the legal advisors, the Bankers to the Issue; and (b) the Book Running Lead Managers, the Syndicate Members, the Escrow Collection Banks and the Registrar to the Issue to act in their respective capacities, have been obtained and would be filed along with a copy of the Red Herring Prospectus with the RoC as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

In accordance with the Companies Act, 1956 and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000, Deloitte Haskins & Sells, Chartered Accountants, the Company’s Auditors have given their written consent to the inclusion of their report in the form and context in which it appears in the Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

As the offered Equity shares have not been and will not be registered under the US Securities Act of 1933, Deloitte Haskins & Sells has not issued and the Company has not filed a consent under the US Securities Act of 1933.

Expert Opinion

We have not obtained any expert opinions.

Issue Related Expenses

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated expenses of the Issue are as follows:

Activity	Expense (in Rs. million)	Expense (% of total expenses)	Expense (% of Issue Size)
Lead management fee and underwriting commissions*	[●]	[●]	[●]
Advertising and marketing expenses*	[●]	[●]	[●]
Printing and stationery*	[●]	[●]	[●]
Registrar's fee*	[●]	[●]	[●]
Legal Fees*	[●]	[●]	[●]
Total estimated Issue expenses*	[●]	[●]	[●]

* *Will be completed after finalisation of the Issue Price.*

Other than listing fee, which will be paid by us, all expenses with respect to the Issue will be shared between us and Selling Shareholders collectively on a pro rata basis, and inter-se among the Selling Shareholders on a pre-agreed basis.

Fees Payable to the Book Running Lead Managers and Syndicate Members

The total fees payable to the Book Running Lead Managers and the Syndicate Member (including underwriting commission and selling commission) will be as stated in the Engagement Letter with the BRLMs, a copy of which is available for inspection at the administrative office of the Company located at Sharada Centre, Off Karve Road, Erandavane, Pune 411 004, India.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Memorandum of Understanding signed with the Company and the Selling Shareholders, a copy of which is available for inspection at the registered office of the Company.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable it to send refund orders or allotment advice by registered post/speed post/under certificate of posting.

Particulars regarding Public or Rights Issues during the Last Five Years

We have not made any public or rights issues during the last five years.

Issues otherwise than for Cash

Except as stated in the section entitled "Capital Structure" on page 16 of this Red Herring Prospectus and "History and Corporate Matters" on page 67 of this Red Herring Prospectus, the Company has not issued any Equity Shares for consideration otherwise than for cash.

Commission and Brokerage paid on Previous Issues of the Equity Shares

Since this is the initial public issue of the Company's Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since the Company's inception.

Companies under the Same Management

There is no other company under the same management within the meaning of erstwhile Section 370 (1B) of the Companies Act, other than the subsidiaries, joint ventures, associates, Promoters and Promoter group companies, details of which companies are provided in the sections entitled "History and Certain Corporate Matters" and "Our Promoter" and "Our Promoter Group" beginning on pages 67, 93 and 101 of this Red Herring Prospectus.

Promise vs. Performance – Last Issue of Group/Associate Companies

There has been no public issue by any of the Group/Associate Companies in the past except as mentioned in the section titled "Our Promoter" and "Our Promoter Group" beginning on pages 93 and 101 in this Red Herring Prospectus.

Outstanding Debentures or Bonds

The Company does not have any outstanding debentures or bonds.

Outstanding Preference Shares

The Company does not have any outstanding preference shares.

Stock Market Data of our Equity Shares

This being an initial public issue of the Company, the Equity Shares are not listed on any stock exchange.

Purchase of Property

Except as stated in the "Objects of Issue" in this Red Herring Prospectus, and save in respect of the property purchased or acquired or to be purchased or acquired in connection with the business or activities contemplated by the objects of the Issue, there is no property which has been purchased or acquired or is proposed to be purchased or acquired which is to be paid for wholly or partly from the proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of this Red Herring Prospectus, other than property, in respect of which:

- The contract for the purchase or acquisition was entered into in the ordinary course of business, nor was the contract entered into in contemplation of the Issue, nor is the issue contemplated in consequence of the contract; or
- The amount of the purchase money is not material.

Except as stated in this Red Herring Prospectus, the Company has not purchased any property in which any of its Promoter and/or Directors, have any direct or indirect interest in any payment made thereunder.

Mechanism for Redressal of Investor Grievances

The Memorandum of Understanding between the Registrar to the Issue, the Company and the Selling Shareholders will provide for retention of records with the Registrar to the Issue for a period of at least one year from the last date of dispatch of letters of allotment, demat credit, refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of shares applied for, amount paid on application, Depository Participant, and the bank branch or collection centre where the application was submitted.

Disposal of Investor Grievances by the Company

The Company estimates that the average time required by the Company or the Registrar to the Issue for the redressal of routine investor grievances shall be ten working days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, the Company will seek to redress these complaints as expeditiously as possible.

The Company has appointed Mr. Vikrant Gandhe, Assistant Company Secretary as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue-related problems. He can be contacted at the following address:

Tech Mahindra Limited
Sharada Centre
Off Karve Road
Erandavane, Pune 411 004, India
Tel: +91 20 5601 8100
Fax: +91 20 5601 8313
E-mail: tmlipo@techmahindra.com

Changes in Auditors

There have been no changes of the auditors in the last three years.

Capitalisation of Reserves or Profits

Except as disclosed in this Red Herring Prospectus, have have not capitalised our reserves or profits at any time during the last five years.

Revaluation of Assets

The Company has not revalued its assets in the last five years.

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, our Memorandum and Articles, the terms of this Red Herring Prospectus, the Red Herring Prospectus and the Prospectus, Bid cum Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the allotment advices and other documents/ certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, guidelines, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI, the Government of India, Stock Exchanges, ROC, RBI and/ or other authorities, as in force on the date of the Issue and to the extent applicable.

Authority for the Issue

The Board has, pursuant to resolution passed at its meeting held on May 4, 2006, authorised the Issue subject to the approval by the shareholders of the Company under Section 81(1A) of the Companies Act. Pursuant to the authority granted by the Board at its meeting held on May 4, 2006, the IPO Committee of the Board approved the Issue on June 16, 2006.

The shareholders have authorised the Issue by a special resolution in accordance with Section 81(1A) of the Companies Act, passed at the Extra-Ordinary General Meeting of the Company held on June 1, 2006 at Pune.

The board of directors of M&M by way of their resolution dated June 6, 2006 and Board of Directors of BT by way of their resolution dated June 5, 2006, have authorised the Offer for Sale.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of our Memorandum and Articles and shall rank pari-passu with the existing Equity Shares of our Company including rights in respect of dividend. The Allottees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by the Company after the date of Allotment.

Mode of Payment of Dividend

We shall pay dividends to our shareholders as per the provisions of the Companies Act.

Face Value and Issue Price

The face value of the Equity Shares is Rs. 10 each and the Issue Price is Rs. [•] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares.

Compliance with SEBI Guidelines

We shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

1. Right to receive dividend, if declared;
2. Right to attend general meetings and exercise voting powers, unless prohibited by law;
3. Right to vote on a poll either in person or by proxy;
4. Right to receive offers for rights shares and be allotted bonus shares, if announced;
5. Right to receive surplus on liquidation;
6. Right of free transferability; and
7. Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreement executed with the Stock Exchanges, and our Company's Memorandum and Articles.

For a detailed description of the main provisions of our Articles relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, please refer to the section titled "Main Provisions of Our Articles of Association" on page 374 of the Red Herring Prospectus.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be Allotted only in dematerialised form. As per the SEBI Guidelines, the trading of our Equity Shares shall only be in dematerialised form. Since trading of our Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Issue will be only in electronic form in multiples of 1 Equity Share subject to a minimum Allotment of 16 Equity Shares.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Pune, Maharashtra, India.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agents of our Company.

In accordance with Section 109B of the Companies Act, any Person who becomes a nominee by virtue of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- To register himself or herself as the holder of the Equity Shares; or
- To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialised form, there is no need to make a separate nomination with us. Nominations registered with respective depository participant of the applicant would prevail. If the investors require to change their nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Fresh Issue, including devolvement of underwriters within 60 days from the Bid/Issue Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under Section 73 of the Companies Act.

Further in terms of Clause 2.2.2A of the SEBI Guidelines, we shall ensure that the number of prospective allottees to whom Equity Shares will be Allotted will not be less than 1,000.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act in reliance on Rule 144A under the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

ISSUE STRUCTURE

The present Issue of 12,746,000 Equity Shares Rs. 10 each, at a price of Rs. [●] for cash aggregating Rs. [●] million is being made through the 100% Book Building Process. The Issue comprises a Fresh Issue of 3,186,480 Equity Shares and an Offer for Sale of 9,559,520 Equity Shares by M&M and BT, aggregating Rs. [●] million.

	QIBs	Non-Institutional Bidders	Retail Individual Bidders	Employee Reservation Portion
Number of Equity Shares*	At least 6,952,326 Equity Shares	Up to 1,158,721 Equity Shares or Net Issue Size less allocation to QIB Bidders and Retail Individual Bidders.	Up to 3,476,163 Equity Shares or Net Issue Size less allocation to QIB Bidders and Non-Institutional Bidders.	Up to 1,158,790 Equity Shares
Percentage of Issue Size available for Allotment/allocation	At least 60% of Net Issue Size being allocated. However, up to 5% of the QIB Portion shall be available for allocation proportionately to Mutual Funds only.	Up to 10% of Net Issue or the Net Issue less allocation to QIB Bidders and Retail Individual Bidders.	Up to 30% of Net Issue or the Net Issue less allocation to QIB Bidders and Non-Institutional Bidders.	Up to 9.09% of the Issue Size.
Basis of Allotment/ Allocation if respective category is oversubscribed	Proportionate as follows: (a) 347,617 Equity Shares shall be allocated on a proportionate basis to Mutual Funds; and (b) 6,604,709 Equity Shares shall be Allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000.	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000.	16 Equity Shares.	16 Equity Shares.
Maximum Bid	Such number of Equity Shares not exceeding the Net Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the Net Issue subject to applicable limits.	Such number of Equity Shares whereby the Bid Amount does not exceed Rs. 100,000.	Such number of Equity Shares not exceeding the Net Issue.
Mode of Allotment	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.

	QIBs	Non-Institutional Bidders	Retail Individual Bidders	Employee Reservation Portion
Bid/Allotment Lot	16 Equity Shares in multiples of 16 Equity Shares	16 Equity Shares in multiples of 16 Equity Shares	16 Equity Shares in multiples of 16 Equity Shares	16 Equity Shares in multiples of 16 Equity Shares
Trading Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Who can Apply **	Public financial institutions as specified in Section 4A of the Companies Act, FIIs registered with SEBI, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million in accordance with applicable law.	NRIs, Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, scientific institutions societies and trusts.	Individuals (including HUFs, NRIs) applying for Equity Shares such that the Bid Amount does not exceed Rs. 100,000 in value.	Permanent employees and directors of the Company and its subsidiaries,incorporated in India who are Indian nationals based in India and are present in India on the date of submission of the Bid cum Application Form.
Terms of Payment	QIB Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Member.	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Member.	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Member.	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Member.
Margin Amount	At least 10% of Bid Amount	Full Bid Amount on bidding	Full Bid Amount on bidding	Full Bid Amount on bidding

* Subject to valid Bids being received at or above the Issue Price. In terms of Rule 19 (2)(b) of the SCRR, this is an Issue for less than 25% of the post–Issue capital, therefore, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue shall be Allotted to Qualified Institutional Buyers on a proportionate basis out of

which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allottment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. If at least 60% of the Net Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, up to 10% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 30% of the Net Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. Under-subscription, if any, in any category, except the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, the Selling Shareholders in consultation with the BRLMs and the Designated Stock Exchange.

** In case the Bid cum Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.

Bidding/Issue Programme

BID/ISSUE OPENS ON	**:**	**AUGUST 1, 2006**
BID/ISSUE CLOSES ON	**:**	**AUGUST 4, 2006**

Bids and any revision in Bids shall be accepted **only between 10 a.m. and 3 p.m**. (Indian Standard Time) during the Bidding/ Issue Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid/ Issue Closing Date, the Bids shall be accepted **only between 10 a.m. and 3 p.m.** (Indian Standard Time) and uploaded until such time as permitted by the BSE and the NSE on the Bid/ Issue Closing Date.

In case of revision in the Price Band, the Bidding/ Issue Period will be extended for three additional days after revision of Price Band subject to the Bidding/ Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding/ Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the web site of the BRLMs and at the terminals of the Syndicate.

ISSUE PROCEDURE

Book Building Procedure

In terms of Rule 19 (2)(b) of the SCRR, this is an Issue for less than 25% of the post–Issue capital of the Company, therefore, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue shall be Allotted to Qualified Institutional Buyers on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for Allottment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. If at least 60% of the Net Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, up to 10% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 30% of the Net Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the Syndicate. Further, QIB Bids can be submitted only through Syndicate Members. In case of QIB Bidders, the Company and the Selling Shareholders in consultation with the BRLMs may reject Bids at the time of acceptance of Bid cum Application Form provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, the Company and the Selling Shareholders would have a right to reject the Bids only on technical grounds.

Bid cum Application Form

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised the Company and the Selling Shareholders to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories, is as follows:

Category	Colour of Bid cum Application Form
Indian public, NRIs applying on a non repatriation basis	White
Non-Residents, Eligible NRIs, FVCIs, FIIs etc applying on a repatriation basis	Blue
Eligible Employees	Pink

Who can Bid?

- Indian nationals resident in India who are majors, or in the names of their minor children as natural/legal guardians in single or joint names (not more than three);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: “Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*”. Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in the equity shares;
- Mutual Funds registered with SEBI;
- Indian Financial Institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI Guidelines and regulations, as applicable.;
- Venture Capital Funds registered with SEBI;

- Foreign Venture Capital Investors registered with SEBI;
- State Industrial Development Corporations;
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/societies and who are authorised under their constitution to hold and invest in equity shares;
- Eligible NRIs on a repatriation basis or a non-repatriation basis subject to applicable laws;
- FII registered with SEBI.
- Scientific and/or Industrial Research Organisations authorised to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority, India;
- As permitted by the applicable laws, Provident Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
- Pension Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares; and
- Multilateral and Bilateral Development Financial Institutions.

Note: The BRLMs shall not be allowed to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLMs and Syndicate Members may subscribe for Equity Shares in the Issue, including in the QIB Portion and Non-Institutional Portion where the allocation is on a proportionate basis.

The information below is given for the benefit of the Bidders. The Company, the Selling Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

Bids by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than 347,617 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Bids by NRIs

1. Bid cum application forms have been made available for NRIs at our registered /corporate office, members of the Syndicate of the Registrar to the Issue.
2. NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians.

Bids by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue issued capital Equity Shares. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual. Under the current foreign investment policy applicable to us foreign equity participation up to 100% is permissible under the automatic route. As of now, the aggregate FII holding in us cannot exceed 24% of our total issued capital. With the approval of the Board and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as on this date, no such resolution has been recommended to the shareholders of the Company for adoption.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, an FII or its sub account may issue, deal or hold, off shore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of “know your client” requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

Bids by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors

As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, whilst the holding by any individual venture capital fund registered with SEBI in one company should not exceed 25% of the corpus of the venture capital fund, a Foreign Venture Capital Investor can invest its entire funds committed for investments into India in one company. Further, Venture Capital Funds and Foreign Venture Capital Investors can invest only upto 33.33% of the investible funds by way of subscription to an initial public offer.

Maximum and Minimum Bid Size

(a) **For Retail Individual Bidders:** The Bid must be for a minimum of 16 Equity Shares and in multiples of 16 Equity Share thereafter, so as to ensure that the Bid Price payable by the Bidder does not exceed Rs. 100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Price does not exceed Rs. 100,000. In case the Bid Price is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allocation under the Non-Institutional Bidders portion. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

(b) **For Other Bidders (Non-Institutional Bidders and QIBs):** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of 16 Equity Shares thereafter. A Bid cannot be submitted for more than the Issue Size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **Under existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay QIB Margin upon submission of Bid.**

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 1,00,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 1,00,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at ‘Cut-off’.

(c) **For Employee Reservation Portion**: The Bid must be for a minimum of 16 Equity Shares and in multiples of 16 Equity Shares thereafter. The maximum Bid in this category by an Eligible Employee cannot exceed the size of the Issue.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Red Herring Prospectus.

Information for the Bidders:

(a) The Company and the Selling Shareholders will file the Red Herring Prospectus with the RoC at least 3 (three) days before the Bid/Issue Opening Date.

(b) The Company, the Selling Shareholders and the BRLMs shall declare the Bid/ Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with RoC and also publish the same in three widely circulated newspapers (one each in English, Hindi and Marathi). This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the format prescribed in Schedule XX–A of the SEBI DIP Guidelines, as amended vide SEBI Circular No. SEBI/CFD/DIL/DIP/14/2005/25/1 dated January 25, 2005.

(c) The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.

(d) Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/ or the Bid cum Application Form can obtain the same from our registered office or from any of the members of the Syndicate and should approach any of the BRLMs or Syndicate Member or their authorised agent(s) to register their bids.

(e) The Members of the Syndicate shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.

(f) The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the members of the Syndicate. Bid cum Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.

(g) The Bidding/ Issue Period shall be for a minimum of three working days and not exceeding seven working days. In case the Price Band is revised, the revised Price Band and the Bidding/ Issue Period will be published in three national newspapers (one each in English and Hindi) and one Marathi newspaper and the Bidding/ Issue Period may be extended, if required, by an additional three days, subject to the total Bidding/ Issue Period not exceeding 10 working days.

(h) The Price Band has been fixed at Rs. 315 to Rs. 365 per Equity Share of Rs. 10 each, Rs. 315 being the lower end of the Price Band and Rs. 365 being the higher end of the Price Band. The Bidders can bid at any price with in the Price Band, in multiples of Rs. 1 (One).

(i) The Company and the Selling Shareholders in consultation with the BRLMs, reserve the right to revise the Price Band, during the Bidding Period, in accordance with SEBI Guidelines. The higher end of the Price Band should not be more than 20% of the lower end of the Price Band. Subject to compliance with the immediately preceding sentence, the lower end of the Price Band can move up or down to the extent of 20% of the lower end of the Price Band disclosed in the Red Herring Prospectus.

(j) In case of revision in the Price Band, the Bidding/ Issue Period will be extended for three additional days after revision of Price Band subject to a maximum of 10 working days. Any revision in the Price Band and the revised Bidding/ Issue Period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a public notice in three widely circulated newspapers (one each in English and Hindi) and one Marathi newspaper, and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate Members.

(k) The Company and the Selling Shareholders, in consultation with the BRLMs, can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.

Method and Process of Bidding

(a) Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph titled "Bids at Different Price Levels" on page 353 within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation/ Allotment and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.

(b) The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph titled "Bids at Different Price Levels and Revision of Bids" on page 353.

(c) The Members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, ("TRS"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.

(d) During the Bidding/Issue Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients / investors who place orders through them and shall have the right to vet the Bids, subject to the terms of the Syndicate Agreement and the Red Herring Prospectus.

(e) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph titled "Terms of Payment and Payment into the Escrow Accounts" on page 359.

Bids at Different Price Levels and Revision of Bids

(a) The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders and Eligible Employees applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may bid at Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB, Non-Institutional Bidders and Eligible Employees bidding in excess of Rs. 100,000 and such Bids shall be rejected.

(b) Retail Individual Bidders and Eligible Employees who bid at the Cut-Off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders and Eligible Employees bidding at Cut-Off Price shall deposit the Bid Price based on the higher end of the Price Band in the Escrow Account. In the event the Bid Price is higher than the subscription amount payable by the Retail Individual Bidders and Eligible Employees, who Bid at Cut off Price (i.e., the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders and Eligible Employees, who Bid at Cut off Price, shall receive the refund of the excess amounts from the Escrow Account.

(c) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders and Eligible Employees who had bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the higher end of the Revised Price Band (such that the total amount i.e., original Bid Price plus additional payment does not exceed Rs. 1,00,000, if such Bidder wants to continue to bid at Cut-off Price), with the Syndicate Member to whom the original Bid was submitted. In case the total amount (i.e., original Bid Price plus additional payment) exceeds Rs. 1,00,000 for Retail Individual Bidders the Bid will be considered for allocation under the Non-Institutional Portion in terms of this Red Herring Prospectus. If, however, such Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the higher end of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downwards for the purpose of Allotment, such that the no additional payment would be required from such Bidder and such Bidder is deemed to have approved such revised Bid at Cut-off Price.

(d) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders and Eligible Employees who have bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.

(e) In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain 16 Equity Shares irrespective of whether the Bid Price payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.

(f) During the Bidding/ Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.

(g) Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum

Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate will not accept incomplete or inaccurate Revision Forms.

(h) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid.

(i) Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.

(j) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Red Herring Prospectus. In case of QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.

(k) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**

Bids and revisions of Bids must be:

(a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (White colour for Resident Indians, Blue colour for NRIs and FIIs and applying on repatriation basis, Pink colour for Bidders under Employee Reservation portion).

(b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.

(c) For Retail Individual Bidders, the Bid must be for a minimum of 16 Equity Shares and in multiples of 16 thereafter subject to a maximum Bid Amount of Rs. 100,000.

(d) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Price exceeds or equal to Rs. 100,000 and in multiples of 16 Equity Shares thereafter. Bids cannot be made for more than the Issue Size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.

(e) NRIs for a Bid Price of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Price of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purposes of allocation; by other eligible Non Resident Bidders for a minimum of such number of Equity Shares and in multiples of 16 thereafter that the Bid Price exceeds Rs. 100,000.

(f) Bids by Non Residents, NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI on a repatriation basis shall be in the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

(g) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).

(h) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bids by Eligible Employees

The Bid must be for a minimum of 16 Equity Shares and in multiples of 16 Equity Shares thereafter. Bidders under the Employee Reservation Portion can apply for a maximum of the size of the Issue. The allotment in the Employee Reservation Portion will be on a proportionate basis. However, in case of an oversubscription in the Employee Reservation Portion, all employees bidding for up to 100 Equity Shares will receive full allotment subject a minimum allotment of 16 Equity Shares and those bidding for more than 100 Equity Shares will receive allotment on a proportionate basis subject to a minimum allotment of 100 Equity Shares. Bidders under the Employee Reservation Portion applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may bid-at Cut off Price.

For the purpose of the Employee Reservation Portion, Eligible Employee means permanent employees of the Company and its subsidiaries incorporated in India who are Indian Nationals, are based in India and are physically present in India on the date of submission of the Bid- cum-Application Form.

Bids under Employee Reservation Portion by Eligible Employees shall be

a) Made only in the prescribed Bid cum Application Form or Revision Form (i.e. Pink colour Form).

b) The Bid must be for a minimum of 16 Equity Shares and in multiples of 16 Equity Shares thereafter. The maximum Bid in this category by an Eligible Employee cannot exceed the size of the Issue.

c) Eligible Employees, as defined above, should mention their Employee Number at the relevant place in the Bid cum Application Form

d) The sole/ first bidder should be Eligible Employees as defined above.

e) Only Eligible Employees would be eligible to apply in this Issue under the Employee Reservation Portion.

f) Bids by Eligible Employees will have to bid like any other Bidder. Only those bids, which are received at or above the Issue Price, would be considered for allocation under this category.

g) Eligible Employees who apply or bid for securities of or for a value of not more than Rs. 100,000 in any of the bidding options can apply at Cut-Off. This facility is not available to other Eligible Employees whose minimum Bid Amount exceeds Rs. 100,000.

h) Bid/ Application by Eligible Employees can be made also in the "Net Issue to the Public" and such bids shall not be treated as multiple bids.

i) If the aggregate demand in this category is less than or equal to 1,158,790 Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.

j) Under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Issue to the Public, and the ratio amongst the investor categories will be at the discretion of the Company, the Selling Shareholder and the BRLMs. In case of under-subscription in the Net Issue, spill over to the extent of under-subscription shall be permitted from the Employee Reservation Portion.

k) If the aggregate demand in this category is greater than 1,158,790 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, refer to para "Basis of Allotment" on page 364 of this Red Herring Prospectus.

l) This is not an issue for sale within the United States of any equity shares or any other security of the Company. Securities of the Company, including any offering of its equity shares, may not be offered or sold in the United States in the absence of registration under U.S. securities laws or unless exempt from registration under such laws.

Electronic Registration of Bids

(a) The Members of the Syndicate will register the Bids using the on-line facilities of BSE and NSE. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.

(b) The BSE and NSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Members of the Syndicate and their authorised agents during the Bidding Period. Syndicate Members can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a half hourly basis. On the Bid Closing Date, the Members of the Syndicate shall upload the Bids till such time as may be permitted by the Stock Exchanges. This information will be available with the BRLMs on a regular basis.

(c) The aggregate demand and price for Bids registered on the electronic facilities of BSE and NSE will be uploaded on a half hourly basis, consolidated and displayed on-line at all bidding centres and the website of BSE and NSE. A graphical representation of consolidated demand and price would be made available at the bidding centres during the Bidding Period.

(d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:

- Name of the investor.
- Investor Category – Individual, Corporate, NRI, FII, or Mutual Fund etc.
- Numbers of Equity Shares bid for.
- Bid price.
- Bid cum Application Form number.
- Whether Margin Amount has been paid upon submission of Bid cum Application Form.
- Depository Participant Identification Number and Client Identification Number of the beneficiary account of the Bidder.

(e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated/Allotment either by the members of the Syndicate or our Company.

(f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(g) In case of QIB Bidders, members of the syndicate also have the right to accept the bid or reject it. However, such rejection should be made at the time of receiving the bid and only after assigning a reason for such rejection in writing. In case on Non-Institutional Bidders and Retail Individual Bidders who Bid, Bids would not be rejected except on the technical grounds listed on page 361.

(h) The permission given by BSE and NSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Selling Shareholders and/or the BRLMs are cleared or approved by BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Company, our Promoter, our management or any scheme or project of our Company.

(i) It is also to be distinctly understood that the approval given by BSE and NSE should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and NSE.

(j) Only bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/ Allotment. In case of discrepancy of data between the BSE or the NSE and the members of the Syndicate, the decision of the BRLMs based on the physical records of Bid Application Forms shall be final and binding on all concerned.

GENERAL INSTRUCTIONS

Do's:

(a) Check if you are eligible to apply;

(b) Read all the instructions carefully and complete the applicable Bid cum Application Form;

(c) Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialised form only;

(d) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;

(e) Ensure that you have been given a TRS for all your Bid options;

(f) Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;

(g) Where Bid(s) is/ are for Rs. 50,000/- or more, each of the Bidders, should mention their Permanent Account Number (PAN) allotted under the IT Act. The copies of the PAN Card or PAN allotment letter should be submitted with the Bid cum

Application form. If you have mentioned "Applied for" or "Not Applicable", in the Bid cum Application Form in the section dealing with PAN number, ensure that you submit Form 60 or 61, as the case may be, together with permissible documents as address proof;

(h) Ensure that the Demographic Details (as defined hereinbelow) are updated, true and correct in all respects;

(i) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.

Don'ts:

(a) Do not bid for lower than the minimum Bid size;

(b) Do not bid/ revise Bid price to less than the lower end of the Price Band or higher than the higher end of the Price Band;

(c) Do not bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;

(d) Do not pay the Bid Price in cash, by money order or by postal order or by stockinvest;

(e) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;

(f) Do not bid at Cut Off Price (for QIB Bidders and Non-Institutional Bidders) ;

(g) Do not fill up the Bid cum Application Form such that the Equity Shares bid for exceeds the Issue Size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;

(h) **Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.**

Instructions for Completing the Bid cum Application Form

Bidders can obtain Bid cum Application Forms and / or Revision Forms from the members of the Syndicate.

Bidder's Depository Account and Bank Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Bidders bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These Bank Account details would be used for giving refunds to the Bidders. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in despatch/ credit of refunds to Bidders at the Bidders sole risk and neither the BRLMs or the Registrar or the Escrow Collection Banks nor the Company nor the Selling Shareholders shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/Allocation Advice and printing of Bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

In case of Bidders receiving refunds through electronic transfer of funds, delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Company, the Selling Shareholders, the Registrar, Escrow Collection Bank(s) nor the BRLMs shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories, which matches three parametres, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

The Company and the Selling Shareholders in their absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/ CANs/allocation advice/ refunds through electronic transfer of funds, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. The Company or the Selling Shareholders will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

An approval of the RBI is required for the transfer of Equity Shares to Eligible NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions and other Eligible NRIs pursuant to the Offer for Sale. As per the RBI regulations, OCBs are not permitted to participate in the Issue.

There is no reservation for Non Residents, NRIs, FIIs and foreign venture capital funds and all Non Residents, NRI, FII and foreign venture capital funds applicants will be treated on the same basis with other categories for the purpose of allocation.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum of Association and Articles of Association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, the Company and the Selling Shareholders reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, the Company and the Selling Shareholders reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, the Company and and the Selling Shareholders reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made by provident funds with minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid cum Application Form. Failing this, the Company and the Selling Shareholders reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

The Company and the Selling Shareholders in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application form, subject to such terms and conditions that the Company, the Selling Shareholders and the BRLMs may deem fit.

PAYMENT INSTRUCTIONS

Escrow Mechanism

The Company, the Selling Shareholders and the members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Bank(s) for the collection of the Bid Amount payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation in the Issue.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Bank (s) for and on behalf of the Bidders shall maintain the monies in the Escrow Account. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account shall be held for the benefit of the Bidders who are entitled to refunds. Payments of refund to the Bidders shall also be made from the Refund Account are per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Company, the Selling Shareholders, the members of the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Accounts

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation/Allotment as per the following terms.

1. Each category of Bidders i.e., QIB Bidders, Non-Institutional Bidders, Retail Individual Bidders and Eligible Employees, shall provide the applicable Margin Amount, with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details refer to the paragraph titled “Payment into Escrow Account” on page 359 below) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid cum Application Forms accompanied by cash shall not be accepted. The Margin Amount payable by each category of Bidders is mentioned under the section titled “Issue Structure” on page 346. The maximum Bid price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.
2. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Price, any difference between the amount payable by the Bidder for Equity Shares allocated/allotted at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of 2 (two) days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled.
3. The payment instruments for payment into the Escrow Account should be drawn in favour of:
   - In case of Resident QIB Bidders: “Escrow Account – TML Public Issue – QIB Resident”
   - In case of non-resident QIB Bidders: “Escrow Account – TML Public Issue – QIB NR ”
   - In case of Resident Bidders: “Escrow Account – TML Public Issue – Resident ”
   - In case of Non Resident Bidders: ““Escrow Account – TML Public Issue – NR”
   - In case of Eligible Employees: ““Escrow Account – TML Public Issue – Employees ”
4. In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained

with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.

5. In case of Bids by FIIs, the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to Special Rupee Account.
6. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated\ will be refunded to the Bidder from the Refund Account.
7. On the Designated Date and no later than 15 days from the Bid/ Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation/Allotment to the Bidders.
8. Payments should be made by cheque, or demand draft drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ Stockinvest/ Money Orders/ Postal orders will not be accepted.

Payment by Stockinvest

In terms of the Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through stockinvest would not be accepted in this Issue.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same. Bid/ Application by Eligible Employees can be made also in the "Net Issue to the Public" and such bids shall not be treated as multiple bids.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All applications with the same name and age will be accumulated and taken to a separate process file which would serve as a multiple master.
2. In this master, a check will be carried out for the same PAN. In cases where the PAN is different, the same will be deleted from this master.
3. The Registrar will obtain, from the depositories, details of the applicant's address based on the DP ID and Beneficiary Account Number provided in the Bid-cum-Application Form and create an address master.
4. The addresses of all the applications in the multiple master will be strung from the address master. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for

common names. The applications with same name and same address will be treated as multiple applications.

5. The applications will be scrutinised for DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.
6. Subsequent to the aforesaid procedures, a print out of the multiple master will be taken and the applications physically verified to tally signatures as also father's/ husband's names. On completion of this, the applications will be identified as multiple applications.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

The Company and the Selling Shareholders reserves the right to reject, in our absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number or PAN

Where Bid(s) is/are for Rs. 50,000 or more, the Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act. **The copy of the PAN card or PAN allotment letter is required to be submitted with the Bid-cum-Application Form.** Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground**. In case the Sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/ or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should Mention "Applied for" in the Bid cum Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the Sole/First Bidder and each of the Joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61, as the case may be.**

UNIQUE IDENTIFICATION NUMBER - MAPIN

Unique Identification Number ("UIN")

With effect from July 1, 2005, SEBI had decided to suspend all fresh registrations for obtaining UIN and the requirement to contain/quote UIN under the SEBI MAPIN Regulations/Circulars vide its circular MAPIN/Cir-13/2005. However, in a recent press release dated December 30, 2005, SEBI has approved certain policy decisions and has now decided to resume registrations for obtaining UINs in a phased manner. The press release states that the cut off limit for obtaining UIN has been raised from the existing limit of trade order value of Rs. 100,000 to Rs. 500,000 or more. The limit will be reduced progressively. For trade order value of less than Rs. 500,000 an option will be available to investors to obtain either the PAN or UIN. These changes are, however, not effective as of the date of the Red Herring Prospectus and SEBI has stated in the press release that the changes will be implemented only after necessary amendments are made to the SEBI MAPIN Regulations.

GROUNDS FOR REJECTIONS

In case of QIB Bidders, the Company and the Selling Shareholders in consultation with the BRLM may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders who Bid, the Company and the Selling Shareholders have a right to reject Bids based on technical grounds.

Bidders are advised to note that Bids are liable to be rejected *inter alia* on the following technical grounds:

- Amount paid does not tally with the amount payable for the highest value of Equity Shares bid for;
- Age of First Bidder not given;
- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- PAN photocopy/PAN communication/ Form 60 or Form 61 declaration along with documentary evidence in support of address given in the declaration, not given if Bid is for Rs. 50,000 or more;
- GIR number furnished instead of PAN;
- Bids for lower number of Equity Shares than specified for that category of investors;
- Bids at a price less than lower end of the Price Band;
- Bids at a price more than the higher end of the Price Band;
- Bids at Cut Off Price by Non-Institutional and QIB Bidders and Bidders in Employee Reservation Portion bidding in excess of Rs. 100,000
- Bids for number of Equity Shares which are not in multiples of 16;
- Category not ticked;
- Multiple Bids as defined in this Draft Red Herring Prospectus;
- In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- Bids accompanied by Stockinvest/money order/postal order/cash;
- Signature of sole and / or joint Bidders missing;
- Bid cum Application Forms does not have the stamp of the BRLMs, or Syndicate Members;
- Bid cum Application Forms does not have Bidder's depository account details;
- Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Forms, Bid/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Forms;
- In case no corresponding record is available with the Depositories that matches three parametres namely, names of the Bidders (including the order of names of joint holders), the Depositary Participant's identity (DP ID) and the beneficiary's account number;
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Bids by QIBs not submitted through members of the Syndicate;
- Bids by OCBs;
- Bids by US persons other than "qualified institutional buyers" as defined in Rule 144A of the Securities Act or other than in reliance on Regulation S under the Securities Act; and
- Bids by any persons outside India if not in compliance with applicable foreign and Indian laws.

Price Discovery and Allocation

(a) After the Bid/Issue Closing Date, the BRLMs will analyse the demand generated at various price levels.

(b) The Company and the Selling Shareholders, in consultation with the BRLMs, shall finalise the "Issue Price".

(c) The allocation to QIBs will be atleast 60% of the Net Issue and allocation to Non-Institutional and Retail Individual Bidders will be up to 10% and 30% of the Net Issue, respectively, on a proportionate basis, in a manner specified in the SEBI Guidelines and this Red Herring Prospectus, in consultation with the Designated Stock Exchange, subject to valid bids being received at or above the Issue Price.

(d) Under-subscription, if any, in the Non-Institutional category and the Retail Individual category would be met with spill over from any other category at the sole discretion of the Company and the Selling Shareholders in consultation with the BRLMs. However, if the aggregate demand by Mutual Funds is less than 347,617 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be Allotted proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB Portion has been met, undersubscription, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of the Company and the Selling Shareholders, in consultation with the BRLMs and the Designated Stock Exchange.

(e) Under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Issue to the Public, and the ratio amongst the investor categories will be at the discretion of the Company, the Selling Shareholder and the BRLMs. In case of under-subscription in the Net Issue, spill over to the extent of under-subscription shall be permitted from the Employee Reservation Portion.

(f) Allocation to Eligible NRIs, FIIs, foreign venture capital funds registered with SEBI applying on repatriation basis will be subject applicable law and the terms and conditions stipulated by the RBI.

Signing of Underwriting Agreement and RoC Filing

(a) The Company, the Selling Shareholders, the BRLMs and the Syndicate Member shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation(s) /Allotment to the Bidders.

(b) After signing the Underwriting Agreement, the Company and the Selling Shareholders would update and file the updated Red Herring Prospectus with RoC, which then would be termed ‘Prospectus’. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.

(c) The Company and the Selling Shareholders will file a copy of the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

(d) The Company and the Selling Shareholders will issue a statutory advertisement after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of CAN

(a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLMs or Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated/Allotted Equity Shares in the Issue. The approval of the basis of Allotment by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. However, investors should note that the Company shall ensure that the date of Allotment of the Equity Shares to all investors in this Issue shall be done on the same date.

(b) The BRLMs or members of the Syndicate would dispatch a CAN to their Bidders who have beenallocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the entire Bid Amount into the Escrow Account at the time of bidding shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN.

(c) Bidders who have been allocated/Allotted Equity Shares and who have already paid the Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of his or her cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for the Allotment to such Bidder.

(d) The Issuance of CAN is ‘Subject to “Allotment Reconciliation and Revised CANs” as set forth herein.

Notice to QIBs: Allotment Reconciliation and Revised CANs

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bid applications received. Based on the electronic book, QIBs will be sent a CAN on or prior to August 19, 2006, indicating the number of Equity Shares that may be Allotted to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated

Stock Exchange and reflected in the physical book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange and specified in the physical book. As a result, a revised CAN may be sent to QIBs and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. It is not necessary that a revised CAN will be sent. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased Allotment of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

Designated Date and Allotment of Equity Shares

(a) The Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. The Selling Shareholders will make the Equity Shares being offered for sale available for transfer in a timely manner. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, the Company and the Selling Shareholders would ensure the credit to the successful Bidders depository account. Allotment of the Equity Shares to the allottees shall be within two working days of the date of Allotment.

(b) In accordance with the SEBI Guidelines, Equity Shares will be issued, and Allotment shall be made only in the dematerialised form to the allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/Allotted to them pursuant to this Issue.

BASIS OF ALLOTMENT

A. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Net Issue size less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 3,476,163 Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.
- If the aggregate demand in this category is greater than 3,476,163 Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of 16 Equity Shares. For the method of proportionate basis of Allotment, refer below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Net Issue size less Allotment to QIBs and Retail Portion shall be available for Allotment to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 1,158,721 Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 1,158,721 Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of 16 Equity Shares. For the method of proportionate Basis of Allotment refer below.

C. For Employee Reservation Portion

The Bid must be for a minimum of 16 Equity Shares and in multiples of 16 Equity Shares thereafter. Bidders under the Employee Reservation Portion can apply for a maximum of 16 Equity Shares. The allotment in the Employee Reservation Portion will be on a proportionate basis. However, in case of an oversubscription in the Employee Reservation Portion, all employees bidding for up to 100 Equity Shares will receive full allotment subject a minimum allotment of 16 Equity Shares and those bidding for more than 100 Equity Shares will receive allotment on a proportionate basis subject to a minimum allotment of 100 Equity Shares. Bidders under the Employee Reservation Portion applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may bid-at Cut off Price.

- Bids received from the Eligible Employees at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Eligible Employees will be made at the Issue Price.
- If the aggregate demand in this category is less than or equal to 1,158,790 Equity Shares at or above the Issue Price, full allocation shall be made to the Employees to the extent of their demand.
- If the aggregate demand in this category is greater than 1,158,790 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 16 Equity Shares and in multiple of 16 Equity Share thereafter. For the method of proportionate basis of allocation, refer below.
- Only Eligible Employees eligible to apply under Employee Reservation Portion.

D. For QIBs

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the QIB Bidders will be made at the Issue Price.
- The QIB Portion shall be available for Allotment to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:

  (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:

    (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.

    (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full Allotment to the extent of valid bids received above the Issue Price.

    (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for Allotment to all QIB Bidders as set out in (b) below;

  (b) In the second instance Allotment to all QIBs shall be determined as follows:

    (i) In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.

    (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.

    (iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

- The aggregate Allotment to QIB Bidders shall not be less than 6,952,326 Equity Shares.

Illustration of Allotment to QIBs and Mutual Funds ("MF")

A. Issue Details

Sr. No.	Particulars	Issue details
1	Issue size	200 million equity shares
2	Allocation to QIB (60%)	120 million equity shares
	Of which:	
	a. Allocation to MF (5%)	6 million equity shares
	b. Balance for all QIBs including MFs	114 million equity shares
3	No. of QIB applicants	10
4	No. of shares applied for	500 million equity shares

B. Details Of QIB Bids

S.No	Type of QIB bidders#	No. of shares bid for (in million)
1	A1	50
2	A2	20
3	A3	130
4	A4	50
5	A5	50
6	MF1	40
7	MF2	40
8	MF3	80
9	MF4	20
10	MF5	20
	Total	**500**

A1-A5: (QIB bidders other than MFs), MF1-MF5 (QIB bidders which are Mutual Funds)

C. Details of Allotment to QIB Bidders/ Applicants

(Number of equity shares in million)

Type of QIB bidders	Shares bid for	Allocation of 6 million Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 114 million Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	**(II)**	**(III)**	**(IV)**	**(V)**
A1	50	0	11.40	0
A2	20	0	4.56	0
A3	130	0	29.64	0
A4	50	0	11.40	0
A5	50	0	11,40	0
MF1	40	1.2	9.12	10.32
MF2	40	1.2	9.12	10.32
MF3	80	2.4	18.24	20.64
MF4	20	0.6	4.56	5.16
MF5	20	0.6	4.56	5.16
	500	**6**	**114**	**51.64**

Please note:

1. The illustration presumes compliance with the requirements specified in this Red Herring Prospectus in the section titled "Issue Structure" beginning on page 346.
2. Out of 120 million Equity Shares allocated to QIBs, 6 million (i.e. 5%) will be allocated on proportionate basis among 5 Mutual Fund applicants who applied for 200 shares in QIB category.
3. The balance 114 million Equity Shares (i.e. 120 - 6 (available for MFs)) will be allocated on proportionate basis among 10 QIB applicants who applied for 500 Equity Shares (including 5 MF applicants who applied for 200 Equity Shares).
4. The figures in the fourth column titled "Allocation of balance 114 million Equity Shares to QIBs proportionately" in the above illustration are arrived as under:
   - For QIBs other than Mutual Funds (A1 to A5)= No. of shares bid for (i.e. in column II) X 114 / 494
   - For Mutual Funds (MF1 to MF5)= [(No. of shares bid for (i.e. in column II of the table above) less Equity Shares allotted (i.e., column III of the table above)] X 114/494
   - The numerator and denominator for arriving at allocation of 114 million shares to the 10 QIBs are reduced by 6 million shares, which have already been Allotted to Mutual Funds in the manner specified in column III of the table above.

Method of Proportionate Basis of Allotment in the Issue

In the event of the Issue being over-subscribed, the Company and the Selling Shareholders shall finalise the basis of Allotment in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs, and the Registrar to the Issue shall be responsible for ensuring that the basis of Allotment is finalised in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

a) Bidders will be categorised according to the number of Equity Shares applied for.

b) The total number of Equity Shares to be Allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

c) Number of Equity Shares to be Allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.

d) In all Bids where the proportionate Allotment is less than 16 Equity Shares per Bidder, the Allotment shall be made as follows:

- Each successful Bidder shall be Allotted a minimum of 16 Equity Shares; and
- The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.

e) If the proportionate Allotment to a Bidder is a number that is more than 16 but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.

f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the Allotted shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

PAYMENT OF REFUND

Bidders must note that on the basis of name of the Bidders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Bid-cum-Application Form, the Registrar will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. Hence Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither the Company, the Selling Shareholders, the Registrar, Escrow Collection Bank(s), Bankers to the Issue nor the BRLMs shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

Mode of making refunds

The payment of refund, if any, would be done through various modes as given hereunder:

1. ECS – Payment of refund would be done through ECS for applicants having an account at any of the following fifteen centres: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the abovementioned fifteen centres, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS.
2. Direct Credit – Applicants having bank accounts with the Refund Banker(s), as mentioned in the Bid cum Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.
3. RTGS – Applicants having a bank account at any of the abovementioned fifteen centres and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

4. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency.
5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Letters of Allotment or Refund Orders

We shall give credit to the beneficiary account with depository participants within two working days from the date of the finalisation of basis of allocation. Applicants residing at 15 centres where clearing houses are managed by the RBI, will get refunds through ECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit & RTGS. We shall ensure despatch of refund orders, if any, of value up to Rs.1,500 by "Under Certificate of Posting", and shall dispatch refund orders above Rs.1,500, if any, by registered post or speed post at the sole or First Bidder's sole risk within 15 days of the Bid/Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be send a letter through ordinary post intimating them about the mode of credit of refund within 15 days of closure of Bid/ Issue.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI DIP Guidelines, the Company and the Selling Shareholders further undertake that:

- Allotment of Equity Shares will be made only in dematerialised form within 15 days from the Bid/Issue Closing Date;
- The Company and the Selling Shareholders shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if Allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 day time prescribed above.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as an Escrow Collection Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY

The Company and the Selling Shareholders ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within two working days of date of Allotment of Equity Shares.

In case of applicants who receive refunds through ECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 15 days from the Bid/ Issue Closing Date. A suitable communication shall be sent to the bidders receiving refunds through this mode within 15 days of Bid/ Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company and the Selling Shareholders shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within seven working days of Allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, the Company and the Selling Shareholders further undertake that:

- Allotment of Equity Shares shall be made only in dematerialised form within 15 (fifteen) days of the Bid/Issue Closing Date;
- Dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 15 (fifteen) days of the Bid/Issue Closing Date would be ensured; and
- The Company and the Selling Shareholders shall pay interest at 15% (fifteen) per annum for any delay beyond the 15 (fifteen)-day time period as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within the 15 (fifteen)-day time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

UNDERTAKINGS BY OUR COMPANY

We undertake the following:

- That the complaints received in respect of this Issue shall be attended to by us expeditiously;
- That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of Allotment;
- That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Issuer.
- That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of the Bid/ Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.
- That the certificates of the securities/ refund orders to the non-resident Indians shall be despatched within specified time; and
- That no further issue of Equity Shares shall be made till the Equity Shares offered through this Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

The Selling Shareholders undertake that:

- The Equity Shares being sold pursuant to the offer to the public, have been held by us for a period of more than one year and the Equity Shares are free and clear of any liens or encumbrances, and shall be transferred to the eligible investors within the specified time;
- The funds required for despatch of refund orders or Allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by the Company;
- That the complaints received in respect of this Issue shall be attended to by the Selling Shareholders expeditiously and satisfactorily. The Selling Shareholders have authorised the Compliance Officer and the Registrar to the Issue to redress complaints, if any, of the investors; and
- That the refund orders or Allotment advice to the successful Bidders shall be dispatched within specified time.

The Company and the Selling Shareholders shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Utilisation of Proceeds from the Fresh Issue

Our Board certify that:

- All monies received out of the Fresh Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- Details of all monies utilised out of Fresh Issue shall be disclosed under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilised;
- Details of all monies utilised out of the funds received from Employee Reservation Portion shall be disclosed under an appropriate head in the balance sheet of the Company, indicating the purpose for which such monies have been utilised;
- Details of all unutilised monies out of the Fresh Issue, if any shall be disclosed under the appropriate head in the balance sheet indicating the form in which such unutilised monies have been invested;
- Details of all unutilized monies out of the funds received from the Employee Reservation Portion shall be disclosed under a separate head in the balance sheet of the Company, indicating the form in which such unutlilised monies have been kept.

Withdrawal of the Issue

The Company and the Selling Shareholders in consultation with the BRLMs reserve the right not to proceed with the Issue at anytime including after the Bid/ Issue Opening Date, without assigning any reason thereof. In terms of the SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

EQUITY SHARES IN DEMATERIALISED FORM WITH NSDL OR CDSL

As per the provisions of Section 68B of the Companies Act, the Allotment of Equity Shares in this Issue shall be only in a dematerialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among the Company, the respective Depositories and the Registrar to the Issue:

a) Agreement dated July 19, 2006 with NSDL, the Company and the Registrar to the Issue;

b) Agreement dated July 5, 2006 with CDSL, the Company and the Registrar to the Issue.

All Bidders can seek allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.

b) The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant’s identification number) appearing in the Bid cum Application Form or Revision Form.

c) Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder

d) Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.

e) If incomplete or incorrect details are given under the heading ‘Bidders Depository Account Details’ in the Bid cum Application Form or Revision Form, it is liable to be rejected.

f) The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.

g) Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

h) The trading of the Equity Shares of the Company would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of bid form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Under the current foreign investment policy applicable to us foreign equity participation up to 100% is permissible under the automatic route.

An approval of the RBI is required for the transfer of the shares pursuant to the Offer for Sale.

Subscription by foreign investors (NRIs/FIIs)

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

There is no reservation for Non Residents, NRIs, FIIs, foreign venture capital funds, multi-lateral and bilateral development financial institutions and any other foreign investor. All Non Residents, NRIs, FIIs and foreign venture capital funds, multi-lateral and bilateral development financial institutions and any other foreign investor applicants will be treated on the same basis with other categories for the purpose of allocation.

As per existing regulations, OCBs cannot participate in the Issue.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act in reliance on Rule 144A under the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Bidders. The Company, the Selling Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY

Pursuant to Schedule II of the Companies Act and the SEBI Guidelines, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/ or on their consolidation/splitting are detailed below. Please note that the each provision herein below is numbered as per the corresponding article number in the Articles of Association and defined terms herein have the meaning given to them in the Articles of Association.

Increase of Capital by the Company and how carried into effect

Article 4 provides that "The Company in General Meeting may from time to time increase the Capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. Subject to the provisions of the Act, any shares of the original or increased Capital shall be issued upon such terms and conditions and with such rights and privileges including differential rights of voting and/or dividend annexed thereto, as the General Meeting resolving upon the creation thereof, shall direct, and if no direction be given, as the Directors shall determine, and in particular, such shares may be issued with a preferential or qualified right to Dividends, and in the distribution of assets of the Company, and with voting rights or with differential rights as to dividend, voting or otherwise at General Meetings of the Company in conformity with Sections 86 and 87 of the Act."

New Capital same as existing Capital

Article 5 provides that "Except so far as otherwise provided by the conditions of issue or by these presents, any Capital raised by the creation of new shares, shall be considered as part of the existing Capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and instalments, forfeiture, lien, surrender, transfer and transmission voting and otherwise."

Preference Shares

Article 6 provides that "Without prejudice to the powers conferred by these Articles and the Act, the Company shall have power to issue preference shares, whether redeemable or not with such rights to participation, if any, in profits or surplus profits and/ or in any assets or surplus assets in winding up, and subject to such terms, conditions and limitations as the Company in General Meeting or the Board as the case may be, may think fit; and the issue of such preference shares with any such participating rights shall not, unless otherwise expressly provided by the terms of issue be deemed to constitute a variation of rights of any other class or classes of Shares."

Provisions to apply on issue of Redeemable Preference Shares

Article 7 provides that "On the issue of Redeemable Preference Shares under the provisions of Article 6 hereof, the following provisions shall take effect:

(a) no such shares shall be redeemed except out of the profits of the Company which would otherwise be available for Dividend or out of the proceeds of a fresh issue of Shares made for the purpose of redemption;

(b) no such Shares shall be redeemed unless they are fully paid;

(c) the premium, if any, payable on redemption must have been provided for out of the profits of the Company or the Company's Share Premium Account before the shares are redeemed.

(d) Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits which would otherwise have been available for Dividend, be transferred to a reserve fund, to be called the "Capital Redemption Reserve Account", a sum equal to the nominal amount of the Shares redeemed and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act, apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company."

Reduction of Capital

Article 8 provides that "The Company may (subject to the provisions of Section 78, 80, 100 to 150 inclusive, of the Act) from time to time by Special Resolution, reduce its capital and any Capital Redemption Reserve Account or Share Premium Account in any manner for the time being authorised by law, and in particular, the Capital may be paid off on the footing that it may be called upon again or otherwise. This Article is not to derogate from any power the Company would have if it were omitted."

Subdivision, consolidation and cancellation of Shares

Article 9 provides that "Subject to the provisions of Section 94 of the Act, the Company in general meeting may, from time to time, subdivide or consolidate its shares, or any of them. Subject as aforesaid, the Company in General Meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of shares so cancelled."

Modification of rights

Article 10 provides that "All or any of the rights and privileges attached to the shares of any class may, irrespective of the terms of their issue be varied, commuted, affected, dealt with or abrogated with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the issued shares of that class, and all the provisions hereinafter contained as to general meetings shall, mutatis mutandis, apply to every such meeting, but so that the necessary quorum shall be two persons at least holding or representing by proxy three-fourths of the issued shares of the class. This article is not to derogate from any power the Company would have if this article were omitted."

SHARES AND CERTIFICATES

Further issue of Capital

Article 13 provides that,

"(A) Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares, whether out of unissued share capital, or out of increased share capital, then (i) such further shares shall be offered to the persons who at the date of the offer are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid up on those shares at that date (ii) such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined. (iii) the offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub clause (ii) hereof shall contain a statement of this right. PROVIDED THAT the Board may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him, and (iv) after the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in such manner as they think most beneficial to the Company.

(B) Notwithstanding anything contained in the preceding sub-clause, the Company may:

- (i) by a Special Resolution or
- (ii) where no such Special Resolution is passed, if the votes cast (whether on a show of hands or on a poll, as the case may be) in favour of the proposal contained in the resolution moved in that General Meeting (including the casting vote, if any, of the Chairman) by Members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by Members so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the company, offer further Shares to any person or persons, and such person or persons may not include the persons who at the date of the offer, are the holders of the equity shares of the Company.

  Nothing in sub-clause (iii) of (A) hereof shall be deemed:

  - (i) to extend the time within which the offer should be accepted; or
  - (ii) to authorise any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

(C) Notwithstanding anything, contained in sub-clause (A) above but subject, however, to Section 81(3) of the Act, the Company may increase its subscribed capital on exercise of an option attached to the Debentures issued or loans raised by the Company to convert such debentures or loans into shares, or to subscribe for shares in the Company.

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

(i) either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and

(ii) in the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the company in General Meeting before the issue of the debentures or raising of the loans."

Shares under control of Directors

Article 14 provides that, "Subject of the provisions of these articles and of the Act, the shares including any shares forming part of any increased Capital of the Company shall be under the control of the Directors, who may allot or otherwise dispose of the same to such persons in such proportion, on such terms and conditions, and at such times as the Directors think fit and subject to the sanction of the Company in General Meeting with full power to give any person the option to call for or be alloted Shares of any class of the Company either (subject to the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount and such option being exercisable for such time and for such consideration as the Directors think fit provided however that only fully paid up Shares shall be issued or allotted to any infant or minor and under no circumstances shall any Shares be issued to any insolvent or person of unsound mind. The Board shall cause to be filed the returns as to allotment provided for in Section 75 of the Act."

Power also to Company in General Meeting to issue shares

Article 15 provides that, "In addition to and without derogating from the powers for that purpose conferred on the Board under Articles 13 and 14, the Company in General Meeting may, subject to the provisions of Section 81 of the Act, determine that any shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such person (whether Members or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount, as such General Meeting shall determine and with full power to give any person (whether a Member or not) the option to call for or be allotted shares of any class of the Company either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount, such option being exercisable at such time and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provisions whatsoever for the issue, allotment or disposal of any Shares."

Acceptance of Shares

Article 16 provides that, "Any application signed by or on behalf of an applicant for shares in the , Company followed by an allotment of any Share therein, shall be an acceptance of shares within the meaning of these Articles and every person who thus or otherwise accepts any shares and whose name is on the Register shall be a Member."

Deposit, call, etc, to be debt payable immediately

Article 17 provides that, "The money (if any) which the Board shall on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them, shall immediately on the insertion of the name of the allottee in the Register of Members as the name of the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly."

Liability of Member

Article 18 provides that, "Every Member, or his heirs, executors or administrators, shall pay to the Company the portion of the Capital represented by his share of shares which may, for the time being remain unpaid thereon, in such amounts, at such time or times, and in such manner as the Board shall, from time to time in accordance with the Company's regulations, require or fix for the payment there of."

Share Certificate

Article 18 provides that,

" (a) Every member shall be entitled, without payment, to one or more certificates in marketable lots for all the shares of each class or denomination registered in his name the shares to which it relates and the amount paid up thereon, or if the Board so approve (upon paying such fee as the Board may from time to time determine) to several certificates, each for one or more of such shares and the company shall complete and have ready for delivery such certificates within three months from the date of allotment unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Such certificate shall be issued only in pursuance of a resolution passed by the Board or a Committee thereof and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in cases of issues against letters of acceptance or of renunciation or in case of issue of bonus shares. Every such certificate shall be issued under the Seal of the Company, which shall be affixed in the presence of two Directors, or persons acting on behalf of the Directors under a duly registered power of attorney, and the Secretary or some other person appointed by the Board for the purpose, and two Directors or their attorneys and the Secretary or other person shall sign the share certificate, provided that if the composition of the Board permits it, at least one of the aforesaid two Directors shall be a person other than a Managing or whole-time Director. Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person to whom it has been issued indicating the date of issue.

(b) Any two or more joint allottees of a Share shall, for the purpose of this Article, be treated as single Member, and the certificate of any Share which may be the subject of joint ownership may be delivered to any one of such joint owners on behalf of all of them. For any further certificate the Board shall be entitled but shall not be bound, to prescribe a charge as may be appropriate. The Company shall comply with the provisions of Section 113 of the Act.

(c) A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment, or other mechanical means, such as engraving in metal or lithography, but not by means of a rubber stamp, provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.

(d) Notwithstanding anything contained herein, the Company shall be entitled, pursuant to the provisions of the Depositories Act, 1996, if and when it becomes applicable to the Company, to dematerialise its Shares, Debentures and other securities for subscription in a dematerialised form in any medium as permitted by law including any form of electronic medium. The Company shall maintain a Register of Shareholders with the details of Shareholders holding Shares both in material and dematerialised form. In the like manner, the Company shall be entitled to rematerialise any dematerialised Shares, Debentures and other securities."

The first named of Joint-holders deemed sole holder

Article 21 provides that, "If any share stands in the names of two or more persons, the person first named in the Register shall as regards receipts of Dividends or bonus or service of notices and all or any other matters connected with the company, except voting at meetings, and the transfer of the shares, be deemed the sole holder thereof but the joint-holders of a share shall be severally, as well as jointly liable for the payment of all instalments and calls due in respect of such shares and for all incidents thereof according to the Company's regulations.

Notwithstanding anything contained herein, the Company shall be entitled to dematerialise its shares, debentures and other securities pursuant to the Depositories Act 1996 and to offer its shares, debentures and other securities for subscription in a dematerialised form. The Company shall further be entitled to maintain a Register of Members with the details of Members holding shares both in material and dematerialised form in any medium as permitted by law including any electronic medium."

Company not bound to recognise any interest in share other than that of registered holder

Article 22 provides that, "Except as ordered by a Court of competent jurisdiction, or as by law required, the Company shall not be bound to recognise any equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise, expressly provided) any right in respect of a share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as the holder thereof, but the Board shall be at liberty at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them."

Funds of Company may not be applied in purchase of shares of the Company

Article 23 provides that, “None of the funds of the Company shall be applied in the purchase of any shares of the Company, and it shall not give any financial assistance for or in connection with the purchase or subscription of any shares in the Company or in its holding company, save as provided by Section 77 of the Act.”

Buy-Back

Article 23A provides that, “Notwithstanding anything contained in the preceding Article 23 but subject to the provisions of the Act and all other applicable provisions of law, as may be in force at any time and from time to time, the Company may aquire, purchase, hold, resell any of its own fully paid shares and may make payment out of funds at its disposal for and in respect of such acquisition/ purchase on such terms and conditions and at such times as the Board may in its discretion decide and deem fit.”

Employees Stock Option Scheme

Article 23B provides that, “The Company shall have the power to introduce a voluntary scheme of stock option for all permanent/ regular employees, executives who are not of a casual/daily wage nature and Directors of the Company, its holding and subsidiary companies, subject to the applicable rules and procedure.”

UNDERWRITING AND BROKERAGE

Commission may be paid

Article 24 provides that, “Subject to the provisions of Section 76 of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares or debentures in the Company but so that the commission shall not exceed in the case of shares, five percent of the price at which the shares are issued, and in the case of debentures, two and a half percent of the price at which the debentures are issued. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid shares or partly in one way and partly in the other.”

Brokerage

Article 25 provides that, “The Company may pay a reasonable sum for brokerage.”

INTEREST OUT OF CAPITAL

Interest may be paid out of Capital

Article 26 provides that, “Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any work or building, or the provision of any plant, which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up, for the period, at the rate and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building, or the provision of plant.”

CALLS

Directors may make calls

Article 27 provides that, “The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by circular resolutions) make such call as it thinks fit upon the members in respect of all moneys unpaid on the shares held by them respectively, and each member shall pay the amount of every call so made on him to the person or persons and at the times and places appointed by the Board. A call may be made payable by installments.”

Liability of Joint-holders

Article 31 provides that, “The joint-holders of a share shall be jointly and severally liable to pay all calls in respect thereof.”

Calls to carry interest

Article 33 provides that, "If any member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board not exceeding 18 percent per annum but nothing in this Article shall render it obligatory for the Board to demand or recover any interest either wholly or partly, from any such member."

Sums deemed to be calls

Article 34 provides that, "Any sum, which by the terms of issue of a Share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the Share or by way of premium shall, for the purpose of these Articles, be deemed to be a call duly made and payable on the date on which by the terms of issue the same become payable, and in case of non-payment, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise, shall apply as if such sum had become payable by virtue of a call duly made and notified."

Partial payment not to preclude forfeiture

Article 36 provides that, "Neither the receipt by the Company of a portion of any money which shall from time to time be due from any Member to the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided."

Advances against calls

Article 37 provides that,

"(a) The Board may, if it thinks fit, agree to and receive from any Member willing to advance the same, all or any part of the amounts of his respective shares beyond the sums actually called upon and upon the moneys so paid in advance, or upon so much thereof, from time to time, and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the shares on account of which such advances are made, the Board may pay or allow interest, at such rate as the member paying the sum in advance and the Board agree upon. The Board may agree to repay at any time an amount so advanced or may at any time repay the same upon giving to the member three months notice in writing provided that moneys paid in advance of calls on any shares may carry interest but shall not confer a right to Dividend or to participate in profits.

(b) No member paying any such sum in advance shall be entitled to voting rights in respect of the moneys so paid by him until the same would but for such payment have become presently payable.

The Provisions of this Article shall mutatis mutandis apply to the calls on debentures of the Company."

Company to have lien on shares

Article 38 provides that, "The Company shall have a first charge and a paramount lien upon all the shares (other than fully paid up shares) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof, for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares, and no equitable interest in any shares shall be created except upon the footing and upon the condition that Article 22 hereof is to have full effect. Any such lien shall extend to all Dividends from time to time declared in respect of such shares. Unless otherwise agreed, the registration of a transfer of share shall operate as a waiver of the Company's lien, if any, on such shares."

If money payable on shares not paid, notice to be given to member

Article 41 provides that, "If any member fails to pay any call or installment of a call on or before the day appointed for the payment of the same, or any such extension thereof as aforesaid the Board may at any time thereafter, during such time as the call or installment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have, accrued and all expenses that may have been incurred by the Company by reason of such nonpayment."

Shares to be forfeited in default of payment

Article 43 provides that, “If the requirements of any such notice as aforesaid be not complied with, every or any share in respect of which such notice has been given may at any time thereafter before payment of all calls or installments, interest and expenses due in respect thereof has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited share and not actually paid before the forfeiture.”

Notice of forfeiture to a Member

Article 44 provides that, “When any share shall have been so forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall in any manner be invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.”

Forfeited share to be property of the company and may be sold etc.

Article 45 provides that, “Any share so forfeited shall be deemed to be the property of the Company, and may be sold, re-allotted or otherwise disposed off, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board shall think fit.”

Member still liable to pay money owing and interest at the time of forfeiture

Article 46 provides that, “Any member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, on demand, all calls, installments interest and expenses owing upon or in respect of such shares and payable by him to the Company, at the time of the forfeiture, together with interest thereon from the time of the forfeiture until payment, at such rate not exceeding 18 percent per annum as the Board may determine and the Board may enforce payment thereof if it thinks fit.”

Effect of forfeiture

Article 47 provides that, “The forfeiture of a Share shall involve extinction, at the time of the forfeiture, of all interest in and all claims and demand against the Company, in respect of the Share and all other rights incidental to the Share, except only such of these rights as by these Articles are expressly saved.”

Evidence of forfeiture

Article 48 provides that, “A declaration in writing that the declarant is a Director or Secretary of the Company and that a share in the Company has been duly forfeited in accordance with these Articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.”

Validity of sale under Articles 39 and 45

Article 49 provides that, “Upon any sale, re-allotment or other disposal after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some persons to execute an instrument of transfer of the shares sold and cause the purchaser’s name to be entered in the Register in respect of the shares so sold, re-allotted or disposed and the purchaser shall not be bound to see to the regularity of the proceedings, or to the application of the purchase money, and after his name has been entered in the Register in respect of such shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale, re-allotment or disposal shall be in damages only and against the Company exclusively.”

Cancellation of share certificates in respect of forfeited Shares

Article 50 provides that, “Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Member) stand canceled and become null and void and of no effect, and the Directors shall be entitled to issue another certificate or certificates in respect of the said shares to the person or persons entitled thereto.”

Power to annul forfeiture

Article 51 provides that, "The Board may at any time before any shares so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit."

TRANSFER AND TRANSMISSION OF SHARES

Register of Transfers

Article 52 provides that, "The Company shall keep a "Register of Transfers", and therein shall be fairly and distinctly entered, particulars of every transfer or transmission of any share."

Instrument of Transfer

Article 53 provides that, "The instrument of transfer shall be in writing and all the provisions of Section 108 of the Act shall be duly complied with in respect of all transfers of shares and the registration thereof. However, the provisions relating to the Instrument of Transfer shall not apply to shares of the Company which have been dematerialised."

Instrument of Transfer to be completed and presented to the Company

Article 54 provides that, "The instrument of transfer duly stamped and executed by the transferor and the transferee shall be delivered to the Company in accordance with the provisions of the Act along with the certificates relating to the shares or if no such certificate is in existence along with the letter of allotment of the shares. The instrument of transfer shall be accompanied by such evidence as the Board may require to prove the title of the transferor and his rights to transfer the shares and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board. The transferor shall be deemed to be the holder of such shares until the name of the transferee shall have been entered in the Register of Members in respect thereof. However, there would be no stamp duty on shares or securities of the Company which are held in dematerialised form in any medium as permitted by law including any form of electronic medium."

Transfer Books and Register of Members when closed

Article 55 provides that, "The Board shall have power on giving not less than seven days previous notice by advertisement in some newspaper circulating in the district in which the Office of the Company is situate, to close the Transfer Books, the Register of Members or Register of Debentureholders at such time or times and for such period or periods, not exceeding thirty days at a time, and not exceeding in the aggregate forty-five days in each year."

Directors may refuse to register transfer

Article 56 provides that, "Subject to the provisions of Section 111 A of the Act, the Board may at its own absolute and uncontrolled discretion and without assigning any reason, decline to register or acknowledge any transfer of shares whether fully paid or not, notwithstanding that the proposed transferee be already a member, but in such cases it shall, within two months from the date on which the instrument of transfer was lodged with the Company, send to the transferee and the transferor notice of the refusal to register such transfer, provided that registration of a transfer shall not be refused on the ground only of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except a lien on shares. Transfer of shares / debentures shall not be refused on the ground of odd lots."

Notice of application when to be given

Article 57 provides that, "Where, in the case of partly paid shares, an application for registration is made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 110 of the Act."

Death of one or more joint-holders of shares

Article 58 provides that, "In the case of the death of any one or more of the persons named in the Register of Members as the joint-holders of any share, the survivor or survivors shall be the only persons recognised by the company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased jointholder from any liability on shares held by him jointly with any other person."

Title to shares of deceased Members

Article 59 provides that, "Subject to any nomination made by a Member of the Company under Section 109A of the Act, the executors or administrators of a deceased shareholder (whether European, Hindu, Mohammedan, Parsi or otherwise) or the holder of a succession certificate, shall be the only person to be recognised. The Company shall not be bound to recognise such executor or administrator or the holder of a succession certificate, unless he shall have obtained Probate or Letters of Administration of the holder of a succession certificate or other legal representation, as the case may be from a duly constituted competent Court in India or from any Court or authority authorised by any Act of the Legislature of India or by an order or notification of the President of India to grant such Probate, Letters of Administration, Succession Certificate or other legal representation. Provided nevertheless that it shall be lawful for the Directors in their absolute discretion to dispense with the production of Probate or Letters of Administration or Succession Certificate or other legal representation upon such terms as to indemnity or otherwise as the Directors may deem fit."

Transfer to infant, etc.

Article 60 provides that, "Only fully paid up shares shall be transferred to any infant or minor. Under no circumstances shall any Shares be transferred to an insolvent or a person of unsound mind."

Registration of person entitled to shares otherwise than by transfer

Article 61 provides that, "Subject to the provisions of the Act and Articles 58 and 59, any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any Member, or by any lawful means other than by a transfer in accordance with these Articles, may, with the consent of the Board (which it shall not be under any obligation to give) upon production of such evidence that he sustains the character in respect of which he proposes to act under this Article or of such title as the Board thinks sufficient, either be registered himself as the holders of the shares or elect to have some person nominated by him and approved by the Board registered as such holders; provided nevertheless, that if such person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained, and until he does so, he shall not be freed from any liability in respect of the shares."

Persons entitled may receive dividend without being registered as member

Article 62 provides that, "A person entitled to a share by transmission shall, subject to the right of the Board to retain such Dividends or money as hereinafter provided, be entitled to receive, and may give a discharge for, any dividends or other moneys payable in respect of such share."

No Fee on Transfer or Transmission

Article 63 provides that, "No fee shall be charged for registration of transfer, transmission, probate, Succession Certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document."

Company not liable for disregard of a notice prohibiting registration of a transfer

Article 64 provides that, "The Company shall, subject to the provisions of the Securities and Exchange Board of India Act, 1992, any regulations framed or guidelines issued thereunder and the listing agreements with the Stock Exchanges on which the equity shares of the Company are listed, incur no liability or responsibility whatsoever in consequence of its registration or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or referred thereto, in any book or paper of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book or paper of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit."

BORROWING POWERS

Power to Borrow

Article 66 provides that, "Subject to the provisions of Sections 58A, 292 and 293 of the Act, the Board may, from time to time, at its discretion by a resolution passed at a meeting of the Board, accept deposits from Members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company, provided however that where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose), the Board shall not borrow such moneys without the consent of the Company in General Meeting."

Payment or repayment of moneys borrowed

Article 67 provides that, "Subject to the provisions of Article 66 hereof, the payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the resolution shall prescribe, including by the issue of debentures or debenture-stock of the Company charged upon all or any part of the property of the Company (both present and future) and/or any or all of the undertakings of the Company including its uncalled capital for the time being; and debentures, debenture-stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued."

Forms of Issue of Debentures

Article 68 provides that, "Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and maybe issued on condition that they shall be convertible into shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawings, allotment of shares and attending (but not voting) at general meetings, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in General Meeting accorded by a Special Resolution."

MEETINGS OF MEMBERS

Annual General Meeting - Annual Return

Article 71 provides that, "The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any, other meetings in that year. All General Meetings other than Annual General Meetings shall be called Extraordinary General meetings. The first Annual General Meeting shall be held within eighteen months from the date of incorporation of the Company and the next Annual General Meeting shall be held within six months after the expiry of the financial year in which the first Annual General Meeting was held and thereafter an Annual General Meeting of the Company shall be held within six months after the expiry of each financial year, provided that not more than fifteen months shall elapse between the date of one Annual General meeting and that of the next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under the provisions of Section 166(1) of the Act to extend the time within which any Annual Genera! Meeting may be held. Every Annual General Meeting shall be called for a time during business hours, on a day that is not a public holiday (provided that no day declared by the Central Government to be a public holiday shall be deemed to be such a holiday in relation to any Annual General Meeting unless the declaration was notified before the issue of the notice concerning such meeting), and shall be held at the Office of the Company or at some other place within the city in which the Office of the Company is situated as the Board may determine and the Notice calling the meeting shall specify it as the Annual General Meeting. The Company may in any one Annual General Meeting fix the time for its subsequent Annual General Meeting. Every Member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor. At every Annual General Meeting of the Company there shall be laid on the table the Directors Report and Audited Statement of Accounts, Auditors Report (if not already incorporated in the Audited Statement of Accounts), the Proxy Register with proxies and the Register of Directors shareholdings which later Register shall remain open and accessible during the continuance of the Meeting. The Board shall cause to be prepared the Annual Return and forward the same, together with the Balance Sheet and Profit and Loss Account, to the Registrar in accordance with Sections 159,161 and 220 of the Act."

Extraordinary General Meeting

Article 72 provides that, "The Board may whenever it thinks fit, call an Extraordinary General Meeting and it shall do so upon a requisition in writing by any Member or Members holding in the aggregate not less than one-tenth of such of the paid up capital as at that date as carries the right of voting in regard to the matter in respect of which the requisition has been made."

Requisition of Members to state object of meeting

Article 73 provides that, "Any valid requisition so made by Members must state the object or objects of the meeting proposed to be called, and must be signed by the requisitionists and deposited at the Office, provided that such requisition may consist of several documents in like form, each signed by one or more requisitionists."

On receipt of requisition. Directors to call Meeting and in default requisitionists may do so

Article 74 provides that, "Upon the receipt of any such requisition, the Board shall forthwith call an Extraordinary General Meeting, and if they do not proceed within twentyone days from the date of the requisition being deposited at the office to cause a meeting to be called on a day not later than fortyfive days from the date of deposit of the requisition, the requisitionists or such of their number as represent either a majority in value of the paid up share capital held by all of them or not less than one-tenth of such of the paid up share capital of the Company as is referred to in Section 169(4) of the Act, whichever is less, may themselves call the meeting, but in either case any meeting so called shall be held within three months from the date of the deposit of the requisition as aforesaid."

Twenty-one day's notice of meeting to be given

Article 76 provides that, "Twenty-one days' notice at the least of every General Meeting, Annual or Extraordinary and by whomsoever called, specifying the day, place and hour of meeting, and containing a statement of the business to be transacted thereat, shall be given in the manner hereinafter provided, to such persons as are under these Articles entitled to receive notice from the Company, provided that in the case of an Annual General Meeting with the consent in writing of all the Members entitled to vote thereat and in case of any other meeting with the consent of Members holding not less than 95 percent of such part of the paid share capital of the Company as gives a right to vote at the meeting, a meeting may be convened by a shorter notice. In the case of any Annual General Meeting, if any business other than (i) the consideration of the Accounts and Reports of the Board of Directors and Auditors, (ii) the declaration of Dividend (iii) the appointment of Directors in place of those retiring, (iv) the appointment of and fixing of the remuneration of the Auditors, is to be transacted, and in the case of any other meeting in any event, there shall be annexed to the notice of the Meeting a statement setting out all material facts concerning each such item of business, including, in particular, the nature of the concern or interest, if any, therein of every Director, and the manager (if any). Where any such item of special business relates to or affects any other company, the extent of shareholding interest in such other company of every Director and the manager, if any, of the Company shall also be set out in the statement if the extent of such shareholding interest is not less than 20 percent of the paid up share capital of that other company. Where any item of business consists of the according of approval to any document by the meeting the time and place where the document can be inspected shall be specified in the statement aforesaid."

Quorum at General Meeting

Article 79 provides that, "Five Members present in person shall be the quorum for a General Meeting."

If quorum not present, meeting to be dissolved or adjourned

Article 81 provides that, "If at the expiration of half an hour from the time appointed for holding a meeting of the Company, a quorum shall not be present, the meeting, if convened by or upon the requisition of members shall stand dissolved, but in any other case, the meeting shall stand adjourned to the same day in the next week or, if that day is a public holiday until the next succeeding day which is not a public holiday, at the same time and place; or to such other day and at such other time and place in the city or town in which the office of the Company is for the time being situate, as the Board may determine, and if at such adjourned meeting a quorum is not present, at the expiration of half an hour from the time appointed for holding the meeting, the members present shall be a quorum, and may transact the business for which the meeting was called."

Questions at General Meeting how decided

Article 85 provides that, "At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result on the show of hands) demanded by at least five Members having the right to vote on the resolution and present in person or by proxy, or by the Chairman of the Meeting or by any member or members holding not less than one-tenth of the total voting power in respect of the resolution or by any Member or Members present in person or by proxy and holding shares in the Company conferring a right to vote on the resolution, being shares on which an aggregate sum has been paid up which is not less than one-tenth of the total sum paid up on all the shares conferring that right, and unless a poll is demanded, a declaration by the Chairman that a resolution has on a show of hands, been carried or carried unanimously, or by a particular majority or lost, and an entry to that effect in the Minute Book of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against that resolution."

Poll to be taken if demanded

Article 86 provides that, "If a poll is demanded as aforesaid the same shall, subject to Article 88, be taken at such time (not later than forty eight hours from the time when the demand was made) and place in the city or town in which the office of the Company is for the time being situate and either by open voting or by ballot, as the Chairman shall direct, and either at once or after an interval of adjournment, or otherwise, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn at any time by the person or persons who made the demand."

VOTES OF MEMBERS

Members in arrears not to vote

Article 90 provides that, "No Member shall be entitled to vote, either personally or by proxy, at any General Meeting of a class of shareholders, either upon a show of hand or upon a poll, in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid, or in regard to which the Company has, and has exercised, any right of lien."

Number of Votes to which Member entitled

Article 91 provides that, "Subject to the provisions of these Articles and without prejudice to any special privileges or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the Capital of the Company, every Member not disqualified by the last preceding Article shall be entitled to be present and to speak and vote at such meeting, and on a show of hands every Member present in person shall have one vote and upon a poll the voting right of every Member present in person or by proxy shall be in proportion to his share of the paid up equity share capital of the Company. Provided, however, if any preference shareholder be present at any meeting of the Company, save as provided in clause (b) of subsection (2) of Section 87, he shall have a right to vote only on resolutions placed before the meeting which directly affect the right attached to his preference shares."

Casting of votes by a Member entitled to more than one vote

Article 92 provides that, "On a poll taken at a meeting of the Company, a Member entitled to more than one vote, or his proxy or other person entitled to vote for him, as the case may be need not, if he votes, use all his votes or cast in the same way all the votes he uses."

Votes of Joint members

Article 93 provides that, "If there be joint registered holder of any shares, any of such persons may vote at any meeting or may appoint another person (whether a Member or not) as his proxy in respect of such shares, as if he were solely entitled thereto, and if more than one of such joint-holders be present at any meeting, that one of the said person so present whose name stands higher on the Register shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased member in whose name shares stand shall for the purpose of these Articles be deemed joint-holders thereof."

Voting in Person or by Proxy

Article 94 provides that, "Subject to the provisions of these Articles votes may be given either personally or by proxy. A body corporate being a Member may vote either by a proxy or by a representative shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual Member."

Votes in respect of shares of deceased or insolvent member

Article 95 provides that, "Any person entitled under Article 61 to transfer any share may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that forty-eight hours at least before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote he shall satisfy the Directors of his right to transfer such shares and give such indemnity (if any) as the Directors may require or the Directors shall have previously admitted his right to vote at such meeting in respect thereof."

Requirements of Special Resolution

Article 104 provides that, "Any act, matter or thing or any resolution which, under the provisions of these Articles or the Act, is permitted or required to be done or passed by the Company in General Meeting, shall be done by or passed as a Special Resolution, unless these Articles or the Act expressly require such act, matter or thing to be done by such resolution to be passed as an ordinary resolution."

Minutes of General Meeting and inspection thereof by Members

Article 105 provides that,

"(1) The Company shall cause minutes of all proceedings of every General Meeting to be kept by making within thirty days of the conclusion of every such meeting concerned, entries thereof in books kept for that purpose with their pages consecutively numbered.

(2) Each page of every such book shall be initialled or signed and the last page of the record or proceedings of each meeting in such books shall be dated and signed by the Chairman of the same meeting within the aforesaid period of thirty days or in the event of the death or inability of that Chairman within that period, by a Director duly authorised by the Board for the purpose.

(3) In no case shall the minutes of proceedings of a meeting be attached to any such books as aforesaid by pasting or otherwise.

(4) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.

(5) All appointments of officers made at any meeting as aforesaid shall be included in the minutes of the meeting.

(6) Nothing herein contained shall require or be deemed to require the inclusion in any such minutes of any matter, which in the opinion of the Chairman of the meeting :

  (a) is or could reasonably be regarded as defamatory of any person, or

  (b) is irrelevant or immaterial to the proceedings, or

  (c) is detrimental to the interests of the Company.

(7) Any such minutes shall be conclusive evidence of the proceedings recorded therein.

(8) The book containing the minutes of proceedings of General Meetings shall be kept at the Office of the Company and shall be open during business hours for such periods not being less in the aggregate than two hours in such day as the Directors determine, to the inspection of any Member without charge."

DIRECTORS

Number of Directors

Article 106 provides that, "Unless otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors shall not be less than six nor more than twelve."

Appointment of Directors by BT AND MITS

Article 107 provides that,

"(A) (i) BT shall have the right to appoint two persons as Directors of the Company and to remove such person from office and on a vacancy being caused in such office from any cause whether by resignation, death, removal or otherwise of the person so appointed, to appoint another in the vacant place.

(ii) The appointment or removal of any director by BT under this Article shall be by a notice in writing addressed to the Company under the hand of its Chairman, Managing Director or Secretary and shall take effect forthwith upon such notice being received by the Company.

(iii) The right conferred on BT under this Article shall be exercisable by BT only so long as the Shareholder's Agreement is in force.

(iv) The persons appointed as Directors by BT pursuant to this Article 107(A) shall cease to hold office as such Directors forthwith on the expiry or termination of the Shareholder's Agreement.

(B) (i) MITS shall have the right to appoint two persons as directors of the Company and to remove any such person from office and on a vacancy being caused in such office from any cause whether by resignation, death, removal or otherwise of the person so appointed, to appoint another in the vacant place.

(ii) The appointment or removal of any director by MITS under this Article shall be by a notice in writing addressed to the Company under the hand of its Chairman, Managing Director or Secretary and shall take effect forthwith upon such notice being received by the Company.

(iii) The right conferred on MITS under this Article shall be exercisable by MITS only so long as the Shareholder's Agreement is in force.

(iv) The persons appointed as Directors by MITS pursuant to this Article 107(B) shall cease to hold office as such Directors forthwith on the expiry or termination of the Shareholder's Agreement.

(C) Subject to the provision of Section 255 of the Act, the Directors appointed by BT and MITS respectively pursuant to sub-Articles (A) and (B) above shall not be liable to retire by rotation. All other Directors of the Company shall be appointed by the shareholders of the Company in General Meeting and shall be liable to retire by rotation as hereinafter provided.

(D) Notwithstanding the provisions of Article 107 (C) above, in the event that the aggregate shareholding of BT and MITS together in the Company falls below majority of the paid up equity share capital of the Company, all Directors of the Company, including the Directors appointed by BT and MITS respectively pursuant to Articles 107(A) and (B) above, shall be liable to retire by rotation as hereinafter provided. In such an event, the appointment shall not be construed as appointment under sub-Article (A) of Article 107 or sub-Articles (B) of Article 107."

Power to appoint ex-officio Directors

Article 108 provides that, "Whenever the Company enters into a contract with the Government of India, or any State Government, any bank or financial institution or any person or persons (hereinafter referred to as "the appointer") for borrowing any money or for providing any guarantee or security or for technical collaboration or assistance or for underwriting, or enters into any other arrangement whatsoever, the Directors shall have, subject to the provision of Section 255 of the Act, the power to agree that such appointer shall have the right to appoint or nominate by a notice in writing addressed to the Company one or more Directors on the Board for such period and upon such conditions as may be mentioned in the agreement and that such Director or Directors may not be liable to retire by rotation. The Directors may also agree that any such Director or Directors may be removed from time to time by the appointer entitled to appoint or nominate them and the appointer may appoint or nominate another or others in his or their place and also fill in any vacancy which may occur as a result of any such Director or Directors ceasing to hold that office for any reason whatsoever. The Directors appointed or nominated under this Article shall be entitled to exercise and enjoy all or any of the rights and privileges exercised and enjoyed by the Directors of the Company including payment of remuneration and travelling expenses to such Director or Directors as may be agreed by the Company with the appointer."

Debenture Directors

Article 109 provides that, "If it is provided by the Trust Deed, securing or otherwise, in connection with any issue of Debentures of the Company that any person or persons shall have power to nominate a Director of the Company, then in the case of any and every such issue of Debentures, the person or persons having such power may exercise such power from time to time and appoint a Director accordingly. Any Director so appointed is herein referred to as a Debenture Director. A Debenture Director may be removed from office at any time by the person or persons in whom for the time being is vested the power under which he was appointed and another Director may be appointed in his place. A Debenture Director shall not be bound to hold any qualification shares."

Appointment of Alternate Director

Article 110 provides that, "The Board may appoint an alternate director who is recommended for such appointment by a Director (hereinafter called the "Original Director") to act for him during his absence for a period of not less than three months from the State in which the meetings of the Board are ordinarily held. An alternate Director appointed under this Article shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to that State. If the term of office of the Original Director is determined before he so returns to that State, any provisions in the Act or in these Articles for the automatic reappointment of any retiring Director in default of another appointment shall apply to the Original Director and not to the alternate Director."

Director's power to add to the Board

Article 111 provides that, "Subject to the provisions of Sections 260 and 264, the Board shall have power at any time and from time to time to appoint any other qualified person to be an additional director, but so that the total number of directors shall not at any time exceed the maximum fixed under Article 106. Any such additional director shall hold office only up to the date of the next Annual General Meeting."

Director's power to fill casual vacancies

Article 112 provides that, "Subject to the provisions of Sections 262, 264, and 284 (6) of the Act, the Board shall have power at any time and from time to time to appoint any other qualified person to be a Director to fill a casual vacancy. Any person so appointed shall hold office only up to the date to which the Director in whose place he is appointed would have held office if it had not been vacated by him."

Qualification of Directors

Article 113 provides that, "A Director shall not be required to hold any share qualification."

Remuneration of Directors

Article 114 provides that,

"(1) Subject to the provisions of the Act, a Managing Director or Director who is in the whole-time employment of the Company may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other.

(2) Subject to the provisions of the Act, a Director who is neither in the whole-time employment of the Company nor a Managing Director may be paid remuneration either:

  (i) by way of monthly, quarterly or annual payment with the approval of the Central Government; or

  (ii) by way of commission, if the Company by a special resolution authorises such payment.

(3) The fee payable to a Director (including a Managing or whole time Director, if any) for attending each meeting of the Board or Committee thereof shall be an amount not exceeding Rs. 5,000 (Rupees five thousand) or such other maximum sum as may be prescribed by the Central Government from time to time."

Special remuneration for extra services rendered by a Director

Article 116 provides that, "If any Director is called upon to perform extra services or special exertion or efforts (which expression shall include work done by a Director as a member of any Committee formed by the Directors), the Board may arrange with such

Director for such special remuneration for such extra services or special exertion or efforts either by a fixed sum or otherwise as may be determined by the Board and the said remuneration may be either in addition to or in substitution of the remuneration otherwise provided.”

MANAGING DIRECTOR

Board may appoint Managing Director

Article 113 provides that,

“(a) The Board may subject to the provisions of the Act and these Articles from time to time appoint any of its number as the Managing Director of the Company upon such terms and conditions as the Board may think fit and subject to the provisions of Article 134, the Board may by resolution vest in such Managing Director such of the powers hereby vested in the Board generally as it thinks fit, and such powers may be exercisable for such period or periods and upon such conditions and subject to such restrictions as it may determine. The remuneration of the Managing Director may be by way of monthly payment, fee for each meeting or participation in profits, or by any or all these modes or any other means permitted by law.

(b) The Managing Director shall be liable to retire by rotation and may not be a nominee of either MITS or BT. If he ceases to hold the office of Managing Director, he shall ipso facto and immediately cease to be a Director and vice versa.”

Meeting of Directors

Article 137 provides that, “The Directors may meet together as a Board for the dispatch of business from time to time, and shall so meet at least once in every three months and at least four such meetings shall be held in every year. The Directors may adjourn and otherwise regulate their meetings as they think fit.”

Questions at Board or Committee meetings how to be decided

Article 143 provides that,

“1. Questions arising at meetings of the Board of Directors or a Committee thereof shall be decided by a majority of the votes; Provided that, if at any time the aggregate share holding of BT and MITS together in the company is majority or more of the paid up equity share capital of the Company (subject however to a condition that the minimum holding of either BT or MITS shall at feast be 10% of the paid up equity share capital), no resolution shall be passed by the Board or its Committee in respect of any of the following matters unless at least one Director appointed by BT and one Director appointed by MITS under Article 107(A) and (B) hereof respectively or their alternates, if any, shall have voted in favour of such resolution :-

(a) Materially deviating from or materially changing the objects or activities of the Company and substantial expansion of any such activities.

(b) Selling, leasing, charging or dealing with the whole or any part of the Company’s undertaking, property or assets otherwise than in the ordinary course of business.

(c) Borrowing money or taking loans and pledging any capital stock, bonds, or debentures or mortgaging the same as security for such loans.

(d) The acquisition, addition, replacement, sale, lease or disposal of any items of tangible or intangible property in excess of Rs.10,00,00,000 per transaction.

(e) Investing any of the funds of the Company otherwise than in trust securities or in fixed deposit with the Company’s bankers or extending the research or production activities of the Company beyond the fields of its existing activities.

(f) Fixing or increasing the remuneration of any Director of the Company.

(g) Issuing options or warrants to purchase the capital stock of the Company.

(h) Becoming a guarantor or surety for obligations of third parties;

(i) Becoming a party to any merger, amalgamation or consolidation.

(j) Making any loan of the funds of the Company, where the sum to be loaned would together with any other sums already loaned exceed Rs. 1,50,00,000 or such other higher sum as may be fixed by the Board from time to time.

(k) Appointment of a Committee of Directors (including any change in the composition of the Committee) a Managing Director or a Manager and the powers and authorities to be vested in such Committee, Managing Director or Manager.

(l) The establishment or closure of any branch of the Company.

(m) The creation or dissolution of any subsidiary of the Company or the appointment or removal of any Director of any such subsidiary or the exercise of any other power of the Company in relation to any such subsidiary.

(n) Alteration of the capital structure of the Company, including the issue of shares or issue of any rights or privileges to acquire any shares or other securities of the Company.

(o) Recommending dividends or any other distribution to the shareholders.

(p) Licensing or disposing of patents, trademarks or industrial property rights owned or licensed to the Company.

(q) Mortgaging or otherwise encumbering the property of the Company.

(r) Appointment of additional Directors and filling in casual vacancies in the office of Directors.

(s) Alteration of the Memorandum or Articles of Association of the Company.

2. If at any time the aggregate shareholding of BT and MITS together in the Company falls below majority of the paid up equity share capital of the Company or the holding of either BT or MITS falls below 10% of the paid up equity share capital of the Company, then any resolution of the Board in respect of matters enumerated in sub clause (1) above shall not be passed unless a majority in number of the total strength of the Board of Directors for the time being shall have voted in favour of such a Resolution.

3. If the Directors appointed by BT and MITS under Article 107 or their alternates, if any, are unable to attend any meeting of the Board or committee thereof, but address a written communication to the Board expressing their concurrence or approval to the passage of any particular resolution or resolutions by the Board or committee thereof in respect of any of the foregoing matters, then such communication shall, for the purpose of this Article, be deemed to be their affirmative vote.”

Power of Board Meeting

Article 144 provides that, “Subject to the provisions of Article 143, a meeting of the Board for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions which by or under the Act or the Articles of the Company are for the time vested in or exercisable by the Board generally.”

Directors may appoint Committees

Article 145 provides that, “Subject to the restrictions contained in the Act, the Board may delegate any of their powers to a committee or committees of the Board consisting of such members of its body, as it thinks fit. The Board, from time to time, may revoke and discharge any such committee either wholly or in part and either as to person or purposes, but every committee of the Board so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such committee of the Board in conformity with such regulations shall have the like force and effect as if done by the Board. The proceedings of such committee shall be placed before the Board of Directors at its next meeting for confirmation.

MITS and BT shall have equal representation on all the Committees appointed by the board excepting the Audit Committee and such other Committee/s in respect of which either BT or MITS / Mahindra & Mahindra Limited has by written agreement or by written consent waived its right of equal representation. MITS and BT shall be entitled to be represented on the Audit Committee every alternate year and a nominee of MITS or BT as the case may be shall be entitled to attend the Audit Committee meetings as an invitee in the year in which MITS or BT is not so represented on the Audit Committee.”

Powers of Directors

Article 150 provides that, “The Board may exercise all such powers of the Company and do all such acts and things as are not, by the Act, or any other Statute or by the Memorandum or by the Articles of the Company, required to be exercised by the Company in general meeting, subject nevertheless to these Articles, to the provisions of the Act, of any other Statute and to such regulations being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by the Company in general meeting but no regulation made by the Company in general meeting shall invalidate any act of the Board which would have been valid if that regulation had not been made."

Provided that the Board shall not, except with the consent of the Company in general meeting :-

(a) Sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking, of the whole, or substantially the whole, of any such undertaking.

(b) Remit, or give time for the repayment of any debt due by a Director.

(c) Invest otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition of any such undertaking as is referred to in clause (a), or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time.

(d) Borrow moneys where the moneys to be borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid-up capital of the Company and its free reserves-that is to say, reserves not set apart for any specific purpose.

(e) Contribute to charitable and other funds, not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five percent of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act, during the three financial years immediately preceding, whichever is greater.

Provided further that the powers specified in Section 292 of the Act shall, subject to these Articles be exercised only at meetings of the Board, unless the same be delegated to the extent therein stated."

Certain powers of the Board

Article 152 provides that, "Without prejudice to the general powers conferred by the last preceding Article and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the last preceding Article, it is hereby declared that the Directors shall have the following powers; that is to say, powers:

(1) To pay costs, charges, and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company;

(2) To pay and charge to the capital account of the Company any commission or interest lawfully payable thereout under the provisions of Sections 76 and 208 of the Act;

(3) Subject to Sections 292 and 297 of the Act to purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorised to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit; and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.

(4) At their discretion and subject to the provisions of the Act to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially in cash or in shares, bonds, Debentures, mortgages, or other securities of the Company, and any such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon; and any such bonds, debentures, mortgages or other securities may either specially charged upon all or any part of the property of the Company and its uncalled Capital or not so charged.

(5) To secure the fulfilment of any contracts or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit.

(6) To accept from any Member, as far as may be permissible by law, a surrender of his shares or any part thereof, on such terms and conditions as may be agreed.

(7) To appoint any person to accept and hold in trust for the Company and property belonging to the Company, in which it is interested, or for any other purposes; and to execute and do all such deeds and things as may be required in relation to any trust, and to provide for the remuneration of such trustee or trustees.

(8) To institute, conduct, defend, compound or abandon, any legal proceedings by or against the Company or its officers, or otherwise, concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts due, and of any claim or demands by or against the Company and to refer any differences to arbitration, and observe and perform any awards made thereon.

(9) To act on behalf of the Company in all matters relating to bankrupts and insolvents.

(10) To take and give receipts, releases, and other discharges for moneys payable to the Company and for the claims and demands of the Company.

(11) Subject to the provisions of Sections 292, 295 and 372A of the Act, to invest and deal with any moneys of the Company not immediately required for the purposes thereof upon such security (not being shares of this Company) or without security and in such manner as they think fit, and from time to time, to vary or realise such investments; save as provided in Section 49 of the Act, all investments shall be made and in the Company's own name.

(12) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or surety for the benefit of the Company, such mortgages of the Company's property (present and future) as they think fit, and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon.

(13) To determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptances, endorse ments, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purposes.

(14) To distribute by way of bonus amongst the staff of the Company a share or shares in the profits of the Company, and to give to any officer or other person employed by the Company a commission on the profits of any particular business or transaction, and to charge such bonus or commission as part of the working expenses of the Company.

(15) To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, widows and families of the dependents or connections of such persons, by building of houses, dwellings or chawls, or by grants of money, pensions, gratuities, allowances, bonus or other payments, or by creating, and from time to time subscribing or contributing to provident and other associations, institutions, funds or trusts and by providing or subscribing or contributing towards places of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board may think fit, and to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or objects which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of public and general utility or otherwise.

(16) Before recommending any dividend, to set aside out of the profits of the Company such sums as they may think proper for depreciation or to a depreciation fund, or to an insurance fund, or as a reserve fund or sinking fund, or any special fund to meet contingencies or to repay debentures or debenture-stock or for special dividends or for equalising dividends or for repairing, improving, extending and maintaining any of the property of the Company and for such other purposes (including the purposes referred to in the preceding clause), as the Board may, in their absolute discretion think conducive to the interest of the Company, and subject to section 292 of the Act, to invest the several sums so set aside or so much thereof as required to be invested, upon such investments (other than shares of the Company as they may think fit, and from time to time to deal with and vary such investments and dispose of, apply and expend all or any part thereof for the benefit of the Company, in such manner and for such purposes as the Board in their absolute discretion think conducive to the interest of the Company, notwithstanding that the matters to which the Board apply or upon which they expend the same, or any part thereof, may be matters to or upon which the capital moneys of the Company might rightly be applied or expended; and to divide the reserve fund into such special funds as the Board may think fit, with full power to transfer the whole or any portion of any reserve fund or division of a reserve fund to another reserve fund or division of a reserve fund and with full power to employ the assets constituting all or any of the above funds, including the depreciation fund, in the business of the Company or in the purchase or repayment of Debentures or Debenture-stock, and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with power however to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper, not exceeding nine percent per annum.

(17) To appoint, and at their discretion remove or suspend such general managers, managers, secretaries, assistants, supervisors,

clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit, and to determine their powers and duties, to fix their salaries or emoluments or remuneration, and to require security in such instances and of such amount as they may think fit; also, from time to time provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manners as they think fit; and the provisions contained in the four next following subclauses shall be without prejudice to the general powers conferred by this sub-clause.

(18) To comply with the requirements of any local law which in their opinion it shall, in the interests of the Company, be necessary or expedient to comply with.

(19) At any time and from time to time by Power of Attorney under the Seal of the Company, to appoint any person or persons to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make calls and excluding also, except in their limits authorised by the Board, the power to make loans and borrow moneys) and for such period and subject to such conditions as the Board may from time to time think fit; and any such appointment may (if the Board thinks fit) be made in favour of any company, or the shareholders, directors, nominees, or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such powers for the protection or convenience of persons dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegates or attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them.

(20) Subject to Sections 294 and 297 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purpose of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.

(21) From time to time to make, vary and repeal by-laws for the regulation of the business of the Company, its officers and servants.

DIVIDENDS

Division of profits

Article 156 provides that, “The profits of the Company, whether capital or revenue, shall, subject to any special rights relating thereto created or authorised to be created by these Articles, and subject to the provisions of these Articles, be divisible among the members in proportion to the amount of Capital paid up or credited as paid up on the shares held by them respectively.”

The Company in General Meeting may declare a Dividend

Article 157 provides that, “The Company in General Meeting may declare Dividends out of the profits of any financial year or previous financial years to be paid to Members according to their respective rights : no Dividends shall exceed the amount recommended by the Board, but the Company in General Meeting may declare a smaller Dividend.”

Dividends to be paid only out of profits

Article 158 provides that,

“(1) No Dividend shall be declared or paid otherwise than in cash out of profits of the financial year arrived at after providing for depreciation in accordance with the provisions of Section 205 of the Act, or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with those provisions and remaining undistributed or out of both. Provided that:

(i) if the Company has not provided for depreciation for any previous financial year or years, it shall, before declaring or paying a Dividend for any financial year, provide for such depreciation out of the profits of the financial year or out of the profits of any other previous financial year or years;

(ii) if the Company has incurred any loss in any previous financial year or years the amount of the loss or any amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the year for which the dividend is proposed to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of sub-section (2) of the Section 205 of the Act or against both.

(2) Notwithstanding anything contained in sub-clause (1) hereof, no dividend shall be declared or paid by the Company for any, financial year out of the profits of the Company for that year arrived at after providing for depreciation in accordance with the provisions of subclause (1) hereof except after the transfer to the reserve of the Company of such percentage of its profits for that year not exceeding ten percent as may be required by law. Provided that nothing in this clause shall be deemed to prohibit the voluntary transfer by the Company of a higher percentage of its profits to the reserves in accordance with such rules as may be made by the Central Government in this behalf.

(3) Where owing to inadequacy or absence of profits in any year, the Company proposes to declare a dividend out of the accumulated profits earned by the Company in previous years and transferred by it to the reserves, such declaration of dividend shall not be made except in accordance with such rules, as may be the Central Government in this behalf, and where any such declaration is not in accordance with such rules, such declaration shall not be made except with the previous approval of the Central Government."

Interim Dividend

Article 159 provides that, "The Board may, from time to time, pay to the Members such interim dividend as in their judgement the position of the Company justifies."

Capital paid up in advance at interest not to earn Dividend

Article 160 provides that, "Where Capital is paid in advance of calls, such Capital may carry interest but shall not in respect thereof confer a right to Dividend or to participate in profits."

Dividends in proportion to amount paid-up

Article 161 provides that, "All Dividends shall be apportioned and paid proportionately to the amount paid or credited as paid on the Shares during any portion or portions of the period in respect of which the Dividend is paid; but if any Share is issued on terms providing that it shall rank for Dividend as from a particular date, such Share shall rank for dividend accordingly."

Retention of Dividends until completion of transfer under Article 61

Article 162 provides that, "Subject to the provisions of the Act, the Board may retain the Dividends payable upon Shares in respect of which any person is under Article 61 entitiled to become a Member or which any person under that Article is entitled to transfer, until such person shall become a Member in respect of such Shares or shall duly transfer the same."

Dividends etc, to joint-holders

Article 163 provides that. "Any one of several persons who are registered as the joint-holders of any share may give effectual receipts for all dividends or bonus and payments on account of dividends or bonus or other money payable in respect of such shares."

Transfer of Shares must be registered

Article 164 provides that, "A transfer of shares shall not pass the right to any Dividend declared thereon before the registration of the transfer."

Dividends how remitted

Article 165 provides that, "Unless otherwise directed, any Dividend may be paid by cheque or warrant or by a payslip or receipt having the force of a cheque or warrant sent through the post to the registered address of the Member or person entitled or in the case of joint-holders to that one of them first named in the Register of Members in respect of the joint-holdings. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant or payslip or receipt lost in transmission, or for any dividend lost to the Member or person entitled thereto by the forged endorsement of any cheque or warrant or the forged signature of any pay slip or receipt or the fraudulent recovery of the dividend by any other means."

Unclaimed dividend

Article 166 provides that, "Dividends unclaimed will be dealt with in accordance with the provisions of Sections 205A and 205B or other provisions if any of the Act as may be applicable from time to time."

Dividend and call together

Article 167 provides that, "Any General Meeting declaring a Dividend may, on the recommendation of the Directors, make a call on the Members of such amount as the meeting fixes, but so that the call on each Member shall not exceed the Dividend payable to him, and so that the call be made payable at the same time as the Dividend; and the Dividend may, if so arranged between the Company and the Member, be set off against the calls."

CAPITALISATION

Capitalisation

Article 168 provides that,

"(a) The Company in General Meeting may resolve that any amounts forming part of the undivided profits of the Company standing to the credit of the reserve fund, or any capital redemption reserve account, or in the hands of the Company and available for Dividend (or representing premium received on the issue of shares and standing to the credit of the Share Premium Account) be capitalised and distributed among such of the shareholders as would be entitled to receive the same if distributed by way of Dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalised fund be applied on behalf of such shareholders in paying up in full either at par or at such premium as the resolution may provide, any unissued Shares or Debentures or debenture-stock of the Company which shall be distributed accordingly or in or toward payment of the uncalled liability on any issued Shares or Debentures or debenture-stock and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalised sum, provided that a Share Premium Account and a capital redemption reserve account may, for the purpose of this Article, only be applied in the paying of any unissued shares to be issued to members of the Company as fully paid bonus shares.

(b) A General Meeting may resolve that any surplus moneys arising from the realisation of any capital assets of the Company, or any investments representing the same, or any other undistributed profits of the Company not subject to charge for income tax be distributed among the Members on the footing that they receive the same as Capital.

(c) For the purpose of giving effect to any resolution under the preceding paragraphs of this Article, the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient, and in particular may issue fractional certificates, and may fix the value for distribution of any specific assets, and may determine that such cash payments shall be made to any Members upon the footing of the value so fixed or that fractions of less value than Rs.10/- may be disregarded in order to adjust the rights of all parties, and may vest any such cash or specific assets in trustees upon such trusts for the person entitled to the Dividend or capitalised fund as may seem expedient to the Board. Where requisite, a proper contract shall be delivered to the Registrar for registration in accordance with Section 75 of the Act, and the Board may appoint any person to sign such contract on behalf of the persons entitled to the Dividend or capitalised fund, and such appointment shall be effective."

WINDING-UP

Liquidator may divide assets in specie

Article 184 provides that, "The Liquidator on any winding-up (whether voluntary, under supervision or compulsory) may with the sanction of a special resolution, but subject to the rights attached to any preference share capital, divide among the contributories in specie any part of the assets of the Company and may with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories as the Liquidator with the like sanction shall think fit."

INDEMNITY AND RESPONSIBILITY

Directors and others right of indemnify

Article 185 provides that, "Every officer or agent for the time being of the Company shall be indemnified out of the assets of the Company against all liability incurred by him in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or discharged or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court."

SECRECY CLAUSE

Secrecy Clause

Article 186 provides that,

"(a) Every Director, manager, auditor, treasurer, trustee, member of a committee, officer, servant, agent, accountant or other person employed in the business of the Company shall, if so required by the Directors, before entering upon his duties, sign a declaration pledging himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters relating thereto, and shall by such declaration pledge himself not to reveal any of his matters which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.

(b) No member shall be entitled to visit any works of the Company without the permission of the Directors or to require discovery of or any information respecting any details of the Company's trading, or any matter which is or may be in the nature of trade secret, mystery of trade, secret process or any other matter which may relate to the conduct of the business of the Company, and which in the opinion of the Directors it would be inexpedient in the interest of the Company to disclose."

ADDITIONAL INFORMATION: FINANCIAL STATEMENTS UNDER U.S. GAAP

Report of Independent Auditors'

To
The Board of Directors

We have audited the accompanying consolidated balance sheets of Tech Mahindra Limited (formerly known as Mahindra-British Telecom Limited) (the "Company") and its subsidiaries as of March 31, 2006 and 2005 and the related consolidated statements of income, shareholders' equity and cash flows for each of the years in the three year period ended March 31, 2006, all expressed in Indian rupees. 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 audits.

We did not audit the financial statements of the Company's subsidiaries, which together constitute 15.41% and 3.71%, respectively, of the consolidated total assets as of March 31, 2006 and 2005, and constitute 3.78%, 2.58% and 4.16%, respectively; of the consolidated total revenues for each the three years ended March 31, 2006. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for subsidiaries, is based solely on the report of such other auditors.

We conducted our audits in accordance with auditing standards generally accepted in United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of other auditors, such consolidated financial statements present fairly, in all material respects, the consolidated financial position of Tech Mahindra Limited (formerly known as Mahindra-British Telecom Limited) and its subsidiaries as of March 31, 2006 and 2005 and the consolidated results of their operations and their cash flows for each of the years in the three year period ended March 31, 2006 in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2 (a) to the consolidated financial statements, these consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which differ in certain material respects from accounting principles generally accepted in India, which form the basis of the Company's general purpose financial statements.

Deloitte Haskins & Sells
Chartered Accountants
Mumbai, Dated: June 15, 2006

CONSOLIDATED BALANCE SHEETS

	As at March 31, 2006 Rs.	As at March 31, 2005 Rs.
Assets:		
Current assets		
Cash and cash equivalents	759,690,097	1,284,958,022
Accounts receivable, net of allowance of Rs.29,629,054 and Rs.17,519,294 for 2006 and 2005, respectively.	4,377,337,724	2,211,684,007
Investments in available-for-sale securities	1,517,296,977	1,115,522,370
Prepaid expenses and other current assets, net of allowance of Rs.8,758,992 for 2006 and 2005.	233,538,688	159,608,589
Deferred tax asset	49,833,425	21,126,584
Total current assets	**6,937,696,911**	**4,792,899,572**
Intangible assets (refer note 3)	635,450,000	-
Property, plant and equipment, net	2,523,830,907	1,780,693,988
Deferred income tax asset	59,968,777	113,337,732
Other non-current assets	207,625,762	83,692,201
Total assets	**10,364,572,357**	**6,770,623,493**
Liabilities and shareholders' equity:		
Liabilities		
Current liabilities		
Accrued expenses and other current liabilities	2,881,704,345	1,749,550,775
Non-current liabilities		
Other non-current liabilities	349,598,609	233,475,171
Total liabilities	**3,231,302,954**	**1,983,025,946**
Minority Interest	**358,925**	**-**
Commitments and contingencies (see notes 11 and 16)	-	-
Shareholders' equity		
Equity shares: Par value, Rs.2 per share; Authorised 150,000,000 and 125,000,000 equity shares, respectively; Issued and fully paid up 102,508,885 and 101,726,575 equity shares, respectively; Issued and partly paid-up 9,931,638 equity shares as of 2006	207,997,261	203,453,150
Additional paid-up capital	359,869,291	230,132,220
Accumulated other comprehensive income	23,126,680	27,966,466
Retained earnings	6,541,917,246	4,326,045,711
Total shareholders' equity	**7,132,910,478**	**4,787,597,547**
Total liabilities and shareholders' equity	**10,364,572,357**	**6,770,623,493**

(See notes to consolidated financial statements)

CONSOLIDATED INCOME STATEMENTS

	For the year ended March 31, 2006 Rs.	For the year ended March 31, 2005 Rs.	For the year ended March 31, 2004 Rs.
REVENUE			
Net revenue (see note 2d)	12,426,667,754	9,456,411,192	7,417,061,272
Cost of revenue	8,021,637,258	6,818,437,286	5,738,157,808
Gross profit	**4,405,030,496**	**2,637,973,906**	**1,678,903,464**
OPERATING EXPENSES			
Selling, general and administration expenses	1,757,780,719	1,306,159,195	905,083,618
Depreciation	397,480,714	321,132,074	226,515,556
Total operating expenses	**2,155,261,433**	**1,627,291,269**	**1,131,599,174**
Operating income	**2,249,769,063**	**1,010,682,637**	**547,304,290**
Other income, net	340,131,348	85,487,145	186,167,303
Income before income tax and minority interests	**2,589,900,411**	**1,096,169,782**	**733,471,593**
Income tax expense	232,451,209	90,445,726	82,561,309
Income before minority Interests	**2,357,449,202**	**1,005,724,056**	**650,910,284**
Minority Interest	(39,959)	-	-
Net income	**2,357,409,243**	**1,005,724,056**	**650,910,284**
Weighted average number of common shares outstanding	103,998,631	101,726,575	101,218,378
Earnings per share:			
Basic	Rs. 22.67	Rs. 9.89	Rs. 6.43
Diluted	Rs. 18.35	Rs. 8.81	Rs. 6.32

(See notes to consolidated financial statements)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the year ended March 31, 2006 Rs.	For the year ended March 31, 2005 Rs.	For the year ended March 31, 2004 Rs.
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	**2,357,409,243**	**1,005,724,056**	**650,910,284**
Adjustments to reconcile net income to net cash provided by operating activties:			
(Profit)/loss on sale of property, plant and equipment	4,407,226	3,404,716	(13,835,312)
Depreciation	397,480,714	321,132,074	226,515,556
Minority interest	39,959	-	-
Deferred tax	24,662,115	(47,637,033)	(1,038,867)
Changes in operating assets and liabilities			
Accounts receivable	(1,874,828,353)	458,922,622	(1,036,855,957)
Prepaid expenses and other current assets	(159,611,404)	57,220,100	(102,777,805)
Other assets	(2,896,581)	5,187,594	432,441
Accounts payable	708,307,557	428,586,492	193,139,615
Other accrued liabilities	22,800,923	264,830,586	320,090,811
Net cash provided by operating activities	**1,477,771,399**	**2,497,371,207**	**236,580,766**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment	(378,710,275)	(549,940,301)	(336,414,839)
Purchases of available-for-sale investments	(12,514,705)	(662,915,758)	(116,392,823)
Purchase of subsidiary, net of cash acquired	(1,602,143,545)	-	-
Proceeds from sales of property, plant and equipment	7,685,415	1,440,134	18,840,229
Net cash used in investing activities	**(1,985,683,110)**	**(1,211,415,925)**	**(433,967,433)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	134,281,182	15,941,220	12,715,200
Payment of cash dividends and dividend tax	(141,537,708)	(412,145,049)	(558,935,576)
Net cash used in financing activities	**(7,256,526)**	**(396,203,829)**	**(546,220,376)**
Effect of exchange rate changes on cash	(10,099,688)	6,737,932	2,445,108
Net change in cash and cash equivalents during the year	**(525,267,925)**	**896,489,385**	**(741,161,935)**
Cash and cash equivalents, beginning of the year	**1,284,958,022**	**388,468,637**	**1,129,630,572**
Cash and cash equivalents, end of the year	**759,690,097**	**1,284,958,022**	**388,468,637**
Supplementary information:			
Cash (refunds)/paid towards taxes	**(35,995,558)**	**25,414,580**	**16,423,646**

(See notes to consolidated financial statements)

STATEMENTS OF SHAREHOLDERS' EQUITY

	Common shares	Common shares	Additional paid-in-capital	Accumulated other compre-hensive income	Retained earnings	Total shareholders' equity	Compre-hensive income
	Number of Shares	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at April 1, 2003	**101,069,355**	**202,138,710**	**202,790,240**	**9,118,540**	**3,640,491,996**	**4,054,539,486**	
Net income					650,910,284	**650,910,284**	650,910,284
Issue of shares	294,700	589,400	12,125,800			**12,715,200**	
Translation adjustments				11,019,422		**11,019,422**	11,019,422
Unrealized loss on available for sale securities, net				(191,299)		**(191,299)**	(191,299)
Dividend paid					(558,935,576)	**(558,935,576)**	
Balance as at March 31, 2004	**101,364,055**	**202,728,110**	**214,916,040**	**19,946,664**	**3,732,466,704**	**4,170,057,518**	**661,738,407**
Net income					1,005,724,056	**1,005,724,056**	1,005,724,056
Issue of shares	362,520	725,040	15,216,180			**15,941,220**	
Translation adjustments				6,207,680		**6,207,680**	6,207,680
Unrealised loss on available for sale securities, net				1,812,122		**1,812,122**	1,812,122
Dividend paid					(412,145,049)	**(412,145,049)**	
Balance as at March 31, 2005	**101,726,575**	**203,453,150**	**230,132,220**	**27,966,466**	**4,326,045,711**	**4,787,597,547**	**1,013,743,858**
Net income					2,357,409,243	**2,357,409,243**	2,357,409,243
Issue of shares	782,310	1,564,620	32,903,601			**34,468,221**	
Issue of shares (partly paid up)	9,931,638	2,979,491	96,833,470			**99,812,961**	
Translation adjustments				(10,099,688)		**(10,099,688)**	(10,099,688)
Unrealised gain on available for sale securities, net				5,259,902		**5,259,902**	5,259,902
Dividend paid					(141,537,708)	**(141,537,708)**	
Balance as at March 31, 2006	**112,440,523**	**207,997,261**	**359,869,291**	**23,126,680**	**6,541,917,246**	**7,132,910,478**	**2,352,569,455**

(See notes to consolidated financial statements)

Notes to consolidated financial statements

1. **The Company:**

   a. Tech Mahindra Limited (Formerly known as Mahindra-British Telecom Limited) is a limited liability company incorporated in the state of Maharashtra under the laws of India. It is a venture between Mahindra & Mahindra Limited (M&M), the holding company, which owns 56.26% stake (including through its subsidiaries) and British Telecommunications plc. (BT), which owns 42.44%.

   b. Tech Mahindra Limited ("the Company") and its following subsidiaries (collectively referred to as "TML") specialise in the development of customised software for use in the telecommunications industry and provide computer consulting and programming support services:

Name of the Subsidiary company	Country of incorporation	Extent of Holding (%) as on March 31, 2006
Tech Mahindra (Americas) Inc. (Formerly known as MBT International Inc.)	United States of America	100 %
Tech Mahindra GmbH (Formerly known as MBT GmbH)	Germany	100 %
Tech Mahindra (Singapore) Pte. Ltd. (Formerly known as MBT Software Technologies Pte. Ltd., Singapore)	Singapore	100 %
Tech Mahindra (Thailand) Limited	Thailand	99.99%
Tech Mahindra (R & D Services) Limited (Formerly known as Axes Technologies (India) Private Limited) and its following subsidiaries:	India	99.97%
Tech Mahindra (R & D Services) Inc. (Formerly known as Axes Technologies Inc.)	United States of America	99.97%
Tech Mahindra (R & D Services) Pte. Ltd., (Formerly known as Axes Technologies (Asia pacific) Pte. Ltd.)	Singapore	99.97%

   c. The Company 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. The Company has no operating control on TMF and the Company will not derive any economic benefits from its investments in TMF. Accordingly, the accounts of TMF are not consolidated in these financial statements.

   d. The Company's operating revenue substantially arises from BT. The revenues from BT, in percentage terms, were 68.64%, 80.56% and 80.23% for the years ended March 31, 2006, 2005 and 2004 respectively (refer note 17 below)

2. **Summary of significant accounting policies:**

   a. Basis of preparation:

   The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP). The Company's general-purpose financial statements are prepared under accounting principles generally accepted in India, which differ in certain material respects from US GAAP. Significant differences, in so far as they relate to TML, include revenue and cost recognition, consolidation of subsidiaries, income taxes and the presentation and format of the financial statements and disclosures etc.

   b. Principles of consolidation:

   i. The consolidated financial statements include accounts of the Company and its subsidiaries, mentioned in note 1 above. Significant inter-company transactions have been eliminated upon consolidation.

ii. Minority interest in the net assets of the consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders.

iii. The results of subsidiaries acquired are included in the consolidated financial statements from the date of acquisition. Purchase consideration paid in excess of fair value of net assets acquired is recognized as goodwill. The excess of fair value of net assets over purchase consideration is first allocated to reduce the amounts otherwise assigned to the eligible acquired long-term assets and any excess remaining is recognized as an extraordinary gain in the income statement in the year in which the business combination is consummated.

c. Use of estimates:

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of income and expenses for the years presented. Actual results could differ from these estimates. Material estimates in these financial statements include estimates for cost of revenue, general and administration expenses.

d. Revenue and cost recognition:

Revenue has been recognised when it is probable of collection in accordance with Statement of Position No.97-2 issued by the AICPA and the SEC's Staff Accounting Bulletin No. 101, as follows:

- Revenue from software development and maintenance contracts priced on a time and materials basis is recognised on the basis of billable time spent by employees working on the project, priced at the contracted rate, and is stated net of sales incentives and discounts.
- Revenue from fixed price contracts is recognised pro-rata over the life of the contract using the percentage-of-completion method on completion of milestones.
- Revenues from services performed, pending receipt of purchase orders from customers, which are invoiced subsequently on receipt thereof, are recognized as unbilled revenue, on the basis of MSAs with the customers.

Provision for estimated losses, if any on uncompleted contracts are recorded in the period in which such losses become probable based on the current contract estimates.

Costs incurred in generating revenues from services have been expensed as incurred.

Cost of revenue includes all direct costs and allocated overheads incurred in producing the revenues. Direct cost includes personnel costs, travel, training, sub-contracting charges etc.

e. Cash and cash equivalents

Cash and cash equivalents represents cash in hand and time deposits with an original maturity of three months or less.

f. Property, plant and equipment:

Property, plant and equipment are stated at cost. TML computes depreciation for all property, plant and equipment, except land, using the straight-line method based on estimated useful lives. For assets purchased or sold during the period, depreciation is charged on a pro-rata basis, using the straight-line method

Management's estimate of the useful life of property, plant and equipment is given below:

Property (Buildings)	15 years
Furniture and fixtures	5 years
Computer equipment	3 - 5 years
Plant and machinery	3 - 5 years
Vehicles	5 years

Cost of property, plant and equipment including advances paid towards their acquisition which are not put to use as at the balance sheet date are included under capital work-in-progress.

g. Intangible assets:

Intangible assets consists of amounts allocated to customer contracts and customer relationships on acquisition of subsidiary and is amortised over a period of 7 years on the basis of estimated revenues from customers of the acquired subsidiary.

h. Investments:

Investments consist of available for sale securities, which are carried at fair value. Unrealised gains and losses, net of applicable taxes are reported in accumulated other comprehensive income as a separate component of stockholder's equity. Dividend on securities is included in other income.

i. Impairment of long lived assets:

Whenever events or circumstances indicate the possibility of long lived assets being impaired, the Company subjects such assets to a test of recoverability, based on undiscounted cash flows expected from use or disposition of such assets. If the asset is impaired, TML recognizes an impairment loss. The impairment loss is estimated as the difference between discounted cash flows and the asset's net carrying value.

j. Foreign currency translation:

The functional currency of the Company and its Indian subsidiary, Tech Mahindra (R & D Services) Ltd, is Indian Rupee. The functional currency for its other subsidiaries is as follows:

- US Dollars for Tech Mahindra (Americas) Inc. and Tech Mahindra (R & D Services) Inc.
- Euro for Tech Mahindra Gmbh
- Singapore Dollars for Tech Mahindra (Singapore) Pte. Ltd. and Tech Mahindra (R & D Services) Pte. Ltd.
- Thai Bhat for Tech Mahindra (Thailand) Ltd.

Assets and liabilities of the subsidiaries, located outside India are translated into Indian Rupees at each balance sheet date at the exchange rate prevailing on that date, while income and expenses are translated at average exchange rate in effect during the year. Resultant translation adjustments are reported in accumulated other comprehensive income as a separate component of stockholders' equity.

k. Foreign currency transactions:

Foreign currency transactions are normally recorded at exchange rates prevailing at the time of the transaction. Foreign currency denominated assets and liabilities are translated into the functional currency using exchange rates in effect at the balance sheet date. Gains and losses arising on translation of foreign currency denominated assets and liabilities and on foreign currency transactions are included in the determination of net income.

l. Derivative financial Instruments:

The Company enters into foreign exchange forward contracts where the counterparty is generally a bank. The Company purchases foreign exchange forward contracts to mitigate the risk of changes in foreign exchange rates on accounts receivables and forecasted cash flows denominated in foreign currencies. Although the Company believes that these contracts constitute hedges from an economic perspective, they do not qualify for hedge accounting under SFAS 133, as amended.

Any derivative that is either not designated as hedge, or is so designated but is ineffective per SFAS 133, is marked to market recorded at fair value and changes in fair values are reflected in the determination of net income.

m. Income tax:

Income tax provision consists of current taxes and the change in any deferred tax assets and liabilities.

Current taxes:

The Company's and its Indian subsidiary's operations qualify as a 100% export oriented unit established under the Software Technology Park Scheme, which entitles the Companies to a ten-year tax holiday under Indian law. This benefit expires in March 2009. Accordingly, current income tax expense for the year ended March 31, 2006 has been recorded for income that is not exempt under the tax holiday.

Current income tax payable in each of the Company's overseas branches are computed in accordance with the tax laws applicable in the jurisdiction in which the branch operates. The amounts paid are generally available for offset as double tax credits in India against the income-tax liability computed on the Company's worldwide income.

Current income-tax expense for its foreign subsidiaries has been computed based on the laws applicable to each entity in the jurisdiction in which the entity operates.

Deferred income taxes:

Deferred income taxes are accounted for using the liability method.

Deferred tax assets and liabilities are recognised at the enacted rates of the tax applicable in the periods in which the temporary differences reverse. The effect of changes in tax rates is recognised in the period that includes the enactment date.

For its domestic operations, deferred tax assets and liabilities are recognised for the future tax consequences of the taxable temporary differences between tax basis and the carrying value of the assets and liabilities that reverse after the tax holiday period. In accordance with SFAS No.109, TML does not recognise deferred tax assets that reverse during the tax holiday.

For taxable entities that are not entitled to tax holidays, deferred tax assets and liabilities are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and operating loss carry forwards. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized.

n. Retirement benefits

Gratuity

TML records provision for gratuity, a defined benefit plan based on the management estimates which are based on actuarial valuation carried out annually by an independent actuary. These benefit plans are unfunded obligations of the Company.

TML reports its gratuity obligations in accordance with SFAS No. 87, Employers' Accounting for Pensions and SFAS No. 132, Employers' Disclosures about Pensions and Other Post-retirement Benefits.

Leave encashment

TML establishes a liability for unutilized leave at each balance sheet date, based on the employee's last drawn salary.

Provident fund and superannuation fund

TML contributes to provident fund and superannuation fund for the benefit of its eligible employees in India. Both funds are defined contribution plans; accordingly TML charges the cost of such contributions to operations as incurred.

o. Stock-based compensation

TML uses the intrinsic value-based method of Accounting Principles Board (APB) Opinion No. 25, Accounting for Stock Issued to Employees, to account for its employees' stock option plan.

TML has adopted the proforma disclosure provisions of SFAS No. 123 and SFAS No. 148 for the aforementioned plan. Had the compensation cost for the company's stock-based compensation plan been determined in the manner consistent with the fair value approach described in SFAS No.123, TML's net income and earnings per share as reported would have reduced to the proforma amounts indicated below:

	Year ended March 31,		
	2006 Rs.	**2005 Rs.**	**2004 Rs.**
Net income			
As reported	2,357,409,243	1,005,724,056	650,910,284
Less: Total stock-based employee compensation expense determined under fair value based method.	(8,866,950)	(4,101,063)	(7,417,766)
Adjusted proforma	2,348,542,293	1,001,622,992	643,492,517
Basic Earnings per share			
As reported	22.67	9.89	6.43
Adjusted proforma	22.58	9.85	6.36
Diluted Earnings per share			
As reported	18.35	8.81	6.32
Adjusted proforma	18.28	8.77	6.25

The fair value of each warrant is estimated on the date of grant using the Black-Scholes model with the following assumptions:

	As at March 31, 2006
Dividend yield (%)	8.65
Expected Life	4.14 years
Risk free interest rate (%)	7.19
Volatility	-

p. Dividends

Dividends payable to equity shareholders are based on net income available for distribution as reported in the Company's Indian GAAP statutory financial statements. The net income reported herein in accordance with US GAAP may, in certain periods, not be fully available for distribution to equity shareholders. The amount available for distribution as of March 31, 2006 was Rs. 5,954,795,069.

q. Comprehensive income

TML reports comprehensive income in accordance with SFAS No. 130, Reporting Comprehensive Income. Accordingly, unrealized gains and losses on available-for-sale securities, translation adjustments arising on the consolidation of foreign subsidiaries and net income are components of comprehensive income.

r. New Accounting Pronouncements

In December 2004, the Financial Accounting Standards Board (FASB) issued SFAS No. 123 (revised 2004), 'Share Based Payment' requiring companies to change their accounting policies to record the fair value of stock options issued to employees as an expense. Presently, TML applies the intrinsic value-based method of accounting prescribed by Accounting Principles Board ("APB") Opinion No. 25 to account for its fixed stock option plans and has adopted the disclosure requirements of SFAS 148, Accounting for Stock-Based Compensation -Transition and Disclosure, an amendment of FASB Statement No. 123 The SFAS 123 (Revised) eliminates the alternative to use APB opinion 25's intrinsic value method of accounting that was provided in Statement 123 as originally issued. Pursuant to Securities and Exchange Commission Release no.33-8568, TML is required to adopt SFAS 123 (Revised) from accounting period commencing from April 1, 2006.

In May 2005, the FASB issued SFAS No. 154, Accounting Changes and Error Corrections which replaces APB Opinion No. 20, Accounting Changes, and SFAS No. 3, Reporting Accounting Changes in Interim Financial Statements and changes the requirements for the accounting for and reporting of a change in accounting principle. It also applies to changes required by an accounting pronouncement in the unusual instance that the pronouncement does not include specific transition provisions. This statement requires retrospective application to prior periods' financial statements of changes in accounting principle, unless it is impracticable to determine either the period-specific effects or the cumulative effect of the change. When it is impracticable to determine the period-specific effects of an accounting change on one or more individual prior periods presented, this statement requires that the new accounting principle be applied to the balances of assets and liabilities as of the beginning of the earliest period for which retrospective application is practicable and that a corresponding adjustment be made to retained earnings for that period rather than being reported in an income statement.

When it is impracticable to determine the cumulative effect of applying a change in accounting principle to all prior periods, this statement requires that the new accounting principle be applied as if it were adopted prospectively from the earliest date practicable. This statement also redefines restatement as the revising the previously issued financial statements to reflect the correction of an error. This statement shall be effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. TML does not expect material impact on the consolidated financial statements on adoption of this standard.

3. Acquisition

During the year, the Company has acquired 99.97% of equity of Tech Mahindra (R&D services) Limited (Formerly known as Axes Technologies (India) Private Limited.), for an initial cash consideration of Rs. 1,755,060,471. The terms of purchase also provide for payment of contingent consideration payable to the selling shareholders, over three years on meeting defined operating performance parameters and continued employment. The contingent consideration is payable in cash and cannot exceed Rs. 640,780,000.

The fair value of net assets, aggregates to Rs. 2,073,000,000 and is allocated as follows:

	Rs.
Property, plant and equipments*	774,000,000
Investments in available-for-sale securities	385,000,000
Net current assets	258,000,000
Customer contracts and customer relationship	656,000,000
Total	**2,073,000,000**

* *Value of property is considered on the basis of valuation done by an independent property valuer and the amount in excess of the book value has been entirely assigned to value of land, which as considered by the management, is appropriate in the current market conditions.*

In accordance with SFAS 141, Business Combinations, if a business combination involves a contingent consideration agreement that might result in recognition of an additional element of cost of the acquired entity when the contingency is resolved, an amount equal to the lesser of the maximum amount of contingent consideration and the excess prior to the pro rata allocation as required by SFAS 141, shall be recognized as if it was a liability. Accordingly, the excess of, fair value over the initial cash consideration has been recognized as a liability (Refer note 9 below).

The contingent consideration will be accounted for as purchase consideration, as and when the contingent consideration is resolved and the excess of contingent consideration paid over the liability recognized above, will be accounted for as goodwill.

The identified intangible asset of Rs.656,000,000, relating to customer contracts and customer relationship is being amortized over a period of seven years, beginning from the date of acquisition, on the basis of estimated revenues for seven years, from the major customers of the acquired subsidiary. Accordingly Rs. 20,550,000 has been charged off in the current year and balance un-amortised amount of Rs.635,450,000 is carried forward in the balance sheet as intangible assets.

Pro forma disclosures regarding this acquisition has not been included as the effect of the acquisition on the results of operation is not considered to be material.

4. Investments:

Information on available-for-sale investments is as follows:

	Amortised Cost (Rs.)	Gross Unrealised Gain (Rs.)	Gross Unrealised loss (Rs.)	Fair value (Rs.)
As at March 31, 2006:				
Mutual Fund units	1,507,080,637	10,216,340	-	1,517,296,977
As at March 31, 2005:				
Mutual Fund units	1,112,935,751	2,586,619	-	1,115,522,370

Income from securities available-for-sale

	Year ended March 31, 2006 Rs.	Year ended March 31, 2005 Rs.	Year ended March 31, 2004 Rs.
Dividends	52,950,921	16,220,610	31,845,449
Gross Realised gains	15,272,186	789,370	661,892
Gross Realised losses	(641,445)	(761,055)	(834,230)

5. Prepaid expenses and other current assets

Prepaid expenses and other current assets consist of the following:

	As at March 31, 2006 Rs.	As at March 31, 2005 Rs.
Employee advances (Net of allowances)	73,890,855	20,474,144
Prepaid expenses	49,431,639	53,825,524
Advance to suppliers	22,842,403	12,245,705
Other recoverable advances	49,111,175	57,049,069
Others	38,262,616	16,014,147
Total	**233,538,688**	**159,608,589**

6. Property, plant and equipment, net

Property, plant and equipment consist of the following:

	As at March 31, 2006 Rs.	As at March 31, 2005 Rs.
Land	583,876,300	-
Building	1,593,520,812	1,410,277,810
Computers	889,921,371	616,631,804
Plant and machinery	528,444,248	369,139,360
Furniture and fixtures	505,905,651	389,084,164
Vehicles	103,637,931	81,557,438
Property, plant and equipment, cost	4,205,306,313	2,866,690,576
Less: Accumulated depreciation	(1,879,763,082)	(1,156,486,243)
Add: Capital work-in-progress	198,287,676	70,489,655
Property, plant and equipment, net	**2,523,830,907**	**1,780,693,988**

7. Income tax

The income tax expense consists of the following:

	Year ended March 31, 2006 Rs.	Year ended March 31, 2005 Rs.	Year ended March 31, 2004 Rs.
Current income tax:			
Domestic	131,901,409	54,925,693	87,033,969
Foreign	76,020,385	87,261,181	63,508,154
	207,921,794	**142,186,874**	**150,542,123**
Deferred income tax:			
Domestic	(2,861,282)	296,550	(931,428)
Foreign	27,390,697	(52,037,698)	(67,049,386)
	24,529,415	**(51,741,148)**	**(67,980,814)**
Income tax expense	**232,451,209**	**90,445,726**	**82,561,309**

The tax effect of significant temporary differences, which gave rise to deferred tax, is as follows:

	Year ended March 31, 2006 Rs.	Year ended March 31, 2005 Rs.
Deferred tax asset:		
Property, plant and equipment	(1,435,453)	(1,226,029)
Unrealized (gains)/losses on securities		
Available-for-sale	(3,214,267)	(946,508)
Retirement benefits	7,110,204	4,581,614
Net operating losses carry forward	106,809,277	131,721,132
Others	532,441	334,107
Deferred income tax asset, net	**109,802,202**	**134,464,316**

The operating losses, which relate to Tech Mahindra (Americas) Inc., the subsidiary, are available to be carried forward through March 31, 2019. Since, the management expects to be able to utilize the entire deferred tax benefit before the said period no valuation allowance is recorded to reduce the asset.

In view of the various tax benefits, which would be available to the Indian subsidiary from the new unit set up by the said subsidiary in the current year, the management has not recorded any deferred tax asset for the subsidiary.

A reconciliation of the income tax expense to the amount computed by applying the statutory income tax rate to the income before provision for income taxes is summarized below.

	As at March 31,		
	2006 Rs.	**2005 Rs.**	**2004 Rs.**
Net income before taxes	2,589,900,411	1,096,169,782	733,471,593
Enacted tax rates in India	33.66%	36.59%	35.87%
Computed expected tax expense	871,760,478	401,115,928	263,132,934
Less: Net benefit of non-taxable exports	(629,785,273)	(296,944,617)	(152,232,911)
Tax-treaty benefits	(9,523,996)	(13,725,585)	(28,338,714)
Income tax expense	**232,451,209**	**90,445,726**	**82,561,309**

The provision for foreign taxes is due to income taxes payable overseas, principally in the United Kingdom. The Company and its Indian subsidiary benefits from certain significant tax incentives provided to software firms under Indian tax laws. These incentives presently include: (i) an exemption from payment of Indian corporate income taxes for a period of ten consecutive years of operation of software development facilities designated as "Software Technology Parks" (the "STP Tax Holiday"); and (ii) a tax deduction for profits derived from exporting computer software (the "Export Deduction").

All of the company's and the Indian subsidiary's software development facilities are located in a designated Software Technology Park ("STP"). The Government of India has recently amended the tax incentives available to companies set up in designated STPs. The period of the STP tax holiday available to such companies is restricted to 10 consecutive years beginning from the financial year when the unit started producing computer software or March 31, 2000, whichever is earlier. Additionally, the export deduction will be phased out equally over a period of five years starting from fiscal 2001.

8. Other non-current assets

Other non-current assets consist of the following:

	As at March 31,	
	2006 Rs.	**2005 Rs.**
Deposits	207,625,762	83,692,201
Total	**207,625,762**	**83,692,201**

9. Accrued expenses and other current liabilities

Accrued expenses and other current liabilities consist of the following:

	As at March 31,	
	2006 Rs.	**2005 Rs.**
Accounts payable	1,572,131,635	1,099,131,347
Accrued expenses	112,154,188	106,802,098
Statutory dues	132,683,574	86,502,388
Income taxes payable	230,313,602	116,123,438
Retirement benefits	473,084,208	254,340,464
Excess of fair value over purchase consideration (Refer note 3 above)	284,024,446	-
Others	77,312,692	86,651,040
Total	**2,881,704,345**	**1,749,550,775**

10. Other non-current liabilities

Other non-current liabilities consist of the following:

	As at March 31,	
	2006 Rs.	**2005 Rs.**
Income taxes payable	349,598,609	233,475,171
Total	**349,598,609**	**233,475,171**

11. Leases:

The Company has acquired vehicles under capital lease, which expires during the years ended March 2007 to March 2009. The lease rentals are charged on the basis of agreed terms. The said vehicles are capitalized using interest rates determined at the inception of the lease.

The future minimum lease payments as at March 31, 2006 under these leases are as follows:

Year	Total Minimum Lease Payments Outstanding	Future Interest Outstanding	Present Value of Minimum Lease Payments
1	19,147,044	2,521,033	17,368,509
2	14,135,975	2,128,299	11,631,812
3	4,908,936	1,337,572	3,664,120
4	252,404	305,415	170,899

12. Employee Stock Option Plan:

Employee Stock Option Plan (ESOP) 2000:

On August 25, 2000, the Company approved the ESOP 2000 for eligible employees and directors of the Company and its subsidiary companies. For this purpose an ESOP Trust was formed. Under the terms of the ESOP a committee of the ESOP Trust may award stock options to eligible employees and directors in form of warrants. Such options vest at the rate of 33.33% on each successive anniversary of the grant date.

Each allotted option carries with it the right to purchase one equity share of the Company at the exercise price determined by the committee, which is intended to be at least the fair value of the Company's equity shares on the date of the grant.

[redacted]

Each such option expires in five years from the date of grant.

Under the ESOP, the Company has reserved 3,200,000 options for the ESOP, which would entitle the option holders to purchase an equal number of equity shares. The ESOP also permits the board of directors to reserve additional options under the plan to be issued to eligible parties on such terms and conditions as may then be decided by the board at its absolute discretion.

ESOP 2004:

During the year the Company has instituted ESOP 2004 for its employees. In terms of the said plan, the Compensation Committee has granted options to its employees and its subsidiary companies. 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. Each such share option expires in five years from the date of grant.

ESOP 2006:

During the year the Company has instituted " Employee Stock Option Plan 2006 " (ESOP 2006) for employees of the Company and 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.

Activity in the warrants available to be granted under the ESOP is as follows:

	Year ended March 31,	
	2006	**2005**
ESOP 2000		
Options available to be granted, at the beginning of the year	96,420	870,600
Options granted to MBT ESOP trust	200,000	-
Options cancelled	259,090	58,320
Options granted	(345,000)	(832,500)
Options lapsed	313,340	-
Options available to be granted, end of the year	523,850	96,420
ESOP 2004		
Options available to be granted, at the end of the year	-	-
ESOP 2006		
Aggregate options available under the scheme	5,000,000	
Options granted	(4,633,680)	
Options cancelled	21,300	
Options available to be granted, end of the year	387,620	

Activity in the warrants of the ESOP for the years ended March 31, 2005 and 2006 is as follows:

	Year ended March 31,			
	2006		2005	
	Number of Warrants	Average Exercise price (Rs.)	Number of Warrants	Average Exercise price (Rs.)
ESOP 2000				
Outstanding at the beginning of the year	2,229,740	57	1,818,080	42
Options granted during the year	345,000	83	832,500	67
Options lapsed during the year	(313,340)	42	(58,320)	42
Options cancelled during the year	(259,090)	57	-	-
Options exercised during the year	(782,310)	44	(362,520)	42
Options granted and outstanding at the end of the year	1,220,000	74	2,229,740	57
ESOP 2004				
Options granted during the year and outstanding as at the end of the year	10,219,860	67	10,219,860	67
ESOP 2006				
Outstanding at the beginning of the year	-	-		
Options granted during the year	4,633,680	83		
Options lapsed during the year	-			
Options cancelled during the year	(21,300)	83		
Options exercised during the year	-			
Options granted and outstanding at the end of the year	4,612,380	83		

Weighted average remaining life of outstanding options

	As at March 31, 2006	
	Options outstanding	Average life
ESOP 2000	1,220,000	2.42 years
ESOP 2004	10,219,860	4.61 years
ESOP 2006	4,612,380	5.00 years

TML has elected to use the intrinsic value method of APB Opinion No. 25 to account for the ESOP. Management believes that the exercise prices approximate the fair market value of the Company's equity shares as on the grant date, based on an independent external valuer's report considering the data and assumptions of the Company.

13. Earnings per share:

Basic earnings per share has been computed in accordance with SFAS No. 128 by dividing net income by the weighted average number of common shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the year, using the treasury stock method for options and warrants, except where the result would be anti-dilutive.

14. Derivative financial instruments:

Foreign exchange forward contracts:

The Company enters into foreign exchange forward contracts to offset the foreign currency risk arising from the accounts receivable denominated in currencies other than the Indian rupee. The counter party to the Company's foreign currency forward contracts is generally a bank.

Management believes that the risks or economic consequences of non-performance by the counter party are not material to its financial position or results of operations.

Recognised gain/(loss) on fair value of outstanding derivative contracts amounted to Rs. 4,243,000, Rs. (4,615,386) and 9,539,100 as at March 31, 2006, 2005 and 2004 respectively.

Nominal Notional principal amount of outstanding derivative contracts is Rs. 5,645,345,517 and Rs. 2,831,791,161 as at March 31, 2006 and 2005 respectively.

15. Employee retirement benefits:

Gratuity

The Company's gratuity plan is unfunded. The following table sets out the status of the gratuity amounts recognized in TML's consolidated financial statements in the years ended March 31, 2006, 2005 and 2004:

	As at March 31,		
	2006 (Rs.)	**2005 (Rs.)**	**2004 (Rs.)**
Change in benefit obligations			
Projected benefit obligation, beginning of the year	138,779,000	93,394,000	68,105,000
Service cost	54,523,000	29,957,000	21,768,000
Interest cost	11,531,000	6,343,000	5,319,000
Actuarial loss/(gain)	26,395,000	-	1,197,000
Benefits paid	(16,604,000)	(5,570,000)	(2,995,000)
Projected benefit obligation, end of the year	**214,624,000**	**124,124,000**	**93,394,000**
Un-recognized Actuarial (gain)/loss	(33,208,000)	(5,667,000)	(5,667,000)
Accrued benefit	**181,416,000**	**118,457,000**	**87,727,000**

Net periodic gratuity cost for the years ended March 31, 2006 and 2005 comprises the following components:

	Year ended March 31,		
	2006 (Rs.)	**2005 (Rs.)**	**2004 Rs.**
Service cost	54,523,000	29,957,000	21,768,000
Interest cost	11,531,000	6,343,000	5,319,000
Amortisation of actuarial loss	-	-	-
Net periodic gratuity cost	**66,054,000**	**36,300,000**	**27,087,000**

The assumptions used in accounting for the Gratuity Plan in Years 2006, 2005 and 2004 are set out below:

	2006	**2005**	**2004**
Discount rate	7%-7.50%	7.00%	8.00%
Rate of increase in compensation levels of covered employees	6.50%	6.50%	7.50%

[redacted]

Leave encashment

Other liabilities include Rs. 291,668,208, Rs.166,103,224 and Rs 135,883,464 on account of the leave encashment as at March 31, 2006, 2005 and 2004 respectively.

Provident fund and superannuation fund

The Company and its subsidiary in India, contributed Rs. 286,396,627, Rs. 253,907,360 and Rs 95,520,228 towards provident fund and super annuation fund for year ended March 31, 2006, 2005 and 2004, respectively.

16. Commitments and contingencies:

Capital commitments:

As of March 31, 2006 the Company has contractually committed with vendors and contractors for purchase of property and equipment aggregating to Rs. 422,300,250.

Contingent liabilities

The company has received demands from Income tax authorities in respect of earlier years aggregating to Rs. 43,206,152. The demands are mainly on account of disallowance in respect of income from software maintenance under section 80HHE of Income-tax Act, 1961. The company has appealed against the said demands with the higher authorities, which are pending settlements thereof .

The Indian subsidiary had received claims from Provident fund authorities aggregating to Rs. 1,500,000, for which the management intends to continue legal action to defend its position.

Guarantees:

The Company has issued bank guarantees aggregating to Rs. 114,554,540 as on March 31, 2006. The guarantees are given to the customers towards advance payments and bidding for the project and to Government authorities towards fulfillment of certain statutory obligations.

17. Concentration of risk:

The Company's operating net revenue substantially arises from a shareholder and from a few select customers. The net revenue proportion earned from major customers is as follows:

Name of the customer	**Year ended March 31,**		
	2006	**2005**	**2004**
British Telecommunications plc	68.64%	80.56%	80.23 %
Others	31.36%	19.44%	19.77 %
Total	**100.00%**	**100.00%**	**100.00%**

The percentage of the accounts receivable from the above companies to the total accounts receivables of TML is as follows:

Name of the customer	**As at March 31,**		
	2006	**2005**	**2004**
British Telecommunications plc	69.17%	63.65 %	81.78 %
Others	30.83%	36.35 %	18.22 %
Total	**100.00%**	**100.00 %**	**100.00 %**

BT, a shareholder of the Company, is the largest customer of the Company and has been a customer since October 1988. The Company has a MSA with BT, which is valid up to June 30, 2008. The MSA can be terminated by either party in the event of unremedied breach by the other party. BT may terminate the agreement without cause on payment of compensation as provided by the agreement.

18. Related parties:

Dues of related parties (other than accounts receivable from British Telecommunications plc as referred to in 17 above) are as follows:

	As at March 31,		
	2006 Rs.	2005 Rs.	2004 Rs.
Total due from related parties	6,454,027	2,388,211	384,222
Total due to related parties	(7,607,690)	(2,122,232)	(908,402)

Significant related party transactions:

Related party transactions of the Company mainly includes transactions with subsidiaries of Mahindra & Mahindra Limited, the ultimate holding company, and can be categorised as follows:

Revenue:

The Company provides software services to a related party (other than software services provided to British Telecommunications plc as referred to in 17 above)

Cost of revenue/operating expenses:

The Company has incurred the following related party expenses during the year:

- Rent for premises;
- Professional fees for services received;
- Software services received;
- Purchase of Consumables.

Included in the financial statements are the following amounts relating to significant transactions with related parties:

Nature of transactions	Year ended March 31,		
	2006 Rs.	2005 Rs.	2004 Rs.
Related party revenues	19,948,385	18,326,956	2,304,610
Related party expenses	29,385,625	13,269,157	24,122,032

19. Estimated fair value of financial instruments:

The principal financial instruments held by TML include available for sale investments, accounts receivable, accounts payable and short-term deposits and advances. The fair value of these financial instruments approximate their carrying values.

20. Segments:

SFAS No. 131, Disclosures about Segments of an Enterprise and Related Information, establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. Revenues represented along geographical location of customers comprise the principal basis of segmental information set out in these financial statements.

The Secondary Segments are identified based on the line of operations of the Company. The Accounting principles consistently used in the preparation of the financial statements are also applied to record income and expenditure in individual segments. There are no inter-segment transactions during the year.

The Primary Geographical segments of TML consist of regions of Europe, United States of America (USA) and Asia Pacific. The Secondary Segments consist of services provided in the Telecom sector.

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

Geographical Segments Based on location of customers as at March 31, 2006

Amount (Rs.)

Particulars	**Europe**	**USA**	**Asia Pacific**	**Total**
Revenues	9,532,247,435	2,226,414,827	668,005,492	12,426,667,754
Less : Direct Expenses	5,213,408,083	1,593,527,679	585,842,185	7,392,777,947
Segmental Operating Income	**4,318,839,352**	**632,887,148**	**82,163,307**	**5,033,889,807**
Less : Unallocable Expenses				
Depreciation				397,480,714
Other Unallocable expenses				2,386,640,030
Total Unallocable Expenses				**2,784,120,744**
Operating Income				**2,249,769,063**
Add : Other Income				340,131,348
Income Before Taxes				**2,589,900,411**
Less : Income Taxes				232,451,209
Income After Taxes				**2,357,449,202**

Geographical Segments Based on location of customers As at March 31, 2005

Amount (Rs.)

Particulars	**Europe**	**USA**	**Asia Pacific**	**Total**
Revenues	8,415,699,981	659,978,322	380,732,889	9,456,411,192
Less : Direct Expenses	5,237,943,908	486,091,815	266,626,167	5,990,661,890
Segmental Operating Income	**3,177,756,073**	**173,886,507**	**114,106,722**	**3,465,749,302**
Less : Unallocable Expenses				
Depreciation				321,132,074
Other Unallocable expenses				2,133,934,591
Total Unallocable Expenses				**2,455,066,665**
Operating Income				**1,010,682,637**
Add : Other Income				85,487,145
Income Before Taxes				**1,096,169,782**
Less : Income Taxes				90,445,726
Income After Taxes				**1,005,724,056**

Geographical Segments Based on Location Of Customers as at March 31, 2004

Amount (Rs.)

Particulars	**Europe**	**USA**	**Asia Pacific**	**Total**
Revenues	6,516,403,623	716,068,432	184,589,217	7,417,061,272
Less: Direct Expenses	4,071,731,264	501,595,745	146,588,988	4,719,915,997
Segmental Operating Income	**2,444,672,359**	**214,472,687**	**38,000,229**	**2,697,145,275**
Less : Unallocable Expenses				
Depreciation				226,515,556
Other Unallocable expenses				1,923,325,429
Total Unallocable Expenses				**2,149,840,985**
Operating Income				547,304,290
Add : Other Income				186,167,303
Income Before Taxes				**733,471,593**
Less : Income Taxes				82,561,309
Income After Taxes				**650,910,284**

21 The following is the reconciliation of significant differences in the consolidated income and consolidated shareholders' equity between accounting principles generally accepted in India for consolidated financial statements, ("Indian GAAP") and accounting principles generally accepted in the United States of America ("US GAAP"):

	Equity		**Income**		
	March 31, 2006 Rs.	**March 31, 2005 Rs.**	**March 31, 2006 Rs.**	**March 31, 2005 Rs.**	**March 31, 2004 Rs.**
As per Indian GAAP					
Capital	207,997,261	203,453,150			
Consolidated Reserves	5,946,256,123	4,657,979,301			
Consolidated Income for the year			2,353,720,201	1,023,899,531	674,784,099
Total	**6,154,253,384**	**4,861,432,451**	**2,353,720,201**	**1,023,899,531**	**674,784,099**
US GAAP adjustments					
a) Provision for retirement benefits (refer note a below)	(53,099,122)	(77,312,691)	24,213,569	(18,593,227)	(24,750,041)
b) Deferred tax on retirement benefits (refer note a below)	1,440,592	1,682,313	(241,721)	262,388	598,493
c) Amortisation of intangible assets (refer note b below)	(20,550,000)		(20,550,000)		
d) Reversal of mark to market of current investments under Indian Gaap (refer note c below)	422,558	155,364	267,194	155,364	
e) Unrealised gains on available-for-sale securities (refer note c below)	6,900,010	1,640,110			
f) Reversal of proposed dividend and tax thereon (refer note d below)	1,043,543,056				
g) Write off Deferred Revenue Expenditure of a subsidiary					277,733
Total adjustments under US GAAP	**978,657,094**	**(73,834,904)**	**3,689,042**	**(18,175,475)**	**(23,873,815)**
As per US GAAP	**7,132,910,478**	**4,787,597,547**	**2,357,409,243**	**1,005,724,056**	**650,910,284**

The following are the explanatory notes to the reconciliation:

a. Retirement benefits and deferred tax effect on retirement benefits

i. Indian GAAP:

The liability for gratuity and pension is determined on the basis of actuarial valuation using one of the alternative methods approved by the Actuarial Society of India. Leave encashment is accounted by the Company on the basis of actuarial valuation.

ii. US GAAP:

- The liability for gratuity and pension, have been actuarially estimated as the projected benefit obligation less estimated plan assets on the balance sheet date using the projected unit cost method specified in SFAS No. 87. A liability for leave encashment is accrued based on the number of days of vacation not taken, at the last drawn salary rate.
- Deferred tax impact on the adjustments carried out on account of the difference identified above have been considered.

b. Consolidation of subsidiaries

i. Indian GAAP:

The assets accounted on consolidation of a subsidiary acquired during the year are as per the book values. Accordingly, the purchase consideration paid in excess of the book value of assets acquired is recognized as goodwill.

ii. US GAAP:

Intangible assets has been accounted on consolidation of a subsidiary acquired during the year (refer note 3 above) on the basis of fair valuation done in accordance with SFAS 141. The said intangible asset is amortised over a over a period of seven years, beginning from the date of acquisition, on the basis of estimated revenues for seven years, from the major customers of the acquired subsidiary.

c. Investments in available-for-sale securities

i. Indian GAAP:

Investments in mutual funds are classified as current investments and are carried at lower of cost and fair value.

ii. US GAAP:

Securities are classified ‘available for sale’ and recorded at fair value. Unrealised gains and losses on available for sale securities, net of applicable taxes, are excluded from earnings and reported in ‘Other Comprehensive Income’, a separate component of shareholders’ equity.

d. Distribution of dividends

i. Indian GAAP:

Dividend and dividend tax payable is accounted for in the year to which it relates.

ii. US GAAP:

Dividend and dividend tax payable is accounted for in the year in which it is declared and a liability is established.

For Tech Mahindra Limited

Vice Chairman and
Managing Director
Pune

Dated: June 12, 2006

For Deloitte Haskins & Sells, Chartered Accountants

Mumbai

Dated: June 15, 2006

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years before the date of this Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by the Company. These contracts, copies of which would be attached to the copy of the Red Herring Prospectus, delivered to the Registrar of Companies, Maharashtra for registration and also the documents for inspection referred to hereunder, may be inspected at the registered office of the Company at Tech Mahindra Limited Gateway Building, Apollo Bunder, Mumbai 400 001, India from 10.00 am to 4.00 pm on working days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

Material Contracts

1. Engagement Letter dated June 20, 2006 and June 20, 2006 for appointment of Kotak Mahindra Capital Company Limited and ABN AMRO Securities (India) Private Limited, respectively, as BRLMs.
2. Memorandum of Understanding dated June 20, 2006 among the Company, the Selling Shareholders and the BRLMs.
3. Appointment of Intime Spectrum Registry Limited as the Registrar to the Issue vide letter dated June 16, 2006 and Memorandum of Understanding dated July 20, 2006 executed by the Company, the Selling Shareholders with the Registrar to the Issue.
4. Shareholders Agreement among the Company, M&M and BT dated July 26, 2000
5. Options Agreement dated May 10, 2005 among the Company, SBC International Inc, M&M, BT and MBTM.
6. Agreement with Mr. Vineet Nayyar dated January 1, 2005.
7. Shareholders' Agreement dated July 20, 2006 among the Company and Motorola Inc.
8. Master Framework Agreement between us and BT dated December 1, 2005.

Material Documents

1. The Company's Memorandum and Articles of Association, as amended from time to time.
2. The Company's certification of incorporation, amended for change of name, effective February 3, 2006.
3. Resolutions of the Board and the IPO Committee dated May 4, 2006 and June 16, 2006 authorising the Issue.
4. Resolutions dated June 6, 2006 and June 5, 2006 of the board of directors of M&M and BT respectively, authorising the Offer for Sale.
5. Report of the Auditors, Deloitte Haskins & Sells, Chartered Accountants, prepared as per Indian GAAP and mentioned in this Red Herring Prospectus.
6. Copies of annual reports of the Company and its subsidiaries for the past five financial years.
7. General powers of attorney executed by the Directors and Selling Shareholders in favour of person(s) for signing and making necessary changes to this Red Herring Prospectus and other related documents.
8. Consents of Auditors, Bankers to the Company, BRLMs, Syndicate Members, Registrar to the Issue, Escrow Collection Bank(s), Bankers to the Issue, Domestic Legal Counsel to the Company, Domestic Legal Counsel to the BRLMs, International Legal Counsel to the BRLMs, Indian Legal Counsel to Mahindra & Mahindra Limited and Special Counsel to the Issue, Directors, Assistant Company Secretary and Compliance Officer, as referred to, in their respective capacities.
9. RBI approval vide letter no. FE.CO.FID.418/10.21.045/2006-07 dated July 10, 2006 for transfer of Equity Shares under the Offer for Sale.
10. Applications dated June 20, 2006 for in-principle listing approval from the BSE and the NSE.
11. In-principle listing approval dated July 11, 2006 and July 6, 2006 from the BSE and the NSE respectively.
12. Agreement between NSDL, the Company and the Registrar to the Issue dated July 19, 2006.
13. Agreement between CDSL, the Company and the Registrar to the Issue dated July 5, 2006.

14. Due diligence certificate dated June 20, 2006 to SEBI from Kotak Mahindra Capital Company Limited and ABN AMRO Securities (India) Private Limited.

15. SEBI observation letter CFD/DIL/ISSUES/V/71885/2006 dated July 18, 2006.

Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

All the relevant provisions of the Companies Act and the guidelines issued by the Government of India or the guidelines issued the by Securities and Exchange Board of India, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, the SEBI Act or rules made thereunder or guidelines issued, as the case may be.

We and the signatories mentioned hereinbelow further certify that all statements in this Red Herring Prospectus are true and correct, provided, however, that BT assumes responsibility only for the statements about or relating to BT and the BT Group and M&M assumes responsibility only for the statements about or in relation to M&M and the M&M Group, contained in this Red Herring Prospectus.

SIGNED BY ALL THE DIRECTORS OF TECH MAHINDRA LIMITED

Mr. Anand G. Mahindra*

Mr. Vineet Nayyar

Hon. Akash Paul*

Mr. Al-Noor Ramji*

Mr. Anupam Pradip Puri

Mr. Arun Seth*

Mr. Bharat N. Doshi

Mr. Clive Goodwin*

Mr. Paul Ringham*

Mr. Paul Zuckerman*

Mr. Raj Reddy*

Mr. Ulhas N. Yargop

**through their constituted attorney*

Mr. Vineet Nayyar
Vice-Chairman, Managing Director and Chief Executive Officer

Mr. Sonjoy Anand
Chief Financial Officer

SIGNED FOR MAHINDRA & MAHINDRA LIMITED*

**through their constituted attorney*

SIGNED FOR BRITISH TELECOMMUNICATIONS PLC*

**through their constituted attorney*

Date: July 22, 2006

Place: Mumbai