

September 15, 2010

**CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES AND
NCD ISSUES OF TECH MAHINDRA LTD.****Ratings Assigned**

| Facilities/Instruments | Amount (Rs. crore) | Ratings¹ | Remarks |
|-------------------------------|--|----------------------------|----------------|
| Long-term Bank Facilities | 1,100 (reduced from Rs.1,120 cr) | 'CARE AAA' (Triple A) | Reaffirmed |
| Short-term Bank Facilities | 300 (enhanced from Rs.90 cr) | 'PR1+' (PR One Plus) | Reaffirmed |
| Total Facilities | 1,400 | | |
| Non Convertible Debentures | 750 | 'CARE AAA' (Triple A) | Reaffirmed |

Rating Rationale

The ratings continue to derive strength from strong credit quality arising out of Tech Mahindra Ltd. (TechM)'s reputed promoters and experienced management, its strong domain expertise in the telecom space and healthy order book position along with flow of ad hoc contracts. Further the rating factors the steps taken by the management to optimise operations in order to combat margin pressures.

The global economic turmoil, particularly in Europe which has affected exchange rates and IT spend, TechM's concentration in the telecom sector and rising direct costs are the key rating concerns.

The outcome of the re-stated financial statements of Satyam along with the extent of materialisation of its contingent liabilities, are the key rating sensitivities.

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications.

Company Profile

TechM is a joint venture between Mahindra & Mahindra Limited and British Telecom Plc (BT). It is engaged in providing IT and software service primarily for companies in the telecom sector. As on June 30, 2010 the total head count at TechM was 35,267 employees. For FY10, TechM reported net sales of Rs.4,484 crore and PAT of Rs.743 crore. For Q1FY11, the net sales were Rs.1,094 crore with a PAT of Rs.128 crore.

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CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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