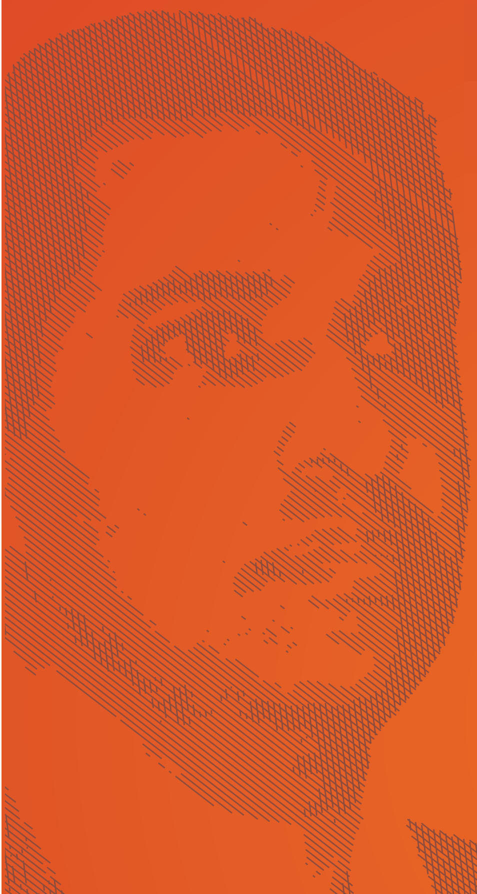
Mahindra Satyam

ANNUAL REPORT 2011-12



Satyam Computer Services Limited

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

The Power of One is built by strengths, rock-solid!
The Power of One is created by dreams, infinite!

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

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

The Power of One is motivated by commitments, genuine!
Enthusiastic volunteers across charities.

The Power of One is a promise of reaching higher, reaching wider!

The merger of two companies, Mahindra Satyam and Tech Mahindra is the culmination of a three-year transformation journey. The new entity will leverage the strengths of both companies, creating significant growth opportunities.

Mahindra Satyam

Chairman's Communique'

Dear Investor

The fiscal year 2011- 2012 was a year of steady growth for Mahindra Satyam. Our journey of building the organization continues and we have maintained the promising note with which we began our year. It is indeed a proud moment for us as to be able to grow with a steady pace and show improvement in our operating metrics.

The global situation has been tense and customers are focused on sustainability of benefits and are looking at strong and reliable partners who will enable growth. Keeping this in perspective, the Indian IT industry continues to embrace emerging technologies with increased customer-centricity, deepening focus on new markets and adopting new business. These are signs of a robust industry. And within that, Mahindra Satyam had been able to maintain its growth trajectory with strong fundamentals of growth, margins and improvisation. The shift in demand patterns has led to client organizations exploring innovative means that will enable them to benefit from the global delivery model. We find ourselves increasingly well positioned to capitalize on the changing demand cycle and our recent wins of a multimillion multiyear deal from a leading precious metals and financial services group of companies for oracle implementation and support stand testimony to the fact that clients are recognizing our commitment to provide value and build long term partnerships.

We have garnered from all our stakeholders a lot of positive sentiment following our **merger announcement** with Tech Mahindra. We have received approval on the merger from the stock exchanges and the Competition Commission of India (CCI). We appreciate the overwhelming support of the shareholders in endorsing the merger; which now awaits the approval of the High Courts of Maharashtra and Andhra Pardesh. We are currently aligning our processes and would ensure a seamless integration of all systems, processes, best practices across our delivery, approach, customer centricity, and Associate delight.

On the legal front, we have settled Upaid claim. The Aberdeen (US) matter awaits a judicial decision. In so far as Aberdeen (UK) matter is concerned, we are contesting the jurisdiction of English Court, apart from the uncertainty over the claimed losses. We have also issued a bank guarantee in favour of the Income Tax Department, while vigorously contesting its claim to levy tax on fictitous income.

Our clients who left us during the uncertain times have started returning to the Mahindra Satyam fold. Clients that had imposed an embargo on awarding fresh projects to us, have since revoked their decision. We are quite happy with our current situation as we can now focus on business without the distraction of lawsuits.

This year has been a good year for us as we added 140 new logos. We forged strategic partnerships with **Intertek**, to collaborate on Smart Grid-focused testing and engineering activities and the **Indian Statistical Institute** (ISI), for broad collaboration in the field of analytics for the Telecom vertical to develop joint solutions in data mining and data analytics. Our Associate strength grew to 33,353 and our initiatives to expand across geographies saw success with the acquisition of vCustomer's international operations and opening of a new delivery centre at Fargo, North Dakota, US. Our focus on thought leadership continued as we participated as a strategic partner at the **World Economic Forum 2012**. We also won **the Excellence in Thought Leadership Partner Award from Pegasystems.** The areas where we invested are in building alliances and strong customer references, which have augured well for us.

With our **'start up'** mindset, we partner with our customers to co-innovate and co-create solutions that bring in measurable business value. Making a judicious blend of our technological prowess and domain strength, coupled with the aspirations of the customer, we constantly explore ways to better the best. Our co-innovation model has helped us enhance existing offerings, create differentiators intellectual properties, and develop re-usable assets for our customers.

To foster a culture of innovation we have also introduced the **IRIS™** program. We believe in the power of thinking that our Associates bring to the table, and encourage them to share ideas on our Innovation Platform – IRIS™. This program is aimed at nurturing the innovation culture among Associates by encouraging those with entrepreneurial spirit to pursue innovative ideas on company time and resources.

Mahindra Rise™ tenets continue to inspire us in developing leading edge practices across corporate governance and work place ethics across the Enterprise continue to augur a great goodwill for us in the market. We look forward towards the next phase of our growth and hope that this momentum continues.

Stepping into the New Year, we are confident of our way forward and are committed to delivering enhanced value to all our stakeholders. I would like to thank our valued customers and Associates for their support that has been critical and integral to our success. Last, but not the least I would like to thank all the stakeholders for their continuous support and unwavering faith. I assure you that my team and I will live up to the trust you have reposed in us.

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

Sincerely,

Vineet Nayyar

Place: Hyderabad
Date : July 26, 2012

Board of Directors

Vineet Nayyar
Chairman

C. P. Gurnani
Whole-time Director & CEO

Ulhas N. Yargop
Non- executive director

T. N. Manoharan

Ravindra Kulkarni

M. Rajyalakshmi Rao

S. Krishnan
Chief Financial Officer

G. Jayaraman
Company Secretary

Auditors

Deloitte Haskins & Sells
Chartered Accountants
1-8-384 & 385, 3rd Floor
Gowra Grand, S. P. Road
Secunderabad – 500 003

Registered Office :

Unit - 12, Plot No. 35 / 36, Hi-tech City Layout,
Survey No. 64, Madhapur, Hyderabad - 500 081

Bankers

Bank of Baroda
BNP Paribas
Citibank N.A.
HDFC Bank Limited
HSBC Limited
ICICI Bank Limited
Kotak Mahindra Bank Limited

Contents

Notice

Notice is hereby given that the 25th Annual General Meeting of Satyam Computer Services Limited will be held as per the schedule given below.

Day and Date	:	Friday, September 07, 2012
Time	:	10.30 A.M.
Venue	:	Sri Sathya Sai Nigamagamam (Kalyana Mandapam) 8-3-987/2, Srinagar Colony, Hyderabad - 500 073.

Ordinary Business

1. To receive, consider and adopt the Balance Sheet as at March 31, 2012, the Statement of Profit and Loss for the year ended on that date, and the Reports of the Directors and Auditors thereon.

2. To appoint a Director in place of Mr. Vineet Nayyar, who retires by rotation and, being eligible, offers himself for re-appointment.

3. To consider and if thought fit, pass with or without modification(s), the following resolution as an ordinary resolution:

   "RESOLVED THAT M/s Deloitte Haskins & Sells, Chartered Accountants, (Registration No.008072S) having its office at 1-8-384 & 385, 3rd floor, Gowra Grand, S.P. Road, Secunderabad, be and is hereby appointed as statutory auditors of the Company, from the conclusion of this meeting until the conclusion of next Annual General Meeting of the Company, on such remuneration as may be determined by the Board of Directors."

Special Business

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

   "RESOLVED THAT pursuant to Section 257 and other applicable provisions of the Companies Act, 1956, Mr. T.N. Manoharan be and is hereby appointed as a Director of the Company, liable to retire by rotation."

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

   "RESOLVED THAT pursuant to Section 257 and other applicable provisions of the Companies Act, 1956, Mrs. M Rajyalakshmi Rao be and is hereby appointed as a Director of the Company, liable to retire by rotation."

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

   "RESOLVED THAT pursuant to Section 257 and other applicable provisions of the Companies Act, 1956, Mr. Ravindra Kulkarni be and is hereby appointed as a Director of the Company, liable to retire by rotation."

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

   "RESOLVED THAT pursuant to the provisions of Section 293(1)(e) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the Board of Directors of the Company be and is hereby authorised to contribute, from time to time, to charitable and other funds, not directly relating to the business of the Company, such amount or amounts, as the Board may in its absolute discretion deem fit and the total amount that may be so contributed in any financial year of the Company shall not exceed Rs. 20 crores (Rupees twenty crores only) or five percent of the Company's average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Companies Act, 1956 during the three financial years immediately preceding, whichever is greater.

   RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary and/ or expedient for implementing and giving effect to this resolution."

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as special resolution:

   "RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 1956, the relevant circulars and notifications issued by the Reserve Bank of India ("the RBI") and / or Securities and Exchange Commission, USA, SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the SEBI ESOP Guidelines"), Memorandum and Articles of Association of Satyam Computer Services Limited ("the Company") and pursuant to the terms and conditions of the "Associate Stock Option Plan – American Depository Shares (ASOP – ADSs)" of the Company, the action of the Compensation Committee of Directors of the Company in terminating the ASOP – ADS Plan including the cancellation of outstanding options under the said Plan, pursuant to the de-registration of Company's ADSs by the Securities and Exchange Commission, USA vide its order dated March 29, 2012 be ratified.

   RESOLVED FURTHER THAT the Board of Directors or Committee of Directors be, authorized to resolve issues, settle in case of disputes in this regard and to do all necessary actions that may be required and further authorized to delegate all or any of the powers herein conferred to any whole-time director(s) or any other officer(s) of the Company to give effect to the aforesaid resolution."

9. To consider and if deemed fit, to pass with or without modification, the following resolution as a special resolution:

   "RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 1956, the relevant circulars and notifications issued by the Reserve Bank of India ("the RBI") and / or Securities and Exchange Commission, USA, SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the SEBI ESOP Guidelines"), Memorandum and Articles of Association of Satyam Computer Services Limited ("the Company") and pursuant to the terms and conditions of the "Associate Stock Option Plan – Restricted Stock Units linked to American Depository Shares (ASOP - RSUs (ADS))" of the Company, the action of the Compensation Committee of Directors in terminating the ASOP - RSUs (ADS) Plan including the cancellation of outstanding options under the said Plan, pursuant to the wound down of Company's ADS programme from Securities and Exchange Commission, USA be ratified.

   RESOLVED FURTHER THAT the Board of Directors or Committee of Directors be, authorized to resolve issues, settle in case of disputes in this regard and to do all necessary actions that may be required and further authorized to delegate all or any of the powers herein conferred to any whole-time director(s) or any other officer(s) of the Company to give effect to the aforesaid resolution."

10. To consider and if thought fit, to pass with or without modification, the following resolution as a special resolution:

   "RESOLVED THAT in accordance with the provisions of section 309(4) read with 198 and other applicable provisions of the Companies Act, 1956, subject to the approval of Central Government as may be required, including any statutory modification or re-enactment thereof, for the time being in force and in accordance with other applicable guidelines and / or regulations if any, issued in this regard by statutory / regulatory authorities, consent of the Company be and is hereby accorded for the payment of remuneration to the Directors, who are not in the whole time employment of the company by way of Commission for every financial year or part thereof as may be decided and computed by the Board of Directors subject to the limits as prescribed under the Companies Act, 1956, commencing from the financial year 2009-10".

By order of the Board of Directors
For Satyam Computer Services Limited

Place : Hyderabad
Date : July 26, 2012

G. Jayaraman
Company Secretary

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and, on a poll, to vote instead of himself or herself. A proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company, not later than 48 hours before the commencement of the meeting. Completion and return of the form of proxy will not prevent a member attending the meeting and voting in person if he or she so wishes. A form of proxy is given at the end of this Annual Report.

2. The register of members and share transfers books of the Company will remain closed from September 05, 2012 to September 07, 2012 (both days inclusive).

3. While members holding shares in physical form may write to the Company for any changes pertaining to their bank account details, mandates, nominations, change of address and e-mail address etc., members holding shares in electronic form may write to their depository participants for immediate updation.

4. Members / proxies are requested to bring duly filled in attendance slips to the meeting. The form of attendance slip is given at the end of this Annual Report.

5. The statutory registers maintained under Section 307 of the Companies Act, 1956 and the certificate from the auditors of the Company certifying that the Company's stock option plans are implemented in accordance with the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, and in accordance with the resolutions passed by the members in the general meetings will be available at the venue of Annual General Meeting for inspection by members.

6. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto.

7. The brief profile of the Directors including their directorships and committee memberships in other companies, recommended for appointment / re-appointment is provided elsewhere in this report.

By order of the Board of Directors
For Satyam Computer Services Limited

Place : Hyderabad
Date : July 26, 2012

G. Jayaraman
Company Secretary

Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956 and Clause 23(a) of the Articles of Association of the Company

Item no. 4

Mr. T.N.Manoharan was co-opted as Additional Director of the Company with effect from July 18, 2012 and pursuant to Section 260 of the Companies Act, 1956, he holds office of Director upto the date of this Annual General Meeting. The Company has received notice in writing from a member along with required deposit, proposing the candidature of Mr. T.N. Manoharan for the office of Director pursuant to the provisions of Section 257 of the Companies Act, 1956.

Brief profile of Mr. T.N. Manoharan is provided elsewhere in this report.

Mr. T.N. Manoharan does not hold any shares of the Company.

Your Directors recommend the resolution as set out in item no.4 of the notice for your approval. No Director other than Mr. T.N. Manoharan is, in any way, concerned or interested in this resolution.

Item no. 5

Mrs. M Rajyalakshmi Rao was co-opted as Additional Director of the Company with effect from February 28, 2012 and pursuant to Section 260 of the Companies Act, 1956, she holds office of Director upto the date of this Annual General Meeting. The Company has received notice in writing from a member along with required deposit, proposing the candidature of Mrs. M Rajyalakshmi Rao for the office of Director pursuant to the provisions of Section 257 of the Companies Act, 1956.

Brief profile of Mrs. M Rajyalakshmi Rao is provided elsewhere in this report.

Mrs. M Rajyalakshmi Rao does not hold any shares of the Company.

Your Directors recommend the resolution as set out in item no.5 of the notice for your approval. No Director other than Mrs. Rajyalakshmi Rao is, in any way, concerned or interested in this resolution.

Item no. 6

Mr. Ravindra Kulkarni was co-opted as Additional Director of the Company with effect from July 18, 2012 and pursuant to Section 260 of the Companies Act, 1956, he holds office of Director upto the date of this Annual General Meeting. The Company has received notice in writing from a member along with required deposit, proposing the candidature of Mr. Ravindra Kulkarni for the office of Director pursuant to the provisions of Section 257 of the Companies Act, 1956.

Brief profile of Mr. Ravindra Kulkarni is provided elsewhere in this report.

Mr. Ravindra Kulkarni does not hold any shares of the Company.

Your Directors recommend the resolution as set out in item no.6 of the notice for your approval. No Director other than Mr. Ravindra Kulkarni is, in any way, concerned or interested in this resolution.

Item no. 7

Under Section 293(1)(e) of the Companies Act, 1956 ("the Act"), the Board of Directors of a public company, except with the consent of its members, 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 Rs.50,000/- (Rupees Fifty Thousand only) or 5% (five per cent) of the Company's average net profit 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.

In supersession of the earlier resolution passed by the members in its 23rd Annual General Meeting held on December 21, 2010, the Company proposed to increase the contribution to charitable purposes as part of "Corporate Social Responsibility" from Rs. 5 crores upto Rs.20 crores (Rupees twenty crores only) or 5% (five per cent) of the Company's average net profit 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.

None of the Directors of the Company is concerned or interested in this resolution.

Your Directors recommend the resolution as set out at item no.7 in the notice for your approval.

Item no. 8 and 9

From May 2001, the Company's equity shares were registered under Section 12(b) of the Securities Exchange Act, 1934 and the Company's American Depository Shares (ADSs) each representing two equity shares were listed on the New York Stock Exchange. The registration with Securities Exchange Commission (SEC) obligates the Company to file annual and other reports with the SEC. The Company was of the view that it was not possible for it to be current in its filing before SEC and as a result it was possible that SEC could revoke the Company's registration. The revocation of registration by SEC would prevent the trading of Company's ADSs in US markets. In order to protect the interests of ADS holders, the Company announced that it would wind down the ADS program in an orderly manner.

Therefore, in August 2011, the Company entered into a supplemental agreement with the depository bank, Citibank, N.A., to terminate the Deposit Agreement. As a result of the termination, the ADS program was wound down. The SEC revoked the registration of Company's ADSs effective March 29, 2012.

Consequent to the winding down of ADS program / revocation of registration of ADSs by SEC, the Company could not show outstanding options under these plans as such the ASOP-ADS Plan and the ASOP-RSUs (ADS) Plan were terminated.

Though the termination of ASOP plans may not fall under clause 7 of Securities and Exchange Board of India (Employee

Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, but as a matter of abundant caution, the Directors based on the legal advice thought it appropriate that the action taken by the Compensation committee of Directors to terminate the ASOP-ADS and ASOP-RSUs (ADS) plan be ratified by the shareholders.

None of the Directors of the Company is concerned or interested in this resolution.

Your Directors recommend the resolution as set out at item no.8 & 9 in the notice for your approval.

Item no. 10

As required under section 309(4) of the Companies Act, 1956, the share holders in the annual general meeting held on August 26, 2008 approved the payment of remuneration to the directors, who are not in the whole time employment of the Company, by way of commission with effect from the financial year 2008-09 and authorized the Board to decide subject to the limits prescribed under the Companies Act, 1956.

Considering the significant role played by the directors appointed by Central Government in making the Company turnaround, it was proposed to pay the commission to each director Rs. 12 lakhs (Rupees twelve lakhs only) in proportion to their term during the financial years 2009-10 and 2010-11 respectively. Since the Company incurred losses during the year 2009-10 and 2010-11, an application was made to Central Government for its approval for the payment of commission. As the Company incurred losses during the financial years 2009-10 and 2010-11, the Ministry of Corporate Affairs directed the Company to seek approval of members for the payment of commission. Hence, approval of the members is now sought for a further period of five years with effect from the financial year 2009-10. Members are requested to accord their consent for the resolution set out in item no.10 of the notice.

All the non-executive directors shall be seemed to be interested in the above resolution.

Your Directors recommend the resolution as set out at item no.10 in the notice for your approval.

By order of the Board of Directors
For Satyam Computer Services Limited

Place : Hyderabad
Date : July 26, 2012

G. Jayaraman
Company Secretary

Brief profile of the Directors seeking appointment / re-appointment

Mr. Vineet Nayyar:

Mr. Vineet Nayyar has led several organizations across various industries. In a career spanning over 40 years, Nayyar has worked with the Government of India, International multilateral agencies and in the corporate sector (both public and private). Mr. Nayyar started his career with the Indian Administrative Service and held a 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. He also worked with the World Bank for over 10 years in a series of senior assignments, including successive terms as the Chief for the Energy, Infrastructure and the Finance Divisions for East Asia and Pacific.

Mr. Nayyar was also the founding Chairman and Managing Director of the state-owned Gas Authority of India and has served as the Managing Director of HCL Corporation Ltd., and as the Vice Chairman of HCL Technologies Ltd. He was also a co-founder and Chief Executive Officer of HCL Perot Systems. Mr. Nayyar received a master's degree in development economics from Williams College, Massachusetts.

Mr. T.N.Manoharan:

Mr. T.N. Manoharan is a member of The Institute of Chartered Accountants of India (ICAI) with 29 years of standing and also served as the President of ICAI during the year 2006-07. He has authored books for professionals and students on Indian Tax Laws. Nominated by the Government to the Board of Satyam Computer Services Ltd., he was part of the revival team and made contribution in resurrecting the Company within a short span of time. He is a Member of the Appellate Authority, constituted by the Government with reference to the disciplinary mechanism governing the accountancy profession. Mr. Manoharan is a Member of the Advisory Board on Banks, Commercial and Financial Frauds (ABBCFF) constituted by the Central Vigilance Commission (CVC). He received the "Business Leadership Award" from NDTV Profit in 2009 and in the Business category, the CNN IBN "Indian of the Year 2009" award as part of the Satyam revival team. He is recipient of "Padma Shri" award from the President of India in April 2010.

Mrs. M Rajyalakshmi Rao:

M. Rajyalakshmi Rao is an MBA in Marketing and M.S. (Advertising) from University of Illinois, Urbana- Champaign, USA. She has served as a full-time member of the National Consumer Disputes Redressal Commission, Government of India and is the author of two books on consumer movement – 'Consumer Is King' and 'Consumer Rights and You'. She has also served as a member of the RBI Committee on Customer Service in Banks. She also held positions such as President of the American Alumni Association, member of the Film Censor Board.

Mr. Ravindra Kulkarni:

Mr. Ravindra Kulkarni holds Masters degree in Law from University of Mumbai. Having been in the legal arena for nearly four decades, Mr. Kulkarni has vast experience as a legal practitioner particularly on matters relating to foreign collaborations, joint ventures, mergers and acquisitions, capital markets, public offerings for listing of securities in India as well as in international markets, infrastructure projects, etc. He is a Senior Partner of M/s. Khaitan & Co., one of India's leading law firms and heads their Mumbai office. He is on the Boards of several listed companies as an independent director. He is also a member of the Advisory Committee and also a faculty member of the Post Graduate Diploma Course in Securities Law at the Government Law College, Mumbai.

Directorships and Committee memberships in other Companies, of the Directors seeking Appointment / Re-appointment

Sl. No	Name of the Director	Directorships	Committee memberships
1	Vineet Nayyar	1. Tech Mahindra Limited	1. Investor Grievance-cum-Share Transfer Committee - Member 2. Securities Allotment Committee - Chairman 3. Executive Committee - Chairman
		2. Tech Mahindra (Americas) Inc.	
		3. Tech Mahindra GmbH	
		4. Tech Mahindra (Thailand) Limited	
		5. Tech Mahindra Foundation (Sec 25 company)	
		6. Tech Mahindra (Beijing) IT Services Limited	
		7. Kotak Mahindra Old Mutual Life Insurance Limited	
		8. The Great Eastern Shipping Company Limited	
		9. Vidya Investments Private Limited	
		10. CanvasM Technologies Limited	
		11. The Mahindra United World College of India (Sec 25 Company)	
		12. Mahindra Holidays and Resorts India Limited	Remuneration Committee - Member
		13. Vidya Education Investments Private Limited	
		14. Vidya Education Foundation	
		15. Essel Social Welfare Foundation (Sec 25 company)	
		16. Cathedral Vidya Trust	
		17. Maurya Education Company Private limited	
		18. Venturbay Consultants Private Limited	
		19. Mahindra Education Foundation	
		20. Mahindra Logisoft Business Solutions Limited	
		21. Greatship (India) Limited	Remuneration Committee - Chairman
		22. Mahindra Satyam Foundation	
		23. Power Exchange India Limited	
2	T.N. Manoharan	1. MCA Telecom Consultancy Services Pvt Ltd	Director
		2. MCA Management Consultants Limited	Director
		3. MCA Financial and Capital Advisors Pvt Ltd	Director
		4. Manohar Chowdhry & Associates	Founding Partner
3	M Rajyalakshmi Rao	1. Kamat Hotels(India) Limited	Securities Issue Committee - Member
		2. Rewas Ports Limited	
		3. Amma Lines Private Limited	
		4. Clovis Builder and Developers Private Limited	
		5. Meka Dredging Company Private limited	
		6. Meka Infrastructure Private Limited	
		7. Meka Mix Concrete & Construction Private Limited	
		8. Meka Shipyard Private Limited	
		9. Shiv Smriti 309 Realty Private Limited	
		10. SS307 Realty Private Limited	
		11. Rewas Port Development Company Limited	
		12. Tamralipta Ports Private Limited	
		13. Viraj Engineers and Contractors Private Limited	
4	Ravindra Kulkarni	1. Tech Mahindra Limited	
		2. Alternate Brand Solutions (India) Limited	
		3. Elantas Beck India Ltd	
		4. Styrolution ABS (India) Limited	
		5. Entertainment Network India Ltd	
		6. Mahindra & Mahindra Ltd	
		7. Shamrao Vithal Co-op Bank Ltd	
		8. Chowgule Stemships Ltd	
		9. Khaitan Consultants Limited	
		10. Khaitan & Co., (A firm of Advocates & Solicitors)	Partner

Mahindra
Rise.

Directors' Report

Your Directors are pleased to present their report for the Financial Year 2011-12.

Financial Highlights

(₹ in Million)

Particulars	2011-12	2010-11
Income from Operations	59,643	47,761
Other Income	3,900	2,837
Total Income	63,543	50,598
Operating Profit (PBIDT)	13,655	7,263
Interest and Financing Charges	112	92
Depreciation / Amortization	1,494	1,499
Exceptional items (net)	(518)	6,411
Profit / (Loss) before Tax	12,567	(739)
Tax expense	539	537
Profit (Loss) after Tax	12,028	(1,276)
Equity share capital	2,354	2,353
Reserves and Surplus	30,788	19,259
Earnings per share (₹ Per equity share of ₹ 2 each)		
- Basic (₹)	10.22	(1.08)
- Diluted EPS (₹)	10.21	(1.08)

Business Overview

The Financial Year 2011-12 witnessed the transformation of Mahindra Satyam (MSat) as it embarked on a robust growth phase. During the year under review, your Company recorded ₹ 59,643 Million towards income from operations. North America, Europe, Asia Pacific including India and rest of the world accounted for 50.51%, 24.52%, 22.27% and 2.70% of the revenues respectively. Offshore revenue during the year was 47.38% while onsite stood at 52.62%.

Your Company's focus on profitable growth, new logo wins across geographies and regaining acceleration across the legacy strengths in Enterprise Business Solutions have borne fruit. There is a continuing focus on opening low cost offshore centers outside India, strategic acquisitions that reinforce the domain and technology strengths and set aside funds to encourage Entrepreneurship within and outside the Company.

Your Company was certified as the Platinum Partner for Oracle and the Microsoft Technology Excellence Center (MTEC) at Mahindra Satyam (in collaboration with our Healthcare practice) came out as winners in the Cloud application development contest held by Microsoft. These are the result of investments your Company has made in building on technology and vertical competencies across all areas and they are definitely giving the returns as planned. Your Company announced the first edition of MSat young engineer's awards – reiterating its commitment to recognize and encourage outstanding engineering students across the country. Clearly, your Company is ambitious for growth and ready to invest more to ensure for achieving top percentile growth in the Industry.

Scheme of Amalgamation

On March 21, 2012, your Board approved the proposal to amalgamate the Company along with C&S System Technologies Private Limited, the wholly owned subsidiary of the Company, Venturbay Consultants Private Limited, CanvasM Technologies Limited and Mahindra Logisoft Business Solutions Limited, the wholly owned subsidiaries of Tech Mahindra (hereinafter referred to as the "Transferor Companies") with Tech Mahindra Limited (the "Transferee Company"). The scheme of amalgamation and arrangement ("the Scheme") was proposed with a rationale to consolidate the software related businesses and form a single entity in this sector, to reduce overall cost and attain efficiencies, synergy and benefits, and to enhance value for the shareholders of the Company.

The share exchange ratio of 2(two) equity shares of Tech Mahindra Limited of ₹ 10/- each fully paid up for every 17(seventeen) shares of your Company ₹ 2/- each fully paid up was jointly recommended by the valuers, Ernst & Young Pvt. Ltd. and KPMG India Private Limited ("the Valuers"). M/s. J. P. Morgan India Private Limited, a Category - I merchant banker had given a fairness opinion certifying that the methodologies applied by the Valuers, for determining the share exchange ratio is fair and reasonable.

Accordingly, the Board of Directors of your Company, other Transferor Companies and Transferee Company at their respective board meetings held on March 21, 2012 approved the Scheme and the exchange ratio arrived at by the Valuers. The Appointed Date for this scheme, if approved, is with effect from April 01, 2011.

The National Stock Exchange of India Limited and BSE Limited respectively vide their letters dated April 10, 2012 granted no-objection under Clause 24(f) of the Listing Agreement to the said Scheme.

The Competition Commission of India has vide its order dated April 26, 2012 approved the proposed merger of the Transferor Companies with the Transferee Company, under section 31(1) of The Competition Act 2002. Further the Transferor Companies and the Transferee Company are also in the process of obtaining other approvals from agencies such as the U.S.A. Federal Trade Commission (FTC).

Pursuant to the order dated April 18, 2012 passed by the Hon'ble High Court of Judicature of Andhra Pradesh at Hyderabad, the Court convened meeting for shareholders was held on June 8, 2012 and obtained their approval for the Scheme.

The Company filed the petition with the Hon'ble High Court of Judicature of Andhra Pradesh at Hyderabad praying for the order sanctioning the proposed Scheme of Arrangement and the petition has been admitted on July 09, 2012.

Dividend

No dividend was recommended by the Board of Directors.

Increase in the Share Capital

Consequent to issue of 2,32,083 equity shares of ₹ 2 each to Associates upon exercise of options under the Associate stock option plans of the Company, during the year under review, the paid-up share capital of the Company increased from ₹ 2,353 Million divided into 1,176,565,753 equity shares of ₹ 2 each to ₹ 2,354 Million divided into 1,176,797,836 equity shares of ₹ 2 each.

ADS Wind Down Program

On August 9, 2011, Company entered into Supplemental Letter Agreement with Citibank for termination of Depository Agreement and necessary filings were made with SEC. The trading of ADSs in Pink OTC markets was stopped on March 12, 2012 and the ADSs were cancelled during March 2012. The Depository sold the underlying shares of outstanding ADSs, in the Indian stock exchanges and distributed the proceeds to the concerned holders.

The Securities and Exchange Commission, USA vide its order dated March 29, 2012 revoked the registration of Company's ADS.

Human Resources

The Financial Year 2011-12 witnessed the transformation of your Company in terms of maintaining steady attrition as per the industry standards, Associate delight and acquiring the best talents in the industry. The attrition of your Company in this year was 15.16% and the total Associate headcount stood at 29,132 as on March 31, 2012.

With special focus on nurturing young leadership, programs like Global Leadership Cadre (GLC) and Shadow Board saw deeper emphasis along with more opportunities being provided to the young talent where they were able to showcase their leadership capabilities which in turn empowered them to take strategic decisions.

Various Associate delight programs and communication initiatives along with the promise of a brighter tomorrow have acted as an impetus for the reduced attrition rate. A better and improved background verification process ensured that your Company have Associates with appropriate credentials and they bring value to your Company.

An inclusive approach and investments in diversity has been another focus area of your Company as a global and diversified workforce continues to remain one of your key strengths. Efforts to improve diversity at leadership levels saw a head start with the induction of Mrs. M. Rajyalakshmi Rao as an additional director on the Board of the Company.

Various diversity programs such as Creation of Location Diversity Council, (an initiative led by women leaders), Career Diva (recruitment Initiatives to increase women Associates), Role model series (workshops with women leaders from the industry) and Leadership development programs such as *mentoring tables* and *diversity café* have significantly improved the number of women Associates working in your Company.

The proposed merger of your Company with Tech Mahindra will result in better and brighter opportunities for the Associates with the convergence of best people practices. The alignment of the best policies and processes will ensure that your Company becomes one of the best employers in the Indian IT landscape.

Infrastructure

During the year under review, the Company commenced operations in Chennai Mahindra Satyam SEZ Campus. The Company has provided 3853 additional spaces and creation of 8869 additional spaces at various locations is in progress, targeted for completion by end of second quarter of FY 2012-13. Due to addition of new infrastructure facilities, there was substantial increase in the ratio of owned versus leased premises.

Green Initiatives

The Green Initiative activities include extensive awareness drive on economic utilization of power and water, tips on energy conservation and plantation drives. The Company successfully completed the Surveillance Audit for ISO 14001: OHSAS 18001 at MSDC-Bangalore. Apart from the regular ongoing awareness drives, the 'Green Initiative' activities have been broadly covered and distributed in the fields as indicated below:

- **Global Listings and Conclaves**:
  - ✓ Part of the Carbon Disclosure Project (CDP); that currently covers 200 largest organizations in India.
  - ✓ Listed on the 'Verdantix 2012 Green Quadrant', an industry leading research report on sustainability.
  - ✓ Released '4th Sustainability Report' for the year 2010-11 in accordance with the latest guidelines of the internationally accepted, Global Reporting Initiative (GRI).
  - ✓ Fourth 'Mahindra & Mahindra Sustainability workshop' was hosted at MSTC campus from 16th to 18th of November, 2011 to focus the roadmap on Sustainability.
- **Power Management:**
  - ✓ Achieved savings of 1.37% on Energy Units per Associate per month compared to previous financial year.
  - ✓ Awareness mailers being flashed through Daily buzz to 'Save Power'.
- **Travel Management:**
  - ✓ Launched Car pooling tool to facilitate pooling for associates, to reduce the carbon foot prints, minimizing the usage of fuel used.
- **Waste Management:**
  - ✓ Developed yield of 21.21 tons through Vermi compost by recycling wet waste at MSTC.
  - ✓ Disposed 68.8 Tonnes of e Waste to the Pollution Control Board authorized Vendor.
- **Paper Management**:
  - ✓ Replaced the paper glasses with porcelain mugs to reduce the usage of paper.
  - ✓ Cardboard bins are placed at work areas to encourage Associates to dispose paper in it.
- **Awareness Initiatives:**
  - ✓ Organized Green fair at MSTC and HIC-SEZ as part of awareness on the green products.
  - ✓ Organized awareness campaign on Afforestation and Global warming in association with NGO -Green Peace.
  - ✓ Major events like the Earth Day, Energy Conservation Week, Earth hour etc are being practiced to express solidarity towards this cause.

Quality

Your Company's core value of "Quality Focus" strives to meet customer expectations at all times with qualitative deliverables and improvised to exceed expectations at work, in products, services and interactions with all the customers. The Quality Management System (QMS) and delivery framework have been aligned with Mahindra Satyam's Vision and Core Values. The QMS establishes company-wide processes to implement Quality and continually improve organizations' process capability. It maintains an incessant focus on both continuous process improvements, and Customer Delight.

Your Company has successfully completed the external surveillance audit for the year under review, conducted by TUV India, for the standards, (a) ISO 27001: 2005 (Information Security Management System), (b) ISO 20000:2005 (IT Service Management), (c) ISO 9001:2008 (Quality Management Systems) and AS9100 (Standard for Aerospace domain – scope of certification limited to the aerospace business with MSat). In addition to these certifications, one of the customer accounts has also been certified for SA8000 standard, a Social Accountability standard, which was taken up as per customer requirement. All the delivery processes are in compliance with CMMI version 1.2 from SEI and soon your Company will initiate CMMI version 1.3 assessments, the latest version of the model released by SEI. These external certifications are testimony of the robustness of business processes and at large the quality culture imbibed by every Associate.

Your Company maintained its commitment to health, safety and environment by continually improving processes related to Health Safety & Environment (HSE) in accordance with ISO 14001 and OHSAS 18001 standards.

As part of ongoing efforts to reinforce the quality culture and customer orientation, your Company is focused towards QMS training for all Associates at regular intervals. Your Company has a comprehensive Delivery Framework integrating both Program and Project Management processes. During the year, your Company continued to maintain automation drive to enable delivery view at the level of the program manager, providing near real-time dashboards and reports for effective tracking of delivery.

Your Company has a comprehensive Business Continuity and Disaster Recovery framework, as per BS 25999, to prevent and contain potential business disruptions in the event of any disaster. It can quickly resume services to customers' acceptable service levels. Your Company was re-certified for BS25999 in Oct 2011 as per the three year re-certification cycle by BSI Management Systems.

Your Company implemented 45 projects in Six Sigma methodology for new process definitions and solutions to business problems and they were certified as GB projects. During the year under review, 305 Associates were trained in Green Belt and 16 in Black Belt program and 70 Associates were trained in function point approach for estimation, 50 Associates have been certified as Mahindra Satyam function point champions

Awards and Recognitions:

Your Company won several accolades during the year.

- Best Sourcing Relationship in BPO Category for APAC region, for its relationship with Russell Investments, issued by The Paragon Awards, held on March 29, 2012 at Opera House, Sydney Information Services Group (ISG)
- Excellence in Thought Leadership"- partner Award from Pegasystems, in global sales conference on January 09, 2012 in Orlanda, Florida
- EMC 2012 Partner Innovation Award for the outstanding Industry Solution for Financial Services – ProFinA, at the EMC Partner Conference, held at Momentum Berlin on October 31, 2011.
- Ranks 6th out of 20 Best Employers in the survey conducted by Dataquest CMR Best Employers 2011
- First Indian IT services company in Singapore, to achieve SS 507:2008 certification for Business Continuity and Disaster Recovery Services
- Systems Integrator of the Year' at the 2nd Computer News Middle East (CNME) ICT Achievement Awards 2011.

Corporate Governance

A report on Corporate Governance, along with a certificate for compliance with the Clause 49 of the Listing Agreement issued by the Practising Company Secretary is provided elsewhere in the Annual Report.

Social Programs

Mahindra Satyam Foundation is the Corporate Social Responsibility arm of Mahindra Satyam and all CSR programs are implemented through the Foundation. The Foundation operates out of Hyderabad, Bangalore, Pune, Bhubaneswar and Chennai.

Mahindra Satyam Foundation supports and strengthens the vulnerable and disadvantaged sections of the society for transforming the quality of life through technology and volunteer support. The power of IT is leveraged to bridge the 'digital divide' that limits opportunities for success and prosperity, and thereby, transform lives of the less privileged. All initiatives of the Foundation are targeted towards the disadvantaged population in locations where Mahindra Satyam has a significant presence.

During the year under review, Mahindra Satyam Foundation focused its activities in the core areas of – Education, Health (Blood Donation Drives), providing Livelihoods and Empowering Persons with Disability. The detailed activities of Mahindra Satyam Foundation during the year are given elsewhere in this Annual Report.

Acquisitions:

During the year under review your Company considered the following acquisitions:

i. Your Board approved for 100% acquisition of BPO firm, vCustomer's international operations for USD 27 Million. This acquisition will mark the entry of Company's BPO operations into other verticals, such as retail and customer technology in addition to significantly enhancing technical support credentials.

ii. Further to the approval of Board and pursuant to the Share Subscription and Investment Agreement entered between the Company, Dion Global Solutions Limited and RHC holding Private Limited, your Company acquired 10,294,117 equity shares of ₹ 10 each issued at premium of ₹ 24/- each, aggregating upto 15.97% of post issued equity share capital of DION Global Solutions Limited. This alliance will help in combining the skills of both the companies to develop new innovative business focused solutions for all tiers of the financial services industry.

iii. Your Board approved a proposal to set up joint fund with SBI (Softbank Investment) Group Japan, either in India or outside India, with an investment of USD 25 Million each by the Company and SBI, subject to the necessary applicable statutory and regulatory approvals, The Objective of the fund is to help leapfrog the innovation curve by investing in high growth and promising companies in the evolving ICT space.

Legal Matters:

Alleged advances

The erstwhile Chairman in his letter dated January 7, 2009, among others, stated that the Balance Sheet as of September 30, 2008 carried an understated liability of ₹ 12,304 Million on account of funds arranged by him. Subsequently, your Company received legal notices from thirty seven companies, claiming repayment of ₹ 12,304 Million allegedly given as temporary advances and also damages / compensation @18% per annum from date of advance till date of repayment. The Company has not acknowledged any liability to any of the thirty seven companies and has replied to the legal notices stating that the claims are legally untenable. The Directorate of Enforcement (ED) is investigating the matter under the Prevention of Money Laundering Act, 2002 and directed the Company to furnish details with regard to the alleged advances and has further directed the Company not to return the alleged advances until further instructions from the ED. The thirty seven companies had filed petitions / suits for recovery against the Company before the City Civil Court, Secunderabad (Court), with a prayer that these companies be declared as indigent persons for seeking exemption from payment of requisite court fees.

More details are provided in Note 25.3 of the standalone financial statements.

Aberdeen action (USA)

On November 13, 2009, a trustee of two trusts that are assignees of the claims of twenty investors who had invested in the Company's ADS and common stock, filed a complaint against the Company, its former auditors and others (the "Action") on grounds substantially similar to those contained in the Class Action Complaint (referred to below). The Action, which has been brought as an individual action, alleges that the losses suffered by the twenty investors (Claimants) are over USD 68 Million. The Action has been transferred to the Court in the Southern District of New York for pre-trial consolidation with the Class Action Complaint. On February 18, 2011, an amended complaint was filed in the Action ("Aberdeen Amended Complaint"). The Aberdeen Amended Complaint makes substantially the same allegations and asserted the same claims against the Company as the original complaint in the Action. In the light of this amended complaint, the Court denied the then pending motions to dismiss the original complaint in the Action as moot. On May 3, 2011, the Company and other defendants moved to dismiss the Aberdeen Amended Complaint on various grounds. The Company is contesting the above lawsuit, the outcome of which is not determinable at this stage.

Aberdeen (UK) complaint

On April 2, 2012, the Company was served with a Claim Form and Particulars of Claim dated December 22, 2011, relating to proceedings initiated in the Commercial Court in London (the English Court") by Aberdeen Asset Management PLC on behalf of 23 "Claimants" representing 30 funds who had invested in the Company's common stock that traded on the exchanges in India (the English Action"). The allegations made in the English Action are similar to those in the Class Action Complaint (referred to below). The English Action alleges the Claimants' losses to be in excess of $150 million and simple interest at 8% p.a. but provides no details on the basis for that amount, nor any details from which an approximate claimed damages amount may be ascertained. The Company is currently contesting the jurisdiction of the English Court, while all other defenses on the merits of the claims and its legal options remain fully reserved. There will be no substantive activity in the English Action until the English Court has ruled on the threshold jurisdiction issue. Accordingly, in addition to the uncertainty over the claimed losses, it is also uncertain whether the English Court will even continue to exercise jurisdiction over the lawsuit. Given the lack of sufficient detail in the particulars of claim on the alleged losses, and the possibility that the English Court may not retain jurisdiction over the English Action, its outcome is unpredictable.

Income tax matters

The Company had filed various petitions before CBDT requesting for stay of demands for the financial years 2002-03 to 2007-08 till the correct quantification of income and taxes payable is done for the respective years. In March 2011 the CBDT rejected the Company's petition and the Company filed a Special Leave Petition before the Hon'ble Supreme Court which directed the Company to file a comprehensive petition / representation before CBDT giving all requisite details / particulars in support of its case for re-quantification / re-assessment of income for the aforesaid years and to submit a Bank Guarantee (BG) for ₹ 6,170 Million. Pursuant to the direction by the Hon'ble Supreme Court, the Company submitted the aforesaid BG and also filed a comprehensive petition before the CBDT in April 2011.

The CBDT vide its order July 11, 2011 disposed the Company's petition directing it to make its submissions before the Assessing Officer in course of the ongoing proceedings for the aforesaid years and directed the Income Tax Department not to encash the BG furnished by the Company till December 31, 2011. Aggrieved by CBDT's order, the Company filed a writ petition before the Hon'ble High Court of Andhra Pradesh on August 16, 2011. The Hon'ble High Court of Andhra Pradesh vide its order dated December 14, 2011 adjourned the hearing to January 31, 2012 and directed the Income Tax Department not to encash the BG until then.

In the meanwhile, the Assessing Officer served an order for provisional attachment of properties under Section 281B of the Income Tax Act, 1961 on January 30, 2012 attaching certain immovable assets of the Company on the grounds that there is every likelihood of a large demand to be raised against the Company for the financial years 2002-03 to 2008-09 along with interest liability. Aggrieved by such order, the Company filed a writ petition in the Hon'ble High Court of Andhra Pradesh which granted a stay on the operation of the attachment order until disposal of this writ.

The writ petition is pending hearing on June 26, 2012 along with all other pending writ petitions and the Hon'ble High Court has also directed to renew the BG for another six months which has since then been renewed.

More details are provided in Note 31.3 of the standalone financial statements.

Dispute with Venture Global Engineering LLC

The Company and Venture Global Engineering LLC (VGE) entered into a 50:50 Joint Venture Agreement in 1999 to form an Indian Company called Satyam Venture Engineering Services Private Limited (SVES). SVES was formed to provide engineering services to the automotive industry. On or around March 20, 2003 numerous corporate affiliates of VGE filed for bankruptcy (Default Event under the SHA) and consequently the Company, exercised its option under the Shareholders Agreement (hereinafter referred to as "the SHA"), to purchase VGE's shares in SVES. The Company's action, disputed by VGE, was upheld in arbitration by the London Court of International Arbitration vide its award in April 2006 ("the Award").

The Courts in Michigan, USA, confirmed and directed enforcement of the Award. In 2008, the District Court of Michigan (since affirmed by the Sixth Court of Appeals in 2009) held VGE in contempt for its failure to honour the Award and inter-alia directed VGE to dismiss its Board members and replace them with individuals nominated by the Company. Following this, VGE has appointed the Company's nominees on the Board of SVES and SVES confirmed the appointment at its Board meeting held in June 2008. The Company is legally advised that SVES became its subsidiary only with effect from that date.

In the meantime, while proceedings were pending in the USA, VGE filed a suit in April 2006, before the District Court of Secunderabad in India for setting aside the Award. The suit to set aside the Award was dismissed by the District Court and the Hon'ble High Court of Andhra Pradesh but VGE's appeal to the Hon'ble Supreme Court was upheld in January 2008 that set aside the orders of the Hon'ble High Court and remanded the matter back to the City Civil Court, Hyderabad for hearing the suit on merits. The Hon'ble Supreme Court also directed status quo with regard to transfer of shares till the disposal of the suit. In a separate application, VGE also sought to bring in additional pleadings on record in the matter pending before the City Civil Court that was ultimately allowed by the Hon'ble Supreme Court in August 2010. The City Civil Court, vide its judgment in January 2012, has set aside the Award. The Company is in the process of evaluating its legal options.

In December 2010, VGE and the sole shareholder of VGE (the "Trust", and together with VGE, the "Plaintiffs"), filed a complaint against the Company in the United States District Court for the Eastern District of Michigan ("District Court") asserting claims under the Racketeer Influenced and Corrupt Organisation Act, 1962 (RICO) and seeking damages with respect to the fraud claim, interest costs and attorney fees ("the Complaint"). The District Court vide its order in March 2012 has dismissed the Plaintiff's Complaint. The Plaintiffs have filed an application seeking amendment of the Complaint that is pending disposal.

Other matters

In connection with the financial irregularities (Refer Note 25 of the standalone financial statements) the Company has filed a civil suit in the City Civil Court Hyderabad, against the past Board of Directors (the Board prior to the Government nominated Board), certain former employees and the former statutory auditors, its affiliates and partners, seeking damages for inter-alia perpetrating fraud, breach of fiduciary responsibility and obligations and negligence in performance of duties.

Based on media reports, it has come to the knowledge of the Company that the former statutory auditors have filed a suit in the Ranga Reddy District Court ("Court") against the Company seeking damages. The said suit has not yet been served on the Company and, therefore, it is unable to comment on the same. However, the Company has been served summons for appearance in the Court.

During the year following legal matters were settled:

Upaid Systems Limited (Upaid)

In connection with the lawsuit filed by Upaid in the United States District Court for the Eastern District of Texas (the "Texas Action"), the Company had deposited USD 70 Million (equivalent to ₹ 3,274 Million) during financial year ended March 31, 2010 into an escrow account pursuant to the Settlement Agreement. Subsequently, the Company obtained a favourable binding judgement from the Supreme Court of the State of New York, USA declaring that Upaid was solely responsible for any tax liability under Indian law in respect of the settlement amount. Upaid had filed an application before the Authority for Advance Rulings ("AAR") seeking a binding advance ruling under the Income Tax Act, 1961 (IT Act) regarding taxability of the above mentioned payment, which ruling was pronounced in October 2011.In January 2012, Upaid and the Company executed a Supplemental Settlement Agreement to clarify certain provisions of the Settlement Agreement and in accordance therewith, the Company discharged in February 2012 all payment obligations to Upaid aggregating USD 59 Million (equivalent to ₹ 3,046 Million) and applicable interest. The remittances were made after deduction of applicable withholding taxes in India. Accordingly, the Texas Action and all other actions related to this matter in the US Courts have been dismissed.

Class action complaint

Subsequent to the letter by the erstwhile Chairman (Refer Note 25 of the standalone financial statements), a number of persons claiming to have purchased the Company's securities had filed class action lawsuits against the Company, its former auditors and others in various courts in the USA alleging violations of the United States federal securities laws. The lawsuits were consolidated into a single action (the "Class Action") in the United States District Court for the Southern District of New York (the "USDC"). The Class Action Complaint sought monetary damages to compensate the Class Members for their alleged losses arising out of their investment in the Company's common stock and ADS during the Class Period.

During the previous year, the class action complaint was settled for USD125 Million ("Settlement Amount") and 25% of any net recovery that the Company may in the future obtain against any of the former auditors. The USDC granted final approval to the Settlement Agreement in September 2011. The settlement has become effective pursuant to its terms and in exchange for the Settlement Amount (net of deductions), the Lead Plaintiffs and the members of the Class who do not opt-out of the Class, would release, among other things, their claims against the Company.

SEC proceedings

During the previous year, the Company entered into a settlement agreement with the Securities Exchange Commission, USA (SEC) in connection with the SEC investigations into misstatements in the Company's financial statements predating January 7, 2009, without admitting or denying the allegations in the SEC's complaint and a penalty amount of USD 10 Million (equivalent to ₹ 446 Million), which was accrued during the previous year, was remitted to the SEC in the current year.

Subsidiaries

Pursuant to the circular dated February 08, 2011 from the Ministry of Corporate Affairs (MCA), your Company has complied with the required stipulations including disclosure of certain information in the Consolidated Balance Sheet (Refer Note 56 of the consolidated financial statements) and the documents referred to under Section 212(1) of the Companies Act, 1956 are not attached to the Consolidated Balance Sheet. However, the said documents are available for inspection by the members at the registered office of the Company. The members interested in obtaining the said documents may write to Company Secretary at the registered office of the Company.

C&S System Technologies Private Limited (C&S)

On March 21, 2012, the Board of C&S approved the proposal to amalgamate with Tech Mahindra Limited and the detail of the proposed Scheme was discussed in the Directors' Report.

Fixed Deposits

Your Company did not accept any deposits during the year under review.

Directors

The Board expresses profoundly its grief at the sudden demise of Mr. C. Achuthan, Government nominated Director, on September 19, 2011. Your Company places on record its sincere appreciation and gratitude for exemplary efforts and significant role played as a Government Nominee and Independent Director, in steering the Company during the period of turmoil in 2009.

Mr. Ashok Kacker was nominated by the Ministry of Corporate Affairs, Government of India as a Director on the Board of the Company, effective from January 24, 2012.

The Board co-opted Mrs. M Rajyalakshmi Rao as Additional Director on February 28, 2012.

Mr. M. Damodaran submitted his resignation, effective closure of business hours of March 31, 2012 to enable him to focus on his other Boards and Committee responsibilities. The Board places its appreciation on record, for his contribution to Board deliberations and his wise counsel to the Company.

In compliance to the Hon'ble Company Law Board order dated July 17, 2009, the Ministry of Corporate Affairs communicated to the Company that the term of Government Nominee Directors, Mr. T.N. Manoharan and Mr. Ashok Kacker has come to an end on July 15, 2012. The Company places its appreciation on record for the significant role played during their tenure.

Keeping in view the unstinted support and guidance provided in surpassing the crisis during the year 2009 and continued services as Government nominee director and Audit Committee Chairman, Mr. T.N. Manoharan was co-opted as an additional and independent director on the board with effect from July 18, 2012.

The Company also co-opted Mr. Ravindra Kulkarni as Additional Director on the board with effect from July 18, 2012.

Mr. Vineet Nayyar shall retire by rotation at this Annual General Meeting and is eligible for re-appointment.

Auditors

M/s Deloitte Haskins & Sells (DHS) Chartered Accountants, the statutory auditors of your Company, hold office up to the conclusion of the ensuing Annual General Meeting of the Company and have given their consent for re-appointment.

The Board recommends the re-appointment of M/s Deloitte Haskins & Sells, Chartered Accountants as the Statutory Auditors of the Company.

The information and explanations on the qualifications and adverse remarks contained in the audit report are provided in detail in the Notes forming part of the financial statements. Your Board opines that no further explanation is required in this regard.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars as prescribed under sub-section (1)(e) of Section 217 of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 are provided in Annexure - A which forms part of this report.

Employee Particulars

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975 as amended, forms part of this report. However, pursuant to Section 219(1) (b) (iv) of the Companies Act, 1956, this report is being sent to all the shareholders of the Company excluding the aforesaid information and the said particulars are made available at the registered office of the Company. The members interested in obtaining information under Section 217 (2A) may write to the Company Secretary at the registered office of the Company.

Directors' Responsibility Statement

As required by the provisions of Section 217 (2AA) of the Companies Act, 1956, the Directors' Responsibility Statement is attached as Annexure - B to this report.

Associate Stock Option Plan (ASOP)

As required by clause 12 of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, the particulars of the Stock option plans of your Company are provided as Annexure - C to this report.

Acknowledgements

Your Directors gratefully acknowledge the co-operation and support received from its customers, vendors, investors, bankers, regulatory and Governmental authorities in India and abroad.

Your Directors place on record their sincere appreciation for all the Associates for their contribution towards success of your Company.

For and on behalf of the Board of Directors

Place: Hyderabad — Vineet Nayyar
Date : July 26, 2012 — Chairman

Annexure 'A' to the Directors' report

Particulars pursuant to Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A) Details of Conservation of Energy:

Your Company uses electrical energy for its equipment such as air-conditioners, computer terminals, lighting and utilities at work places. As an ongoing process, the Company continued to undertake the following measures to conserve energy:

- Incorporating new technologies in the air-conditioning system in upcoming facilities to optimize power consumption.
- Identification and replacement of low-efficient machinery (AC) in a phased manner.
- Identification and replacement of outdated and low-efficient UPS systems in a phased manner.
- Conducting continuous energy-conservation awareness and training sessions for operational personnel.

B) Technology Absorption: The details are given below:

(a) Research and Development (R&D):

1) *Specific areas in which R&D work has been done by the Company and benefits expected:*

The Company believes that domain based innovation and process related innovation lay a solid foundation to meet and exceed customer and investor expectations. Domain based innovations help our customers in enhancing their products / services, and achieving significant time / cost reductions. Innovation led artifacts add to the IP assets of the Company and provide an opportunity to create market-led solutions fairly and regularly.

The Company is creating IPs (includes patentable innovations) and solutions and focuses on collaborative innovation by co-working with the customer R&D labs and academia.

The research and development activities will help the Company to gear for future opportunities and focus to provide unique benefits to the customers and other stakeholders by working both proactively (self-driven research) and reactively (customer-driven research). The vision is to be recognized as an R&D partner in selected areas of Communication and Computation leading to the design and development of algorithms. The objectives are to (a) carry out applied research in the areas that are closely related to the business objectives of our Company; (b) create tangible IP artifacts; (c) present and publish papers in international conferences; (d) publish papers in refereed journals; (e) file patent applications, mostly in USPTO; and (f) help build market led showcase and market ready solutions based on research results.

During the year under review the Company has-

- Obtained 7 Patents in the fields of Technology and Media related areas by USPTO
- Showcased SEMI Fab automation standards compliance test solution at international consortium ISMI's EDA workshop during SEMICON, West trade show at San Francisco
- Implemented in house developed EMS / NMS solution at IMS Academy
- Three ideas selected by a leading cards processor as part of one of the pilot projects on 'Future of Electronic Bill Payment' for an internal prototyping session called 'Innovation Express'.
- Developed a set of PoCs to demonstrate ideas like Risk Visualization that help to improve dialogue between consumers and financial wealth advisors leveraging the power of mobility, real-time analytics and cloud capabilities.
- Created demonstrable solution based on Company owned tester IP for testing Smart Grid Interoperability standards.
- Offered an innovative solution in Micro grids trademarked 'Micro grid as a service'.
- Developed in collaboration with University of Waterloo Ontario's first Smart Grid Research and Innovation Center (RIC) on the University Campus in Ontario, Canada.

2) **Future plan of action**: During the year 2012-13, the Company will continue to work on developing solution accelerators in the areas of:

I. Technology, Media & Entertainment and semiconductors and create demonstrable prototypes.

II. Strategic initiatives: These relate to focus areas driven from the office of the CTO. The investments in this category are for researching next generation capabilities, establishing Centres of Excellence, developing new solution offerings, IP creation, and Innovation labs for experimentation by our customers. Focus areas under this category include Cloud / SaaS, Mobility / Digital Convergence, Sustainability, Open Source, and Enterprise Architecture.

III. Enterprise Business Solutions: These cover the ERP platforms (SAP, ORACLE etc), BI / Analytics, Extended Enterprise platforms (PLM, CRM, SCM, MES). The investments in this category enable:

- Researching new releases by product vendors
- Ideation and innovation
- IP based asset creation including development of domain based templates to enable implementation acceleration
- Solutions Engineering Centres
- Learning and development
- Centres of Excellence and Proofs of concepts

IV. Platform and Testing Solutions: These cover platforms including Mainframe, Java, and Microsoft. Additionally they also include "Testing" as an independent capability. Investments in this category enable:

- Centre of Excellence
- Innovation and solutions stack development
- Domain based offerings
- Learning and development
- Mahindra Satyam has its own z Series IBM Mainframe
- Mahindra Satyam (in partnership with Microsoft) has invested in an Azure CoE
- Mahindra Satyam (in partnership with HP) has invested in a "Testing" CoE

V. Integrated Engineering Solutions: The investments in this area enable-

- Product and process innovation
- Development of new capabilities
- Prototype development
- Digital simulation and prototyping
- Learning and development

3) Expenditure on R&D

a.	Capital	:	₹ Nil
b.	Recurring	:	₹ Nil
c.	Total	:	₹ Nil
d.	Total R&D expenditure as Percentage of total turnover	:	Not applicable

(b) Technology Absorption, Adaptation and Innovation:

1. Efforts made towards technology absorption, adaptation and innovation and benefits derived as a result of the above efforts:

The algorithms and systems developed as part of the applied research activities are used to build showcase solutions. The technology and domain knowledge obtained during R&D work, and algorithms, frameworks, and solutions developed as part of R&D work are quite useful in effectively executing customer projects. Further, the algorithms are also to be used as part of demo software and solutions such as (a) ad targeting; (b) context aware mobile solutions; (c) proxy systems, and (d) rich media spam and leak for IPS / IDS systems. These solutions lay a strong foundation for the business unit's service offerings.

2. Information about imported technology: Nil

C) Foreign Exchange Earning and Outgo

1.	Initiatives like increasing exports, development of new export markets etc. to increase foreign exchange	94% of total revenue of the Company are from exports
2.	Foreign exchange earned (on accrual basis)	₹ 57,830 Million
3.	Foreign exchange outgo (on accrual basis)	₹ 33,873 Million

Annexure 'B' to the Directors' report

DIRECTORS' RESPONSIBILITY STATEMENT

To the Members

We the Directors of Satyam Computer Services Limited confirm the following:

i. The applicable accounting standards have been followed along with proper explanation relating to material departures in the preparation of the annual accounts;

ii. The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records for the year in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, taking into account the financial irregularities identified in Note 25 and regulatory non-compliances / breaches identified in Note 32 to Accounts.

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

For and on behalf of the Board of Directors

Place : Hyderabad
Date : July 26, 2012

Vineet Nayyar
Chairman

Annexure 'C' to the Directors' report

Associate Stock Option Plan (ASOP)

The details of Associate Stock Option Plans (ASOP) are given below.

	Particulars	ASOP – A	ASOP – B	ASOP – ADS	ASOP – RSUs	ASOP – RSUs (ADS)
(a)	No. of options granted during the year	Nil	2,313,602	20,000	Nil	Nil
(b)	The pricing formula	Refer foot note 1	Refer foot note 2	Refer foot note 2	Refer foot note 3	Refer foot note 3
(c)	The maximum vesting period	NA	5 years	5 years	5 years	5 years
(d)	Options vested during the year	Nil	4,732,965	493,121	55,125	81,018
(e)	Options exercised during the year	Nil	Nil	Nil	219,583	6,250
(f)	The total number of shares arising as a result of exercise of options during the year	Nil	Nil	Nil	219,583	12,500
(g)	Options cancelled / lapsed / on termination	Nil	3,658,097	1,941,751 (Refer foot note 4)	32,062	147,846 (Refer foot note 5)
(h)	Variation of terms of options	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
(i)	Total number of options in force	Nil	20,269,437	Nil (Refer foot note 4)	560,185	Nil (Refer foot note 5)
(j)	Money realised by exercise of options on receipt basis					₹ 464,166

(k) Employee-wise details of options granted to

(i) Key management personnel during the year — Nil

(ii) Other employee who receives a grant in any one year of options amounting to 5% or more of options granted during that year is given below:-

Particulars	Number of options granted during the year
ASOP B:	
Manish Mehta	200,000
Rohit Gandhi	143,844
Vikram N Nair	143,844
Arvind Malhotra	121,552
ASOP ADS:	
Srirama Srinivas	20,000

(iii) Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant. — Nil

(l) Diluted Earnings Per Share (EPS) (on par value of ₹ 2 per share) calculated in accordance with Accounting Standard 20 — ₹ 10.21

(m) In accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, had compensation cost for associate stock option plans been recognized based on the fair value at the date of grant in accordance with Black Scholes' model, the pro-forma amounts of your Company's net profit and earnings per share would have been as follows:

Particulars		Year ended March 31, 2012	2011
1.	**Net Profit / (Loss) after Taxation and before Non-recurring / Extraordinary Items**		
	- As reported (₹ in Million)	12,028	(1,276)
	- Proforma (₹ in Millions)	11,619	(1,649)
2.	**Earnings per share:**		
	Basic		
	- No. of shares	1,176,718,483	1,176,401,598
	- EPS as reported (₹)	10.22	(1.08)
	- Proforma EPS (₹)	9.87	(1.40)
	Diluted	-	-
	- No. of shares	1,178,288,691	1,176,401,598
	- EPS as reported (₹)	10.21	(1.08)
	- Proforma EPS (₹)	9.86	(1.40)

(n) Weighted-average exercise prices and weighted-average fair values of options, separately for options whose exercise price is either equals or exceeds or is less than the market price of the stock:

Options	Weighted average exercise price (₹)	Weighted average fair value (₹)
ASOP-A	No options granted during the year	No options granted during the year
ASOP-B	78.06	52.58
ASOP ADS	149.42	121.25
ASOP RSU	No options granted during the year	No options granted during the year
ASOP RSU (ADS)	No options granted during the year	No options granted during the year

(o) A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information:

The fair value of options has been calculated by using Black Scholes' method. The assumptions used in the above are:

S. No.	Particulars	ASOP-A	ASOP-B	ASOP ADS	ASOP RSU	ASOP RSU (ADS)
1.	Risk-free interest rate	-	8.50%	8.50%	-	-
2.	Expected life (years)	-	3.5-6.5 years	3.5-6.5 years	-	-
3.	Expected Volatility	-	83.48%-109.36%	103.08%-136.62%	-	-
4.	Expected dividends	-	0.22%- 0.50%	0.22%-0.50%	-	-

5. The price of the underlying share in market at the time of option grant:

Grant Date	ASOP-B (₹)	ASOP ADS	ASOP RSU	ASOP RSU (ADS)
23.05.2011	74.30	$3.30 (149.42)	-	-
09.08.2011	78.20	-	-	-
10.11.2011	75.95	-	-	-
31.01.2012	73.45	-	-	-
31.03.2012	78.95	-	-	-

Notes:

1) In respect of ASOP-A, the Trust exercised all the earmarked shares @ ₹ 450/- each by obtaining loans in the year 1999. Accordingly, the warrants were granted at ₹ 450/- each plus the interest computed based on fixed interest rate of 14.25% p.a. Each warrant entitles the grantee with 20 equity shares of ₹ 2/- each fully paid up duly adjusted for Bonus issues in 1999 & 2006 and stocks split in August 2000.

2) The closing price of the shares on the date of the meeting of the Compensation Committee convened to grant the stock options, on the stock exchange where highest volumes are traded;or the average of the two weeks high and low price of the share preceding the date of grant of option on the stock exchange on which the shares of the Company are listed; whichever is higher.

3) Not less than the face value of the equity shares or such other price as may be calculated in accordance with the applicable statutory rules, regulations, guidelines and laws, on the date of grant.

4) Termination of the ASOP ADS Scheme:

   Consequent to the revocation of registration by the Securities and Exchange Commission (SEC) of the Company's ADS's, with respect to the ASOP ADS Scheme, the Compensation Committee of Directors ("Committee") approved the termination of the ASOP ADS Scheme with effect from March 31, 2012 resulting in 1,236,539 ADS options being extinguished. The scheme termination is subject to shareholders' approval. Further, as an associate friendly measure, the Committee granted 1,085,602 options under ASOP-B scheme to some of these holders of ASOP-ADS at a ratio determined by an independent agency.

5) Termination of the ASOP – RSU (ADS) Scheme:

   The Company had determined that it will not be able to become current in its SEC filing obligations and hence expected the Securities and Exchange Commission (SEC) to revoke the Company's registration of its ADS under the Securities Exchange Act of 1934 and consequently proceeded to wind-down its ADS program.

   With respect to the ASOP – RSU (ADS) Scheme, the Compensation Committee of Directors ("Committee") approved the termination of the ASOP – RSU (ADS) Scheme with effect from March 9, 2012 resulting in 92,862 ADS options being extinguished. The scheme termination is subject to shareholders' approval (Refer Note 34 of the standalone financial statements).

Report on Corporate Governance

Company's Philosophy

Satyam Computer Services Limited ('Mahindra Satyam') defines its stakeholders as its Customers, Associates, Investors and the Society. At the core of the Company's philosophy lies its focus on customer centricity and the goal of ensuring stakeholder delight at all times, through innovations in new products and services and improving business processes, fulfilling the role of a responsible service provider committed to best practices. In order to realize this vision and become a global top-tier consulting and technology services company, the Company understands that it needs to achieve industry leading benchmarks in corporate governance, delivery excellence and employee satisfaction.

As a customer centric organization, it believes that it can co-innovate with customer to create reusable industry solutions with emerging technologies. This aligned to customer needs with industry native solutions and better consulting – led approach is expected to consequentially result in futuristic delivery models.

The Board is responsible for setting the strategic objectives for the management and ensuring that stakeholders' long-term interests are served. The Management in turn is responsible for establishing and implementing policies, procedures and systems to enhance the long-term value of the Company and delight all its stakeholders.

The Company is established to be the front runner of the social inclusivity charter in the IT landscape with increasing activities to benefit our ecosystem with keen focus on environment sustainability along with a constant endeavor to improve lives.

The Mahindra Satyam vision

We will Rise™ to be among the top 3 leaders in each of our chosen market segments while fostering innovation and inclusion.

We will consistently achieve top quartile growth by contributing to our customers' success, by enabling our employees to realize their potential and by creating value for all our stakeholders.

Board of Directors

Composition and Category of Directors:

Name	Category	No. of meetings during the year[5]		No. of Directorships in other companies[6]	No. of Committee positions held in other companies[7]		Whether attended last Annual General Meeting
		Held	Attended		Member	Chairperson	
Mr. Vineet Nayyar	Chairman	8	8	8	1	0	Yes
Mr. C. P. Gurnani	Whole-time Director & CEO	8	7	1	0	0	Yes
Mr. C. Achuthan[1]	Independent Director	8	1	4	1	0	No
Mr. T. N. Manoharan	Independent Director	8	6	1	0	0	Yes
Mr. M. Damodaran[2]	Independent Director	8	4	7	2	1	Yes
Mr. Ashok Kacker[3]	Independent Director	8	1	2	0	1	Not Applicable
Mrs. M. Rajyalakshmi Rao[4]	Independent Director	8	1	3	0	0	Not Applicable
Mr. Ulhas N. Yargop	Non-Executive Director	8	5	6	4	2	Yes

1 Demised on September 19, 2011.
2 Resigned effective closing of business hours of March 31, 2012.
3 Nominated by Ministry of Corporate Affairs vide its order dated January 24, 2012.
4 Appointed as Additional Director on February 28, 2012.
5 Meetings were held on April 5, April 18, May 22 & 23, August 09, November 09 & 10, 2011, January 04, February 01 and March 21, 2012.
6 Excludes private companies, foreign companies, companies registered under Section 25 of the Companies Act, 1956 and alternate Directorships, if any.
7 Represents Audit Committee and Investors' Grievance Committee in public limited companies.

Audit Committee

The constitution of Audit Committee is in compliance to the applicable provisions of Companies Act, 1956 and Listing Agreement with stock exchanges.

The functions of Audit Committee include:

1. Oversight of the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of engagement and payment to statutory auditors for any other non-audit services rendered by the statutory auditors.
4. Reviewing with the management, the quarterly / yearly financial statements before submission to the Board for approval.
5. Reviewing with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
6. Reviewing and approval of the internal audit scope and plan.
7. Reviewing adequacy of internal audit function including structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.

Composition and other details:

Name	Category	No. of meetings	
		Held	Attended
Mr. T. N. Manoharan (Chairman)	Independent Director	4	4
Mr. C. Achuthan[1]	Independent Director	4	1
Mr. M. Damodaran	Independent Director	4	3
Mr. Ulhas N Yargop[2]	Non-executive Director	4	2

[1] Upto September 19, 2011.

[2] Effective October 13, 2011

Meetings were held on May 22, August 09, November 09, 2011 and January 31, 2012.

Compensation Committee

The Compensation Committee was constituted of Independent and Non-executive Directors.

The Committee evaluates compensation and benefits for Executive Directors and frames policies and systems for Associate Stock Option Plans.

Composition and other details:

Name	Category	No. of meetings	
		Held	Attended
Mr. C. Achuthan (Chairman upto 19.09.2011)	Independent Director	1	1
Mr. T. N. Manoharan	Independent Director	1	1
Mr. M Damodaran	Independent Director	1	0
Mr. Ulhas N. Yargop	Non-executive Director	1	1

Meeting was held on May 23, 2011.

Details of remuneration to Directors:

1. No remuneration was paid by the Company to Executive Directors viz., Mr. Vineet Nayyar, Chairman and Mr. C.P. Gurnani, Whole-time Director & CEO.
2. No Stock Options were granted to Directors during financial year 2011-12.
3. Except Mr. Ulhas N Yargop, Non-executive Director, who is holding two shares of the Company, no other Director of the Company is holding any shares of the Company.
4. The Board of Directors had approved for payment of commission not exceeding ₹ 12.00 lakhs each (Rupees Twelve lakhs only), to the Non-executive Directors payable in proportion to their term of directorships for the financial years 2009-10 and 2010-11. Since there were no profits for financial year 2009-10 and 2010-11, the Company had applied to Central Government and is awaiting for its approval.

5. Sitting fee @ ₹ 20,000 was paid to the Non-executive Directors for the FY 2011-12 for each Board / Committee meeting attended, was given below:

S. No.	Name	Sitting fee (₹)
1	Mr. C. Achuthan	80,000
2	Mr. T. N. Manoharan	2,40,000
3	Mr. M. Damodaran	1,40,000
4	Mr. Ulhas N. Yargop[1]	2,20,000
5	Mr. Ashok Kacker	20,000
6	Mrs. M Rajyalakshmi Rao	20,000

[1] Sitting fee was paid to Mahindra & Mahindra Limited.

Investors' Grievance Committee

(1) The Investors' Grievance Committee focuses on shareholders' grievances and strengthening of investor relations, specifically looking into redressal of grievances pertaining to:

i) Transfer of shares
ii) Dematerialisation / Rematerialisation of shares
iii) Replacement of lost / stolen / mutilated share certificates
iv) Non-receipt of rights / bonus / split share certificates
v) Non-receipt of notices / documents / Annual reports
vi) Dividends
vii) Other related issues

(2) The Composition of the Committee and other details are given below:

Name	Category	No. of meetings	
		Held	Attended
Mr. C. Achuthan (Chairman upto 19.09.2011)	Independent Director	2	1
Mr. Ulhas N. Yargop (Chairman effective from 01.02.2012)	Non-executive Director	2	2
Mr. C. P. Gurnani	Whole-time Director & CEO	2	2

(3) Meetings were held on May 23, 2011 and February 01, 2012.

(4) Name and designation of compliance officer: Mr. G. Jayaraman, Company Secretary

(5) Details of investor complaints received and resolved during the year 2011-12:

Received	Resolved	Pending
55	55	0

(6) Unclaimed Share Certificates:

Pursuant to Clause 5A of the Listing Agreement, the status of the Unclaimed shares in Demat suspense account, is given below:

S. No.	Particulars	No. of shareholders	No. of shares
(i)	Aggregate number of shareholders and the outstanding shares transferred to the Demat suspense account #	491	728145
(ii)	Number of shareholders to whom shares were transferred from suspense account upon their request received.	3	5000
(iii)	Aggregate number of shareholders and the outstanding shares in the suspense account at the end of the year.	488	723145

715945 shares of 482 shareholders and 12200 shares of 9 shareholders were dematerialized on 29.07.2011 and 20.12.2011 respectively.

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

(7) Members may contact the Secretarial Circle of the Company for their queries, if any, at:

+91 40 3063 6363 / 3067 5022 and Fax: +91 40 2311 7011.

Investment Committee

Investment Committee was constituted with an objective to assist the Board in reviewing investment policies, strategies, transactions and to ensure that the Company's investments are in accordance with sound and acceptable business practices and applicable rules and regulations.

The Composition of the Committee and other details are given below:

Name	Category	No. of meetings	
		Held	Attended
Mr. T. N. Manoharan (from 09.11.2011) Chairman	Independent Director	1	1
Mr. C. Achuthan (Upto 19.09.2011)	Independent Director	1	0
Mr. C. P. Gurnani	Whole-time Director & CEO	1	1
Mr. Ulhas N. Yargop	Non-executive Director	1	1

Meeting was held on January 04, 2012.

Venue and time of the last three AGMs:

Year	Date	Venue	Time	Whether any special resolutions passed
2010-11	August 10, 2011	Sri Sathya Sai Nigamagamam (Kalyana Mandapam), 8-3-987 / 2, Srinagar Colony, Hyderabad - 500 073	10.30 a.m.	None
2009-10	December 21, 2010		11.30 a.m.	None
2008-09	December 21, 2010		10.00 a.m.	Two

There were no resolutions passed through postal ballot during the year 2011-12.

Disclosures

The materially significant related party transactions were disclosed in the Note 50 of Standalone financial statements for the year ended March 31, 2012.

There has been no non-compliance other than those mentioned in the Note 32 forming part of financial statements. No penalties or strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter relating to capital markets during the last three years.

Pursuant to sub-clause VII of clause 49 of the listing agreement, the Company confirms that it has complied with all the mandatory requirements prescribed. The following non-mandatory requirements are adopted:

1. Compensation Committee
2. Whistle Blower policy

   The Company has adopted the Whistle Blower policy and affirms that no personnel have been denied access to the Audit Committee.

On March 21, 2012, the Board approved the proposed Scheme of Amalgamation and Arrangement of the Company with Tech Mahindra Limited. The details of the proposed Scheme were discussed in the Director's Report.

Means of communication

The quarterly, half-yearly and annual financial results are generally published in Financial Express (a national daily) and in Andhra Prabha (a vernacular [Telugu] daily).

The Annual Report and the financial results are also displayed on the Company's website www.mahindrasatyam.com

The official press releases of the Company are sent through facsimile to the Stock Exchanges where the Company's shares are listed and released to wire services and the press for information of the public at large and also posted on the Company's website.

General Shareholder's information

a) The AGM of the Company will be held on Friday, September 07, 2012 at 10.30 A.M. at Sri Sathya Sai Nigamagamam (Kalyana Mandapam), 8-3-987 / 2, Srinagar Colony, Hyderabad - 500 073.

b) The Financial Year of the Company is from April 01 to March 31.

c) Dates of book closure for AGM: September 05 to September 07, 2012 (both days inclusive)

d) Registered office: Mahindra Satyam Infocity,
Unit - 12, Plot No. 35 / 36,
Hi-tech City layout, Survey No. 64,
Madhapur, Hyderabad - 500 081, A.P.
Phone: (91-40) 3063 6363 / 3067 5022
Fax: (91-40) 2311 7011
Web site: www.mahindrasatyam.com
Email: investorservices@mahindrasatyam.com

e) Listing details:

Particulars	Stock Exchanges	Depositories	ISIN / CUSIP*
Equity Shares	1. BSE Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	1. National Securities Depository Ltd. (NSDL)	INE275A01028
	2. The National Stock Exchange of India Limited, Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051	2. Central Depository Services (India) Limited (CDSL)	
American Depository Shares (ADS)#	OTC Markets USA# 304, Hudson Street, 2nd Floor, New York, NY 10013	Citibank N.A., New York	804098101

*ISIN – International Securities Identification Number; CUSIP- Committee on Uniform Securities Identification Procedures.

On August 9, 2011, Company has entered into a Letter Agreement with Citibank New York for termination of Depository Agreement and necessary filings have been made with SEC. The trading of ADSs in Pink OTC markets was stopped on March 12, 2012 and the ADSs were cancelled on March 16, 2012. As per the Depositary Agreement, the Depositary sold the underlying shares of balance ADSs in the Indian stock exchanges and distributed the proceeds.

The Securities and Exchange Commission, USA, vide its order dated March 29, 2012, had revoked registration of Company's ADS.

f) Listing fee for the financial year 2012-13 has been paid to all the Indian Stock Exchanges, where the shares of the Company are listed.

g) Stock Code:

1)	BSE Code	:	500376
2)	NSE Code	:	SATYAMCOMP
3)	Reuters Code	:	SATY.BO (BSE); SATY.NS (NSE)
4)	Bloomberg	:	SCS IN
5)	ADS Symbol (OTC)	:	SAYCY (upto March 12, 2012)

h) The monthly high and low stock quotations during the financial year 2011-12 and performance in comparison to broad based indices are given below.

(i) Market Price and Indices data:

Month & Year	Price-BSE		SENSEX		Price-NSE		NIFTY		Price-ADS OTC*		Dow Jones Index	
	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low
	(₹)	(₹)			(₹)	((₹)			US$	US$		
Apr-11	78.95	65.70	19,811.14	18,976.19	78.90	65.60	5,944.45	5,693.25	3.51	3.00	12,885.92	12,093.89
May-11	85.70	68.75	19,253.87	17,786.13	85.80	68.70	5,775.25	5,328.70	3.69	3.15	12,928.45	12,271.90
Jun-11	93.40	78.00	18,873.39	17,314.38	93.35	78.10	5,657.90	5,195.90	3.97	3.58	12,569.34	11,821.96
Jul-11	94.20	83.30	19,131.70	18,131.86	94.10	83.45	5,740.40	5,453.95	4.01	3.67	12,794.00	12,044.21
Aug-11	86.10	62.10	18,440.07	15,765.53	86.50	60.00	5,551.90	4,720.00	3.80	2.55	12,320.94	10,588.55
Sep-11	79.30	64.00	17,211.80	15,801.01	79.40	63.95	5,169.25	4,758.85	3.03	2.61	11,733.11	10,572.20
Oct-11	81.00	64.00	17,908.13	15,745.43	76.15	64.00	5,399.70	4,728.30	2.99	2.45	12,303.16	10,362.26
Nov-11	78.50	64.10	17,702.26	15,478.69	78.00	64.05	5,326.45	4,639.10	2.95	2.35	12,212.07	11,192.81
Dec-11	73.45	62.15	17,003.71	15,135.86	73.60	62.00	5,099.25	4,531.15	2.64	2.26	12,357.38	11,728.46
Jan-12	77.00	63.60	17,258.97	15,358.02	77.20	58.00	5,217.00	4,588.05	2.98	2.35	12,884.63	12,221.19
Feb-12	79.90	67.50	18,523.78	17,061.55	80.40	67.55	5,629.95	5,159.00	3.00	2.55	13,087.16	12,632.76
Mar-12	82.55	65.05	18,040.69	16,920.61	83.50	65.45	5,499.40	5,135.95	2.65	2.43	13,331.77	12,701.33

*ADS prices are taken upto March 12, 2012 from OTC Markets, USA.

ii) Monthly closing share price:

Month & year	BSE	Sensex	NSE	NIFTY	OTC*	DJI
Apr-11	75.25	19,135.96	75.45	5,749.50	3.46	12,810.54
May-11	84.75	18,503.28	85.00	5,560.15	3.63	12,569.79
Jun-11	83.80	18,845.87	84.00	5,647.40	3.70	12,414.34
Jul-11	84.05	18,197.20	84.30	5,482.00	3.74	12,143.24
Aug-11	66.85	16,676.75	66.90	5,001.00	2.79	11,613.53
Sep-11	70.20	16,453.76	70.40	4,943.25	2.73	10,913.38
Oct-11	70.90	17,705.01	71.00	5,326.60	2.77	11,955.01
Nov-11	65.75	16,123.46	65.70	4,832.05	2.51	12,045.68
Dec-11	64.90	15,454.92	65.20	4,624.30	2.34	12,217.56
Jan-12	73.45	17,193.55	73.45	5,199.25	2.86	12,632.91
Feb-12	68.65	17,752.68	68.75	5,385.20	2.65	12,952.07
Mar-12	80.20	17,404.20	80.60	5,295.55	2.64	13,212.04

*ADS prices are taken upto March 12, 2012 from OTC Markets, USA.

iii) Premium (%) on ADS at NYSE compared to share price quoted at NSE:

	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12
a) *ADS Price–US $	3.46	3.63	3.70	3.74	2.79	2.73	2.77	2.51	2.34	2.86	2.65	2.64
b) ADS price-INR	153.87	163.31	165.72	165.01	128.20	133.72	135.29	130.95	124.49	142.03	129.56	131.76
c) NSE Share Price (₹)	75.45	85.00	84.00	84.30	66.90	70.40	71.00	65.70	65.20	73.45	68.75	68.45
d) Premium– (₹) (b/2-c)	1.48	-3.34	-1.14	-1.80	-2.80	-3.54	-3.36	-0.23	-2.96	-2.44	-3.97	-2.57
e) Premium %	1.97	-3.93	-1.36	-2.13	-4.18	-5.03	-4.73	-0.34	-4.53	-3.32	-5.78	-3.75

*ADS prices are taken upto March 12, 2012 from OTC Markets, USA.

Each ADS represent two equity shares. The ADS price in US Dollar has been converted into Indian Rupees by applying monthly closing rates.

i) The Company has in-house facilities for share transfers. The members may contact for the redressal of share transfer related grievances to the Company Secretary, Satyam Computer Services Limited, Mahindra Satyam Infocity, Unit - 12, Plot No. 35 / 36, Hi-tech City layout, Survey No. 64, Madhapur, Hyderabad - 500 081, A.P. Phone: (91-40) 3063 6363 / 3067 5022, Fax: (91-40) 2311 7011, e-mail: investorservices@mahindrasatyam.com.

j) The Company's shares are covered under the compulsory dematerialization list and are transferable through the depository system. As per the internal quality standards, the Company has established processes for physical share transfers.

k) As on March 31, 2012, the distribution of the Company's shareholding was as follows:

Category (No. of shares)		No. of shareholders		No. of shares held (₹ 2/-)		% to total no. of shares	
From	To	Physical	Demat	Physical	Demat	Physical	Demat
1	500	897	592,421	232,957	75,913,729	0.02	6.45
501	1,000	714	46,943	685,330	37,070,192	0.06	3.15
1,001	2,000	1,291	23,528	2,512,220	35,963,299	0.21	3.06
2,001	3,000	152	7,185	428,480	18,297,484	0.04	1.55
3,001	4,000	148	3,440	581,500	12,462,346	0.05	1.06
4,001	5,000	10	2,340	47,200	10,944,432	0.00	0.93
5,001	10,000	56	3,664	410,690	26,379,597	0.04	2.24
10,001 & above		20	2,745	453,700	954,414,680	0.04	81.10
Total		**3,288**	**682,266**	**5,352,077**	**1,171,445,759**	**0.46**	**99.54**
Grand Total		**685,554**		**1,176,797,836**		**100.00**	

l) Dematerialization of shares: The Company has the necessary infrastructure in-house for dematerialization of shares. As per the internal norms, shares received for dematerialization are generally confirmed within a period of three working days from the date of receipt of the valid documents. As on March 31, 2012, 99.54 percent of outstanding shares of the Company are held in electronic form.

m) The Company has earmarked 1,300,000 equity shares of 10/- each fully paid up under ASOP-A administered through Satyam Associate Trust in 1998-99. The warrants outstanding as at March 31, 2012 are Nil.

The Company has earmarked 58,146,872 equity shares under the Associate Stock Option Plan (ASOP) - B, 3,456,383 ADSs under ASOP - ADS and 13,000,000 equity shares under ASOP - RSUs and ASOP - RSUs (ADS).

The Scheme wise outstanding options as at March 31, 2012 are given below:

i. ASOP - B - 20,269,437 options

ii. ASOP - RSUs - 5,60,185 options

Pursuant to the de-registration of company's ADSs from the Securities and Exchange Commission, USA, (SEC), both the ADS linked stock option plans were terminated. While the RSU ADS option holders were offered cash compensation for extinguishing their rights under the ASOP RSU ADS Scheme, ASOP-ADS option holders, upon their eligibility, were offered equity linked options under ASOP-B plan based on a valuation exercise carried out by an independent consultancy firm.

The vesting period and exercise period for the stock options shall be determined by the Compensation Committee, subject to the minimum vesting period being one year.

n) The addresses of global offices of the Company are given elsewhere in this report.

o) Address for correspondence:

Satyam Computer Services Limited, Mahindra Satyam Infocity, Unit - 12, Plot No. 35 / 36, Hi-tech City layout, Survey No. 64, Madhapur, Hyderabad - 500 081, A.P. Phone: (91-40) 30636363 / 3067 5022, Fax: (91-40) 2311 7011.

e-mail: investorservices@mahindrasatyam.com

p) Other useful information to shareholders:

i. Pursuant to provisions of Section 205A of the Companies Act, 1956, the dividend declared by the Company which remains unclaimed for a period of seven years, shall be transferred to Investor Education & Protection Fund (IEPF) established by the Central Government under Section 205C of the said Act.

ii. The dividend for the financial years up to 2003-04 and the interim dividend for the financial year 2004-05 which remained unclaimed have been transferred by the Company to IEPF.

iii. The due dates for transfer of unclaimed dividends to IEPF, pertaining to different financial years are given below. Members, who have not claimed the dividend for these periods are requested to lodge their claim with the Company. Subsequent to the transfer to IEPF, no claim shall be entertained for such unclaimed dividends.

Financial Year	Type of dividend	Book closure / Record date	Due date for transfer to IEPF
2004-2005	Final	18.07.2005 - 22.07.2005	27.08.2012
2005-2006	Interim	04.11.2005	24.11.2012
2005-2006	Final	16.08.2006 - 21.08.2006	26.09.2013
2006-2007	Interim	10.11.2006	25.11.2013
2006-2007	Final	27.08.2007 - 30.08.2007	05.10.2014
2007-2008	Interim	08.11.2007	28.11.2014
2007-2008	Final	21.08.2008 - 26.08.2008	01.10.2015
2008-2009	Interim	01.11.2008	22.11.2015

iv. Shares received for physical transfer are generally registered within a period of twenty five days from the date of receipt of valid documents. In case no response is received from the Company within 30 days of lodgement of transfer request, the transferee may write to the Company with full details so that necessary action could be taken to safeguard the interest of the concerned against any possible loss / interception during postal transit.

v. Members holding shares in physical form are requested to notify to the Company, any change in their registered address and bank account details promptly by written request under the signatures of sole / first joint holder. Members holding shares in electronic form are requested to send their instructions regarding change of name, change of address, bank details, nomination, power of attorney, etc., directly to their Depository Participant (DP) as the same are maintained by them.

vi. Non-resident members are advised to immediately notify to the Company or to the DPs as the case may be:

- change in their residential status on return to India for permanent settlement;
- particulars of their NRE bank account with a bank in India, if not furnished earlier;

vii. In case of loss / misplacement of shares, a complaint shall be lodged by the claimant with the police station, and intimation to this effect shall be sent to the Company along with original or certified copy of FIR / acknowledgment of the complaint.

viii. For expeditious transfer of shares, shareholders should fill in complete and correct particulars in the transfer deed. Wherever applicable, the registration number of the power of attorney should also be quoted in the transfer deed at the appropriate place.

ix. Equity shares of the Company are under compulsory demat trading by all investors. Considering the advantages of scrip-less trading, members are encouraged to consider dematerialization of their shareholding.

x. Members are requested to quote their folio / DP and client ID nos., as the case may be, in all correspondence with the Company to its address given in para 'o' above.

xi. Members who have multiple folios in identical name(s) are requested to apply for consolidation of such folio(s) and send the relevant share certificates to the Company.

xii. Section 109A of the Companies Act, 1956 extends nomination facility to individuals holding shares in physical form in companies. Members, in particular those holding shares in single name may avail of this facility by furnishing the particulars of their nominations in the prescribed nomination form.

xiii. Ministry of Corporate Affairs issued circulars dated April 21, 2011 and April 29, 2011 permitting the Companies to send the notices / documents including annual reports through email to the shareholders who have registered their email address in this regard. Members are encouraged to support this nationwide Green Initiative by registering their email addresses with the depository participants or the Company as applicable for receiving the notices and other documents from the Company.

xiv. Members are welcome to give us their valuable suggestions for improvement of investor services.

Declaration regarding compliance with the Code of Ethical Business Conduct Policy of the Company by Board members and senior management personnel

This is to confirm that the Company has adopted the Code of Ethical Business Conduct Policy for the Board of Directors and Associates of the Company, which is available at www.mahindrasatyam.com.

I declare that the Board of Directors and senior management personnel have affirmed compliance with the Code of Ethical Business Conduct policy of the Company.

Place: Hyderabad — C. P. Gurnani

Date: May 17, 2012 — Whole-time Director and CEO

Practicing Company Secretary Certificate regarding compliance of conditions of Corporate Governance under Clause 49 of the Listing Agreement

To the Members of

Satyam Computer Services Limited

We have examined the compliance of conditions of Corporate Governance by Satyam Computer Services Limited ('the Company'), for the year ended March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the Company with Stock Exchanges in India.

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

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

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

Savita Jyoti
Savita Jyoti Associates

Place: Hyderabad — Practicing Company Secretary

Date: May 17, 2012 — Certificate of Practice No. 1796

Corporate Social Responsibility

During 2011-12, Mahindra Satyam Foundation focussed its activities in the areas of Education, Health (Blood Donation Drives), Livelihoods and Empowering Persons with Disability.

Volunteering and Magnificent Seven (M7) Activities

Volunteering is the key differentiator and plays a major role in all the initiatives of Mahindra Satyam Foundation. The M7 are a team of about seven volunteers, who take ownership of the project under a forum. The team identifies requirements and provides full-cycle leadership to the identified project, and implements it with other volunteers and Foundation forum members. During this year 5,636 volunteers contributed 26,669 hours of volunteering.

M7 teams across the foundation chapters in Hyderabad, Bangalore, Chennai, Pune and Bhubaneswar regularly visit Government Schools, Corporation Schools, IT Schools and Orphanages to teach and mentor children on weekends. Teacher's day, Children's Day and other festivals of national importance are celebrated with the children.

M7 Team in Pune visits the Poona Blind School every Saturday and teach Basics of Computers for three hours to the Visually Challenged students using supernova software, used for this purpose. 44 Mahindra Satyam associates contributed 88 hours to record text books for the visually impaired at LV Prasad Eye Institute, Hyderabad.

Health (Blood Donation Drives)

During 2011-12 a total of 19 blood donation camps were organized across Hyderabad, Chennai, Pune, Bangalore, Vizag, Bhubaneswar, Malaysia, Singapore, Sydney. Mahindra Satyam Associates voluntarily donated 1,573 units of blood to the Red Cross Society Blood Bank, Indo American Cancer Hospital Blood Bank, Jeevan Blood Bank, Pune Blood Bank etc.

Livelihoods

Mahindra Satyam Foundation is operating six IT schools, in Hyderabad, Pune, Bangalore, Chennai and Bhubaneswar in partnership with reputed NGOs. In Pune the Foundation partnered with Saahasee and Deep Griha Society, Good Will International in Bangalore, Association for Non-Traditional Employment for Women (ANEW) in Chennai and Aarohan Foundation in Bhubaneswar. The IT School in Hyderabad was granted Vocational Training Provider status under Skill Development Initiative Scheme launched by DGE&T (Director General of Employment & Training) which is a Govt. Of India Initiative. Candidates sit for the Modular Employability Skill Test and are awarded the National Certificate for Vocational Training. 167 candidates took the MES exam this year. 47 candidates received NCVT certificates while the rest are awaiting their certificates.

During 2011-12 a total of 392 candidates were trained in basic computer skills, spoken English (YUVA modules) and soft skills for three months. Placement was provided to 210 and is an ongoing support. 144 candidates are undergoing training.

Empowering Persons with Disability (PWDs)

Significant and impactful programs were rolled out this year for all categories of Persons with Disability. The Early intervention Program for Multiple Disabilities for visually impaired children with multiple disabilities between 0-8 years was launched in Hyderabad in Partnership with L V Prasad Eye Institute. The Program identifies developmental delays with individualized teaching and training both for children and parents with appropriate therapeutic intervention. 193 Visually Impaired children with multiple disabilities are enrolled under this Project.

Vocational training Centre for Visually Impaired was also set up in Hyderabad in partnership with L V Prasad Eye Institute. A Computer lab with special software JAWS and MAGIC for totally blind and partially sighted has been set up. 86 candidates have been trained and 18 are under training.

A similar Training Centre has been set up for Ortho Challenged / Hearing Impaired candidates in partnership with NGOs, in Hyderabad (Rotary Trust for Handicapped), Bangalore (Cheshire Disability Trust) and Chennai (Andhra Mahila Sabha). Overall a total of 98 candidates have been trained, 10 candidates placed and 42 are under training.

Education

All initiatives of the Education Program attempts to deal with key issues in Government Schools like high dropout rates, low pass percentage and poor infrastructure. Multimedia Enabled Learning Centres, M7 Volunteering, KidSmart Centres, Donation Drive and distribution of Notebooks, Capacity Building are some of the initiatives designed to strengthen the learning environment in Government schools. During 2011-12, 29,677 notebooks were distributed to 5,864 Govt. School children in 29 urban schools and 10 rural schools across Hyderabad, Bhubaneswar, Bangalore and Chennai. Scholarships were given in Hyderabad and Bangalore for nineteen poor students in two Government Schools.

Multimedia Enabled Learning Centers

The Foundation set up eight Multimedia Enabled Learning centres in the Government Schools at various places in Hyderabad, Bangalore, Chennai and Visakhapatnam. At these centres, the content is mapped to the syllabus of different classes. Almost 2,880 school children ranging from primary to High school are learning their subjects.

The Kid Smart Program

This is an ongoing initiative, with an objective of offering children from low-socio economic communities, a good quality of learning opportunities during their pre & primary school and also enables teachers of these children to access the latest educational methodology and appropriate use of technology. Currently there are six Kid Smart centres in Hyderabad. Ten neighbouring schools have access to these centres benefitting 2,350 primary school children.

ODCs at Work

Associates from various Offshore Development Centers of customers such as GE, GSK, Microsoft, Chevron, Quantas, NAB etc., situated in the locations of Mahindra Satyam, have volunteered in number of initiatives of foundation such as distribution of note books, stationery items, setting up of computer labs and library for Government schools, institute of mentally challenged and orphanages.

Management Discussion and Analysis

Industry Structure, Development and Outlook

Company Overview

Satyam Computer Services Limited (hereinafter referred to as 'SCSL' or 'Mahindra Satyam' or 'the Company') is a leading global business and information technology services company that leverages deep industry and functional expertise, leading technology practices, and an advanced, global delivery model to help clients transform their highest-value business processes and improve their business performance.

The Company's professionals excel in enterprise solutions, supply chain management, client relationship management, business intelligence, business process quality, engineering and product lifecycle management, and infrastructure services, among other key capabilities.

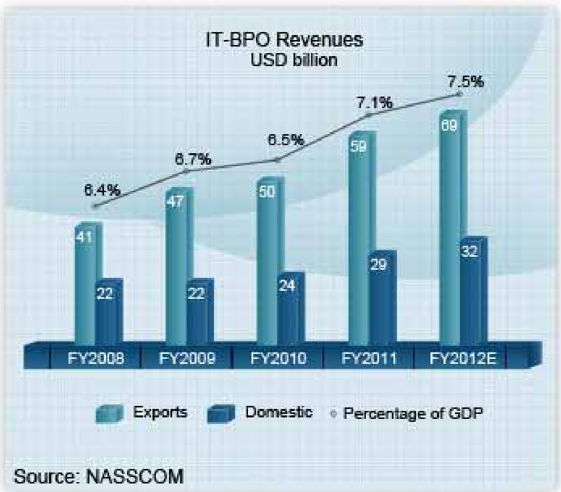
Mahindra Satyam is part of the $14.4 billion Mahindra Group, a global federation of companies and one of the top 10 business houses based in India. The Group's interests span automotive products, aviation components, farm equipment, financial services, hospitality, information technology, logistics, real estate and retail.

Mahindra Satyam development and delivery centres in the US, Canada, Brazil, the UK, Hungary, Egypt, UAE, India, China, Malaysia, Singapore and Australia serve numerous clients, including many Fortune 500 organizations.

For more information, visit www.mahindrasatyam.com

Industry Structure & Development

The Information Technology / Information Technology Enabled Services (IT / ITES) sector one of the important sectors in the Indian economy, has registered huge growth from a small size of US$ 150 million in 1990-1991. It is now expected to cross US$ 100 billion in FY 2011-12 as per NASSCOM. As a proportion of national GDP, the sector revenues contributed from 1.2 per cent in FY1998 to an estimated 7.5 per cent in FY2012. Though the IT–ITES sector is export driven, the domestic market is also significant with a robust revenue growth. The industry's share of total Indian exports (merchandise plus services) increased from less than 4% in FY1998 to about 25% in FY2012. This sector has also led to significant employment generation. The industry expects to add 230,000 jobs in FY2012, thus providing direct employment to about 2.8 million people, and indirectly employing 8.9 million people.



FY2012 is a landmark year – while the Indian IT-BPO industry weathered uncertainties in the global business environment, this is also the year when the industry is set to reach a significant milestone. The aggregate revenue for FY2012 is expected to cross US$ 100 billion. Aggregate IT software and services revenue (excluding hardware) is estimated at US$ 88 billion.

Within the global sourcing industry, India was able to increase its market share from 51 per cent in 2009, to 58 per cent in 2011, highlighting India's continued competitiveness and the effectiveness of India-based providers delivering transformational benefits.

Current Environment & Outlook

Despite year 2011 ending in a difficult economic environment, some geographic regions and services are expected to circumvent the situation in 2012. The global GDP, after growing by 2.7 per cent in 2011, is expected to grow 2.5 per cent in year 2012 according to UN, with developing economies growing thrice as fast as the developed economies. Better economic conditions in the second half of the year signifying return of consumer confidence and renewal of business growth, is expected to drive IT spending going forward.

The current trend toward offshore outsourcing is a lot more complex than simply seeking skills and resources at low cost locations. The driving forces in the IT outsourcing market are quality and speed to market, not just cost of services. A new wave of outsourcing is allowing companies to acquire reliable IT quickly, in order to deploy specialized services, and ramp down easily when these services are no longer needed. At the same time, off shoring is pushing the world beyond the information economy and toward a global knowledge-based economy. Technology enables knowledge to be shared quickly throughout the developed and developing world, allowing a variety of regional specializations to arise.

These trends are conspiring to bring further changes to the global outsourcing market in the next decade. First of all, consumer demand and spending power in the emerging economies is growing more quickly than expected. As they grow in strength and stability, the risks of outsourcing can be spread further as companies have a wider variety of geographic locations from which it can select the outsourcing partner.

No doubt we at Mahindra Satyam consciously keep on investing in setting up global delivery centres across the world to serve our customers better. In the future, many companies will not outsource to a particular country at all. Instead, they will turn to large multinational corporations with access to a variety of resources and expertise across the globe and the ability to spread risk. As these one-stop shops grow in size and skills, they will gain a significant competitive advantage over the strongest individual outsourcing markets.

Global IT services overview

In the face of the volatile economic environment and currency fluctuations, 2011 recorded steady growth for the technology and related services sector, with worldwide spending exceeding USD 1.7 trillion, a growth of 5.4% over 2010. Software products, IT and BPO services continued to lead; accounting for over USD 1 trillion- 63% of the totals spend. IT hardware spends, at USD 645 billion, accounted for the balance 37% of the worldwide technology spends in 2011.

The future of the global technology industry will be shaped by economic forces, adoption of new technologies and currency fluctuations. Lingering debt crises, volatile financial markets and government austerity programs in the US and Europe could have a negative impact on technology spend spilling over to the other regions which could in turn affect business and consumer confidence. However investing in new technologies like smart computing products, cloud computing, mobility and analytics will enable vendors to gain efficiency and agility which when properly leveraged will provide tremendous opportunity for the delivery of real competitive value to clients.

Mahindra Satyam believes that the future of spending in the IT services sector is driven by factors such as:

- Innovation in IT and customer centricity being a driver for meeting business goals
- New Business Models coming into vogue where IT plays a prominent role
- Emergence of solutions around new technology platforms and that is where we have come up with a fresh approach N-MACS (Networks, Mobility, Analytics, Cloud Computing and Security Consulting)
- Efficiency improvement initiatives and cost focus

Indian IT Services Industry Overview

According to the NASSCOM Strategic Review 2012, the Indian IT services is the fastest growing segment, increasing by 19% in FY2012, to account for exports of USD 40 billion. There is a considerable traction in traditional segments and an increased acceptance from mature segments such as BFSI, US and large corporations and emerging segments such as retail, healthcare and utilities, SMBs, Asia Pacific and RoW. The industry is re-tooling itself to adjust to rapid change in customer priorities from SLAs to increased time-to-market and emerging technologies such as cloud computing, mobility, social media and big data / analytics are unleashing new opportunities to the industry and solution provider like us.

India continues its position as the world's leader in the global sourcing industry. Its sharing in the global sourcing stands at 58% in 2011. While cost remains as one of the key sourcing drivers, India's value proposition includes unparalleled human capital, unique customer centricity, supportive ecosystem and a secure environment.

India with its unique strengths continues to lead in the global sourcing arena. India's market share grew from 55% in 2010 to 58% in 2011, largely driven by increased focus on

1. Cost efficiencies
2. Customer centricity
3. Highly supportive ecosystem
4. Unparalleled human capital
5. Secure environment

Summary

The Indian IT Industry has strong fundamental, is a premier global sourcing destination and is resilient and has demonstrated ability to change. While the outsourcing models are changing, driven by new technologies, new business models, new buyer segments, India has been able to address them in addition to developing customized solutions for emerging market segments. Efficiencies gained during the economic crisis are not lost – the industry continues to re-engineer internally and diversify, with a thrust on non-linearity and transforming customer businesses.

As per NASSCOM, better economic conditions expected in second half of the year could see return of consumer confidence and renewal of business growth which could accelerate the global IT spends. NASSCOM has guided 11% to 14% growth in Indian IT exports in FY 12-13 against 16% to 18% it guided for FY11-12 a year back.

The year ahead will see uncertainty, but the IT industry will continue to grow and be a net hirer. Operating conditions may improve; differentiated growth for diverse segments of the Industry will propel India to build thrust on high value exports, enabling frameworks and implementation.

Opportunities

- **Higher economic growth in Emerging markets**

  Emerging markets are growing relatively faster than the developed nations. Sustaining such high growth would require increase in competitiveness of local players. IT would play an important role in increasing competitiveness. Markets such as India, Middle East Asia Pacific and Latin America are increasingly becoming important from the point of view of consumption of IT services.

- **Increased adoption of off-shoring**

  The global economy which was on a recovery mode post the recession continued to face challenges stemming from the European debt crisis, high unemployment in the developed world, and other such events. Simultaneously, the continued thrust of global organizations towards costs and improving efficiencies, reflected in the uptick in discretionary spending, offers sufficient opportunity for growth. The Company views this as a good opportunity to improve and strengthen its customer base.

- **Environment sustainability issues**

  Increased environmental consciousness coupled with the search for more cost effective IT solutions have brought in a greater emphasis on "Green Technologies".

- **Emergence and acceptance of New Technologies**

  There is an increasing acceptance of cloud-based solutions that offer both flexibility and scalability. There is likely to be increasing interest in technology areas such as Cloud and Software as a Service ('SaaS') which will offer new opportunities for growth. The Company views these as a focus area and is taking active interest in developing and providing services in partnership with established product vendors.

Threats, Risks and Concerns

- Subsequent to the letter by the erstwhile chairman dated January 7, 2009 (the "letter") admitting that the Company's Balance Sheet as at September 30, 2008 carried inflated balances in cash and bank balances, non-existent accrued interest, an understated liability and an overstated debtors position, there were investigations by various law enforcement agencies in India and abroad and resultant seizure of documents which is more fully described in Note 25 of the standalone financial statements. Considerable time has elapsed after the letter and the Company has not received any further information as a result of the various ongoing investigations against it that may require adjustments to the financial statements. Notwithstanding the above, the Company may be exposed to liabilities in case of any adverse outcome of these investigations / proceedings, the details of which are disclosed in the aforesaid Note 25 of the standalone financial statements.
- There are claims and contingencies and other regulatory non-compliances / breaches faced by the Company that have been set out in more detail in Note 31 and Note 32 of the standalone financial statements for which the Company is taking appropriate action based on legal advice.
- As a result of the fragmented nature of the industry, we operate in a highly competitive landscape where we compete for business with several Indian and global companies where differentiation is getting increasingly difficult. Several global companies have also been building their offshore presence thereby intensifying competition in the offshore centric space. We believe that our strength of experience and proven delivery capabilities will stand us in good stead in winning business.
- We may find it increasingly tough to keep pace with rapid technological development in newer technologies like cloud computing. However, we have been active in creating newer offerings to replace some of the older offerings that may be cannibalized due to the latest technological developments.
- The Company's operations are spread across many countries and the compliance mechanism needs constant updation for regulatory changes, to ensure that there is no risk of non-compliance.
- Challenges with regard to attraction and retention of talent / skills which is important for the success of the Company. Employee compensation pressures in India and the hiring of employees outside India may reduce the Company's margins.
- The Company may face challenges with respect to its customers, which could have a material impact, including due to customer retention given the competitive market conditions with attendant pressures on price and margins, consolidation of vendors by some of the larger customers, compliance with contract clauses related to bench marking, liquidated damages, non-disclosure of information, infringement of intellectual property rights and breach of confidentiality.
- Delays in completion of fixed-price, fixed-time frame contracts within the budgeted time and cost.
- The Company's revenues are significantly dependent on customers primarily located in the U.S. and Europe, as well as in certain sectors. An economic slowdown or other factors, including impact of adverse legislations in these countries or sectors would affect the Company. Legislation in certain countries in which we operate, including United States, may restrict companies in those countries from outsourcing work to us.
- The exchange rate between the Indian rupee and the US dollar has continued to fluctuate. Thus operating results will be impacted by the fluctuations. Any strengthening of Indian rupee against the US dollar or other foreign currencies could impact profitability.
- Force majeure events including terrorist attacks, war, regional conflicts, earthquake, floods, disruptions in telecommunication systems and virus attacks etc., could adversely affect the Company's business, results of operations and financial condition. The political uncertainty in Hyderabad where the Company is currently headquartetared might also adversely impact the operations of our Company.
- Proposed merger: The related required approvals and the consequential cultural integration will involve extensive communication and connect events across both companies, in order for the synergies, efficiencies and benefits to be fully realised.
- New Business Models: The changing business dynamics are leading to the emergence of new business models e.g. Outcome based models. We may need to adopt the new models alongside the traditional ones to remain competitive.
- Strategic acquisitions: During the year Company acquired 100% business of Vcustomer's International operations for US$ 27 million (approx. ₹ 135 crores). This is the first 100% acquisition by Mahindra Satyam since it became part of Mahindra Group and marks the entry of Mahindra Satyam's BPO operations into other verticals such as Retail and Consumer Technology in addition to significantly enhancing Technical Support credentials. Post acquisition, the Company faces the challenges associated with cultural, financial and technology integration. This could result in failure to reach the strategic objective for the acquisition and the resultant synergy expected.

Internal Control Systems and their adequacy

Over the past three financial years i.e. 2009-10, 2010-11 and 2011-12, the Company under the new Management took several steps including *inter-alia* appointing a new audit committee, revising the code of Ethical Conduct, nominating a Corporate Ombudsman and formulating an entity wide risk management policy duly approved by the Board. The internal audit function has also been strengthened by appointing a reputed and independent external agency as the Internal Auditor.

Amongst the initiatives, the Management has carried out a complete analysis of unexplained / un-reconciled balances between various sub-systems / sub-ledgers and the general ledger and the same has been appropriately dealt with in the accounts (Refer Note 33.2 of the standalone financial statements). In addition, physical verification of fixed assets has been conducted in accordance with a defined program by the Management and the deficiencies that were noticed were appropriately dealt with in the books.

Further, the new Management, for the purpose of ensuring appropriate controls over the financial reporting process and the preparation of the financial statements, has implemented specific procedures like manual reconciliations between the various sub-systems / sub-ledgers and the general ledger, requests for various balance confirmations as part of the year end closure process, confirmation of the department wise financial details by the business leaders, preparation and review of proper bank reconciliation statements, review of the revenue recognition policies and procedures, preparation and review of schedules for key account balances, implementing proper approval mechanisms, closer monitoring of the financial closure process etc.

The software platforms including the ones used for financial reporting are non-integrated contributing to certain deficiencies in IT General and Application controls, and therefore, compensating manual reconciliations are carried out as mentioned above. In addition, the Management is evaluating migration to a new ERP in a phased manner.

As at March 31, 2012, the new Management's efforts have resulted in improved controls over the process of revenue recognition, receivables management, approval mechanisms and the preparation and review of material account balances, which have reached a stage so as to provide reasonable level of assurance regarding these account balances in the preparation and presentation of the financial statements.

Financial Performance

Overview

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles (GAAP) in India. The Consolidated financial statements have been prepared in compliance with the Accounting Standards AS 21 as prescribed by the Companies (Accounting Standards) Rules, 2006.

The discussion on financial performance in the Management Discussion and Analysis relate to the Standalone Financials Statements of SCSL.

Share Capital

The paid up share capital stands at ₹ 2,354 Million as on March 31, 2012 compared to ₹ 2,353 Million as on March 31, 2011. The increase of ₹ 1 Million during the year is due to conversion of options into shares by employees under various Associate Stock Option Schemes (ASOPs).

Reserves and Surplus

Securities premium account

Securities premium account has increased from ₹ 43,350 Million as on March 31, 2011 to ₹ 43,460 Million as on March 31, 2012. The addition to the securities premium account of ₹ 110 Million during the year is primarily due to the conversion of options into shares by employees under various Associate Stock Option Schemes (ASOPs).

Statement of Profit and Loss

The deficit in Statement of Profit and Loss of ₹ 24,622 Million at the beginning of the year was reduced to ₹ 12,594 Million as at March 31, 2012 due to the profit of ₹ 12,028 Million for the year ending March 31, 2012.

Hedging Reserve

With effect from April 1, 2011, the Company has applied the hedge accounting principles set out in Accounting Standard 30 "Financial Instruments: Recognition and Measurement" (AS 30) in respect of such derivative contracts used to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and highly probable forecast transactions. Accordingly, in respect of all such contracts outstanding as on March 31, 2012, that were designated and effective as hedges of future cash flows, loss aggregating ₹ 343 Million (Net) has been recognised directly in the Hedging reserve account (Refer Note 4 of the standalone financial statements).

Associate stock option

The decrease in the associate stock option account of ₹ 265 Million is primarily due to exercise of options during the current year (Refer Note 34 of the standalone financial statements).

Borrowings

The borrowings comprising of secured loans (including finance lease obligations) as at March 31, 2012 aggregated ₹ 292 Million (i.e. Long term borrowings – ₹ 233 Million and current maturities of long term debt – ₹ 59 Million) as compared to ₹ 315 Million (Long term borrowings– ₹ 220 Million and current maturities of long term debt – ₹ 95 Million) as at March 31, 2011. The decrease of ₹ 23 Million over the previous year is primarily due to repayment during the year of the vehicle loans and finance lease obligations for certain assets taken earlier which was offset by the new lease obligations for vehicles acquired during the current year.

Long term provisions:

Provisions as at March 31, 2012 aggregate ₹ 1,545 Million (₹ 1,382 Million as at March 31, 2011). The increase of ₹ 163 Million in provisions is primarily on account of provision for employee benefits ₹ 186 Million which is offset by the decrease in Provision for estimated loss on derivative contracts (Refer to Note 55 of the standalone financial statements).

Trade payables:

Trade payables as at March 31, 2012 aggregated ₹ 5,873 Million (₹ 5,693 Million as at March 31, 2011). The increase of ₹ 140 Million is primarily on account of increase in salary payables and other operational expenditure.

Other current liabilities

Other current liabilities as at March 31, 2012 aggregate ₹ 7,784 Million (₹ 8,934 Million as at March 31, 2011). The decrease of ₹ 1,150 Million is primarily on account of payment of ₹ 1,074 Million towards expenses and charges in relation to the Class Action Settlement (Refer Note 29 of the standalone financial statements) and on account of payment of

₹ 447 Million relating to Civil monetary penalty. The decrease is offset by the increase in unearned revenue, statutory remittances, payables on purchase of fixed assets and derivative liability.

Short term provisions:

Provisions as at March 31, 2012 is ₹ 9,413 Million (₹ 9,187 Million as at March 31, 2011). The increase of ₹ 226 Million is primarily on account of increase in provision for tax ₹ 1,425 Million due to the provision for income tax for the current year (Refer Note 53.1 of the standalone financial statements) which is offset by decrease on account of provision for contingencies ₹ 913 Million (Refer Note 54.2 of the standalone financial statements), provision for warranties ₹ 13 Million, provision for estimated loss on derivative contracts ₹ 131 Million (Refer Note 55 of the standalone financial statements) and Provision for employee benefits ₹ 142 Million during the current year.

Fixed Assets

The Gross block of fixed assets is ₹ 21,460 Million as at March 31, 2012 as compared to ₹ 20,204 Million as at March 31, 2011. The additions to gross block aggregate ₹ 2,953 Million and deletions to gross block are ₹ 1,697 Million. The increase of ₹ 2,953 Million is primarily due to additions in plant and equipment (including computers) ₹ 1,296 Million, furniture and fixtures ₹ 342 Million, capitalization of buildings ₹ 1,040 Million, software ₹ 181 Million and Vehicles ₹ 82 Million. The deletions are largely on account of adjustments arising on account of physical verification of fixed assets during the year (for more details refer Note 36.4 of the standalone financial statements).

In respect of certain freehold lands and buildings, the Company has received a provisional attachment order from the Income tax authorities which has since been stayed by orders passed by the Hon'ble High Court of Andhra Pradesh (Refer Note 31.3.v of the standalone financial statements).

The decrease in capital work-in-progress (net of provisions) to ₹ 2,000 Million (₹ 2,408 Million as on March 31, 2011) is primarily due to capitalization of buildings during the year.

Non-current and Current Investments

Non-current investments comprise of investments in Subsidiaries, and in other Trade investments.

Investment in Subsidiary companies and other trade investments is ₹ 9,990 Million as on March 31, 2012 (₹ 9,480 Million as on March 31, 2011). The increase of ₹ 510 Million is primarily on account of additional investment made during the year in Bridge Strategy LLC, Satyam Computer Services Belgium, BVBA, Satyam Computer Services (Shanghai) Co. Limited and Satyam Servicos De Informatica LTDA. The provision for diminution in the value of investment in subsidiaries as on March 31, 2012 is ₹ 8,579 Million (as on March 31, 2011 is ₹ 8,507 Million). The provision for diminution in the investment value in subsidiary companies is made on the basis of valuation reports obtained by the Company.

The Company during the year acquired stake in Dion Global Solutions Limited, an entity whose equity shares are listed on the stock exchanges in India, by investing ₹ 350 Million.

Current investments comprise of current portion of long-term investments and investments in mutual funds. The Company has made investment in various mutual funds during the current year. These are investments in fixed-term maturity plans of debt funds. Investments in mutual funds aggregated to ₹ 622 Million as at March 31, 2012 (₹ 4,348 Million as at March 31, 2011).

Deferred Tax Assets (net)

No deferred tax asset was recognised as at March 31, 2011 on account of accumulated business losses and other items in the absence of virtual certainty of realisation of such assets in accordance with the accounting policy of the Company. In view of the current year profits and as permitted by the Accounting Standard (AS) 22 on Accounting for Taxes on Income, the Management has recognised deferred tax assets aggregating ₹ 1,621 Million as at March 31, 2012, including the past unrecognised deferred tax assets as of that date, on certain items identified by considering the concept of prudence.

Long term loans and advances

Long term loans and advances (gross) as at March 31, 2012 aggregate ₹ 4,738 Million (₹ 5,351 Million as at March 31, 2011) and the cumulative provision towards doubtful advances aggregate ₹ 501 Million (₹ 3,312 Million as at March 31, 2011). The decrease of ₹ 613 Million is primarily on account of ₹ 564 Million share application money for investment in Satyam BPO being classified as short-term in the current year. The decrease of ₹ 2,811 Million in the provisions is primarily due to write-back of provisions during the year to the Statement of Profit and Loss.

Other non-current assets

Other non-current assets are ₹ 27 Million as on March 31, 2012 as compared to ₹ 82 Million as on March 31, 2011. The decrease of ₹ 55 Million is primarily on account of decrease in Margin money deposits with banks having maturity of more than 12 months from the Balance sheet date.

Trade Receivables (including long-term trade receivables)

The Trade Receivables (including long-term trade receivables) (gross) as at March 31, 2012 is ₹ 17,320 Million (₹ 14,516 Million as at March 31, 2011). Long-term trade receivables (gross) as at March 31, 2012 are ₹ 3,340 Million (₹ 3,690 Million as at March 31, 2011). Trade receivables (excluding long-term portion) (gross) consist of dues outstanding for a period exceeding six months from the date they were due for payment aggregating ₹ 927 Million (₹ 625 Million as at March 31, 2011). The cumulative provision against the gross trade receivables (including long-term trade receivables) as at March 31, 2012 is ₹ 4,044 Million (₹ 4,021 Million as at March 31, 2011). Long-term trade receivables have been fully provided for. Trade receivables are 22.26% of revenues for the year ended March 31, 2012 compared to 21.97% for the previous year representing a Day Sales Outstanding (DSO) of 81 Days and 80 Days for the respective years. (Refer Note 13 and 15 of the standalone financial statements).

Cash and cash equivalents

Cash and cash equivalents are ₹ 26,898 Million as on March 31, 2012 as compared to ₹ 26,416 Million as on March 31, 2011 out of which ₹ 20,473 Million as at March 31, 2012 (₹ 16,720 Million) meet the definition of cash and cash equivalents as per AS 3 Cash Flow Statement. Please refer the Cash Flow Statement for detailed analysis of cash flows. Balances in earmarked accounts as on March 31, 2012 is ₹ 6,425 Million (₹ 9,696 Million as at March 31, 2011) and the net decrease of ₹ 3,271 Million is primarily on account of reduction in balances in escrow / special purpose and segregated accounts due to remittances under such arrangements offset by increase in margin money / security towards bank guarantees, largely on account of Income-tax dispute (also refer Note 31.3.v of the standalone financial statements).

Short term loans and advances

Short term loans and advances (gross) as at March 31, 2012 ₹ 7,567 Million (₹ 2,267 Million as at March 31, 2011) and the cumulative provision towards doubtful advances is ₹ 631 Million (₹ 712 Million as at March 31, 2011). The increase of ₹ 5,300 Million is primarily on account of ₹ 4,515 Million amount deposited and held in initial escrow account towards class action settlement consideration (Refer Note 29 of the standalone financial statements) and on account of classification of share application money of ₹ 564 Million for investment in Satyam BPO as short-term during the current year. Decrease in provisions is due to write-back of provisions during the year to the Statement of Profit and Loss.

Other Current Assets

Other Current Assets are ₹ 5,258 Million as on March 31, 2012 as compared to ₹ 4,287 Million as on March 31, 2011. The increase of ₹ 971 Million is primarily on account of increase in unbilled revenue ₹ 811 Million due to increase in revenue, increase in interest accrued on bank deposits ₹ 330 Million due to increase in bank deposit balances, derivative asset balances of ₹ 69 Million, offset by reduction in contractually reimbursable expenses from customers. Other current assets include contractually reimbursable expenses (gross) ₹ 626 Million (₹ 875 Million as at March 31, 2011) against which the provision as at March 31, 2012 is ₹ 233 Million (₹ 243 Million as at March 31, 2011).

Total income

Total income increased to ₹ 63,543 Million in the current year from ₹ 50,598 Million in the previous year thereby leading to a increase of ₹ 12,945 Million.

IT services revenues

Revenues from IT services of ₹ 59,551 Million (₹ 47,414 Million for FY 2010-11) comprises of revenue from Overseas / Exports market ₹ 55,832 Million (₹ 45,294 Million for FY 2010-11) and from domestic market of ₹ 3,719 Million (₹ 2,120 Million for FY 2010-11).

The software revenue mix based on various parameters is as follows:

Revenues from IT services based on offshore and onsite / offsite

(₹ in Million)

Location	Year ended March 31, 2012		Year ended March 31, 2011	
Offshore	28,216	47.38%	21,761	45.90%
Onsite / offsite	31,335	52.62%	25,653	54.10%
Total	**59,551**	**100.00%**	**47,414**	**100.00%**

Revenues based on geography

(₹ in Million)

Location	Year ended March 31, 2012		Year ended March 31, 2011	
North America	30,077	50.51%	25,228	53.21%
Europe	14,603	24.52%	12,577	26.53%
Asia Pacific	8,983	15.09%	6,122	12.91%
India	4,277	7.18%	2,120	4.82%
Rest of the world	1,611	2.70%	1,367	2.53%
Total	**59,551**	**100.00%**	**47,414**	**100.00%**

Sale of Hardware Equipment and Other Items

During the year, the Company has identified and accounted for the sale of certain hardware equipment and other items of ₹ 92 Million (₹ 347 Million for FY 2010-11).

Other income (net)

Other Income has increased to ₹ 3,900 Million in FY 2011-12 from ₹ 2,837 Million in FY 2010-11. The increase is primarily on account of increase in interest on bank deposits ₹ 467 Million, liabilities / provisions no longer required written back ₹ 236 Million, dividend from current investments ₹ 78 Million, foreign exchange gain ₹ 151 Million and increase in other non-operating income is ₹ 120 Million.

Exceptional items (net)

The Statement of Profit and Loss includes the following exceptional items (Refer Note 57 of the standalone financial statements):

(₹ in Million)

Particulars *	Year ended March 31, 2012	Year ended March 31, 2011
Provision for contingencies relating to various disputed matters	2,200	-
Expenses related to forensic investigation and litigation support	-	201
Class action settlement consideration	-	5,690
(Reversals) / provisions for impairment losses in subsidiaries (net)	(2,718)	520
Total	**(518)**	**6,411**

* Exceptional items also include disputed matters settled, net of release from provision for contingencies:

(i) for the year ended March 31, 2012 includes ₹ Nil (net) (₹ 3,113 Million less reversal of an equivalent amount from provision for contingencies).

(ii) for the year ended March 31, 2011 includes ₹ Nil (net) (₹ 509 Million less reversal of an equivalent amount from provision for contingencies).

Employee benefits expense

Personnel costs are ₹ 36,354 Million in FY 2011-12 (₹ 32,760 Million in FY 2010-11). The increase of ₹ 3,594 Million is primarily on account of the following:

- Increase of ₹ 1,496 Million on account of variation in foreign exchange rates in respect of employee cost for onsite associates.
- Increase of ₹ 769 Million on account of employee movement to onsite.
- Increase of ₹ 1,145 Million on account of salary revisions to employees during the year.
- Increase of ₹ 590 Million on account of certain costs relating to overseas employees (Refer Note 56 of the standalone financial statements).

Operating, administration and other expenses

Operating, administration and other expenses increased to ₹ 13,431 Million in FY 2011-12 from ₹ 10,182 Million in FY 2010-11 thereby leading to an increase of ₹ 3,249 Million. This increase was primarily on account of increase in sub-contracting costs ₹ 1,363 Million on account of end customer deployment and an increase in software charges by ₹ 793 Million on account of execution of composite projects, an increase in visa charges by ₹ 400 Million, an increase in provision for doubtful debts by ₹ 369 Million and an increase in legal and professional charges ₹ 171 Million due to project related professional services incurred the current year. This increase is partially offset by a decrease in marketing expenses on account of reduction in Value in Kind expenses related to transactions with the international sports federation during current year amounting to ₹ 207 Million.

Provision for diminution in the value of long-term investments

During the current year, with the assistance of independent professional agencies, the Company has assessed the operations of the subsidiaries, including the future projections, to identify indications of diminution, other than temporary, in the value of the investments recorded in the books of account and, accordingly, has made a provision of ₹ 103 Million (₹ 393 Million for FY10-11) and has written-back a net amount of ₹ 31 Million (₹ Nil for FY10-11) (Refer Note 37.5 of the standalone financial statements).

Depreciation

Depreciation expense for the year is ₹ 1,494 Million as compared to ₹ 1,499 Million for the year ended March 31, 2011.

Provision for tax

The provision for tax of ₹ 2,160 Million in the current year (₹ 537 Million in FY10-11) relates to the liability in respect of the foreign and domestic operations of the Company. Based on professional advice, the Company has determined that the provision made for current tax is adequate and no additional provision for the current year needs to be made (Refer Note 53.1 of Notes forming part of the financial statements).

Dividend

During the current year, the Company did not declare any dividend.

Development in Human Resources

For material developments in Human resources, please refer to Directors' Report.

Disclaimer

Certain statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied.

Auditors' Report

TO THE MEMBERS OF

SATYAM COMPUTER SERVICES LIMITED

Report on the Financial Statements

1. We have audited the attached Balance Sheet of **SATYAM COMPUTER SERVICES LIMITED** ("the Company") as at March 31, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto.

Management's Responsibility for the Financial Statements

2. 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.

Auditors' Responsibility

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

Companies (Auditor's Report) Order, 2003 (CARO)

4. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956 ("the Act") we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, **which is subject to the matters discussed in this report.**

Basis for Opinion

5. Attention is invited to the following matters:

   a. As stated in Note 25:

      i. In respect of the financial irregularities relating to prior years identified consequent to the letter dated January 7, 2009 of the erstwhile Chairman, various regulators / investigating agencies initiated their investigations and legal proceedings, which are ongoing.

      ii. The forensic accountants had expressed certain reservations and limitations in their investigation process.

      iii. The Management is of the view that since matters relating to several of the financial irregularities are *sub judice* and various investigations / proceedings are ongoing, any further adjustments / disclosures to the financial statements, if required, would be made in the financial statements of the Company as and when the outcome of the above uncertainties is known and the consequential adjustments / disclosures are identified.

      In view of the above, we are unable to comment on the adjustments / disclosures which may become necessary as a result of further findings of the ongoing investigations / legal proceedings and the consequential impact, if any, on these financial statements.

   b. As stated in Note 25.2, the Company had, based on the forensic investigation, accounted for the differences aggregating ₹ 11,394 Million (net debit) as at March 31, 2009 under "Unexplained differences suspense account (net)" (Refer Note 19) due to non-availability of complete information. These net debit amounts aggregating ₹ 11,394 Million had been fully provided for on grounds of prudence in the financial statements for the year ended March 31, 2009.

      In the absence of complete / required information, we are unable to comment on the accounting treatment / disclosure of the aforesaid unexplained amounts aggregating ₹ 11,394 Million accounted under "Unexplained differences suspense account (net)" in these financial statements.

   c. As stated in Note 25.3, the alleged advances amounting to ₹ 12,304 Million (net) relating to prior years has been presented separately under "Amounts pending investigation suspense account (net)" in the Balance Sheet. The details of these claims and the related developments are more fully described in the said Note.

The Management has represented that since the matter is *sub judice* and the investigations by various Government agencies are in progress, the Management, at this point of time is not in a position to predict the ultimate outcome of the legal proceedings.

In view of the above, we are unable to determine whether any adjustments / disclosures will be required in respect of the aforesaid alleged advances amounting to ₹ 12,304 Million (net) and in respect of the non-accounting of any damages / compensation / interest in these financial statements.

6. Attention is invited to the following matters:

   a. As stated in Note 31.1, a trustee of two trusts that are assignees of the claims of twenty investors who had invested in the Company's ADS and common stock filed a lawsuit (the "Aberdeen Action") in the Court in United States of America (USA) and, subsequently, an amended complaint was filed in the Action ("Aberdeen Amended Complaint"). Based on the legal advice obtained by the Company, the Company is contesting the above lawsuit.

   Since the matter is *sub judice*, the outcome of which is not determinable at this stage, we are unable to comment on the consequential impact, if any, on these financial statements.

   b. As stated in Note 31.2, Aberdeen Asset Management PLC on behalf of 23 claimants representing 30 funds who had invested in the Company's common stock filed a claim against the Company (the "Aberdeen (UK) Complaint") in the Commercial Court in London, United Kingdom (UK). Based on the legal advice obtained by the Company, the Company is contesting the above lawsuit.

   Since the matter is *sub judice*,the outcome of which is not determinable at this stage, we are unable to comment on the consequential impact, if any, on these financial statements.

7. As stated in Note 31.3.viii, the Company is carrying a total amount of ₹ 5,228 Million (net of payments) as at March 31, 2012 [As at March 31, 2011: ₹ 3,803 Million (net of payments)] towards provision for taxation including for prior years. Considering the effects of financial irregularities, status of disputed tax demands, appeals / claims pending before the various authorities, the consequent significant uncertainties regarding the outcome of these matters and the significant uncertainties in determining the tax liability, the Company has been professionally advised that it is not appropriate to make adjustments to the tax provisions pertaining to prior years at this stage.

   In view of the above, we are unable to comment on the adequacy or otherwise of the provision for taxation pertaining to prior years and the consequential impact, if any, on these financial statements.

8. Without qualifying our opinion, we invite attention to the following matters included under commitments and contingencies which continue to exist as at March 31, 2012:

   a. Various demands / disputes raised in respect of the past years by the indirect tax authorities in India (Refer Note 31.4).

   b. Matters relating to non-compliance with Foreign Exchange Management Act (FEMA), 1999 in respect of realisation and repatriation of export proceeds relating to earlier years (Refer Note 31.5).

   As stated in Note 31.13, the provision for contingencies as at March 31, 2012, in the opinion of the Management,is adequate to cover any probable losses in respect of the litigations and claims disclosed under commitments and contingencies.

9. Without qualifying our opinion, we invite attention to the Note 32.1 regarding non-compliances and breaches in the prior years under the erstwhile Management relating to certain provisions of the Companies Act, 1956 and certain employee stock option guidelines issued by the Securities Exchange Board of India and Note 32.2 regarding certain matters requiring compliance under the provisions of FEMA.

   The Management has represented that the Company has made / is proposing to make an application to the appropriate authorities, where applicable, for condoning non-compliances and breaches relatable to the Company. Any adjustments, if required, in the financial statements of the Company would be made as and when the outcomes of the above matters are concluded.

Opinion

10. Further to our comments in the Annexure referred to in paragraph 4 above and paragraphs 8 and 9 above and **subject to our comments in paragraphs 5 to 7above**, 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 it appears from our examination of those books;

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

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

e. in our opinion, and to the best of our information and according to the explanations given to us, the said Accounts, read together with the notes thereon, give the information required by the Act in the manner so required and, **subject to the consequential effects, if any, of our comments in paragraphs 5 to 7 above which are not quantifiable,** 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 March 31, 2012;

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

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

Reporting Requirements relating to Section 274(1)(g)

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

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No.008072S)

K. Sai Ram
Partner
(Membership No.022360)

HYDERABAD, May 17, 2012

Annexure to the Auditors' Report

(Referred to in paragraph 4 of our report of even date)

i. Having regard to the nature of the Company's business / activities / results / transactions, etc., clauses (viii), (xii), (xiii), (xiv), (xv), (xix) and (xx) of CARO are not applicable.

ii. In respect of its fixed assets:

   a. The Company has generally maintained records of fixed assets showing particulars, including quantitative details and situation of the fixed assets.

   b. Some of the fixed assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, the net discrepancies (which were not material) noticed on such verification, have been properly dealt with in the books of account.

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

iii. In respect of its inventory:

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

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

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

iv. The Company has neither granted nor taken any loan, secured or unsecured, to / from companies, firms or other parties listed in the Register maintained under Section 301 of the Act.

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

vi. According to the information and explanations given to us, the Company has not entered into any contract or arrangement with other parties, which needs to be entered in the Register maintained under Section 301 of the Act.

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

viii. In our opinion, the internal audit system and functions carried out during the year by an external agency appointed by the Management have generally been commensurate with the size of the Company and nature of its business.

ix. According to the information and explanations given to us in respect of statutory dues:

   a. Whilst the Company has been generally regular in depositing undisputed dues relating to Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Wealth Tax, Service Tax, Cess and other material statutory dues applicable to it with appropriate authorities,there were some delays in depositing undisputed dues in respect of Income Tax, Sales Tax / VAT and Works Contract Tax.

   b. There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund,Employee's State Insurance, Wealth Tax, Sales Tax / VAT, Service Tax, Cess and other material statutory dues in arrears as at March 31, 2012 for a period of more than six months from the date they became payable. **As regards Income Tax, we are unable to comment on the dues in arrears as at March 31, 2012 for a period of more than six months from the date they became payable in view of the matters described under paragraph 7 of the Auditors' Report.**

c. Details of dues of Income Tax, Sales Tax, Service Tax and Cess which have not been deposited as on March 31, 2012 on account of disputes are given below:

Statute	Nature of Dues (See Note below)	Forum where Dispute is pending	Amount involved (₹ in Million) (See Note below)	Period to which the amount relates
Income-tax Act, 1961	Income Tax	High Court of Andhra Pradesh	6,166	2002-08
Income-tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	8	2001-02
Revenue and Taxation Code , USA	California State Income Tax	Franchise Tax Board, California	62	2003-05
Revenue and Taxation Code , USA	Pennsylvania State Income Tax	Commonwealth of Pennsylvania-Department of Revenue	4	1998-2005
Andhra Pradesh VAT Act, 2005 / CST Act, 1956	Sales Tax (including penalty)	High Court of Andhra Pradesh	114	2007-10
Karnataka Sales Tax Act,1957 / CST Act 1956	Sales Tax (including penalty)	Joint Commissioner of Commercial Taxes (Appeals)	17	2007-08
Finance Act, 1994	Service Tax (including penalty)	Central Excise and Service Tax Appellate Tribunal	160	2004-05 to 2008-09

Note:

The above excludes the Income Tax Draft Notices of Demands amounting to ₹ 7,960 Million and ₹ 10,757 Million for financial years 2001-02 and 2006-07, respectively, issued by the Additional Commissioner of Income Tax under Section 143(3) read with section 147 of the Income-tax Act, 1961, against which the Company has filed its objections with the Dispute Resolution Panel.

x. **Subject to the consequential effects, if any, of our comments in paragraphs 5 to 7 of the Auditors' Report which are not quantifiable,** the accumulated losses of the Company are not more than fifty per cent of its net worth and it has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

xi. In our opinion and according to the explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company does not have any dues to financial institutions and has not issued any debentures.

xii. In our opinion and according to the information and explanations given to us, the existing term loans have been applied for the purposes for which they were obtained.

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

xiv. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act during the year.

xv. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year. Refer to paragraph 5(a) of the Auditors' Report also.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No.008072S)

K. Sai Ram
Partner
(Membership No.022360)

HYDERABAD, May 17, 2012

Balance Sheet as at March 31, 2012

(₹ in Million)

		Note	As at March 31, 2012	As at March 31, 2011
A.	**EQUITY AND LIABILITIES**			
1	**Shareholders' funds**			
	(a) Share capital	3	**2,354**	2,353
	(b) Reserves and surplus	4	**30,788**	19,259
			33,142	21,612
2	**Share application money pending allotment**			
	(₹ 87,869 (As at March 31, 2011 - ₹ 196,071) only)	35	**-**	-
3	**Non-current liabilities**			
	(a) Long-term borrowings	5	**233**	220
	(b) Other long-term liabilities	55	**23**	-
	(c) Long-term provisions	6	**1,545**	1,382
			1,801	1,602
4	**Current liabilities**			
	(a) Trade payables	7	**5,873**	5,693
	(b) Other current liabilities	8	**7,784**	8,934
	(c) Short-term provisions	9	**9,413**	9,187
			23,070	23,814
	Sub Total		**58,013**	47,028
	Amounts pending investigation suspense account (net)	25.3	**12,304**	12,304
	TOTAL		**70,317**	59,332
B.	**ASSETS**			
1	**Non-current assets**			
	(a) Fixed assets			
	(i) Tangible assets	10A	**7,535**	6,137
	(ii) Intangible assets	10B	**-**	-
	(iii) Capital work-in-progress	10C	**2,000**	2,408
			9,535	8,545
	(b) Non-current investments	11	**1,761**	973
	(c) Deferred tax assets (net)	53.2	**1,621**	-
	(d) Long-term loans and advances	12	**4,237**	2,039
	(e) Other non-current assets	13	**27**	82
			17,181	11,639
2	**Current Assets**			
	(a) Current investments	14	**622**	4,348
	(b) Inventories	38.2 (iii)	**146**	592
	(c) Trade receivables	15	**13,276**	10,495
	(d) Cash and cash equivalents	16	**26,898**	26,416
	(e) Short-term loans and advances	17	**6,936**	1,555
	(f) Other current assets	18	**5,258**	4,287
			53,136	47,693
	Sub Total		**70,317**	59,332
	Unexplained differences suspense account (net)	19	**-**	-
	TOTAL (NET)		**70,317**	59,332
	Corporate information and Significant accounting policies	1&2		
	See accompanying notes forming part of the financial statements			

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

K.Sai Ram
Partner

Place: Hyderabad
Date : May 17, 2012

For and on behalf of the Board of Directors

Ulhas N. Yargop
Director

M.Rajyalakshmi Rao
Director

Ashok Kacker
Director

Vineet Nayyar
Chairman

T.N.Manoharan
Director

S.Krishnan
Chief Financial Officer

C.P.Gurnani
Whole-time Director & CEO

G. Jayaraman
Company Secretary

Place: Hyderabad
Date : May 17, 2012

Statement of Profit and Loss for the Year Ended March 31, 2012

(₹ in Million)

		Note	For the year ended March 31, 2012	For the year ended March 31, 2011
I.	Revenue from operations	*20*	**59,643**	47,761
II.	Other income (net)	*21*	**3,900**	2,837
	Total revenue		**63,543**	50,598
III.	**Expenses**			
	(a) Employee benefits expense	*22*	**36,354**	32,760
	(b) Operating, administration and other expenses	*23*	**13,431**	10,182
	(c) Finance costs	*24*	**112**	92
	(d) Depreciation and amortisation expense	*10D*	**1,494**	1,499
	(e) Provision for diminution in the value of long-term investments	*37.5*	**103**	393
	Total expenses		**51,494**	44,926
IV.	**Profit before exceptional items and tax**		**12,049**	5,672
V.	Exceptional items (net)	*57*	**(518)**	6,411
VI.	**Profit / (Loss) before tax**		**12,567**	(739)
VII.	**Tax expense**			
	(a) Current tax expense	*53.1*	**2,160**	537
	(b) Deferred tax	*53.2*	**(1,621)**	-
			539	537
VIII	**Profit / (Loss) for the year**		**12,028**	(1,276)
IX.	Earnings per share - in ₹	*52*		
	(Equity shares, par value ₹ 2 each)			
	- Basic		**10.22**	(1.08)
	- Diluted		**10.21**	(1.08)
	Weighted average number of shares			
	- Basic		**1,176,718,483**	1,176,401,598
	- Diluted		**1,178,288,691**	1,176,401,598
	Corporate information and Significant accounting policies	*1&2*		
	See accompanying notes forming part of the financial statements			

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

K.Sai Ram
Partner

Place: Hyderabad
Date : May 17, 2012

For and on behalf of the Board of Directors

Ulhas N. Yargop
Director

Vineet Nayyar
Chairman

C.P.Gurnani
Whole-time Director & CEO

M.Rajyalakshmi Rao
Director

T.N.Manoharan
Director

Ashok Kacker
Director

S.Krishnan
Chief Financial Officer

G. Jayaraman
Company Secretary

Place: Hyderabad
Date : May 17, 2012

Cash Flow Statement for the Year Ended March 31, 2012

(₹ in Million)

	For the year ended March 31, 2012	For the year ended March 31, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before tax	**12,567**	(739)
Adjustments for :		
Depreciation and amortisation expense	**1,494**	1,499
Loss / (Profit) on sale of fixed assets sold / written-off (net)	**50**	(3)
Employee stock compensation expense	**(143)**	(78)
Finance costs	**112**	92
Interest income	**(1,750)**	(1,283)
Dividend income	**(78)**	-
Gain on sale of current investments	**(407)**	(387)
Rental income from operating leases	**(295)**	(140)
Liabilities / provisions no longer required written back	**(633)**	(397)
Provision for doubtful customer receivables	**500**	131
Provision for warranties released (net)	**(13)**	(1)
Provision for capital work-in-progress	**-**	67
Provision for doubtful advances (net)	**-**	164
Advances written-off	**-**	1
Provision for diminution in the value of long-term investments	**103**	393
Exceptional items	**(518)**	6,210
Effect of exchange differences on translation of foreign currency cash and cash equivalents	**(428)**	(91)
Operating profit before working capital changes	**10,561**	5,438
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	**446**	(592)
Trade receivables	**(3,154)**	(1,932)
Short-term loans and advances	**(245)**	341
Other current assets	**(562)**	748
Long-term loans and advances	**55**	59
Other non-current assets	**350**	339
Amount released from escrow account	**256**	-
Amount transferred to special purpose account	**-**	(467)
Amount transferred to segregated account	**-**	(5,671)
Changes in balances held as margin money / security for bank guarantees	**(6,180)**	62
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	**223**	852
Other current liabilities	**180**	(693)
Short-term provisions	**(340)**	66
Long-term provisions	**163**	159
Cash generated from operations	**1,753**	(1,291)
Net income tax paid	**(783)**	(420)
Net cash flow from / (used in) operating activities (A)	**970**	(1,711)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on fixed assets, including capital advances (Refer Note (iii) below)	**(2,575)**	(1,393)
Proceeds from sale of fixed assets	**11**	59
Bank balances not considered as Cash and cash equivalents		
- Matured / (Placed)	**64**	(74)
Current investments		
- Purchased	**(5,910)**	(3,000)
- Proceeds from sale	**10,043**	5,307
Purchase of long-term investments		
- Subsidiaries	**(499)**	(886)
- Others	**(350)**	-

(Contd.)

Cash Flow Statement for the Year Ended March 31, 2012

(₹ in Million)

	For the year ended March 31, 2012	For the year ended March 31, 2011
Share application money towards investment in subsidiaries	**(25)**	(11)
Interest received		
- Subsidiaries	**3**	2
- Others	**1,354**	1,111
Dividend received from Current investments	**78**	-
Rental income from operating leases	**295**	140
Net cash flow from investing activities (B)	**2,489**	1,255
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares	**1**	1
Proceeds from long term borrowings	**79**	-
Repayment of long-term borrowings (including current maturities of the same)	**(102)**	(105)
Proceeds from short-term borrowings from banks	**2,650**	-
Repayment of short-term borrowings from banks	**(2,650)**	-
Finance costs	**(112)**	(92)
Net cash flow used in financing activities (C)	**(134)**	(196)
Net increase / (decrease) in Cash and cash equivalents (A + B + C)	**3,325**	(652)
Cash and cash equivalents at the beginning of the year	**16,720**	17,281
Effect of exchange differences on translation of foreign currency Cash and cash equivalents	**428**	91
Cash and cash equivalents at the end of the year (Refer Note (ii) below)	**20,473**	16,720
Notes:		
(i) Reconciliation of Cash and cash equivalents with the Balance sheet		
Cash and cash equivalents as per Balance Sheet (Refer Note 16)	**26,898**	26,416
Less: In earmarked accounts		
- Unpaid dividend accounts	**(51)**	(62)
- Balances held as margin money / security towards obtaining bank guarantees	**(6,374)**	(194)
- Balances held under escrow / special purpose / seggregated accounts	**-**	(9,440)
Cash and cash equivalents at the end of the year*	**20,473**	16,720
* Comprises		
(a) Cash on hand	**-**	-
(b) Cheques on hand	**-**	11
(c) Balances with banks		
(i) In current accounts (Refer Note (ii) below)	**3,623**	2,615
(ii) In EEFC accounts	**1,048**	1,531
(iii) In demand deposit accounts (Refer Note (ii) below)	**15,802**	12,563
	20,473	16,720

(ii) As at March 31, 2011, current account balances amounting to ₹ 1,667 Million and deposit account balances amounting to ₹ 5,250 Million were restricted pursuant to the Garnishee Order issued by the Additional Commissioner of Income Tax which was subsequently vacated on April 20, 2011.

(iii) Purchase of Fixed Assets includes payments for items in capital work-in-progress and capital advances for purchase of fixed assets. Adjustments for increase / decrease in current liabilities relating to the acquisition of fixed assets has been made to the extent identified.

See accompanying notes forming part of the financial statements

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

K.Sai Ram
Partner

Place: Hyderabad
Date : May 17, 2012

For and on behalf of the Board of Directors

Ulhas N. Yargop
Director

M.Rajyalakshmi Rao
Director

Ashok Kacker
Director

Vineet Nayyar
Chairman

T.N.Manoharan
Director

S.Krishnan
Chief Financial Officer

C.P.Gurnani
Whole-time Director & CEO

G. Jayaraman
Company Secretary

Place: Hyderabad
Date : May 17, 2012

Notes forming part of the financial statements

1. Corporate information

Satyam Computer Services Limited (hereinafter referred to as 'SCSL' or 'the Company') is an information technology ('IT') services provider that uses a global infrastructure to deliver value-added services to its customers, to address IT needs in specific industries and to facilitate electronic business, or eBusiness, initiatives. The Company was incorporated on June 24, 1987 in Hyderabad, Andhra Pradesh, India. The Company offers a comprehensive range of IT services, including IT enabled services, application development and maintenance, consulting and enterprise business solutions, extended engineering solutions and infrastructure management services. SCSL has established a diversified base of corporate customers in a wide range of industries including insurance, banking and financial services, manufacturing, telecommunications, transportation and engineering services.

2. Significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements are prepared in accordance with the generally accepted accounting principles in India (GAAP) under the historical cost convention. GAAP includes mandatory accounting standards prescribed by the Companies (Accounting Standards) Rules, 2006 (as amended) / issued by the Institute of Chartered Accountants of India ('ICAI') and the relevant provisions of the Companies Act, 1956 ('the Act').

Accounting policies are consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in accounting policy hitherto in use. Where a change in accounting policy is necessitated due to changed circumstances, detailed disclosures to that effect along with the impact of such change is duly disclosed in the financial statements.

2.2 Use of estimates

The preparation of the financial statements in conformity with GAAP requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of income and expenses during the reporting period like useful lives of fixed assets, provision for doubtful receivables / advances, provision for diminution in value of investments, provision for employee benefits, future contracts costs expected to be incurred to complete the projects, provision for anticipated losses on contracts, provision for warranties / discounts, allowances for certain uncertainties, provision for taxation, provision for contingencies etc. Actual results could differ from those estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the financial statements.

2.3 Inventories

Inventories in the nature of projects in progress / work-in-progress comprising of hardware equipment and other items are carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis. Cost includes material cost, freight and other incidental expenses incurred in bringing the inventory to the present location / condition.

2.4 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash and cash equivalents in the Cash Flow Statement comprise cash at bank and in hand,demand deposits with banks and cash equivalents (with an original maturity of three months or less) held for the purpose of meeting short-term cash commitments.

2.5 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.6 Revenue recognition

Revenue from operations

The Company is primarily a service company rendering IT consulting and software development services.

Revenue from services consist primarily of revenue earned from services performed on a 'time and material' basis. The related revenue is recognised as and when the services are rendered and related costs are incurred and when there is no significant uncertainty in realising the same.

Revenue from fixed price, fixed time frame contracts is recognised using the percentage of completion (POC) method of accounting. The percentage of completion is determined by relating the actual project cost of work performed to date to the estimated total project cost for each contract. Total contract cost is determined based on technical and other assessment of cost to be incurred. The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the year in which the change becomes known.

Provisions for estimated losses on contracts are made during the period in which a loss becomes probable and can be reasonably estimated.

Notes forming part of the financial statements

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

In case of those contracts where the service is indivisible or an integrated service solution is offered to the customer, the revenue for the entire contract (including the component of hardware / software) is recognised using the POC method. In all other cases, revenue from the sale of hardware / software is recognised on delivery or deemed delivery as and when the title passes to the customers.

Revenue from maintenance contracts is recognised over the period of the contract in accordance with its terms.

Revenue recognition is based on the terms and conditions as per the contracts entered into with the customers. In respect of expired contracts under renewal or where there are no contracts available, revenue is recognised based on the erstwhile contract / provisionally agreed terms and / or understanding with the customers.

Revenue is net of volume discounts / price incentives which are estimated and accounted for based on the terms of the contracts and also net of applicable indirect taxes.

Amounts received or billed in advance of services performed are recorded as advances from customers / unearned revenue.

Unbilled revenue represents amounts recognised based on services performed in advance of billing in accordance with contract terms and is net of estimated allowance for uncertainties and provision for estimated losses.

Interest income

Interest income is recognised using the time proportion method, based on the transactional interest rates.

Dividend income

Dividend income is recognised when the Company's right to receive dividend is established.

2.7 Post-sales client support and warranties

Post-sales client support and warranty costs are estimated by the Management on the basis of technical evaluation and past experience of costs. Provision is made for the estimated liability in respect of warranty costs in the year of recognition of revenue and is included in the Statement of Profit and Loss. The estimates used for accounting for warranty costs are reviewed periodically and revisions are made as and when required.

2.8 Fixed assets

Fixed assets are stated at actual cost less accumulated depreciation and net of impairment. The actual cost capitalised includes material cost, freight, installation cost, duties and taxes, eligible borrowing costs and other incidental expenses incurred during the construction / installation stage.

Depreciation on fixed assets is computed on the straight line method over their estimated useful lives at the rates which are higher than the rates prescribed under Schedule XIV of the Act. Depreciation is charged on a pro-rata basis from the date of capitalisation. Individual assets costing ₹5,000 or less are fully depreciated in the year of acquisition.

The estimated useful lives are as follows:

Leasehold Land	Over the lease period of 30 to 99 years
Buildings	28 years
Plant and Equipment	
- Computers*	3years
- Taken on Finance Lease	Lower of 5 years and lease period
- Others	5 Years
Furniture, Fixtures and Interiors	
- Taken on Finance Lease	Lower of 5 years and lease period
- Improvements to Leasehold Premises	Over the primary lease period
- Own Premises	5 years
Office Equipment	5 years
Vehicles	5 years

* Refer Note 36.5

Depreciation is accelerated on fixed assets, based on their condition, usability etc., as per the technical estimates of the Management, where necessary.

The cost and the accumulated depreciation of fixed assets sold, retired or otherwise disposed off are removed from the stated values and the resulting gains and losses are included in the Statement of Profit and Loss.

Assets under installation or under construction as at the Balance Sheet date are shown as capital work-in-progress.

Intangible assets

Intangible assets, including computer software, are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortisation and impairment. Intangible assets are amortised over their respective individual estimated useful lives (generally one to three years) on a straight line basis or over the license period (where applicable), whichever is lower.

2.9 Foreign currency transactions / translations

Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currency are translated at the rates of exchange at the Balance Sheet date and the resultant gain or loss is recognised in the Statement of Profit and Loss.

Gains or losses realised upon settlement of foreign currency transactions are recognised in the Statement of Profit and Loss.

The operations of foreign branches of the Company are integral in nature and the financial statements of these branches are translated using the same principles and procedures as those of the head office.

The Company enters into forward exchange contracts and other instruments that are in substance a forward exchange contract to hedge its risks associated with foreign currency fluctuations. The premium or discount arising at the inception of a forward exchange contract (other than for a firm commitment or a highly probable forecast) or similar instrument is amortised as expense or income over the life of the contract. Exchange differences on such a contract are recognised in the Statement of Profit and Loss in the year in which the exchange rates change. Any profit or loss arising on cancellation of such a contract is recognised as income or expense for the year.

2.10 Derivative instruments and hedge accounting

The Company uses forward / option contracts (derivative contracts) to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and highly probable forecast transactions. The use of forward contracts is governed by the Company's policies on the use of such financial derivatives consistent with the Company's risk management strategy. The Company does not use derivative financial instruments for speculative purposes.

With effect from April 1, 2011, the Company has applied the hedge accounting principles set out in Accounting Standard 30 "Financial Instruments: Recognition and Measurement" (AS 30) in respect of such derivative contracts used to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and highly probable forecast transactions.

The Company designates such derivative contracts in a cash flow hedging relationship by applying the hedge accounting principles set out in AS 30. These derivative contracts are stated at the fair value at each reporting date. Changes in fair value of these forward contracts that are designated and effective as hedges of future cash flows are recognised directly in the "Hedging reserve account" under Reserves and Surplus, net of applicable deferred income taxes and the ineffective portion is recognised immediately in the Statement of Profit and Loss. Amounts accumulated in the "Hedging reserve account" are reclassified to the Statement of Profit and Loss in the same periods during which the forecasted transaction affects profit and loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in the "Hedging reserve account" is retained until the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur,the netcumulative gain or loss recognised in "Hedging reserve account" is immediately transferred to the Statement of Profit and Loss.

Derivative contracts that are not designated in a cash flow hedging relationship are marked to market, where ever required, as at the Balance Sheet date and the unrealised losses, if any, are dealt with in the Statement of Profit and Loss. Unrealised gains, if any, on such derivatives are not recognised in the Statement of Profit and Loss.

2.11 Government grants

Government grants are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants will be received.

Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of the assets. The grant is recognised as income over the life of the depreciable asset by way of reduced depreciation charge. Grants in the nature of capital subsidy are treated as capital reserve based on receipt / eligibility.

Grants related to revenue are accounted for as Other income in the period in which the related costs which they intend to compensate are accounted for to the extent there is no uncertainty in receiving the same. Incentives which are in the nature of subsidies given by the Government which are based on the performance of the Company are recognised in the year of performance / eligibility in accordance with the related scheme.

Government grants in the form of non-monetary assets, given at a concessional rate, are accounted for at their acquisition costs.

Notes forming part of the financial statements

2.12 Investments

Investments are classified into current investments and long-term investments based on their nature / holding period / Management's intent etc., at the time of making the investment. Current investments are carried at the lower of cost and fair value. Long-term investments are carried at cost less provision made to recognise any decline, other than temporary, in the value of such investments. Any reduction in carrying amount or any reversals of such reductions are charged or credited to the Statement of Profit and Loss.

2.13 Employee benefits

Defined contribution plans

Contributions payable to the recognised provident fund and pension fund maintained with the Central Government and superannuation fund, which are defined contribution schemes, are charged to the Statement of Profit and Loss on accrual basis. The Company has no further obligations for future provident fund, pension fund and superannuation fund benefits other than its annual contributions.

Defined benefit plans

The Company accounts its liability for future gratuity benefits based on actuarial valuation, as at the Balance Sheet date, determined every year using the Projected Unit Credit method. Actuarial gains and losses are charged to the Statement of Profit and Loss in the period in which they arise. Obligation under the defined benefit plan is measured at the present value of the estimated future cash flow using a discount rate that is determined by reference to the prevailing market yields at the Balance Sheet date on Indian Government Bonds where the currency and terms of the Indian Government Bonds are consistent with the currency and estimated term of the defined benefit obligation.

Compensated absences

The Company accounts for its liability towards compensated absences based on actuarial valuation done as at the Balance Sheet date by an independent actuary using the Projected Unit Credit method. The liability includes the long-term component accounted on a discounted basis and the short-term component which is accounted for on an undiscounted basis.

Other short-term employee benefits

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

2.14 Associates stock options scheme

Stock options granted to the associates(employees) are accounted as per the accounting treatment prescribed by the Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 ('ESOP Guidelines'), issued by the Securities and Exchange Board of India ('SEBI'), and the Guidance Note on Accounting for Employee Share-based Payments, issued by the ICAI. The Company measures compensation cost relating to employee stock options using the intrinsic value method. The compensation cost, if any, is amortised over the vesting period of the options.

2.15 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets, which necessarily take a substantial period of time to get ready for their intended use, are capitalised. Other borrowing costs are recognised as expense in the Statement of Profit and Loss.

2.16 Leases

Assets taken on lease by the Company in the capacity of a lessee, where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Such leases are capitalised at the inception of the lease at the lower of the fair value or the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight line basis.

2.17 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of any extra ordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.18 Taxes on income

The current income tax charge is determined in accordance with the relevant tax regulations applicable to the Company. Deferred tax charge or credits are recognised for the future tax consequences attributable to timing differences that result between the profit / (loss) offered for income taxes and the profit / (loss) as per the financial statements.

Deferred tax in respect of timing difference which originate during the tax holiday period but reverse after the tax holiday period is recognised in the year in which the timing differences originate to the extent such differences do not reverse during the tax holiday period. For this purpose the timing differences which originate first are considered to reverse first. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, when there is a brought forward loss or unabsorbed depreciation under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each Balance Sheet date and written down or written up to reflect the amount that is reasonably / virtually certain to be realised.

The Company offsets, on a year on year basis, the current tax assets and liabilities, where it has a legally enforceable right and intends to settle such assets and liabilities on a net basis.

MAT credit

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset, in accordance with the provisions contained in the Guidance Note on Accounting for Credit Available under Minimum Alternative Tax, issued by the ICAI, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as “MAT Credit Entitlement”. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

2.19 Research and development

Research costs are expensed as incurred. Development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Company has an intention and ability to complete and use the asset and the costs can be measured reliably.

2.20 Impairment

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the net book value that would have been determined if no impairment loss had been recognised.

2.21 Provisions and contingent liabilities

Provisions are recognised when there is a present obligation as a result of past events, the settlement of which is expected to result in an outflow of resources from the Company and when a reliable estimate of the amount of obligation can be made. Contingent liability is disclosed for (i) Possible obligation which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised.

2.22 Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

2.23 Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credit.

Notes forming part of the financial statements

	As at March 31, 2012	As at March 31, 2011
3. Share capital		
Authorised capital		
1,400,000,000 (As at March 31, 2011 - 1,400,000,000) equity shares of ₹ 2 each	**2,800**	2,800
Issued, subscribed and paid-up capital		
1,176,797,836 (As at March 31, 2011 - 1,176,565,753) equity shares of ₹ 2 each fully paid	**2,354**	2,353
	2,354	2,353

(₹ in Million)

Notes:

(i) **Reconciliation of number of shares and amount outstanding at the beginning and at the end of the year**

	For the year ended March 31, 2012		For the year ended March 31,2011	
	Number of equity shares	Amount ₹ in Million	Number of equity shares	Amount ₹ in Million
Opening balance	**1,176,565,753**	**2,353**	1,176,185,762	2,352
Add: Equity shares allotted pursuant to exercise of stock options (₹ 464,166 only (Previous year - ₹ 759,982 only))	**232,083**	**1**	379,991	1
Closing balance	**1,176,797,836**	**2,354**	1,176,565,753	2,353

(ii) **Rights, preferences and restrictions attached to equity shares**

The Company has one class of equity shares having a par value of ₹ 2 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company in proportion to their shareholding.

(iii) **Details of shares held by each shareholder holding more than 5% of the aggregate shares in the Company**

Name of the shareholder	As at March 31, 2012 Number of equity shares	As at March 31, 2011 Number of equity shares
M/s Venturbay Consultants Private Limited	**501,843,740**	501,843,740
	42.65%	42.65%

As at March 31, 2011 - 112,069,686 equity shares (9.53%) underlying shares were held by a depository for which the details of individual beneficiaries are not available with the Company.

(iv) **Details of shares allotted as fully paid up by way of bonus shares during 5 years immediately preceding the Balance Sheet date**

As at March 31, 2012 - Nil (As at March 31, 2011 - 327,694,738) equity shares of ₹ 2 each were allotted as fully paid-up by way of bonus shares by capitalising free reserves of the Company during the 5 years immediately preceding the said dates.

(v) **Details of shares allotted under Associate Stock Option Plans** (Refer Note 34)

(a) 6,500,000 (As at March 31, 2011 - 6,500,000) equity shares of ₹ 2 each fully paid-up was allotted to Satyam Associates Trust in connection with the Associate Stock Option Plan - A (ASOP - A).

(b) 28,742,359 (As at March 31, 2011 - 28,742,359) equity shares of ₹ 2 each fully paid-up were allotted to associates of the Company pursuant to the Associate Stock Option Plan - B (ASOP-B).

(c) 2,493,910 (As at March 31, 2011 - 2,493,910) equity shares of ₹ 2 each fully paid-up were allotted to associates of the Company pursuant to the Associate Stock Option Plan (ADS) (ASOP-ADS).

(d) 1,495,736 (As at March 31, 2011 - 1,276,153) equity shares of ₹ 2 each fully paid-up were allotted to associates of the Company pursuant to the Restricted Stock Units (ASOP - RSU).

(e) 408,268 (As at March 31, 2011 - 395,768) equity shares of ₹ 2 each fully paid-up were allotted to associates of the Company representing 204,134 (As at March 31, 2011 - 197,884) Restricted Stock Units (ASOP - RSU (ADS)).

(vi) **Details of shares reserved for issue**

For details of shares excluding ADS, aggregating 40,908,777 and 41,128,360, as at March 31, 2012 and March 31, 2011, respectively, reserved for issue under Associate Stock Options refer Note 34.

(vii) **American Depository Shares (ADS)**

As at March 31, 2012 there were no underlying shares of American Depository Shares (ADS) since the same was wound-down - refer Note 28.

Notes forming part of the financial statements

(₹ in Million)

		As at March 31, 2012	As at March 31, 2011
4.	**Reserves and surplus**		
	Securities premium account		
	Opening balance	**43,350**	43,165
	Add: Additions during the year		
	Amounts received on exercise of Employee Stock Options (ASOP-B, and ASOP-ADS) ₹ Nil (Previous year - ₹ 182,299 only)	**-**	-
	Amounts transferred from stock options outstanding account	**110**	185
	Closing balance	**43,460**	43,350
	Stock options outstanding account		
	Opening balance	**539**	890
	Less: Written back to Statement of Profit and Loss	**164**	166
	Transferred to securities premium account	**110**	185
		265	539
	Less: Deferred employee compensation expense	**-**	8
	Closing balance	**265**	531
	Hedging reserve account (Refer Note 55)		
	On initial adoption	**197**	-
	Add: Losses transferred to Statement of Profit and Loss on occurrence of forecasted hedge transactions during the year (net)	**277**	-
	Less: Changes in the fair value of effective portion of matured / discontinued Cash flow hedges during the year (net)	**442**	-
	Less: Changes in the fair value of effective portion of outstanding cash flow hedges	**375**	-
	Closing balance	**(343)**	-
	Deficit in Statement of Profit and Loss		
	Opening balance	**(24,622)**	(23,346)
	Add: Profit / (Loss) for the year	**12,028**	(1,276)
	Closing balance	**(12,594)**	(24,622)
	Total	**30,788**	19,259
5.	**Long-term borrowings**		
	Secured		
	Vehicle loans (Refer Note (i) below):		
	- From banks	**1**	6
	- From other parties (₹ 225,116 only)	**-**	3
	Long term maturities of finance lease obligations (Refer Note (ii) below and Note 51 (iii))	**232**	211
	Total	**233**	220

Notes:

(i) Vehicle loans are secured by hypothecation of the vehicles financed through the loan arrangements. Such loans are repayable in equal monthly installments over a period of 5 years and carry interest rates ranging between 9.75% and 13.5% p.a

(ii) Lease obligations are secured by the assets financed through the finance lease arrangements and the terms of repayment etc, are as under:

(a) For vehicles such obligations are repayable in equal monthly installment over periods of 3-5 years and carry a finance charge

(b) For furniture, fixture and leasehold improvements such obligations are repayable in equal monthly installments over a period of 9 years and carry a finance charge

(c) For plant and equipment (computers) such obligations are repayable in equal quarterly installments over a period of 3 years and carry a finance charge

Notes forming part of the financial statements

(₹ in Million)

		As at March 31, 2012	As at March 31, 2011
6.	**Long-term provisions**		
	Provision for employee benefits:		
	- Provision for gratuity (Refer Note 48.1)	**851**	757
	- Provision for compensated absences (Refer Note 48.2)	**694**	602
	Provision - others:		
	- Provision for estimated loss on derivative contracts (Refer Note 55)	**-**	23
	Total	**1,545**	1,382
7.	**Trade payables**		
	Trade payables - other than acceptances:		
	- Dues to micro enterprises and small enterprises (Refer Note 41)	**2**	2
	- Dues to others	**5,871**	5,691
	Total	**5,873**	5,693
8.	**Other current liabilities**		
	Current maturities of long-term debt - vehicle loans (Refer Note (i) below)	**7**	20
	Current maturities of finance lease obligations (Refer Note (ii) below and Note 51 (iii))	**52**	75
	Unearned revenue	**527**	478
	Investor Education and Protection Fund shall be credited by the following amounts:		
	- Unclaimed dividend (Refer Note (iii) below)	**51**	62
	Other payables:		
	- Statutory remittances	**1,004**	818
	- Payables on purchase of fixed assets (Refer Note (iv) below)	**618**	605
	- Advances from customers	**94**	143
	- Security deposits received	**-**	2
	- Others (Refer Note (v) below)	**5,431**	6,731
	Total	**7,784**	8,934
	Notes:		
	(i) Current maturities of long term debt - Refer Note (i) in Note 5 - Long-term borrowings for details of security		
	(ii) Current maturities of finance lease obligation - Refer Note (ii) in Note 5 - Long-term borrowings		
	(iii) There are no amounts outstanding and due as at March 31, 2012 and as at March 31, 2011 to be credited to Investor Education and Protection Fund		
	(iv) Includes dues to micro enterprises and small enterprises (Refer Note 41)	**15**	16
	(v) Others include :		
	- Class action settlement consideration payable (Refer Note 29)	**4,515**	5,589
	- Civil monetary penalty (SEC)	**-**	447
	- Derivative liability (Refer Note 55)	**419**	-
9.	**Short-term provisions**		
	Provision for employee benefits:		
	- Provision for gratuity (Refer Note 48.1)	**174**	154
	- Provision for compensated absences (Refer Note 48.2)	**623**	785
	Provision-others:		
	- Provision for tax (less payments) (Refer Note 31.3(viii))	**5,228**	3,803
	- Provision for estimated loss on derivative contracts (Refer Note 55)	**-**	131
	- Provision for contingencies (Refer Note 54.2)	**3,328**	4,241
	- Provision for warranties (Refer Note 54.1)	**60**	73
	Total	**9,413**	9,187

Notes forming part of the financial statements

10. Fixed assets

A. Tangible assets

(₹ in Million)

Assets	Gross Block				Accumulated Depreciation / Amortisation				Net Block	
	As at April 1, 2011	Additions	Deductions	As at March 31, 2012	As at April 1, 2011	For the Year (Refer Note (i) below)	Deductions	As at March 31, 2012	As at March 31, 2012	As at March 31, 2011
Land and land development										
- Freehold (Refer Note (iii) below)	424	-	-	**424**	-	-	-	**-**	**424**	424
- Leasehold	277	-	-	**277**	7	3	-	**10**	**267**	270
Buildings (Refer Note (ii) and (iii) below)										
- Own use	3,790	1,032	-	**4,822**	707	170	-	**877**	**3,945**	3,083
- Given on operating lease	233	8	-	**241**	7	11	-	**18**	**223**	226
Plant and equipment (including computers)										
- Owned	9,460	1,278	552	**10,186**	8,448	637	532	**8,553**	**1,633**	1,012
- Taken on finance lease	167	-	-	**167**	167	-	-	**167**	**-**	-
- Given on operating lease	460	18	4	**474**	172	68	-	**240**	**234**	288
Furniture and fixtures										
- Owned	1,932	333	267	**1,998**	1,592	209	254	**1,547**	**451**	340
- Taken on finance lease	286	-	-	**286**	151	57	-	**208**	**78**	135
- Given on operating lease	115	9	1	**123**	31	23	-	**54**	**69**	84
Leasehold Improvements	578	-	69	**509**	500	33	66	**467**	**42**	78
Office equipment										
- Own use	450	12	124	**338**	356	45	116	**285**	**53**	94
- Given on operating lease	5	-	-	**5**	2	-	-	**2**	**3**	3
Vehicles										
- Owned	292	3	65	**230**	216	38	54	**200**	**30**	76
- Taken on finance lease	25	79	1	**103**	1	19	-	**20**	**83**	24
Total	**18,494**	**2,772**	**1,083**	**20,183**	**12,357**	**1,313**	**1,022**	**12,648**	**7,535**	**6,137**
Previous year	16,580	2,339	425	18,494	11,250	1,398	291	12,357	6,137	5,330

B. Intangible assets

(₹ in Million)

Assets	Gross Block				Accumulated Amortisation				Net Block	
	As at April 1, 2011	Additions	Deductions	As at March 31, 2012	As at April 1, 2011	For the Year	Deductions	As at March 31, 2012	As at March 31, 2012	As at March 31, 2011
Software - acquired	1,710	181	614	1,277	1,710	181	614	1,277	-	-
Total	**1,710**	**181**	**614**	**1,277**	**1,710**	**181**	**614**	**1,277**	**-**	**-**
Previous year	1,609	101	-	1,710	1,609	101	-	1,710	-	-

Notes:

(i) Refer Note 36.1 with respect to the accelerated depreciation for certain assets.

(ii) Gross Block of buildings includes ₹ 38 Million (As at March 31, 2011 - ₹ 38 Million) being the cost of building constructed on land taken on lease by the Company.

(iii) In respect of certain freehold lands and buildings, the Company has received a provisional attachment order from the Income tax authorities which has since been stayed by orders passed by the Hon'ble High Court of Andhra Pradesh (Refer Note 31.3 (v)).

(Contd.)

Notes forming part of the financial statements

10. Fixed assets

C. Capital work-in-progress:

(₹ in Million)

Particulars	As at March 31, 2012	As at March 31, 2011
Construction related contracts	**1,430**	1,588
Other fixed assets	**665**	1,411
Sub-total	**2,095**	2,999
Less: Provision for capital work-in-progress	**95**	591
Total	**2,000**	2,408

D. Depreciation and amortisation:

(₹ in Million)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Depreciation and amortisation for the year on tangible assets (Refer table in Note 10A. above)	**1,313**	1,398
Depreciation and amortisation for the year on intangible assets (Refer table in Note 10B. above)	**181**	101
Depreciation and amortisation expense	**1,494**	1,499

(₹ in Million)

	As at March 31, 2012		As at March 31, 2011	
11. Non-current investments (at cost, unless otherwise specified)				
A. Trade				
(a) Investments in wholly owned subsidiaries - unquoted				
C&S System Technologies Private Limited				
14,337,990 equity shares of ₹ 10 each, fully paid-up	**128**		128	
Less: Provision for diminution in value of investment (Refer Note (iv) below)	**64**	**64**	64	64
Satyam Technologies Inc.,				
100,000 common stock of USD 0.01 each, fully paid-up	**202**		202	
Less: Provision for diminution in value of investment (Refer Note (iv) below)	**178**	**24**	141	61
Satyam BPO Limited				
33,104,319 equity shares of ₹ 10 each, fully paid-up	**2,735**		2,735	
Less: Provision for diminution in value of investment (Refer Note (iv) below)	**2,735**	**-**	2,735	-
Satyam Computer Services (Shanghai) Co. Limited (Refer Note (ii) below)	**628**		546	
Less: Provision for diminution in value of investment (Refer Note(iv) below)	**283**	**345**	251	295
Satyam Computer Services (Nanjing) Co. Limited (Refer Note (ii) below)	**311**		311	
Less: Provision for diminution in value of investment (Refer Note (iv) below)	**311**	**-**	311	-
Nitor Global Solutions Limited (Refer to Note (vi)below)				
(700 "A" shares of GBP 1 each fully paid-up, 300 "B" shares of GBP 1 each fully paid-up)	**143**		143	
Less: Provision for diminution in value of investment (Refer Note (iv) below)	**143**	**-**	143	-

(Contd.)

Notes forming part of the financial statements

(₹ in Million)

		As at March 31, 2012		As at March 31, 2011	
	Satyam Computer Services (Egypt) S.A.E				
	10,500 nominal shares of USD 100 each, partly paid-up	**11**		11	
	Less: Provision for diminution in value of investment (Refer Note (iv) below)	**11**	**-**	11	-
	Citisoft Plc				
	11,241,000 ordinary shares of GBP 0.01 each, fully paid up	**1,131**		1,131	
	Less: Provision for diminution in value of investment (Refer Note (iv) below)	**613**	**518**	613	518
	Knowledge Dynamics Pte Ltd (Refer to Note (vi) below)				
	10,000,000 ordinary shares of SGD 0.01 each, fully paid up	**197**		197	
	Less: Provision for diminution in value of investment (Refer Note (iv) below)	**184**	**13**	197	-
	Bridge Strategy Group LLC (Refer Note 37.1)	**1,996**		1,785	
	Less: Provision for diminution in value of investment (Refer Note (iv) below)	**1,996**	**-**	1,785	-
	Satyam Computer Services Belgium, BVBA (Refer Note 37.2 and Note (v) below)				
	247,008,760 (March 31, 2011 - 197,008,760) shares of EUR 0.10 each, fully paid up	**1,440**		1,246	
	Less: Provision for diminution in value of investment (Refer Note 37.2, Note (iv) and Note (vii) below)	**1,051**	**389**	1,246	-
	Satyam Servicos De Informatica LTDA (Refer Note (viii) below)		**23**		-
	8,254 Quotas of Real's 100 each, fully paid up				
	Sub-total (a)		**1,376**		938
(b)	**Investments in other subsidiaries - unquoted**				
	Satyam Venture Engineering Services Private Limited				
	3,544,480 shares of ₹ 10 each, fully paid-up (Refer Note 37.4)		**35**		35
	Sub-total (b)		**35**		35
(c)	**Other investments - quoted**				
	Dion Global Solutions Limited				
	10,294,117 (As at March 31, 2011 - Nil) equity shares of ₹ 10 each, fully paid up		**350**		-
	Sub-total (c)		**350**		-
(d)	**Investment in entities which are liquidated / dissolved**				
	Wholly owned subsidiaries - unquoted				
	Satyam (Europe) Limited (Refer Note (iii) below)				
	1,000,000 equity shares of GBP 1 each, fully paid-up	**70**		70	
	Less: Provision for diminution in value of investment	**70**	**-**	70	-
	Vision Compass, Inc. (Refer Note (iii) below)				
	425,000,000 common stock of USD 0.01 each, fully paid-up	**899**		899	
	Less: Provision for diminution in value of investment	**899**	**-**	899	-
	Other investments - unquoted				
	Medbiquitious Services Inc., (Refer Note (iii) below)				
	334,000 shares of 'A' Series preferred stock of US Dollars 0.001 each, fully paid-up	**16**		16	
	Less: Provision for diminution in value of investment	**16**	**-**	16	-

(Contd.)

Notes forming part of the financial statements

(₹ in Million)

	As at March 31, 2012		As at March 31, 2011	
Avante Global LLC., (Refer Note (iii) below)				
577,917 class 'A' units representing a total value of USD 540,750	**25**		25	
Less: Provision for diminution in value of investment	**25**	**-**	25	-
Sub-total (d)		**-**		-
Total Trade (a)+(b)+(c)+(d)		**1,761**		973
B. Non-Trade				
(a) Other investments - unquoted				
National Savings Certificates, VIII Series		**-**		-
(₹ 6,000 (As at March 31, 2011 - ₹ 6,000) Only)				
(Lodged as Security with Government Authorities)				
Total Non-Trade		-		-
Total (A)+(B)		**1,761**		**973**

Notes:

		As at March 31, 2012	As at March 31, 2011
(i)	Aggregate cost of quoted investments	**350**	-
	Aggregate market value of quoted investments	**356**	-
	Aggregate cost of unquoted investments	**9,990**	9,480
	Aggregate amount of provision made for non current-investments	**8,579**	8,507
(ii)	Investment in these entities are not denominated in number of shares as per laws of the People's Republic of China.		
(iii)	These companies have been liquidated / dissolved as per the laws of the respective countries. However, the Company is awaiting approval from the Reserve Bank of India for writing off the investments from the books of the Company. The outstanding amounts of investments in these companies have been fully provided for.		
(iv)	Refer Note 37.5 for details of provision for diminution in value of long term investments recorded during the year.		
(v)	Amount transferred from share application money towards investments under loans and advances pursuant to the allotment of shares by Satyam Computer Services Belgium, BVBA	**-**	1,007
(vi)	These Companies are in the process of liquidation.		
(vii)	Provision for doubtful share application money under long-term loans and advances transferred to Provision for diminution in the value of investments pursuant to the allotment of shares by Satyam Computer Services Belgium, BVBA (Refer Note 37.5)	**-**	1,005
(viii)	Amount transferred from share application money towards investments under long-term loans and advances pursuant to the allotment of shares by Satyam Servicos De Informatica LTDA	**11**	-

Notes forming part of the financial statements

(₹ in Million)

		As at March 31, 2012	As at March 31, 2011
12.	**Long-term loans and advances**		
	(Unsecured)		
(a)	Capital advances		
	Considered good	**318**	275
	Considered doubtful	**12**	63
		330	338
	Less: Provision for doubtful capital advances	**12**	63
		318	275
(b)	Deposits		
	Considered good	**1,352**	1,391
	Considered doubtful	**10**	13
		1,362	1,404
	Less: Provision for doubtful deposits	**10**	13
		1,352	1,391
(c)	Loans and advances to related parties (Refer Note 50)		
	Subsidiaries		
	Considered good	**2,488**	298
	Considered doubtful	**413**	2,607
		2,901	2,905
	Less: Provision for doubtful loans and advances	**413**	2,607
		2,488	298
	Other related party		
	Satyam Associate Trust (considered good)	**28**	28
		2,516	326
(d)	Share application money towards investment in subsidiaries (Refer Note 50)		
	Considered good	**25**	12
	Considered doubtful	**66**	629
		91	641
	Less: Provision for doubtful share application money	**66**	629
		25	12
(e)	Prepaid expenses (considered good)	**26**	35
	Total	**4,237**	2,039
13.	**Other non-current assets**		
	Long-term trade receivables (Refer Note 38.1)		
	(Unsecured)		
	- Considered good	**-**	-
	- Considered doubtful	**3,340**	3,690
		3,340	3,690
	Less: Provision made for doubtful trade receivables (refer Note (ii) below)	**3,340**	3,690
		-	-
	Margin money deposits with banks *	**18**	82
	Interest accrued on bank deposits (As at March 31, 2011- ₹ 428,243)	**1**	-
	Other-derivative assets (Refer Note 55)	**8**	-
	Total	**27**	82
	*of maturity more than 12 months from Balance Sheet date		
	Notes:		
(i)	For details of dues from subsidiaries (Refer Note 40)	**264**	376
(ii)	Includes provision for dues from subsidiaries (Refer Note 40)	**240**	348

Notes forming part of the financial statements

(₹ in Million)

		As at March 31, 2012	As at March 31, 2011
14.	**Current investments**		
	(At lower of cost and fair value)		
(a)	**Current portion of long-term investment-unquoted**		
	Upaid Systems Limited (Refer Note (iii) below)		
	833,333 Shares of USD 0.20 each, fully paid-up	**109**	109
	Less: Provision for diminution in value of investment	**109**	109
	Sub-total (a)	**-**	-
(b)	**Investment in mutual funds - unquoted**		
	Nil (March 31,2011 - 63,319,754.79) units of ₹ 10 each of BNP Paribas Money Plus Fund (Earlier Fortis Money Plus Fund) - Institutional - Growth	**-**	848
	Sub-total (b)	**-**	848
(c)	**Investment in mutual funds - quoted**		
	Nil (As at March 31 2011-25,000,000) units of ₹ 10 each of IDFC Fixed Maturity Plan-Yearly Series 34 - Growth	**-**	250
	Nil(As at March 31, 2011-50,000,000) units of ₹ 10 each of Birla Sunlife Fixed Term Plan - Series CF - Growth	**-**	500
	Nil (As at March 31, 2011-50,000,000) units of ₹ 10 each of Birla Sunlife Fixed Term Plan -Series CG - Growth	**-**	500
	Nil (As at March 31, 2011-25,000,000) units of ₹ 10 each of Birla Sunlife Fixed Term Plan - Series CJ - Growth	**-**	250
	Nil (As at March 31, 2011-42,893,786) units of ₹ 11.657 each of ICICI Interval Annual Plan IV Interval Institutional cumulative	**-**	500
	Nil (As at March 31, 2011 - 25,000,000) units of ₹ 10 each of Religare MF-Fixed Maturity Plan Series III-Plan F - Growth Plan	**-**	250
	Nil (As at March 31, 2011-50,000,000) units of ₹ 10 each of Reliance Fixed Horizon Fund XVI Series 2 - Growth Plan	**-**	500
	Nil (As at March 31, 2011-25,000,000) units of ₹ 10 each of Sundaram Fixed Term Plan-AQ - Growth	**-**	250
	Nil (As at March 31, 2011-25,000,000) units of ₹ 10 each of Kotak Fixed Maturity Plan Series 29 - Growth	**-**	250
	Nil (As at March 31, 2011-25,000,000) units of ₹ 10 each of Reliance Fixed Horizon Fund XVII Series 1 - Growth Plan	**-**	250
	20,499,990 units of ₹ 10 each of DSP BlackRock FMP series 35-3 M-Dividend Payout	**205**	-
	11,000,000 units of ₹ 10 each of HDFC FMP 92D February 2012 (3) Dividend Series XIX	**110**	-
	9,922,038.599 units of ₹ 10.0953 each of Sundaram Money Fund Super Institutional Daily Dividend Reinvestment	**100**	-
	2,064,777.348 units of ₹ 100.195 each of Birla Sun Life Cash Plus Instl Premium - Daily Dividend Reinvestment	**207**	-
	Sub-total (c)	**622**	3,500
Total (a) + (b)+(c)		**622**	4,348
Notes:			
(i)	Aggregate cost of quoted investments	**622**	3,500
	Aggregate market value of quoted investments	**625**	3,594
(ii)	Aggregate amount of unquoted investments	**109**	957
	Aggregate amount of provision made for current investments	**109**	109
(iii)	In terms of the Settlement Agreement with Upaid (Refer Note 27), the Company has exchanged all shares it holds in Upaid for consideration received and awaits approval from Reserve Bank of India for adjusting the same against the cost of investment		

Notes forming part of the financial statements

	As at March 31, 2012	As at March 31, 2011
		(₹ in Million)
15. Trade receivables (Refer Note 38.1)		
(Unsecured)		
Trade receivable outstanding for a period exceeding six months from the date they were due for payment		
- Considered good	**591**	365
- Considered doubtful	**336**	260
	927	625
Less: Provision for doubtful receivables	**336**	260
	591	365
Other trade receivables		
- Considered good	**12,685**	10,130
- Considered doubtful	**368**	71
	13,053	10,201
Less: Provision for doubtful receivables	**368**	71
	12,685	10,130
Total	**13,276**	10,495
Note:		
For details of dues from subsidiaries (Refer Note 40)	**108**	126
16. Cash and cash equivalents		
(a) Cash on hand	**-**	-
(b) Cheques on hand	**-**	11
(c) Balance with banks		
(i) In current accounts (Refer Note (ii) below)	**3,623**	2,615
(ii) In EEFC accounts	**1,048**	1,531
(iii) In deposit accounts (Refer Note (i) and (ii) below)	**15,802**	12,563
(iv) In earmarked accounts:		
- Unpaid dividend accounts	**51**	62
- Balances held as margin money / security towards obtaining bank guarantees (Refer Note (i) below)	**6,374**	194
- Balances held under escrow / special purpose / seggregated accounts	**-**	9,440
Total	**26,898**	26,416
Of the above, balances that meet the definition of cash and cash equivalents as per AS 3 Cash Flow Statements is	**20,473**	16,720

Notes:

(i) Balances with banks include deposits amounting to ₹ 2,980 Million (As at March 31, 2011- ₹ 1,081 Million) and margin monies amounting to ₹ 105 Million (As at March 31, 2011- ₹ 74 Million) which have an original maturity of more than 12 months.

(ii) As at March 31, 2011, current account balances amounting to ₹ 1,667 Million and deposit account balances amounting to ₹ 5,250 Million were restricted pursuant to the Garnishee Order issued by the Additional Commissioner of Income Tax which was subsequently vacated on April 20, 2011.

(iii) Margin monies amounting to ₹ 18 Million (As at March 31, 2011 - ₹ 82 Million) which have a maturity of more than 12 months from the Balance Sheet date have been classified under other non current assets (Refer Note 13).

Notes forming part of the financial statements

(₹ in Million)

		As at March 31, 2012	As at March 31, 2011
17.	**Short-term loans and advances**		
	(Unsecured)		
(a)	Loans and advances to employees		
	Considered good	**262**	174
	Considered doubtful	**432**	493
		694	667
	Less: Provision for doubtful loans and advances (Refer Note (i) below)	**432**	493
		262	174
(b)	Deposits		
	Considered good	**388**	476
	Considered doubtful	**55**	60
		443	536
	Less: Provision for doubtful deposits	**55**	60
		388	476
(c)	Share application money towards investment in subsidiaries (Refer Note 50)		
	Considered good	**564**	-
(d)	Prepaid expense (considered good)	**235**	232
(e)	Balances with government authorities		
	Considered good	**162**	218
	Considered doubtful	**50**	50
		212	268
	Less: Provision	**50**	50
		162	218
(f)	Other loans and advances		
	Considered good (Refer Note (ii) below)	**5,325**	455
	Considered doubtful	**94**	109
		5,419	564
	Less: Provision for other doubtful loans and advances	**94**	109
		5,325	455
	Total	**6,936**	1,555
	Notes:		
(i)	Includes amount transferred from provision for other unexplained differences suspense account	**-**	8
(ii)	Includes amount deposited and held in initial escrow account towards class action settlement consideration (Refer Note 29).	**4,515**	-
18.	**Other current assets**		
	Unbilled revenue (net) (Refer Note 38.2 (ii))	**3,820**	3,009
	Interest accrued on bank deposits	**974**	644
	Fixed assets held for sale	**2**	2
	Others (Refer Note (i) below)		
	- Contractually reimbursable expenses		
	- Considered good	**393**	632
	- Considered doubtful	**233**	243
		626	875
	Less: Provision for doubtful contractually reimbursable expenses (Refer Note 38.1 and Note (ii) below)	**233**	243
		393	632
	- Derivative assets (Refer Note 55)	**69**	-
	Total	**5,258**	4,287
	Notes:		
(i)	For details of dues from subsidiaries (Refer Note 40)	**25**	105
(ii)	Includes provision for dues from subsidiaries (Refer Note 40)	**5**	73

Notes forming part of the financial statements

(₹ in Million)

	As at March 31, 2012		As at March 31, 2011	
19. Unexplained differences suspense account (net)				
Forensic related amounts				
Opening balance differences (net) as at April 1, 2002 (Refer Note 25.2)	**11,221**		11,221	
Other differences (net) between April 1, 2002 and March 31, 2008 (Refer Note 25.2)	**166**		166	
	11,387		11,387	
Less: Provision (Refer Note 25.2)	**11,387**	**-**	11,387	-
Other differences (net) between April 1, 2008 and December 31, 2008 (Refer Note 25.2)	**7**		7	
Less: Provision (Refer Note 25.2)	**7**	**-**	7	-
Other amounts				
Other differences (net)	**7**		36	
Less: Provision	**7**	**-**	36	-
Total		**-**		-

(₹ in Million)

	For the year ended March 31, 2012	For the year ended March 31, 2011
20. Revenue from operations (Refer Note 38.2)		
Information technology and consulting services		
- Overseas / Exports	**55,832**	45,294
- Domestic	**3,719**	2,120
Sale of hardware equipment and other items (Refer Note 38.2 (iii))		
- Overseas / Exports	**92**	304
- Domestic	**-**	43
Total	**59,643**	47,761
21. Other income (net)		
Interest income (Refer Note (i) below)	**1,750**	1,283
Dividend from current investments	**78**	-
Gain on sale of current investments	**407**	387
Gain on foreign currency transactions and translation (net) (Refer Note 55)	**662**	511
Other non-operating income (Refer Note (ii) below)	**1,003**	656
Total	**3,900**	2,837
Notes:		
(i) Interest income comprises:		
Interest from banks on:		
- deposits	**1,746**	1,278
- other balances	**1**	3
Interest income from loans to wholly owned subsidiaries	**3**	2
Total interest income	**1,750**	1,283

(Contd.)

Notes forming part of the financial statements

(₹ in Million)

		For the year ended March 31, 2012	For the year ended March 31, 2011
(ii)	Other non-operating income comprises:		
	Rental income from operating lease	**295**	140
	Profit on sale of fixed assets (net)	**-**	3
	Liabilities / provisions no longer required written back*	**633**	397
	Provision for warranties released (net) (Refer Note 54.1)	**13**	1
	Revenue grants from government authorities	**-**	47
	Miscellaneous Income	**62**	68
Total Other non-operating income		**1,003**	656
*includes write back of			
-	Provision for customer receivables (Refer Note 38.1)	**487**	339
-	Provision for diminution in the value of long-term investments (net) (Refer Note 37.5)	**31**	-

22. Employee benefits expense

	For the year ended March 31, 2012	For the year ended March 31, 2011
Salaries and bonus	**32,703**	29,832
Contribution to provident and other funds	**920**	795
Social security and other benefits plan for overseas employees (Refer Note 56)	**1,910**	1,218
Gratuity (Refer Note 48.1)	**228**	245
Staff welfare expenses	**776**	768
Employee stock compensation expense (Refer Note 34)	**(143)**	(78)
	36,394	32,780
Less: Reimbursements / recovery from customers (Refer Note 38.2(v))	**40**	20
Total	**36,354**	32,760

23. Operating, administration and other expenses

	For the year ended March 31, 2012	For the year ended March 31, 2011
Cost of hardware equipment and other items sold (Refer Note below)	**86**	271
Rent (Refer Note 51(ii))	**1,004**	1,052
Rates and taxes	**356**	280
Power and fuel	**554**	448
Insurance	**87**	113
Travelling and conveyance	**2,000**	1,963
Communication	**469**	443
Printing and stationery	**28**	41
Advertisement	**9**	16
Marketing expenses (Refer Note 39)	**562**	769
Sub-contracting costs (net)	**3,978**	2,615
Repairs and maintenance		
(i) Buildings	**35**	27
(ii) Machinery	**285**	239
(iii) Others	**507**	381
Software charges	**897**	104
Security services	**100**	75
Donations and contributions (Previous year - ₹ 267,098)	**13**	-
Subscriptions	**38**	40

(Contd.)

Notes forming part of the financial statements

(₹ in Million)

	For the year ended March 31, 2012	For the year ended March 31, 2011
Training and development	**34**	30
Visa charges	**676**	276
Legal and professional charges	**1,447**	1,276
Directors' sitting fees	**1**	1
Auditors' remuneration (Refer Note 43)	**50**	37
Capital work-in-progress written-off (Refer Note 36.3)	**496**	-
Less: Provision released	**496**	-
	-	-
Capital advances written-off	**51**	-
Less: Provision released	**51**	-
	-	-
Investments written-off ₹ Nil (Previous year - ₹ 100,000 only)	**-**	-
Less: Provision released ₹ Nil (Previous year - ₹ 100,000 only)	**-**	-
	-	-
Loss on sale of fixed assets sold / written-off (net) (Refer Note 36.4)	**50**	-
Provision for capital work-in-progress	**-**	67
Provision for doubtful customer receivables (Refer Note 38.1)	**500**	131
Provision for doubtful advances (net)	**-**	164
Trade receivables written off (net)	**-**	1
Less: Provision released	**-**	1
	-	-
Advances written-off	**24**	82
Less: Provision released	**24**	81
	-	1
Unexplained differences suspense account balances (net) written off (Refer Note 33.2)	**29**	-
Less: Provision released	**29**	-
	-	-
Miscellaneous expenses	**352**	91
Sub-total	**14,118**	10,951
Less: Reimbursements / recovery of expenses from customers (Refer Note 38.2(v))	**687**	769
Total	**13,431**	10,182
Note:		
Cost of hardware equipment and other items sold:		
Opening stock - project in progress	**592**	-
Add: Purchases (net)	**(360)**	863
Less: Closing stock - project in progress (Refer Note 38.2(iii))	**146**	592
	86	271

24. Finance costs

	For the year ended March 31, 2012	For the year ended March 31, 2011
Interest expense on borrowings	**10**	7
Other finance charges	**36**	40
Bank guarantee etc., charges	**66**	45
Total	**112**	92

Notes forming part of the financial statements

25. Financial irregularities

25.1 Overview

On January 7, 2009, in a communication ("the letter") addressed to the then-existing Board of Directors of the Company and copied to the Stock Exchanges and the Chairman of Securities and Exchange Board of India ("SEBI"), the then Chairman of the Company, Mr. B. RamalingaRaju ("the erstwhile Chairman") admitted that the Company's Balance Sheet as at September 30, 2008 carried an inflated cash and bank balances, non-existent accrued interest, an understated liability and an overstated debtors position. As per the letter, the gap in the Company's Balance Sheet had arisen purely on account of inflated profits over a period of last several years (limited only to Satyam standalone).

In the events following the letter of the erstwhile Chairman, the Hon'ble Company Law Board ("Hon'ble CLB") passed orders to suspend the then existing Board of Directors of the Company with immediate effect and authorised the Central Government to nominate directors on the Company's Board. Pursuant to the above orders, the Ministry of Corporate Affairs ("MCA") - Government of India ("GOI"), nominated six directors on the Board of the Company. Currently, the Board of Directors of the Company comprises six directors including two nominees of the Central Government.

Vide a letter dated January 13, 2009, the erstwhile auditors of the Company, M/s Price Waterhouse, Chartered Accountants, communicated to the Board of Directors of the Company, that their audit reports issued on the financial statements of the Company from the quarter ended June 30, 2000 until the quarter ended September 30, 2008 should no longer be relied upon.

25.2 Forensic investigation and nature of financial irregularities

Consequent to the letter, the Government nominated Board of Directors appointed an independent counsel ("Counsel") to conduct an investigation of the financial irregularities. The Counsel appointed forensic accountants to assist in the investigation (referred to as "forensic investigation") and preparation of the financial statements.

The scope of the forensic investigation required investigating the accounting records of the Company to identify the extent of financial irregularities. There could be other instances of possible diversion that remain undetected. The forensic investigation conducted by the forensic accountants focused on the period from April 1, 2002 to September 30, 2008, being the last date upto which the Company published its financial results prior to the date of the letter. In certain instances, the forensic accountants conducted investigation procedures outside this period.

There were significant limitations in the forensic investigation, as stated in the report of the forensic accountants who carried out the forensic investigation, which would impact identifying the full extent of the financial irregularities.

The forensic investigation had indicated possible diversion aggregating USD 41 Million from the proceeds of the American Depositary Shares (ADS) which were listed with the New York Stock Exchange in May 2001.

The forensic investigation had not come across evidence suggesting that the financial irregularities, as identified, extended to the Company's subsidiaries.

Specific financial irregularities as identified based on their nature were classified into two categories i.e. fictitious entries in the accounting records of the Company and unrecorded transactions. The overall impact of the fictitious entries and unrecorded transactions arising out of the forensic investigation, to the extent determined was accounted in the financial year ended March 31, 2009.

In so far as the financial irregularities, where complete information was not available, the transactions were either improperly recorded in the accounting records or remained unrecorded. In addition, since the forensic investigation focused on the period from April 1, 2002 onwards, there were fictitious balances (cash and bank and debtors) and unrecorded liabilities where details remain unavailable. The details of such items as identified by the forensic investigation are given below:

a) Fictitious cash and bank balances (₹ 9,964Million), debtor balances (₹ 557 Million) and unrecorded loans (₹ 700 Million) originating in periods prior to April 1, 2002 aggregating ₹ 11,221Million (net debit) which resulted in a net opening balance difference of ₹ 11,221 Million as at April 1, 2002.

b) Certain transactions aggregating ₹ 166 Million (net debit) (comprising of ₹ 2,444 Million of gross debits and ₹ 2,278 Million of gross credits) during the period from April 1, 2002 to March 31, 2008 and ₹ 7 Million (net debit) (comprising of ₹ 12 Million of gross debits and ₹ 5 Million of gross credits) during the period from April 1, 2008 to December 31, 2008 which remain unidentified primarily due to lack of substantive documents.

Accordingly, in the absence of complete information, the amounts of ₹ 11,221 Million, ₹ 166 Million and ₹ 7 Million have been accounted under "Unexplained differences suspense account (net)"in the Balance Sheet (Refer Note 19).

During the financial year ended March 31, 2009, the Company, on grounds of prudence, provided for the opening balance differences (net) of ₹ 11,221 Million as at April 1, 2002 and other differences (net) of ₹ 166 Million pertaining to the period from April 1, 2002 to March 31, 2008 and classified them as Prior Period Adjustments. It also provided for the other differences (net) of ₹ 7 Million relating to the period from April 1, 2008 to December 31, 2008 and classified them under Provision for unexplained differences.

c) The forensic investigation was unable to identify the nature of certain alleged transactions aggregating ₹ 12,304 Million (net receipt) against which the Company has received legal notices from 37 companies claiming repayment of this amount which was allegedly given as temporary advances. Refer Note 25.3 below.

Notes forming part of the financial statements

25.3 Alleged advances

Consequent to the letter of the erstwhile Chairman, on January 8, 2009, the Company received letters from thirty seven companies requesting confirmation by way of acknowledgement for receipt of certain alleged amounts referred to as "alleged advances". These letters were followed by legal notices from these companies dated August 4 / 5, 2009, claiming repayment of ₹ 12,304 Million allegedly given as temporary advances. The legal notices also claim damages / compensation @18% per annum from date of advance till date of repayment. The Company has not acknowledged any liability to any of the thirty seven companies and has replied to the legal notices stating that the claims are legally untenable.

The Directorate of Enforcement (ED) is investigating the matter under the Prevention of Money Laundering Act, 2002 and directed the Company to furnish details with regard to the alleged advances and has further directed the Company not to return the alleged advances until further instructions from the ED.

The thirty seven companies had filed petitions / suits for recovery against the Company before the City Civil Court, Secunderabad ("Court"), with a prayer that these companies be declared as indigent persons for seeking exemption from payment of requisite court fees.

Some petitions (except in the case of one petition where court fees have been paid and the pauper petition converted into a suit which is pending disposal), are before the Court, at the stage of rejection / trial of pauperism.

The remaining petitions are at a preliminary stage before the Court, for considering condonation of delay in re-submission of pauper petitions. In one petition, the delay had been condoned by the Court and the Company has obtained an interim stay order from the Hon'ble High Court of Andhra Pradesh.

The amount of alleged advances aggregating to ₹ 12,304 Million (As at March 31, 2011 - ₹ 12,304 Million) has been presented separately in the Balance Sheet under "Amounts pending investigation suspense account (net)". Since the matter is *sub judice* and the investigation by various Government Agencies is in progress and having regard to all the related developments in this matter, the Management at this point of time, is not in a position to predict the ultimate outcome of the legal proceedings.

25.4 Investigation by authorities in India

Pursuant to the events stated hereinabove, various regulators / investigating agencies such as the Central Bureau of Investigation (CBI), Serious Fraud Investigation Office (SFIO) / Registrar of Companies (ROC), SEBI, ED, etc., had initiated their investigation on various matters pertaining to the Company during the financial year ended March 31, 2009, which are currently not concluded.

The CBI initiated legal proceedings against the erstwhile Chairman and others before the Additional Chief Metropolitan Magistrate for Trial of Satyam Scam Cases, Hyderabad (ACMM) and has filed certain specific charge sheets based on its findings so far. The Trial is underway and has not concluded.

The SFIO had submitted its reports relating to various findings and had also commenced prosecution against the Company for two alleged violations before the Economic Offenses Court, Hyderabad. Refer Note 32.1.

The investigating agencies in India are also investigating matters such as round tripping pertaining to periods prior to April 1, 2002.While no specific information was available with respect to outflow of funds, information received from investigative agencies revealed that out of 29 inward remittances aggregating USD 28.41 Million from an entity registered in a tax haven, it is possible that 20 of these inward remittances aggregating USD 17.04 Million may have been used to set off outstanding invoices.

In addition, the SFIO has filed complaints against the former directors and erstwhile management for various violations under the Companies Act, 1956.

During the previous year, in furtherance to the investigation of the Company as referred to above, certain Regulatory Agencies in India have sought assistance from Overseas Regulators and, accordingly, information has been sought from certain subsidiaries viz., Bridge Strategy Group LLC, Citisoft Plc. and Nitor Global Solutions Limited.

During previous year, C&S System Technologies Private Limited (C&S), a subsidiary of the Company, received notice of inspection from SFIO under Section 209A of the Act, alleging violation of certain procedural requirements under the Act and directing it to submit information / certified documents in respect of the same. These alleged offences are compoundable under Section 621A of the Act and C&S filed its reply dated March 4, 2011 to the aforesaid show cause notice. Some of these violations have been rectified and the Compounding Applications have been filed on September 26, 2011 with the Hon'ble CLB, the proceedings related to which are in progress.

Knowledge Dynamics Private Limited (KDPL), an erstwhile subsidiary of the Company, which was dissolved in March 2011, was served a notice of inspection by the SFIO in April 2012. The Company has informed the SFIO about the dissolution of KDPL.

25.5 Documents seized by CBI / other authorities

Pursuant to the investigations conducted by CBI / other authorities, most of the relevant documents in possession of the Company relating to prior years were seized by the CBI. On petitions filed by the Company, the ACMM granted partial access to the Company including for taking photo copies of the relevant documents as may be required in the presence of the CBI officials. Further, there were also certain documents which were seized by other authorities such as the Income Tax Authorities, of which the Company could only obtain photo copies.

25.6 Other matters

The Company has filed a civil suit in the City Civil Court Hyderabad, against the past Board of Directors (the Board prior to the Government nominated Board), certain former employees and the former statutory auditors, its affiliates and partners, seeking damages for *inter-alia* perpetrating fraud, breach of fiduciary responsibility and obligations and negligence in performance of duties.

Notes forming part of the financial statements

Based on media reports, it has come to the knowledge of the Company that the former statutory auditors have filed a suit in the Ranga Reddy District Court ("Court") against the Company seeking damages. The said suit has not yet been served on the Company and, therefore, it is unable to comment on the same. However, the Company has been served summons for appearance in the Court.

25.7 Management's assessment of the identified financial irregularities

As per the assessment of the Management, based on the forensic investigation and the information available upto this stage, all identified / required adjustments / disclosures arising from the identified financial irregularities, had been made in the financial statements as at March 31, 2009.

Considerable time has elapsed after the letter and the Company has not received any further information as a result of the various ongoing investigations against the Company which requires adjustments to the financial statements. Since matters relating to several of the financial irregularities are *sub judice* and the various investigations / proceedings are ongoing, any further adjustments / disclosures, if required, would be made in the financial results of the Company as and when the outcome of the above uncertainties is known and the consequential adjustments / disclosures are identified.

26. Proposed scheme of amalgamation and arrangement

The Board of Directors of the Company in their meeting held on March 21, 2012 have approved the "Scheme of Amalgamation and Arrangement under sections 391 to 394 read with sections 78, 100 to 104 and other applicable provisions of the Companies Act, 1956 of Venturbay Consultants Private Limited and Satyam Computer Services Limited and C&S System Technologies Private Limited and Mahindra Logisoft Business Solutions Limited and CanvasM Technologies Limited with Tech Mahindra Limited and their respective shareholders and creditors" ("the Scheme"), subject to the approvals of the shareholders, Hon'ble High Court of Andhra Pradesh, Hon'ble Bombay High Court and other authorities. Thereafter, the Bombay Stock Exchange and the National Stock Exchange have conveyed to the Company,their no-objection under Clause 24(f) of the Listing Agreement to the said Scheme.

As per the Scheme, consequent to the amalgamation of Venturbay Consultants Private Limited with Tech Mahindra Limited, Satyam Computer Services Limited shall amalgamate with Tech Mahindra Limited and the shareholders of the Company shall receive Two (2) equity shares of Tech Mahindra Limited of ₹ 10 each fully paid up in respect of every Seventeen (17) equity shares of ₹ 2 each fully paid up, held by them.

Upon coming into effect of the Scheme and with effect from the Appointed Date i.e. April 1, 2011 (after amalgamation of Venturbay with Tech Mahindra Limited is deemed to have taken effect) and subject to the provisions of the Scheme, the entire business and whole of the undertaking of the Company as a going concern including but not limited to all the movables and immovable properties, assets, debts, liabilities, duties and obligations of the Company, shall without any further act or deed, but subject to the charges affecting the same, be transferred and / or deemed to be transferred to and vested in Tech Mahindra Limited as a going concern so as to become the assets and liabilities of Tech Mahindra Limited.

27. Upaid Systems Limited (Upaid)

In connection with the lawsuit filed by Upaid in the United States District Court for the Eastern District of Texas (the "Texas Action"), the Company had deposited USD 70 Million (equivalent to ₹ 3,274 Million) during financial year ended March 31, 2010 into an escrow account pursuant to the Settlement Agreement.

Subsequently, the Company obtained a favourable binding judgement from the Supreme Court of the State of New York, USA declaring that Upaid was solely responsible for any tax liability under Indian law in respect of the settlement amount. Upaid had filed an application before the Authority for Advance Rulings ("AAR") seeking a binding advance ruling under the Income Tax Act, 1961 (IT Act) regarding taxability of the above mentioned payment, which ruling was pronounced in October 2011.

In January 2012, Upaid and the Company executed a Supplemental Settlement Agreement to clarify certain provisions of the Settlement Agreement and in accordance therewith, the Company discharged in February 2012 all payment obligations to Upaid aggregating USD 59 Million (equivalent to ₹ 3,046 Million) and applicable interest. The remittances were made after deduction of applicable withholding taxes in India. Accordingly, the Texas Action and all other actions related to this matter in the US Courts have been dismissed.

The aforesaid amount of ₹ 3,046 Million is debited to the Statement of Profit and Loss for the year as Exceptional item. An equivalent amount is reversed from provision for contingencies. Also refer Note 54.2 and note (i) under Note 57.

28. American Depository Shares (ADSs)

Effective October 14, 2010, the Company's ADSs were delisted from the New York Stock Exchange (NYSE) but continued to trade on the over-the-counter (OTC) market in the United States.

Since May 2001, the Company's equity shares underlying its ADSs and the ADSs themselves have been registered with the Securities and Exchange Commission (SEC). The registration obligates the Company to file annual and other reports with the SEC. The Company has determined that it will not be able to become current in its SEC filing obligations and hence expected the SEC to revoke the Company's registration sometime in future. The revocation of registration would prevent continued trading of the ADSs in US markets, and in order to protect the interests of ADS holders, the Company determined to wind down the ADS program in an orderly fashion.

Accordingly, in August 2011 the Company entered into a supplemental agreement with the depository bank, Citibank, N.A., to terminate the Deposit Agreement. As a result of the termination, the ADS program was expected to be wound down by

Notes forming part of the financial statements

March 2012 in accordance with the supplemental Deposit Agreement. During the transition period the holders of ADSs were eligible to surrender their ADSs in exchange for corresponding equity shares in the Company, subject to applicable regulatory restrictions of India, the US and jurisdictions where the holders resided. After trading of ADSs was terminated, the depository would arrange for the sale (on a commercially reasonable efforts basis) of the equity shares then held on deposit and would hold the net proceeds of such sale (after deduction of applicable fees, taxes and expenses), without liability for interest, in an unsegregated account for the pro rata benefit of holders of ADSs then outstanding. As confirmed by the depository bank, as at March 31, 2012 all the equity shares underlying the ADSs have been exchanged / sold.

The SEC revoked the registration of the Company's ADS under the Securities Exchange Act of 1934 on March 29, 2012, after the transition period and related wind-down of the ADS facility described above was completed.

The Company's equity shares continue to trade in India on the Bombay Stock Exchange and the National Stock Exchange.

29. Class action complaint

Subsequent to the letter by the erstwhile Chairman (Refer Note 25), a number of persons claiming to have purchased the Company's securities had filed class action lawsuits against the Company, its former auditors and others in various courts in the USA alleging violations of the United States federal securities laws. The lawsuits were consolidated into a single action (the "Class Action") in the United States District Court for the Southern District of New York (the "USDC"). The Class Action Complaint sought monetary damages to compensate the Class Members for their alleged losses arising out of their investment in the Company's common stock and ADS during the Class Period.

During the previous year, the class action complaint was settled for USD 125 Million ("Settlement Amount") and 25% of any net recovery that the Company may in the future obtain against any of the former auditors.

The USDC granted final approval to the Settlement Agreement in September 2011. The settlement has become effective pursuant to its terms and in exchange for the Settlement Amount (net of deductions), the Lead Plaintiffs and the members of the Class who do not opt-out of the Class, would release, among other things, their claims against the Company.

The Settlement Amount was deposited in an escrow account, of which a portion has been paid out for expenses and charges in accordance with the Settlement Agreement and the balance amount of USD 101 Million (equivalent to ₹ 4,515 Million) would be remitted to the Class Members after the determination of the applicability of withholding tax by the Authority for Advance Rulings (AAR).

30. SEC proceedings

During the previous year, the Company entered into a settlement agreement with the SEC in connection with the SEC investigations into misstatements in the Company's financial statements predating January 7, 2009, without admitting or denying the allegations in the SEC's complaint and a penalty amount of USD 10 Million (equivalent to ₹ 447 Million), which was accrued during the previous year, was remitted to the SEC in the current year.

31. Commitments and contingencies

31.1 Aberdeen action (USA)

On November 13, 2009, a trustee of two trusts that are assignees of the claims of twenty investors who had invested in the Company's ADS and common stock, filed a complaint against the Company, its former auditors and others (the "Action") on grounds substantially similar to those contained in the Class Action Complaint (Refer Note 29). The Action, which has been brought as an individual action, alleges that the losses suffered by the twenty investors (Claimants) is over USD 68 Million. The Action has been transferred to the Court in the Southern District of New York for pre-trial consolidation with the Class Action Complaint.

On February 18, 2011, an amended complaint was filed in the Action ("Aberdeen Amended Complaint"). The Aberdeen Amended Complaint makes substantially the same allegations and asserted the same claims against the Company as the original complaint in the Action. In the light of this amended complaint, the Court denied the then-pending motions to dismiss the original complaint in the Action as moot. On May 3, 2011, the Company and other defendants moved to dismiss the Aberdeen Amended Complaint on various grounds.

Based on the legal advice obtained by the Company, the Company is contesting the above lawsuit, the outcome of which is not determinable at this stage.

31.2 Aberdeen (UK) complaint

On April 2, 2012, the Company was served with a Claim Form and Particulars of Claim dated December 22, 2011, relating to proceedings initiated in the Commercial Court in London (the "English Court") by Aberdeen Asset Management PLC on behalf of 23 "Claimants" representing 30 funds who had invested in the Company's common stock that traded on the exchanges in India (the "English Action"). The allegations made in the English Action are similar to those in the Class Action Complaint (Refer Note 29). The English Action alleges the Claimants' losses to be in excess of $150 Million and simple interest at 8% p.a. but provides no details on the basis for that amount, nor any details from which an approximate claimed damages amount may be ascertained. The Company is currently contesting the jurisdiction of the English Court, while all other defenses on the merits of the claims and its legal options remain fully reserved. There will be no substantive activity in the English Action until the English Court has ruled on the threshold jurisdiction issue. Accordingly, in addition to the uncertainty over the claimed losses, it is also uncertain whether the English Court will even continue to exercise jurisdiction over the lawsuit. Given the lack of sufficient detail in the particulars of claim on the alleged losses, and the possibility that the English Court may not retain jurisdiction over the English Action, its outcome is unpredictable.

Notes forming part of the financial statements

31.3 Income tax matters

i. Financial years 2002-03 to 2005-06

Consequent to the letter of the erstwhile Chairman of the Company, the Assessing Officer rectified the assessments earlier completed for the financial years 2002-03 to 2005-06, by passing rectification orders under Section 154 of the Income-tax Act, 1961 by withdrawing foreign tax credits and raising tax demands aggregating ₹ 2,358 Million (including interest) against which refunds of financial years 2007-08 and 2009-10 aggregating ₹ 17 Million have been adjusted. During the financial year ended March 31, 2010, the Company had filed an appeal with the Commissioner of Income Tax (Appeals) (CIT(A)). In August, 2010 the CIT(A) dismissed the appeals. Subsequently, the Company has filed appeals before the Income Tax Appellate Tribunal (ITAT) for the aforesaid years which are pending disposal as on date.

ii. Financial year 2001-02

For the financial year 2001-02, there are pending demands from the income tax authorities for ₹ 133 Million (including interest) against which refund for the financial year 2003-04 amounting to ₹ 125 Million has been adjusted in the normal course of assessment against which the Company has filed an appeal before the CIT(A) which is pending disposal as on date.

iii. Financial years 2004-05 and 2005-06

During the previous year, the assessments (in the normal course of assessment) for the financial years 2004-05 and 2005-06 were further modified by re-computing the tax exemptions claimed by the Company and consequently enhancing the tax demands by ₹ 491 Million and ₹ 369 Million, respectively. Such demands have been adjusted to the extent of ₹ 152 Million and ₹ 172 Million (including interest), being the refunds for the financial years 2008-09 and 2009-10, respectively. As against the aforesaid demands,the Company has paid an amount of ₹ 85 Million as at March 31, 2012 (As at March 31, 2011 - ₹ 85 Million). The Company has filed appeals before the Commissioner of Income Tax (Appeals) (CIT (A)) against the said enhancement of tax for the aforesaid years which are pending disposal as on date.

iv. Financial years 2006-07 and 2007-08

With respect to the financial years 2006-07 and 2007-08, demands of ₹ 812 Million (including interest) and ₹ 2,562 Million (including interest), respectively, had been raised against the Company by disallowing the foreign tax credits claimed in the returns. The revised returns filed by the Company for these years were rejected by the Income Tax Department. The Company has filed an appeal against the above said rejection of its revised returns which is pending before the ITAT.

The Company's contention with respect to the above tax demands is that the Income Tax Department should take a holistic view of the assessment and exclude the fictitious sales and fictitious interest income. If the said contention of the Company is accepted, there would be no tax demand payable.

v. Petition before Central Board of Direct Taxes (CBDT) / Hon'ble High Court of Andhra Pradesh

The Company had filed various petitions before CBDT requesting for stay of demands for the financial years 2002-03 to 2007-08 till the correct quantification of income and taxes payable is done for the respective years. In March 2011 the CBDT rejected the Company's petition and the Company filed a Special Leave Petition before the Hon'ble Supreme Court which directed the Company to file acomprehensive petition / representation before CBDT giving all requisite details / particulars in support of its case for re-quantification / re-assessment of incomeforthe aforesaid years and to submit a Bank Guarantee (BG) for ₹ 6,170 Million. Pursuant to the direction by the Hon'ble Supreme Court, the Company submitted the aforesaid BG and also filed a comprehensive petition before the CBDT in April 2011.

The CBDT vide its order dated July 11, 2011 disposed the Company's petition directing it to make its submissions before the Assessing Officer in course of the ongoing proceedings for the aforesaid years and directed the Income Tax Department not to encash the BG furnished by the Company till December 31, 2011. Aggrieved by CBDT's order, the Company filed a writ petition before the Hon'ble High Court of Andhra Pradesh on August 16, 2011. The Hon'ble High Court of Andhra Pradesh vide its order dated December 14, 2011 adjourned the hearing to January 31, 2012 and directed the Income Tax Department not to encash the BG until then.

In the meanwhile, the Assessing Officer served an order for provisional attachment of properties under Section 281B of the Income Tax Act, 1961 on January 30, 2012 attaching certain immovable assets of the Company on the grounds that there is every likelihood of a large demand to be raised against the Company for the financial years 2002-03 to 2008-09 along with interest liability. Aggrieved by such order, the Company filed a writ petition in the Hon'ble High Court of Andhra Pradesh which granted a stay on the operation of the provisional attachment order until disposal of this writ.

The writ petition is pending hearing on June 26, 2012 along with all other pending writ petitions and the Hon'ble High Court has also directed to renew the BG for another six months, which has since then been renewed.

vi. Appointment of Special Auditor and re-assessment proceedings

Financial years 2001-02 and 2006-07:

The Assessing Officer had commissioned a special audit which has been challenged by the Company on its validity and terms vide writ petitions filed before the Hon'ble High Court of Andhra Pradesh. The said petitions are pending disposal.

In August, 2011, the Additional Commissioner of Income Tax has issued the Draft of Proposed Assessment Orders accompanied with the Draft Notices of Demands amounting to ₹ 7,960 Million and ₹ 10,757 Million for the financial years 2001-02 and 2006-07, respectively, proposing variations to the total income, including variations on account of Transfer Pricing adjustments. The Company has filed its objections to the Draft of Proposed Assessment Orders for the aforesaid years on September 16, 2011 with the Hon'ble Dispute Resolution Panel, Hyderabad, which is pending disposal.

Financial years 2002-03 and 2007-08:

In December 2011, the Additional Commissioner of Income Tax has appointed a Special Auditor under section 142(2A) of the Income Tax Act, 1961 to audit the accounts of the Company for financial years 2002-03 and 2007-08, which is in progress.

vii. The above disputes exclude further interest which may arise in case of an unfavourable order being finalised.

viii. Provision for taxation

The Company is carrying a total amount of ₹ 5,228 Million (net of payments) [As at March 31, 2011- ₹ 3,803 Million (net of payments)] towards provision for taxation including for prior years. Considering the effects of financial irregularities, status of disputed tax demands and the appeals / claims pending before the various authorities, the consequent significant uncertainties regarding the outcome of these matters and the significant uncertainties in determining the tax liability, the Company has been professionally advised that it is not appropriate to make adjustments to the provisions pertaining to prior years at this stage.

31.4 Indirect tax matters

i. Sales tax / value added tax

Karnataka

The Company received demands from the Karnataka Sales Tax Department for the financial years 2003-04 to 2007-08 totaling to ₹ 656 Million inclusive of penalty.As against the above demand, the Company paid an amount of ₹ 639 Million inclusive of penalty under protest. The Company has gone on appeal against the said demands, which appeals are pending before the Karnataka Appellate Tribunal for the financial years 2003-04 and 2004-05, and with the Joint Commissioner of Commercial Taxes (Appeals) for the financial years 2006-07 and 2007-08.

Andhra Pradesh

The Company has received demands from the Andhra Pradesh Sales Tax Department amounting to ₹ 352 Million (As at March 31, 2011 - ₹ 299 Million) inclusive of penalty and interest for the financial years 2002-03 to 2009-10. As against the demand, the Company paid an amount of ₹ 238 Million (including penalty and interest) (As at March 31, 2011 - ₹ 213 Million) under protest. The Company's appeal for the financial years 2002-03 to 2007-08 is pending before the Sales Tax Appellate Tribunal and the Company has filed a writ petition in the Hon'ble High Court of Andhra Pradesh for the financial years 2007-08 (in respect to APVAT and CST Penalty demands only), 2008-09 (entire demand) and 2009-10 (entire demand) and is yet to receive the hearing dates.

ii. Service tax

The Company had availed Service Tax Input Credit on certain input services which the Service Tax Department challenged for the period from March 2005 to September 2008 and has demanded service tax amounting to ₹ 212 Million inclusive of penalty. The Company has gone on appeal before the Central Excise Service Tax Appellate Tribunal (CESTAT) for confirming the Service Tax Input Credit availed, which is pending final disposal. Subsequently, CESTAT has ordered pre-deposit of ₹ 52 Million (As at March 31, 2011 - ₹ 10 Million) which has been paid by the Company, by utilising its input tax credits.

Notes:

(a) Amounts paid by the Company against the above demands under protest have been reflected under Long-term loans and advances.

(b) The above excludes show cause notices relating to sales tax amounting to ₹ 4,554 Million (including penalty) (As at March 31, 2011 - ₹ 4,554 Million (including penalty)) and relating to service tax amounting to ₹ 259 Million (including penalty) (As at March 31, 2011 - ₹ Nil).

31.5 Foreign Exchange Management Act (FEMA), 1999

The Directorate of Enforcement has issued a show-cause notice to the Company for contravention of the provisions of the Foreign Exchange Management Act, 1999 and the Foreign Exchange Management (Realisation, Repatriation and Surrender of Foreign Exchange) Regulations, 2000, in respect of the realisation and repatriation of export proceeds to the extent of foreign exchange equivalent to ₹ 506 Million for invoices raised during the period July 1997 to December 31, 2002. The Company is dealing with the matter appropriately.

31.6 Matters relating to overseas branches

Claims / demands on account of direct / indirect taxes- ₹Nil (As at March 31, 2011- ₹317 Million).

31.7 Compliance with employee / labour related laws

Claims / demands from Employee's State Insurance and Provident Fund authorities - ₹ 6 Million. As against the demand the Company has paid an amount of ₹ 3 Million under protest. The Company's appeals against the demands are pending disposal at various forums.

31.8 Other claims

a. Alleged advances refer Note 25.3.

b. Claims from employees, vendors and customers – ₹ 368 Million (As at March 31, 2011- ₹ 424 Million) and dispute in relation to a subsidiary, refer Note 37.4.

Notes forming part of the financial statements

31.9 Guarantees / comfort letters provided by the Company – Refer Note 50.

31.10 Capital commitments

Contracts pending execution on capital accounts (net of advances) ₹ 3,445 Million (As at March 31, 2011 - ₹ 4,683 Million).

31.11 Purchase commitments to / in respect of subsidiaries

i. In respect of a subsidiary (Bridge Strategy Group LLC), the future purchase consideration payable is ₹ Nil (As at March 31, 2011- USD 4.77 Million equivalent to ₹ 212 Million).

ii. On March 7, 2012 the Company entered into two share purchase agreements with vCustomer Corporation ("the Seller") i.e. Purchase and Sale Agreement of the Membership Interests of vCustomer Services LLC and Share Purchase Agreement between Satyam, vCustomer Corporation and Value Fincon Private Limited:

(a) to acquire 100% of the membership interest in vCustomer Services LLC, a Washington based limited liability company for a total cash consideration of upto USD 25.20 Million (equivalent to ₹ 1291 Million) to be paid in the next financial year, comprising an upfront consideration of USD 19.20 Million (equivalent to ₹ 983 Million) and a contingent consideration of upto USD 6 Million (equivalent to ₹ 307 Million) payable by December 31, 2012. The contingent consideration is payable to the selling shareholders on satisfaction of conditions prescribed in the Agreement. The said consideration of USD 19.20 Million (equivalent to ₹ 1,020 Million) has been remitted to the Seller on May 9, 2012;

(b) to acquire 100% of the equity share capital in Value Fincon Private Limited (now New vC Services Private Limited), a company incorporated under the Companies Act, 1956, for a total cash consideration of USD 1.80 Million (equivalent to ₹ 91 Million) to be paid in the next financial year. The said consideration of USD 1.8 Million (equivalent to ₹ 96 Million) has been remitted to the Seller on May 9, 2012.

31.12 Other commitments

(i) The Company has / had certain outstanding export obligations / commitments as at March 31, 2012 and March 31, 2011. The Management is confident of meeting these obligations / commitments within the stipulated period of time / obtaining suitable extensions, wherever required.

(ii) Commitments in relation to Land refer Note 36.2 and in relation to an international sports federation refer Note 39.

31.13 Management's assessment of contingencies / claims

The amounts disclosed under contingencies / claims represent the best possible estimates arrived at on the basis of the available information. Due to high degree of judgment required in determining the amount of potential loss related to the various claims and litigations mentioned above in which the Company is involved and the inherent uncertainty in predicting future settlements and judicial decisions, the Company cannot estimate a range of possible losses.

However, the Company is carrying a provision for contingencies as at March 31, 2012, which, in the opinion of the Management, is adequate to cover any probable losses in respect of the above litigations and claims. Refer Note 54.2.

32. Other regulatory non-compliances / breaches

32.1 Non-compliances / breaches under the Companies Act, 1956 ('the Act') and ESOP Guidelines of SEBI under the erstwhile Management

(i) The present Management had identified certain non-compliances / breaches of various laws and regulations of the Company under the erstwhile management including but not limited to the following - payment of remuneration / commission to whole-time directors / non-executive directors in excess of the limits prescribed under the Act, unauthorised borrowings, excess contributions to Satyam Foundation, loan to ASOP Trust (Satyam Associate Trust) without prior Board approval under the Act, delay in deposit of dividend in the bank, dividend paid without profits, non-transfer of profits to general reserve relating to interim dividend declared, utilisation of the Securities Premium account, declaration of bonus shares and violation of SEBI ESOP Guidelines. In respect of some of these matters, the Company has applied to the Hon'ble Company Law Board for condonation and is proposing to make an application to the other appropriate authorities, where applicable, for condoning the remaining non-compliances and breaches relatable to the Company. Any adjustments, if required, in the financial statements of the Company, would be made as and when the outcomes of the above matters are concluded.

(ii) **Company law violations as per SFIO reports**

Consequent to the letter written by the erstwhile Chairman, SFIO investigated into the affairs of Company under Section 235 of the Act. As a result of the investigation, SFIO filed seven cases on company law violations, out of which the Company was accused in the two cases mentioned below:

(a) The payment of professional fee to a non-executive director in respect of which, the SFIO held that the Company had not complied with Section 309 of the Act in seeking the opinion of the Central Government on the requisite qualifications possessed by the director for the practice of the profession.

Notes forming part of the financial statements

The Union of India filed a complaint in the Court of the Special Judge for Economic Offences at Hyderabad under Section 621 alleging violation of Section 309 read with Section 629A of the Act. In the said Complaint, the Union of India has also sought refund of the amount paid to the said director by the Company. The Court has framed charges with respect to the aforesaid violation. The Company filed a compounding application before the Hon'ble CLB, Chennai bench with respect to the said offence.

(b) The SFIO stated that the Company had filed incomplete Balance Sheets as on March 31, 2007 and March 31, 2008 on the MCA website thereby violating the provisions of Section 220 of the Act.

The Union of India filed a Complaint in the Court of Special Judge for Economic Offences at Hyderabad under Section 621 alleging violation of Section 220 read with Section 162 of the Act for filing incomplete balance sheets. The Court has framed the charges with respect to the aforesaid violation. The Company filed a compounding application before the Hon'ble CLB, Chennai bench with respect to the said offence.

The condonation applications filed with the Hon'ble CLB in respect of the above two cases were dismissed. The Company filed appeals before the Hon'ble High Court of Judicature of Andhra Pradesh which remanded the case back to the Hon'ble CLB for its consideration afresh in accordance with law.

32.2 Foreign Exchange Management Act, 1999 (FEMA)

There are certain uncollected dues / receivables in foreign currency which are outstanding for a long period of time for which the required permission for extension of time has not been obtained from the appropriate authorities.The Company is in the process of regularising the above and filing all the required applications / details.

During the current year, the Company has established a process of matching inward remittances on a one-on-one basis to the relevant invoices. In respect of earlier years (upto March 2011), the Company has initiated action for matching as aforesaid and the matter is being appropriately dealt with.

Any adjustments, if required, in the financial statements of the Company, would be made as and when the outcomes of the above matters are concluded.

32.3 Non-compliances / breaches of other laws

For non-compliance / breaches of statutory requirements in relation to:

a. Delays in filing of tax returns in overseas jurisdictions

b. Employee / labour related matters in overseas jurisdictions

The Company has taken appropriate remedial action and non-compliances wherever identified have been appropriately dealt with.

33. Financial Reporting Process

33.1 Internal control matters

Pursuant to an evaluation of the internal controls in the Company by the current Management for the year ended March 31, 2009, various deficiencies and weaknesses were identified.

Over the past three financial years i.e. 2009-10, 2010-11 and 2011-12, the Company under the new management took several steps including *inter-alia* appointing a new audit committee, revising the code of Ethical Conduct, nominating a Corporate Ombudsman and formulating an entity wide risk management policy duly approved by the Board. The internal audit function has also been strengthened by appointing a reputed and independent external agency as the Internal Auditor.

Amongst the initiatives, the Management has carried out a complete analysis of unexplained / un-reconciled balances between various sub-systems / sub-ledgers and the general ledger and the same has been appropriately dealt with in the accounts (Refer Note 33.2). In addition, physical verification of fixed assets has been conducted in accordance with a defined program by the Management and the net differences that were noticed were appropriately dealt with in the books (Refer Note 36.4).

Further, the new Management, for the purpose of ensuring appropriate controls over the financial reporting process and the preparation of the financial statements, has implemented specific procedures like manual reconciliations between the various sub-systems / sub-ledgers and the general ledger, requests for various balance confirmations as part of the year end closure process, confirmation of the department wise financial details by the business leaders, preparation and review of proper bank reconciliation statements, review of the revenue recognition policies and procedures, preparation and review of schedules for key account balances, implementing proper approval mechanisms, closer monitoring of the financial closure process etc.

The software platforms including the ones used for financial reporting are non-integrated contributing to certain deficiencies in IT General and Application controls, and, therefore, compensating manual reconciliations are carried out as mentioned above. In addition, the Management is evaluating migration to a new ERP in a phased manner.

As at March 31, 2012, the new Management's efforts have resulted in improved controls over the process of revenue recognition, receivables management, approval mechanisms and the preparation and review of material account balances, which have reached a stage so as to provide reasonable level of assurance regarding these account balances in the preparation and presentation of the financial statements.

Notes forming part of the financial statements

33.2 Year-end reporting

As stated above, with respect to some of the key business processes like revenues, expenses, payroll, fixed assets, etc., the Company uses various sub-systems which are not integrated with the financial reporting package maintained by the Company. Within the financial reporting package, there are also sub-ledgers and general ledger. In this respect, certain unexplained differences were noted in the previous years between the sub-systems / sub-ledgers and the general ledger for which reconciliations have been completed as at March 31, 2012 and appropriately dealt with in the books.

As part of the year-end financial reporting and closure process, requests for confirmation of balances / other details were sent out to various parties including banks, customers, vendors, employees, others etc., for confirming the year end balances / other details.

With respect to the cases where the balances / other details were not confirmed by customers / vendors the Company has confirmed these balances based on alternate procedures and adjustments , where required, including provision for doubtful receivables and provision for expenses, which have been carried out in the financial statements based on the information available with the Management.

34 Employee stock option schemes

The ESOP guidelines issued by SEBI are applicable to options / shares granted / allotted on or after June 19, 1999. These guidelines were amended subsequently on June 30, 2003 to include the stock options granted by a Trust for the schemes administered by the Trust.

34.1 Associate Stock Option Plan A (ASOP A)

In May 1998, the Company established its ASOP A which provides for the issue of 1,300,000 warrants having a face value of ₹ 10 at a price of ₹ 450 per warrant. The Company issued these warrants to an associate controlled welfare trust called the Satyam Associate Trust formed vide agreement dated August 16, 1999. At the twelfth Annual General Meeting (AGM) held on May 28, 1999, shareholders approved a 1:1 bonus issue to all shareholders as of August 31, 1999. In order to ensure that all its employees receive the benefits of the bonus issue, the Trust was allotted the bonus shares for the warrants held by the Trust. The Trust exercised all its warrants to purchase the shares from the Company prior to stock split using the proceeds obtained from bank loans. The Trust grants warrants to eligible employees to purchase equity shares held by the Trust. The warrants may vest immediately or may vest over a period ranging from two to three years, depending on the employee's length of service and performance. The warrants vested on employees needs to be exercised within 30 days from the date of vesting.

As at March 31, 2012 and March 31, 2011, 6,500,000 equity shares (equivalent of the aforesaid 1,300,000 warrants post-split) of ₹ 2 each have been allotted to the Satyam Associate Trust under ASOP A.

As at March 31, 2012 and March 31, 2011 no options were outstanding.

Changes in number of options outstanding and their weighted average exercise price were as follows:

Particulars	For the year ended March 31,			
	2012		2011	
	No. of options	Weighted average exercise price (Amount in ₹)	No. of options	Weighted average exercise price (Amount in ₹)
At the beginning of the year	-	-	3,500	1,701
Granted	-	-	-	-
Exercised	-	-	(400)	1,701
Forfeited	-	-	(3,100)	1,701
Lapsed	-	-	-	-
At the end of the year	-	-	-	-

34.2 Associate Stock Option Plan (ASOP – B)

The Company has established a scheme 'Associate Stock Option Plan – B' (ASOP - B) for which 58,146,872 equity shares of ₹ 2 each were earmarked. These warrants vest over a period of 2-4 years from the date of the grant. Upon vesting, associates have 5 years to exercise the warrants. As at March 31, 2012, 28,742,359 (As at March 31, 2011 - 28,742,359) equity shares of ₹ 2 each have been allotted to the associates under ASOP B.

Accordingly, options (net of cancellations) for a total number of 20,269,437 (As at March 31, 2011 – 21,613,932) equity shares of ₹ 2 each were outstanding as at March 31, 2012.

Notes forming part of the financial statements

Changes in number of options outstanding and their weighted average exercise price were as follows:

Particulars	For the year ended March 31,			
	2012		2011	
	No. of options	Weighted average exercise price (Amount in ₹)	No. of options	Weighted average exercise price (Amount in ₹)
At the beginning of the year	21,613,932	118.24	21,108,842	134.94
Granted (See Note (i))	2,313,602	78.06	5,210,000	67.07
Exercised	-	-	(2,420)	77.33
Forfeited	(2,815,783)	114.84	(4,373,109)	133.34
Lapsed	(842,314)	177.07	(329,381)	175.62
At the end of the year	**20,269,437**	**111.70**	**21,613,932**	**118.24**

Note:

Grants during the current year include 1,085,602 options granted to ASOP ADS holders (Refer Note 34.3 (ii)).

For options outstanding at the end of the current year, the exercise price was in the range of ₹ 65 - ₹ 328 (As at March 31, 2011 – ₹ 65 - ₹ 328) and the weighted average remaining contractual life is 4.50 years (As at March 31, 2011 – 5.02 years).

The weighted average fair value of options granted during the current year was ₹ 52.58 (Previous year - ₹ 49.01).

For the options that were exercised during the previous year, the weighted average share price on the date of exercise was ₹ 91.64.

34.3 ***Associate Stock Option Plan (ASOP - ADS)***

(i) The Company has established a scheme 'Associate Stock Option Plan (ADS)' to be administered by the Administrator of the ASOP (ADS), a committee appointed by the Board of Directors of the Company in May 2000. Under the scheme 3,456,383 ADS are reserved to be issued to eligible associates with the intention to issue warrants at a price per option which is not less than 90% of the value of one ADS as reported on NYSE on the date of the grant converted into Indian Rupees at the rate of exchange prevalent on the day of the grant as decided by the Administrator of the ASOP (ADS). Each ADS represents two equity shares of ₹ 2 each fully paid up. These warrants vest over a period of 1-10 years from the date of the grant. The time available to exercise the warrants upon vesting is as decided by the Administrator of the ASOP (ADS). As at March 31, 2012, 1,246,955 ADS (As at March 31, 2011 – 1,246,955) representing 2,493,910 (As at March 31, 2011 – 2,493,910) equity shares of ₹ 2 each have been allotted to the associates under ASOP ADS.

As at March 31, 2011, 1,921,751 ADS representing 3,843,502, equity shares of ₹ 2 each were outstanding.

Changes in number of options outstanding and their weighted average exercise price were as follows:

Particulars	For the year ended March 31,			
	2012		2011	
	No. of options	Weighted average exercise price (Amount in ₹)	No. of options	Weighted average exercise price (Amount in ₹)
At the beginning of the year	1,921,751	243.32	1,684,052	292.68
Granted	20,000	149.42	634,079	138.21
Exercised	-	-	-	-
Forfeited	(506,225)	283.17	(331,849)	291.02
Lapsed	(198,987)	300.29	(64,531)	265.98
Termination	(1,236,539)	210.47	-	-
At the end of the year	**-**	**-**	**1,921,751**	**243.32**

For options outstanding at the end of the previous year, the exercise price was in the range of ₹ 131 - ₹ 641 and the weighted average remaining contractual life was 5.53 years.

The weighted average fair value of options granted during the current year was ₹ 121.25 (Previous year - ₹ 111.19).

No options were exercised during the current year and in the previous year.

Notes forming part of the financial statements

(ii) Termination of the ASOP ADS Scheme:

Consequent to the revocation of registration by the Securities and Exchange Commission (SEC) of the Company's ADS's, with respect to the ASOP ADS Scheme, the Compensation Committee of Directors ("Committee") approved the termination of the ASOP ADS Scheme with effect from March 31, 2012 resulting in 1,236,539 ADS options being extinguished. The scheme termination is subject to shareholders' approval. Further, as an associate friendly measure, the Committee granted 1,085,602 options under ASOP-B scheme to some of these holders of ASOP-ADS at a ratio determined by an independent agency.

34.4 *Associate Stock Option Plan - Restricted Stock Units (ASOP – RSUs)*

The Company has established a scheme 'Associate Stock Option Plan - Restricted Stock Units (ASOP – RSUs)' to be administered by the Administrator of the ASOP – RSUs, a committee appointed by the Board of Directors of the Company in May 2000. Under the scheme, 13,000,000 equity shares are reserved to be issued to eligible associates at a price to be determined by the Administrator which shall not be less than the face value of the share. These RSUs vest over a period of 1-4 years from the date of the grant. The maximum time available to exercise the warrants upon vesting is five years from the date of vesting. As at March 31, 2012, 1,495,736 (As at March 31, 2011 – 1,276,153) equity shares of ₹ 2 each have been allotted to the associates under ASOP - RSUs.

Accordingly, options (net of cancellations) for a total number of 560,185 (As at March 31, 2011 – 811,830) ASOP-RSUs equity shares of ₹ 2 each were outstanding as at March 31, 2012.

Changes in number of options outstanding and their weighted average exercise price were as follows:

Particulars	For the year ended March 31,			
	2012		2011	
	No. of options	Weighted average exercise price (Amount in ₹)	No. of options	Weighted average exercise price (Amount in ₹)
At the beginning of the year	811,830	2.00	1,333,308	2.00
Granted	-	-	-	-
Exercised	(219,583)	2.00	(301,271)	2.00
Forfeited	(32,062)	2.00	(220,207)	2.00
Lapsed	-	-	-	-
At the end of the year	**560,185**	**2.00**	**811,830**	**2.00**

For options outstanding at the end of the current year, the exercise price was ₹ 2 (As at March 31, 2011 – ₹ 2) and the weighted average remaining contractual life is 2.69 years (As at March 31, 2011 – 3.77 years).

No options were granted during the current year and in the previous year

For the options that were exercised during the current year, the weighted average share price on the date of exercise was ₹ 73.07 (Previous year – ₹ 84.33).

34.5 *Associate Stock Option Plan — RSUs (ADS) (ASOP – RSUs (ADS))*

(i) The Company has established a scheme 'Associate Stock Option Plan - RSUs (ADS)' to be administered by the Administrator of the ASOP – RSUs (ADS), a committee appointed by the Board of Directors of the Company in May 2000. Under the scheme 13,000,000 equity shares minus the number of shares issued from time to time under the Associate Stock Option plan - RSUs are reserved to be issued to eligible associates at a price to be determined by the Administrator which shall not be less than the face value of the share. Each ADS represents two equity shares of ₹ 2 each fully paid up. These RSUs vest over a period of 1-4 years from the date of the grant. The maximum time available to exercise the options upon vesting is five years from the date of vesting. As at March 31, 2012, 204,134 (As at March 31, 2011 – 197,884) RSUs (ADS) representing 408,268 (As at March 31, 2011 – 395,768) equity shares of ₹ 2 each have been allotted to the associates under ASOP – RSUs (ADS).

Accordingly, options (net of cancellation) for a total number of Nil ADS (As at March 31, 2011 – 154,096 ADS) representing Nil (As at March 31, 2011– 308,192) equity shares of ₹ 2 each were outstanding as at March 31, 2012.

Notes forming part of the financial statements

Changes in number of options outstanding and their weighted average exercise price were as follows:

Particulars	For the year ended March 31, 2012 No. of options	2012 Weighted average exercise price (Amount in ₹)	2011 No. of options	2011 Weighted average exercise price (Amount in ₹)
At the beginning of the year	154,096	4.00	233,060	4.00
Granted	-	-	-	-
Exercised	(6,250)	4.00	(38,150)	4.00
Forfeited	(54,984)	4.00	(40,814)*	4.00
Lapsed	-	-	0	-
Termination	(92,862)	4.00	-	-
At the end of the year	**-**	**-**	**154,096**	**4.00**

* includes 31,165 RSUs towards which ₹ 4 Million was charged to Statement of Profit and Loss as Employee benefits expense (Refer Note 22) as compensation payable on extinguishment of the rights under such options.

For options outstanding at the end of the previous year, the exercise price was ₹ 4 and the weighted average remaining contractual life is 4.46 years.

No options were granted during the current year.

For the options that were exercised during the current year, the weighted average unit price on the date of exercise was ₹ 156.33 (Previous year – ₹ 245.26).

(ii) **Termination of the ASOP – RSU (ADS) Scheme:**

The Company had determined that it will not be able to become current in its SEC filing obligations and hence expected the Securities and Exchange Commission (SEC) to revoke the Company's registration of its ADS under the Securities Exchange Act of 1934 and consequently proceeded to wind-down its ADS program.

With respect to the ASOP – RSU (ADS) Scheme, the Compensation Committee of Directors ("Committee") approved the termination of the ASOP – RSU (ADS) Scheme with effect from March 9, 2012 resulting in 92,862 ADS options being extinguished. The scheme termination is subject to shareholders' approval.

An amount of ₹ 12 Million has been provided towards compensation payable for the extinguishment of rights in respect of the aforesaid options which has been charged to the Statement of Profit and Loss under Employee benefits expense (Refer Note 22).

34.6 ***Pro forma disclosures***

In accordance with the ESOP guidelines issued by SEBI, had the compensation cost for employee stock option plans been recognised based on the fair value method at the date of the grant in accordance with the Black Scholes' model (determined based on the report of an independent agency), the pro forma amounts of the Company's profit / (loss) and earnings per share would have been as follows:

Particulars	For the year ended March 31, 2012	2011
Net Profit / (Loss) after taxation as reported (₹ in Million)	12,028	(1,276)
Add: Employee stock option compensation expense (intrinsic value method) (₹ in Million)	(143)	(78)
Less: Employee stock option compensation expense (fair value method) (₹ in Million)	266	295
Pro forma Profit / (Loss) (₹ in Million)	**11,619**	**(1,649)**
Earnings per share		
Basic		
- No. of shares	1,176,718,483	1,176,401,598
- EPS as reported (₹)	10.22	(1.08)
- Pro forma EPS (₹)	9.87	(1.40)
Diluted		
- No. of shares	1,178,288,691	1,176,401,598
- EPS as reported (₹)	10.21	(1.08)
- Pro forma EPS (₹)	9.86	(1.40)

Notes forming part of the financial statements

The following assumptions were used for calculation of fair value of grants:

Assumptions for 2011-12

ASOP B plan:

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Exercise price	₹ 73.45 -₹78.20	₹ 64.6 -₹100.98
Grant date share price	₹71.05- ₹ 80.60	₹ 64.60- ₹ 98.95
Dividend yield (%)	0.22%-0.50%	0.42%-0.70%
Expected volatility (%)	83.48%-109.36%	83.07%-109.20%
Risk-free interest rate (%)	8.50%	7.91%
Expected term (in years)	3.5-6.5 years	3.5-6.5 years

ASOP ADS plan:

Particulars	For the year ended March 31,2012	For the year ended March 31,2011
Exercise price	₹149.42	₹131.04 -₹ 248.41
Grant date share price	₹147.16	₹131.04 -₹ 227.44
Dividend yield (%)	0.22%-0.50%	0.42%-0.70%
Expected volatility (%)	103.08%-136.62%	103.26%-136.99%
Risk-free interest rate (%)	8.50%	7.91%
Expected term (in years)	3.5-6.5 years	3.5-6.5 years

As no grants were made during the years ended March 31, 2012 and March 31, 2011 in respect of ASOP A Plan, ASOP RSU Plan, ASOP RSU ADS Plan the assumptions have not been disclosed.

35 Share application money pending allotment

The amount received from the associates on exercise of stock options is accounted as Share application money pending allotment. Upon allotment, the amount received corresponding to the shares allotted against the options exercised is transferred to Share capital and Securities Premium account (if applicable) and taxes (if applicable) recovered from associates. An amount of ₹ 87,869 is outstanding as at March 31, 2012 (As at March 31, 2011- ₹ 196,071) representing amounts received from associates of the Company on exercise of stock options towards face value, securities premium and perquisite tax recovered by the Company from the associates, pending allotment.

36 Accounting for fixed assets/depreciation

36.1 Additional / accelerated depreciation

The Management has carried out a detailed review of certain fixed assets as per the fixed assets register and after duly considering the usability and technical obsolescence of the same, provided for additional / accelerated depreciation to the extent of ₹ 23 Million (Previous year - ₹ 29 Million) in the financial statements.

36.2 Land

(i) In respect of its land at Hyderabad, the Company entered into an agreement with the Government of Andhra Pradesh (GoAP) for the purchase of land. The agreement is covered under the Information and Communications Technology (ICT) Policy 2002-2005 of the Information Technology & Communications Department of GoAP. Pursuant to the same, the Company is eligible for the incentives, concessions, privileges and amenities applicable to Mega Projects in terms of the said policy and also certain other incentives as specified in the agreement entered into with GoAP.

As per the memorandum of understanding (MOU) and other agreements, entered into by the Company, the Company acquired the land from the GoAP. During the financial year ended March 31, 2009, the Company accounted for the eligible grant amounting to ₹ 96 Million towards the basic cost of the land on acquisition which was adjusted to the cost of the land as per the books of account in accordance with the accounting policy followed by the Company. The Company's entitlement to the aforesaid rebate is subject to the condition that the Company shall employ a minimum of 6500 eligible employees in its facilities constructed over the said land within the periods specified in the MOU and the agreements. To secure this obligation the Company furnished bank guarantees (BGs) favouring Andhra Pradesh Industrial Infrastructure Corporation (APIIC). During the current year, on employing certain eligible employees, the Company's obligation towards the rebate was reduced proportionately and the BG values were accordingly reduced. As at March 31, 2012, BGs aggregating ₹ 75 Million (As at March 31, 2011 - ₹ 96 Million) are outstanding.

(ii) In respect of land admeasuring 50 acres purchased from Andhra Pradesh Industrial Infrastructure Corporation Limited (APIIC) in Vishakhapatnam for a total cost of ₹ 50 Million there are certain disputes which have arisen and the Government of Andhra Pradesh has ordered the District Collector to allot alternate land to the Company. In view of the Management, the said land will be allotted in favour of the Company and, pending alternate allotment, the amount of ₹ 50 Million is included in Capital Advances (under Long-term loans and advances) as at March 31, 2012 and March 31, 2011.

Notes forming part of the financial statements

(iii) The Company has entered into an agreement with the Maharashtra Airport Development Company Ltd (MADC) for the land taken on lease in Nagpur for which it shall erect buildings and commence commercial activities by October 24, 2012.

36.3 Capital work-in-progress

(i) The Company had entered into an agreement for purchase of an ERP software on March 31, 2008 amounting ₹ 451 Million, which was not accounted as at March 31, 2008. During the year ended March 31, 2009, the Company accounted for this amount of ₹ 451 Million under Capital work-in-progress pending use and installation of the software and also created an impairment provision as at March 31, 2009, since the Management had not finalised its plan for implementation of ERP software. In the current year the Management finalised its plans for a different ERP and decided to write off the amount of ₹ 451 Million against the provision made earlier.

(ii) During the previous year, the Company sold fixed assets valued at ₹ 270 Million which were included under Capital work-in-progress.

36.4 Physical verification of fixed assets

During the current year, the Company conducted a physical verification of its fixed assets in accordance with its physical verification program.The net difference arising therefrom amounting to ₹ 43 Million (gross value ₹ 1,551 Million and accumulated depreciation ₹ 1,508 Million) has been written-off in the Statement of Profit and Loss.

36.5 Change in useful life

Based on a technical evaluation during the year, the Company revised the estimated useful life of computers from two to three years, the resultant impact of which on depreciation is not significant.

37 Investments

37.1 During the current year, the Company infused an amount of ₹ 211 Million (Previous year - ₹ 211 Million) in Bridge Strategy Group LLC (Bridge) a subsidiary of the Company. In addition, the Company paid a contingent consideration of ₹ Nil (Previous year - ₹ 358 Million) which has been added to the cost of investment.

37.2 During the year, the Company infused an amount of ₹ 194 Million (Previous year - ₹ 238 Million) in Satyam Computer Services Belgium, BVBA (Satyam Belgium) a subsidiary of the Company. Satyam Belgium sold its entire stake in S&V Management Consultants N.V. (a wholly owned subsidiary of Satyam Belgium), for a consideration of Euro 6 Million. Consequently, the provision for diminution in the value of investment in Satyam Belgium made in earlier years were re-assessed and an amount of ₹ 195 Million was reversed to the Statement of Profit and Loss.

37.3 The Company incorporated its subsidiary in Mexico (Satyam Computer Services De Mexico S.DE R.L.DE C.V). However, no investments have been made by the Company as at March 31, 2012 and, consequently, this has not been included as part of Non-current investments disclosed in Note 11.

37.4 Dispute with Venture Global Engineering LLC

The Company and Venture Global Engineering LLC (VGE) entered into a 50:50 Joint Venture Agreement in 1999 to form an Indian Company called Satyam Venture Engineering Services Private Limited (SVES). SVES was formed to provide engineering services to the automotive industry.

On or around March 20, 2003 numerous corporate affiliates of VGE filed for bankruptcy (Default Event under the SHA) and consequently the Company, exercised its option under the Shareholders Agreement (hereinafter referred to as “the SHA”), to purchase VGE’s shares in SVES. The Company’s action, disputed by VGE, was upheld in arbitration by the London Court of International Arbitration vide its award in April 2006 (“the Award”).

The Courts in Michigan, USA, confirmed and directed enforcement of the Award. In 2008, the District Court of Michigan (since affirmed by the Sixth Court of Appeals in 2009) held VGE in contempt for its failure to honour the Award and inter-alia directed VGE to dismiss its Board members and replace them with individuals nominated by the Company. Following this, VGE has appointed the Company’s nominees on the Board of SVES and SVES confirmed the appointment at its Board meeting held on June 26, 2008. The Company is legally advised that SVES became its subsidiary only with effect from that date.

In the meantime, while proceedings were pending in the USA, VGE filed a suit in April 2006, before the District Court of Secunderabad in India for setting aside the Award. The suit to set aside the Award was dismissed by the District Court and the Hon’ble High Court of Andhra Pradesh but VGE’s appeal to the Hon’ble Supreme Court was upheld in January 2008 that set aside the orders of the Hon’ble High Court and remanded the matter back to the City Civil Court, Hyderabad for hearing the suit on merits. The Hon’ble Supreme Court also directed status quo with regard to transfer of shares till the disposal of the suit. In a separate application, VGE also sought to bring in additional pleadings on record in the matter pending before the City Civil Court that was ultimately allowed by the Hon’ble Supreme Court in August 2010. The City Civil Court, vide its judgment in January 2012, has set aside the Award. The Company is in the process of evaluating its legal options.

In December 2010, VGE and the sole shareholder of VGE (the “Trust”, and together with VGE, the “Plaintiffs”), filed a complaint against the Company in the United States District Court for the Eastern District of Michigan (“District Court”) asserting claims under the Racketeer Influenced and Corrupt Organisation Act, 1962 (RICO) and seeking damages with respect to the fraud claim, interest costs and attorney fees (“the Complaint”). The District Court vide its order in March 2012 has dismissed the Plaintiffs’ Complaint. The Plaintiffs have filed an application seeking amendment of the Compliant that is pending disposal.

Notes forming part of the financial statements

37.5 Provision for diminution in the value of long-term investments

During the current year, with the assistance of independent professional agencies, the Company has assessed the operations of the subsidiaries, including the future projections, to identify indications of diminution, other than temporary, in the value of the investments recorded in the books of account and, accordingly, has made a provision of ₹ 103 Million (Previous year - ₹ 393 Million) and has written-back a net amount of ₹ 31 Million (Previous year - ₹ Nil).

The above provisions exclude provisions for diminution of ₹ Nil (Previous Year - ₹ 520 Million) included under Exceptional items (Refer Note 57) and ₹ 1,005 Million being Share application money considered doubtful and provided in the year ended March 31, 2010 which in the previous year, on allotment, had been reclassified as provision for diminution in the value of investments (Refer Note 11 (vii)).

38 Accounting for revenue and customer receivables

38.1 Customer receivables

The procedures instituted by the Company for automated / manual reconciliations between sub-systems / sub-ledgers / general ledger were further strengthened and streamlined during the year pursuant to which, the un-reconciled balances relating to Customerreceivables between sub-system / sub-ledger / general ledgers of the earlier years were identified and appropriately dealt with in the financial statements.

Based on the above:

a. receipts were identified and applied / adjusted against receivables.

b. classification of receivables was carried out between those outstanding for a period exceeding six months from the date they were due for payment and other debts; and

c. adequate provision for doubtful customer receivables has been made and the Company is carrying a total provision for doubtful receivables amounting to ₹ 4,277 Million (As at March 31, 2011 - ₹ 4,264 Million) including towards contractually reimbursable expenses that are recoverable from the customers.

38.2 Accounting for revenue

During the year, the Company strengthened its processes and procedures (also refer Note 33) for accounting for revenue and in particular:

(i) POC:

In respect of contracts under Percentage completion method (POC), the requisite documentation to support initial / revision in estimates of costs / hours has been streamlined.

(ii) Unbilled revenue:

In respect of services rendered during the year remaining unbilled as at the Balance Sheet date as well as those services relating to the current year billed subsequently, proper cut-off procedures were instituted and the required adjustments have been carried out in the financial statements.

In the view of the Management, where losses were expected in the execution of certain projects, appropriate provisions for such contract losses have been made to the extent of ₹ 194 Million (As at March 31, 2011 - ₹ 250 Million).

(iii) Accounting for contracts containing multiple deliverables and obligations

In respect of contracts that contain clauses that provide for multiple elements or deliverables including the delivery of hardware equipment / software but are still part of an integrated solution to the customer, hardware and other items included in the contracts have been accounted under 'Cost of hardware equipment and other items sold' and unsold items have been classified as Inventory. Inventories have been valued at lower of cost and net realisable value.

(iv) Unearned Revenue

In respect of invoices raised in advance of rendering of service, proper cut-off procedures were instituted and the required adjustments have been carried out in the financial statements.

(v) Reimbursements / recoveries from customers

In respect of reimbursement / recoveries from customers, the Company separately identifies the amounts to be recovered and accounts them as contractual receivables when no significant uncertainty as to measurability or collectability exists.

38.3 Post contract services / warranties

As per the terms of the contracts, the Company provides post contract services / warranty support to some of its customers. In the absence of the required information, the Company has accounted for the provision for warranty / post contract support on the basis of the information available with the Management duly taking into account the current technical estimates. Refer Note 54.1.

39 Accounting for transactions with an international sports federation

The Company had entered into an agreement with an international sports federation (the federation) in the financial year 2007-08 pursuant to which the Company was granted various sponsorship rights in respect of the events conducted by the federation to be held in 2009, 2010, 2013 and 2014.

Based on the terms of the agreement, the Company was required to discharge the consideration for sponsorship rights partly in the form of cash and partly in the form of services in lieu of cash ("Value in Kind"). The Management is of the view that the sponsorship payments are in the nature of an intangible item since these are predominantly for the purpose of advertising and promotion and, hence, the same should be expensed as incurred in the respective years.

Accordingly, the amount relating to the services rendered and the corresponding amount of Value in Kind are disclosed on a gross basis under the heads Revenue from operations and under Marketing expenses in Operating, administration and other expenses, respectively, in the Statement of Profit and Loss.

During 2009-10, the Company entered into a Memorandum of Understanding with the federation as per which the contractual obligations relating to the 2013 and 2014 events stand cancelled and the remaining consideration for the sponsorship rights relating to the contractual obligations for the 2009 and 2010 events, which were to be paid in cash were also converted to be discharged in the form of Value in Kind. As at March 31, 2012 the Company is committed to discharge Value in Kind aggregating ₹ 787 Million.

40. Dues from subsidiaries

(i) The details of Trade receivables (including long-term) and contractually reimbursable expenses (Other current assets) due from subsidiaries are given below:

(₹ in Million)

Particulars	Balances as at March 31,	
	2012	2011
Satyam Computer Services (Shanghai) Company Limited	-	63
Satyam Computer Services (Nanjing) Company Limited	-	2
Satyam BPO Limited	13	119
Satyam Japan KK*	100	100
Satyam (Europe) Limited*	114	114
Satyam Computer Services (Egypt) S.A.E.	44	41
Citisoft Plc.	12	25
Satyam Technologies, Inc.	19	114
Satyam Venture Engineering Services Private Limited	6	16
S&V Management Consultant NV (Refer Note 50)	-	13
Bridge Strategy Group LLC	75	-
C&S System Technologies Private Limited	1	-
Satyam Servicos DeInformatica LTDA	13	-
Total	**397**	**607**

* These companies have been liquidated / dissolved as per the laws of the respective countries. However, the Company is awaiting approval from the Reserve Bank of India for writing off these amounts from the books of the Company. Such outstanding amounts have been fully provided for.

(ii) The details of loans and advances to subsidiaries, including share application money pending allotment, are given below:

(₹ in Million)

Particulars	Balances as at March 31, (Refer Note (a) below)		Maximum amount outstanding at anytime during the year ended March 31,	
	2012	2011	2012	2011
Satyam BPO Limited (Refer Note (b) below)	2,764	2,764	2,764	2,764
Satyam Technologies Inc.	-	2	2	2
Satyam Computer Services (Shanghai) Co. Ltd.	1	1	1	1
Satyam Computer Services (Egypt) S A E	60	58	60	58
Citisoft Plc.	56	47	56	47
Satyam (Europe)Limited*	303	298	303	298
Vision Compass*	346	346	346	346
Satyam Computer Services Belgium, BVBA	-	19	209	1,264
Satyam Servicos De Informatica LTDA	25	11	35	11
C&S System Technologies Pvt. Limited	1	-	1	-
Total	**3,556**	**3,546**		

* These companies have been liquidated / dissolved as per the laws of the respective countries. However, the Company is awaiting approval from the Reserve Bank of India for writing off these amounts from the books of the Company. Such outstanding amounts have been fully provided for.

Notes forming part of the financial statements

Notes:

(a) All the loans and advances to the above subsidiaries, which are wholly owned, outstanding as at March 31, 2012 and March 31, 2011 are interest free.

(b) As at March 31, 2012, amount repayable beyond 7 years ₹ 1,197Million (As at March 31, 2011 - ₹ 2,764 Million)

(iii) During the current year, the Management carried out a detailed assessment of the amounts due from subsidiaries mentioned above, duly taking into account the provision for diminution in the value of investments made in these subsidiaries and created appropriate provision amounting to ₹ Nil (Previous year - ₹ 79 Million) towards doubtful trade receivables (including long-term) and doubtful loans and advances.

Further, during the year the Management has written back the provisions in the Statement of Profit and Loss as under:

(a) doubtful receivables aggregating ₹ 176 Million (Previous year - ₹ 32 Million) which has been included under Liabilities / provisions no longer required written back, and

(b) doubtful advances aggregating ₹ 2,737 Million (excluding ₹ 20 Million foreign exchange gain) (Previous year - ₹ Nil), of which ₹ 2,718 Million has been included under Exceptional items (Refer Note 57) and ₹ 19 Million has been included under Liabilities / provisions no longer required written back.

Consequently, the Company is carrying a total provision of:

(a) ₹ 245 Million (As at March 31, 2011 - ₹ 421 Million) towards dues from subsidiaries on account of the doubtful trade receivables (including long-term) and contractually reimbursable expenses (Other current assets), and

(b) ₹ 479 Million (As at March 31, 2011 - ₹ 3,236 Million) towards doubtful loans and advances due from subsidiaries and share application money towards investments in subsidiaries.

(iv) Disclosure pursuant to clause 32 of the listing agreement

Particulars	Loans and advances in the nature of loans	Amount outstanding as at March 31, 2012	Maximum amount outstanding during the year
To subsidiaries		Refer Note 40 (ii)	
To associates	-	-	-
To firms / companies in which directors are interested (other than subsidiaries / associates mentioned above)	-	-	-
Where there is:			
No repayment schedule	-	-	-
Repayment beyond seven years		Refer Note 40 (ii)	
No interest		Refer Note 40 (ii)	
Interest rate below as specified under Section 372A of the Act	-	-	-

Note: Investments by the loanee in the shares of parent company and subsidiary company – Nil

41. Dues to micro, small and medium enterprises

The Management has initiated the process of identifying enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development (MSMED) Act, 2006. Accordingly, based on and to the extent of information available with the Company, the relevant particulars as at March 31, 2012 are as under:-

(₹ in Million)

Sl. No.	Particulars	2011-12	2010-11
(i)	Principal amount due to suppliers under MSMED Act, as at the end of the year	9	11
(ii)	Interest accrued and due to suppliers under MSMED Act on the above amount as at the end of the year	5	4
(iii)	Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-
(iv)	Interest paid to suppliers under MSMED Act (other than Section 16)	-	-
(v)	Interest paid to suppliers under MSMED Act (Section 16)	-	-
(vi)	Interest due and payable to suppliers under MSMED Act, for payments already made	3	3
(vii)	Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act (ii) + (vi)	8	7

42. Commission to Non-Executive Directors

The Board of Directors have approved the payment of commission not exceeding ₹ 1.20 Million per financial year to each of the directors who were not in whole-time employment of the Company in that year, aggregating ₹ 6 Million and ₹ 7 Million, in respect of the financial years 2010-11 and 2009-10, respectively. Pending Central Government approval, no provision for the commission has been made in these financial statements.

43. Auditors' remuneration (net of service tax input credit)

(₹ in Million)

Particulars	For the year ended March 31, 2012	2011
For Statutory audit	18	18
For Limited reviews	12	12
For Taxation matters - Tax audit	4	4
For Other services	15	1
Reimbursement of expenses	1	2
Total	**50**	**37**

44. Earnings in foreign exchange (on accrual basis)

(₹ in Million)

Particulars	For the year ended March 31, 2012	2011
Information technology and consulting services	55,832	45,294
Domestic sales in foreign currency	1,081	913
Sale of hardware equipment and other items	92	304
Reimbursements from customers	699	700
Other income	126	110
Total	**57,830**	**47,321**

45. C.I.F. value of imports

(₹ in Million)

Particulars	For the year ended March 31, 2012	2011
Capital goods	292	151
Others	2	16
Software packages	32	-
Total	**326**	**167**

46. Expenditure in foreign currency (on accrual basis)

(₹ in Million)

Particulars	For the year ended March 31, 2012	2011
Salaries and bonus	18,538	16,882
Contribution to provident and other funds	318	252
Social security and other benefits plan for overseas employees	1,910	1,218
Employee stock compensation expense	12	-
Class action settlement consideration	-	5,690
Civil monetary penalty (SEC)	-	447
Upaid settlement consideration	3,046	-
Travelling and conveyance	1,522	1,494
Legal and professional charges	1,009	935
Foreign taxes	636	537
Others including rates and taxes	6,882	4,365
Total	**33,873**	**31,820**

Notes forming part of the financial statements

47. Government grants

During the financial year ended March 31, 2009, the Company received a grant from Multimedia Development Corporation (an agent of the Government of Malaysia) in the form of fully-fitted premises and reimbursement of salary costs for establishment of a global delivery center. The fully fitted premises received under the grant have been recorded at nominal value under fixed assets. The Company recognised ₹ Nil (Previous year MYR 3.16 Million (equivalent to ₹ 47 Million)) during the current year as Other income. The receivable as at March 31, 2012 is MYR 3.16 Million (equivalent to ₹ 55 Million) (As at March 31, 2011 - MYR 3.16 Million (equivalent to ₹ 48 Million)).

48. Employee benefits

48.1 Gratuity

The Gratuity plan of the Company is a defined benefit plan and is unfunded. The details of actuarial data with respect to Gratuity are given below:

(₹ in Million)

Detail of actuarial valuation	For the year ended March 31, 2012	For the year ended March 31, 2011
Change in benefit obligation		
Projected benefit obligation as at year beginning	911	820
Current service cost	189	168
Interest cost	81	69
Actuarial loss / (gain)	(42)	(48)
Past service cost	-	56
Benefits paid	(114)	(154)
Projected benefit obligation as at year end	**1,025**	**911**
Amounts recognised in the Balance Sheet		
Present value of obligation	1,025	911
Fair value of the plan assets at the year end	-	-
Liability recognised in the Balance Sheet	**1,025**	**911**
Cost of defined benefit plan for the year		
Current service cost	189	168
Interest on obligation	81	69
Actuarial loss / (gain) recognised in the year	(42)	(48)
Past service cost	-	56
Net cost recognised in the Statement of Profit and Loss	**228**	**245**
Assumptions		
Discount rate (% p.a)	8.60%	7.90%
Future salary increase(% p.a)	10%	10%
Mortality	LIC (1994-96)	LIC (1994-96)
Attrition (% p.a)	16%	18%

Notes:

(i) The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(ii) Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation.

(iii) Experience adjustments

(₹ in Million)

Particulars	Year Ended				
	31-Mar-12	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08
Defined benefit obligation	1,025	911	820	998	705
Plan assets	-	-	-	-	-
Surplus / (deficit)	(1,025)	(911)	(820)	(998)	(705)
Experience adjustment on plan liabilities	(15)	(25)	(236)	(43)	101
Experience adjustment on plan assets	-	-	-	-	-

Notes forming part of the financial statements

48.2 Compensated absences

The key assumptions, as provided by an independent actuary, used in the computation of provision for compensated absences are as given below:

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Discount rate (% p.a)	8.60%	7.90%
Future salary increase (% p.a)	10%	10%
Mortality	LIC (1994-96)	LIC (1994-96)
Attrition (% p.a)	16%	18%

49 Segment reporting

Segment information has been presented in the Consolidated financial statements as permitted by Accounting Standard (AS 17) on Segment Reporting as notified under the Companies (Accounting Standards) Rules, 2006.

50 Related Party Transactions

(i) The list of related parties of the Company is given below:

Subsidiaries:

Name of the Subsidiary	Country of incorporation	Extent of holding (%) as at March 31, 2012	Extent of holding (%) as at March 31, 2011
Satyam BPO Limited ('Satyam BPO')	India	100	100
Satyam Computer Services (Shanghai) Company Limited ('Satyam Shanghai')	China	100	100
Satyam Computer Services (Nanjing) Company Limited ('Satyam Nanjing')	China	100	100
Satyam Technologies, Inc.('STI')	USA	100	100
Knowledge Dynamics Pte.Ltd. ('KDPL Singapore')	Singapore	100	100
Nitor Global Solutions Limited ('Nitor')	UK	100	100
Citisoft Plc. ('Citisoft')	UK	100	100
Satyam Computer Services (Egypt) S.A.E. ('Satyam Egypt')	Egypt	100	100
Satyam Computer Services Belgium, BVBA ('Satyam Belgium')	Belgium	100	100
C&S System Technologies Pvt. Limited	India	100	100
Bridge Strategy Group LLC ('Bridge')	USA	100	100
Satyam Venture Engineering Services Private Limited (SVES) (Refer Note 1 below)	India	50	50
Satyam Computer Services De Mexico S.DE R.L.DE C.V	Mexico	Refer Note 2(a) below	Refer Note 2(a) below
Satyam Servicos De Informatica LTDA (Satyam Brazil)	Brazil	100	Refer Note 2(b) below
Satyam (Europe) Limited Vision Compass, Inc.	}	Refer Note 3 below	

Notes:

1. As stated in Note 37.4, the Company has, based on legal advice, treated its investment in SVES as investments in subsidiary only with effect from June 26, 2008, being the date of appointment of nominee directors of the Company in the Board of SVES.

2. (a) The Company incorporated its subsidiary in Mexico (Satyam Computer Services De Mexico S.DE R.L.DE C.V). However, no investment has been made by the Company in the subsidiary as at March 31, 2012.

   (b) As at March 31, 2012, the Company invested an amount of USD 1.00 Million (equivalent to ₹ 48 Million) (As at March 31, 2011 – USD 0.25 Million (equivalent to ₹ 11 Million) in its subsidiary, Satyam Brazil, incorporated in Brazil. During the year the subsidiary allotted shares USD 0.5 Million (equivalent ₹ 23 Million), refer Note 11. Shares to the extent of USD 0.5 Million (equivalent ₹ 25 Million) invested during the year are pending allotment.

Notes forming part of the financial statements

3. These subsidiaries have been liquidated / dissolved as per the laws of the respective countries.However, approval from the Reserve Bank of India for writing off the investments from the books of the Company has not yet been received. Refer Note 11.

Subsidiary of Satyam Computer Services Belgium, BVBA

Name of the Subsidiary	Country of incorporation	Extent of holding (%) as at March 31, 2012	Extent of holding (%) as at March 31, 2011
S&V Management Consultants N.V.	Belgium	*	100

*With effect from July 11, 2011, S&V Management Consultants N.V. ceased to be the subsidiary of Satyam Computer Services Belgium, BVBA.

Subsidiary of Knowledge Dynamics Pte Ltd.

Name of the Subsidiary	Country of incorporation	Extent of holding (%) as at March 31, 2012	Extent of holding (%) as at March 31, 2011
Knowledge Dynamics Private Limited ('KDPL India')	India	Not applicable	See note below

Note:

Based on the application made by the Knowledge Dynamics Private Limited to the Registrar of Companies (ROC), Bangalore in August 2010 for Voluntary Liquidation, the company has been dissolved per ROC on March 16, 2011.

Subsidiary of Citisoft PLC

Name of the Subsidiary	Country of incorporation	Extent of holding (%) as at March 31, 2012	Extent of holding (%) as at March 31, 2011
Citisoft Inc	USA	100	100

Entities exercising significant influence

Name of the Entity
Venturbay Consultants Private Limited
Tech Mahindra Limited

Others

Name of the Entity	Relationship
Mahindra Satyam Foundation Trust (formerly Satyam Foundation Trust)	Enterprise where the Company is in a position to exercise control
Satyam Associate Trust	Enterprise where the Company is in a position to exercise control

Key Management Personnel

2011 – 12

The following persons were identified as the Key Managerial Personnel by the Board of Directors:

Name of the Person	Relationship
Vineet Nayyar	Chairman
C.P. Gurnani	Whole-time Director & CEO

2010 – 11

The following persons were identified as the Key Managerial Personnel by the Board of Directors:

Name of the Person	Relationship
Vineet Nayyar	Chairman
C.P. Gurnani	Whole-time Director & CEO

Notes forming part of the financial statements

(ii) Summary of the transactions and balances with the above related parties are as follows:

(a) Transactions during the year:

(₹ in Million)

Nature of the transaction	Party name	For the year ended March 31, 2012	For the year ended March 31, 2011
Revenue	Satyam Computer Services (Egypt) S.A.E.	1	14
	Citisoft Plc.	11	29
	Satyam Computer Services (Shanghai) Company Limited	1	1
	Satyam Technologies, Inc.	13	62
	Satyam BPO Limited	9	19
	S&V Management Consultants N.V.	-	1
	Tech Mahindra Limited	1,034	382
	Bridge Strategy Group LLC	64	2
	Satyam Services De Informatica LTDA	13	-
Subcontracting charges	Bridge Strategy Group LLC	176	152
	Satyam Technologies, Inc.	251	200
	Satyam BPO Limited	282	160
	C&S System Technologies Pvt. Limited	-	1
	Satyam Computer Services (Nanjing) Company Limited	109	57
	Satyam Computer Services (Egypt) S.A.E.	7	14
	Citisoft Plc.	3	2
	S&V Management Consultants N.V.	-	19
	Satyam Venture Engineering Services Private Limited	43	24
	Satyam Computer Services (Shanghai) Company Limited	11	10
	Citisoft Inc	-	5
	Tech Mahindra Limited	391	159
	Satyam Services De Informatica LTDA	100	-
Interest and dividend income	Interest from Citisoft Plc.	3	2
Reimbursements received	Satyam BPO Limited	3	7
	Satyam Venture Engineering Services Private Limited	99	110
	Tech Mahindra Limited	96	77
	S&V Management Consultants N.V.	4	6
	C&S System Technologies Pvt. Limited	-	1
	Bridge Strategy Group LLC	11	-
Reimbursements paid	Tech Mahindra Limited	36	38
	Satyam BPO Limited	4	-
Sale of capital items	Satyam BPO Limited	1	3
	Tech Mahindra Limited	-	270
Purchase of capital items	C&S System Technologies Pvt. Limited	27	-
Investments made during the year	Satyam Computer Services (Shanghai) Company Limited	82	39
	Satyam Computer Services (Nanjing) Company Limited	-	40
	Bridge Strategy Group LLC	211	569
	Satyam Computer Services Belgium, BVBA	194	238
	Satyam Services De Informatica LTDA	11	-
Advances given during the year	Satyam Computer Services (Nanjing) Company Limited	15	-
	Satyam Services De Informatica LTDA	13	-
	Citisoft Plc	3	-

(Contd.)

Notes forming part of the financial statements

(₹ in Million)

Nature of the transaction	Party name	For the year ended March 31, 2012	For the year ended March 31, 2011
	C&S System Technologies Pvt. Limited	2	-
	Satyam Technologies, Inc.	-	2
Share application money given	Satyam Servicos De Informatica LTDA	25	11
Other non-operating income	Satyam BPO Limited	102	-
	Tech Mahindra Limited	117	88
Miscellaneous expenses	Tech Mahindra Limited	100	-

(b) Balances at the year-end:

(₹ in Million)

Nature of the balance	Party name	As at March 31, 2012	As at March 31, 2011
Trade receivables (including long-term) and contractually reimbursable expenses (Other current assets)	Satyam Computer Services (Shanghai) Company Limited	-	63
	Satyam BPO Limited	13	119
	S&V Management Consultants N.V.	-	13
	Satyam Computer Services (Egypt) S.A.E.	44	41
	Citisoft Plc.	12	25
	Bridge Strategy Group LLC	75	-
	Satyam Japan KK *	100	100
	C&S System Technologies Pvt. Limited	1	-
	Satyam Technologies, Inc.	19	114
	Satyam Computer Services (Nanjing) Company Limited	-	2
	Satyam Venture Engineering Services Private Limited	6	16
	Satyam (Europe) Limited *	114	114
	Tech Mahindra Limited	144	551
	Satyam Servicos De Informatica LTDA	13	-
Other current assets (Unbilled)	Tech Mahindra Limited	527	60
	Citisoft PLC	2	2
	Satyam BPO Limited	3	2
	Satyam Computer Services (Egypt) S.A.E.	3	2
	Satyam Technologies Inc	10	15
	Bridge Strategy Group LLC	1	-
	Satyam Computer Services (Shanghai) Company Limited	1	-
Loans and advances	Satyam BPO Limited	2,200	2,200
	Satyam Computer Services (Egypt) S.A.E.	28	26
	Citisoft Plc.	56	47
	Satyam Computer Services Belgium, BVBA	-	19
	Satyam Computer Services (Shanghai) Co. Ltd.	1	1
	Satyam Associate Trust	28	28
	Satyam Technologies, Inc.	-	2
	Satyam (Europe) Limited *	269	264
	Vision Compass, Inc. *	346	346
	C&S System TechnologiesPvt. Limited	1	-
Trade payables	Satyam Computer Services (Egypt) S.A.E.	2	8
	Satyam Technologies, Inc.	56	155
	Bridge Strategy Group LLC	28	104
	Satyam BPO Limited	105	60

(Contd.)

Notes forming part of the financial statements

(₹ in Million)

Nature of the balance	Party name	As at March 31, 2012	As at March 31, 2011
	Citisoft Plc.	1	-
	Satyam Computer Services Belgium, BVBA	-	3
	S&V Management Consultants N.V.	-	12
	C&S System Technologies Pvt. Limited	3	-
	Satyam Computer Services (Shanghai) Co. Ltd.	2	2
	Satyam Computer Services (Nanjing) Company Limited	12	8
	Satyam Venture Engineering Services Private Limited	19	(1)
	Mahindra Satyam Foundation Trust (formerly Satyam Foundation Trust)	4	4
	Tech Mahindra Limited	254	194
	Satyam Services De Informatica LTDA	6	-
	Knowledge Dynamics Pte Ltd	15	-
	Citisoft Inc.	-	2
Share application money paid	Satyam Computer Services (Egypt) S.A.E.	32	32
	Satyam BPO Limited	564	564
	Satyam Europe *	34	34
	Satyam Servicos De Informatica LTDA	25	11

* These companies have been liquidated / dissolved as per the laws of the respective countries. However, the Company is awaiting approval from the Reserve Bank of India for writing off these amounts from the books of the Company. Such outstanding amounts have been fully provided for.

Notes:

a) No options were granted to the Key Management Personnel during the current year and in the previous year.

b) Guarantees / Comfort Letters provided by the Company

- The Company has issued a corporate guarantee to a customer of Satyam BPO Limited on behalf of Satyam BPO for an amount not exceeding ₹ 409 Million (GBP 5 Million) (As at March 31, 2011 - ₹ 360 Million (GBP 5 Million)).
- During the financial year ended March 31, 2009, the Company issued a comfort letter to Satyam BPO Limited giving a commitment for all financial support to meet its debts and obligations as they fall due for the foreseeable future and atleast until December 31, 2010.
- During the previous year, the Company issued a comfort letter to Nitor Global Solutions Limited giving a commitment for all financial support to meet its obligations as they fall due for a period of atleast 12 months from the date of the financial statements.

c) The Company has given an interest free loan to Satyam Associates Trust amounting to ₹ 50 Million (Balance outstanding as at March 31, 2012 – ₹ 28 Million (As at March 31, 2011 – ₹ 28 Million)). The loan was provided by the Company in the prior years as a funding to the Trust for repayment of loans obtained from the Trust from external parties. As per the terms of understanding with the Trust, the loan is repayable by the Trust to the Company on receipt of the exercise price from the employees who have been allotted options under the ASOP-A scheme.

d) Also refer Note 40 (iii) with respect to provision made towards certain balances due from the above subsidiaries.

e) Amounts recoverable from erstwhile Key Managerial Personnel

(₹ in Million)

Nature of the balance	Party name	As at March 31, 2012	As at March 31, 2011
Amounts recoverable*	B. RamalingaRaju	3	3
	B. Rama Raju	2	2
	RamMohan Rao Mynampati	18	18

* Refer Note 32.1

Notes forming part of the financial statements

51 Leases

i. *Termination of leases during the current year*

During the current year, the Company terminated the agreements for 19 (Previous year - 32) properties taken on rent which were classified as operating leases.

The Company incurred ₹ Nil (Previous year-₹ Nil) being additional consideration paid / forfeiture of rental deposits, to lessors on account of early termination. The furniture and fixtures in these properties belonging to the Company were sold / surrendered and the loss on account of sale / surrender is ₹ Nil (Previous year – ₹ 2 Million).

ii. *Obligation on long-term non-cancellable operating leases*

The Company has entered into operating lease agreements for its development centers at offshore, onsite and off-sites ranging for a period of 3 to 10 years. The lease rentals charged during the year and maximum obligations on long-term non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

(₹ in Million)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Lease rentals (Refer Note 23)	1,004	1,052

Maximum obligations on long-term non-cancellable operating leases

(₹ in Million)

Particulars	As at March 31, 2012	As at March 31, 2011
Not later than one year	150	135
Later than one year and not later than five years	46	271
Later than five years	-	-
Total	**196**	**406**

iii. *Obligations towards finance leases (where the Company is the lessee):*

(₹ in Million)

Particulars	As at March 31, 2012	As at March 31, 2011
Minimum lease payments		
- Less than one year	85	106
- One to five years	287	275
- Later than five years	-	-
Total	**372**	**381**
Present value of minimum lease payments:		
- Less than one year	52	75
- One to five years	232	211
- Later than five years	-	-
Total	**284**	**286**

52 Earnings per share (EPS)

Calculation of EPS (Basic and Diluted)

Particulars		For the year ended March 31, 2012	For the year ended March 31, 2011
Profit / (Loss) for the year (₹ in Million)	[A]	12,028	(1,276)
Basic			
Weighted Average Number of Equity Shares	[B]	1,176,718,483	1,176,401,598
Dilution			
Effect of potential equity shares on employees stock option outstanding	[C]	1,570,208	See Note (i) below
Weighted Average Number of Equity Shares	[D] = [B]+[C]	1,178,288,691	1,176,401,598 See Note (i) below

(Contd.)

Notes forming part of the financial statements

Particulars		For the year ended March 31, 2012	For the year ended March 31, 2011
Earnings Per Share			
Basic EPS of ₹ 2 each (₹)	[A] / [B]	10.22	(1.08)
Diluted EPS of ₹ 2 each (₹)	[A] / [D]	10.21	(1.08)

Notes:

(i) During the previous year, the weighted average number of equity shares used for Basic EPS and Diluted EPS was the same since the outstanding potential equity shares as at March 31, 2011 was anti-dilutive in nature.

(ii) Earnings per share has been computed in accordance with Accounting Standard 20 - Earnings per Share

53 Provision for taxation

53.1 Current tax

The Company has made provision towards current tax in respect of its domestic operations for the year ended March 31, 2012. Further, the Management has assessed the Company's tax position in respect of its overseas operations taking into account the relevant rules and regulations as applicable in the respective countries and made the necessary provision. Based on professional advice, it has determined that the provision made for current tax is adequate and no additional provision for the current year needs to be made.

53.2 Deferred tax

(₹ in Million)

Particulars	As at March 31, 2012	Charged / (credited) to Statement of Profit and Loss	As at March 31, 2011
Provision for compensated absences and gratuity	734	(734)	-
Depreciation (net)	887	(887)	-
Deferred tax assets (net)	**1,621**	**(1,621)**	**-**

Note:

No deferred tax asset was recognised as at March 31, 2011 on account of accumulated business losses and other items in the absence of virtual certainty of realisation of such assets in accordance with the accounting policy of the Company. In view of the current year profits and as permitted by the Accounting Standard (AS) 22 on Accounting for Taxes on Income, the Management has recognised deferred tax assets as at March 31, 2012, including the past unrecognised deferred tax assets as of that date, on certain items as identified by the Management duly considering the concept of prudence.

53.3 Transfer pricing

The Company has entered into international transactions with related parties. In this regard, the Management is of the opinion that all necessary documents as prescribed by the Income Tax Act, to prove that these transactions are at arms-length are maintained by the Company and that the aforesaid legislation will not have any impact on the financial statements, particularly on the tax expense and the provision for taxation.

54 Provisions

54.1 Provision for warranties

The Company provides warranty support to some of its customers as per the terms of the contracts (Refer Note 38.3). The details of provision for warranties are as follows:

(₹ in Million)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Opening balance	73	74
Provision made during the year	59	48
Reversal / utilisation made during the year	(72)	(49)
Closing balance	**60**	**73**

Note:

Provision for warranties is estimated and made based on technical estimates of the Management and is expected to be settled over the period of next one year.

Notes forming part of the financial statements

54.2 Provision for contingencies

The Company carries a general provision for contingencies towards various claims made / anticipated against the Company based on the Management's assessment. Also refer Note 31. The details of the same are as follows:

(₹ in Million)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Opening balance	4,241	4,750
Provision made during the year*	2,200	-
Amounts utilised during the year	(3,113)	(509)
Closing balance	**3,328**	**4,241**

* Refer Note 57

55. Hedge Accounting and Derivative instruments

Upto March 31, 2011, foreign exchange forward / option contracts (derivative contracts) which were used to hedge the Company's risks associated with foreign currency fluctuations relating to certain firm commitments and highly probable forecasted transactions were marked to market as at the Balance Sheet date and the unrealised losses, if any, were dealt with in the Statement of Profit and Loss and unrealised gains, if any, on such derivatives were not recognised in the Statement of Profit and Loss.

Accordingly, the marked to market losses aggregating ₹ 154 Million relating to the outstanding derivative contracts as at March 31, 2011 was charged to the Statement of Profit and Loss in that year.

With effect from April 1, 2011, the Company has applied the hedge accounting principles set out in Accounting Standard 30 "Financial Instruments: Recognition and Measurement" (AS 30) in respect of such derivative contracts used to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and highly probable forecast transactions. Accordingly, in respect of all such contracts outstanding as on March 31, 2012, that were designated and effective as hedges of future cash flows, loss aggregating ₹ 343 Million (Net) has been recognised directly in the Hedging reserve account (Refer Note 4).

Consequent to the above change, loss amounting to ₹ 394 Million for the year ended March 31, 2012, which would have been recognized in the Statement of Profit and Loss had the Company followed its earlier policy of providing for the losses on such outstanding derivative contracts which were marked to market, has not been recognised in the Statement of Profit and Loss for the year ended March 31, 2012.

The fair values of such derivative contracts outstanding as at March 31, 2012 are:

(₹ in Million)

Particulars	Current portion	Non-current portion
Derivative Asset	69	8
Derivative Liability	419	23

(i) The following are the outstanding forward exchange contracts entered into by the Company as at March 31, 2012:

As at March 31, 2012:

Currency	No. of Contracts	Amount in Foreign Currency (in Million)	Amount in ₹ (in Million)
AUD (Sell)	72	10	519
EURO (Sell)	148	12	817
GBP (Sell)	125	12	986
USD (Sell)	431	148	7,570
Total	**776**		**9,892**

As at March 31, 2011:

Currency	No. of Contracts	Amount in Foreign Currency (in Million)	Amount in ₹ (in Million)
AUD (Sell)	301	31	1,437
EURO (Sell)	321	27	1,682
GBP (Sell)	294	25	1,806
USD (Sell)	442	205	9,166
USD (Buy)	12	(30)	(1,341)
Total	**1,370**		**12,750**

Notes forming part of the financial statements

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

As at March 31, 2012:

(in Million)

Currency	Cash and cash equivalents	Non-current and current assets: Loans and advances	Non-current and current assets: Other current assets	Other current liabilities	Trade payables	Trade receivables and other receivables	Grand Total
AED	2	1	3	-	(2)	4	8
AUD	7	1	3	(5)	(5)	23	24
BRL	-	1	1	-	(1)	1	2
CAD	2	-	1	(3)	(1)	13	12
CHF	3	3	-	(2)	(1)	4	7
CZK	2	-	-	-	(2)	-	-
DKK	7	-	-	(1)	(1)	22	27
EUR	7	1	4	(3)	(3)	24	30
GBP	5	-	4	(2)	(6)	15	16
HKD	-	-	-	-	(1)	1	-
HUF	8	4	-	(3)	(5)	-	4
JPY	194	95	35	(86)	(111)	336	463
KES	5	3	-	(7)	(4)	-	(3)
KRW	77	48	92	(98)	(210)	193	102
LKR	4	-	-	-	-	-	4
MUR	1	-	2	-	-	-	3
MYR	1	5	-	-	(2)	2	6
NZD	1	-	-	-	-	-	1
QAR	-	12	3	(2)	(3)	18	28
SAR	3	-	-	-	(1)	1	3
SEK	12	-	1	(3)	(1)	11	20
SGD	6	6	12	(4)	(2)	11	29
THB	56	9	9	(5)	(2)	53	120
TWD	14	-	-	-	(1)	-	13
USD	40	16	40	(32)	(35)	206	235
ZAR	34	4	6	-	(4)	27	67
₹ Equivalent	**4,540**	**1,879**	**3,570**	**(2,831)**	**(3,199)**	**17,192**	**21,151**

As at March 31, 2011:

(In Million)

Currency	Cash and cash equivalents	Non-current and current assets: Loans and advances	Non-current and current assets: Other current assets	Other current liabilities	Trade payables	Trade receivables and other receivables	Grand Total
AED	2	1	1	-	(5)	2	1
AUD	11	2	-	(8)	(6)	20	19
BRL	1	1	1	-	(3)	1	1
CAD	4	-	-	(1)	(1)	9	11
CHF	1	2	1	(2)	(1)	3	4
CNY	-	-	-	(2)	-	9	7
CZK	2	-	-	-	(1)	-	1
DKK	1	-	3	(4)	(1)	26	25
EUR	8	1	6	(8)	(3)	28	32
GBP	3	2	1	(4)	(6)	17	13
HKD	-	-	-	-	-	-	-
HUF	4	3	-	(3)	(9)	-	(5)
JPY	311	92	69	(228)	(134)	386	496

(Contd.)

Notes forming part of the financial statements

(In Million)

Currency	Cash and cash equivalents	Non-current and current assets		Other current liabilities	Trade payables	Trade receivables and other receivables	Grand Total
		Loans and advances	Other current assets				
KES	1	3	-	(13)	(2)	-	(11)
KRW	233	21	-	(15)	(39)	72	272
LKR	4	-	-	-	-	-	4
MUR	-	-	2	-	-	-	2
MYR	-	5	-	-	(4)	1	2
NZD	1	-	1	-	-	1	3
QAR	-	10	-	(3)	(1)	6	12
SAR	3	1	-	-	(2)	1	3
SEK	3	-	1	(3)	(6)	3	(2)
SGD	2	1	8	(3)	(2)	8	14
THB	3	5	6	(9)	(2)	65	68
TWD	13	-	-	(1)	-	-	12
USD	44	9	24	(164)	(24)	195	84
XAF	-	-	-	(4)	-	-	(4)
ZAR	14	4	-	(10)	(4)	19	23
₹ Equivalent	**3,972**	**1,218**	**1,976**	**(9,059)**	**(2,482)**	**14,457**	**10,082**

56. Employee benefits expense

Employee benefits expense for the current year includes an amount of ₹ 590 Million provided in respect of certain costs relating to overseas employees for earlier years which has been determined by the Company based on a review substantially completed during the current year.

57. Exceptional items (net)

The exceptional items (income) / expenditure are stated as under:

(₹ in Million)

Particulars *	Year ended March 31, 2012	Year ended March 31, 2011
Provision for contingencies relating to various disputed matters	2,200	
Expenses related to forensic investigation and litigation support	-	201
Class action settlement consideration	-	5,690
(Reversals) / provisions for impairment losses in subsidiaries (net)	(2,718)	520
Total	**(518)**	**6,411**

* Exceptional items also include disputed matters settled, net of release from provision for contingencies:

(i) for the year ended March 31, 2012 includes ₹ Nil (net) (₹ 3,113 Million less reversal of an equivalent amount from provision for contingencies).

(ii) for the year ended March 31, 2011 includes ₹ Nil (net) (₹ 509 Million less reversal of an equivalent amount from provision for contingencies).

58. Previous year figures

The Revised Schedule VI has become effective from April 1, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

Ulhas N. Yargop
Director

Vineet Nayyar
Chairman

C.P.Gurnani
Whole-time Director & CEO

M.Rajyalakshmi Rao
Director

T.N.Manoharan
Director

Ashok Kacker
Director

S.Krishnan
Chief Financial Officer

G. Jayaraman
Company Secretary

Place: Hyderabad
Date : May 17, 2012

Auditors' Report

TO THE BOARD OF DIRECTORS OF
SATYAM COMPUTER SERVICES LIMITED

Report on the Consolidated Financial Statements

1. We have audited the attached Consolidated Balance Sheet of **SATYAM COMPUTER SERVICES LIMITED** ("the Company") and its subsidiaries (hereinafter collectively referred to as "the Group") as at March 31, 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto.

Management's Responsibility for the Consolidated Financial Statements

2. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

Auditors' Responsibility

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

Basis for Opinion

4. We did not audit the financial statements of 14 subsidiaries, whose financial statements reflect total assets (net) of ₹ 3,628 Million as at March 31, 2012, total revenue (net) of ₹ 4,427 Million and net cash inflows of ₹ 550 Million for the year then ended, as considered in the Consolidated Financial Statements. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included / disclosures made in respect of the aforesaid subsidiaries, is based solely on the reports of the other auditors.

5. Attention is invited to the following matters:

   a. As stated in Note 25:

      i. In respect of the financial irregularities relating to prior years identified consequent to the letter dated January 7, 2009 of the erstwhile Chairman, various regulators / investigating agencies initiated their investigations and legal proceedings, which are ongoing.

      ii. The forensic accountants had expressed certain reservations and limitations in their investigation process.

      iii. The Management is of the view that since matters relating to several of the financial irregularities are *sub judice* and various investigations / proceedings are ongoing, any further adjustments / disclosures to the financial statements, if required, would be made in the financial statements of the Company as and when the outcome of the above uncertainties is known and the consequential adjustments / disclosures are identified.

   In view of the above, we are unable to comment on the adjustments / disclosures which may become necessary as a result of further findings of the ongoing investigations / legal proceedings and the consequential impact, if any, on these financial statements.

   b. As stated in Note 25.2, the Company had, based on the forensic investigation, accounted for the differences aggregating ₹ 11,394 Million (net debit) as at March 31, 2009 under "Unexplained differences suspense account (net)" (Refer Note 19) due to non-availability of complete information. These net debit amounts aggregating ₹ 11,394 Million had been fully provided for on grounds of prudence in the financial statements for the year ended March 31, 2009.

   In the absence of complete / required information, we are unable to comment on the accounting treatment/ disclosure of the aforesaid unexplained amounts aggregating ₹ 11,394 Million accounted under "Unexplained differences suspense account (net)" in these financial statements.

   c. As stated in Note 25.3, the alleged advances amounting to ₹ 12,304 Million (net) relating to prior years has been presented separately under "Amounts pending investigation suspense account (net)" in the Balance Sheet. The details of these claims and the related developments are more fully described in the said Note.

   The Management has represented that since the matter is *sub judice* and the investigations by various Government agencies are in progress, the Management, at this point of time is not in a position to predict the ultimate outcome of the legal proceedings.

   In view of the above, we are unable to determine whether any adjustments / disclosures will be required in respect of the aforesaid alleged advances amounting to ₹ 12,304 Million (net) and in respect of the non-accounting of any damages / compensation / interest in these financial statements.

6. Attention is invited to the following matters:

   a. As stated in Note 31.1, a trustee of two trusts that are assignees of the claims of twenty investors who had invested in the Company's ADS and common stock filed a lawsuit (the "Aberdeen Action") in the Court in United States of America (USA) and, subsequently, an amended complaint was filed in the Action ("Aberdeen Amended Complaint"). Based on the legal advice obtained by the Company, the Company is contesting the above lawsuit.

      Since the matter is *sub judice*,the outcome of which is not determinable at this stage, we are unable to comment on the consequential impact, if any, on these financial statements.

   b. As stated in Note 31.2, Aberdeen Asset Management PLC on behalf of 23 claimants representing 30 funds who had invested in the Company's common stock filed a claim against the Company (the "Aberdeen (UK) Complaint") in the Commercial Court in London, United Kingdom (UK). Based on the legal advice obtained by the Company, the Company is contesting the above lawsuit.

      Since the matter is *sub judice*,the outcome of which is not determinable at this stage, we are unable to comment on the consequential impact, if any, on these financial statements.

7. As stated in Note 31.3.viii, the Company is carrying a total amount of ₹ 5,228 Million (net of payments) as at March 31, 2012 [As at March 31, 2011: ₹ 3,803 Million (net of payments)] towards provision for taxation including for prior years. Considering the effects of financial irregularities, status of disputed tax demands, appeals / claims pending before the various authorities, the consequent significant uncertainties regarding the outcome of these matters and the significant uncertainties in determining the tax liability, the Company has been professionally advised that it is not appropriate to make adjustments to the tax provisions pertaining to prior years at this stage.

   In view of the above, we are unable to comment on the adequacy or otherwise of the provision for taxation pertaining to prior years and the consequential impact, if any, on these financial statements.

8. Without qualifying our opinion, we invite attention to the following matters included under commitments and contingencies which continue to exist as at March 31, 2012:

   a. Various demands / disputes raised in respect of the past years by the indirect tax authorities in India (Refer Note 31.4).

   b. Matters relating to non-compliance with Foreign Exchange Management Act (FEMA), 1999 in respect of realisation and repatriation of export proceeds relating to earlier years (Refer Note 31.5).

   As stated in Note 31.13, the provision for contingencies as at March 31, 2012, in the opinion of the Management,is adequate to cover any probable losses in respect of the litigations and claims disclosed under commitments and contingencies.

9. Without qualifying our opinion, we invite attention to the Note 32.1 regarding non-compliances and breaches in the prior years under the erstwhile Management relating to certain provisions of the Companies Act, 1956 and certain employee stock option guidelines issued by the Securities Exchange Board of India and Note 32.2 regarding certain matters requiring compliance under the provisions of FEMA.

   The Management has represented that the Company has made / is proposing to make an application to the appropriate authorities, where applicable, for condoning non-compliances and breaches relatable to the Company. Any adjustments, if required, in the financial statements of the Company would be made as and when the outcomes of the above matters are concluded.

10. In the case of one of the subsidiaries of the Company, the other auditors have drawn attention to write-back of liability in respect of sales commission pertaining to prior years and recording of provision for contingencies pending final outcome of the ongoing dispute between the promoters of the subsidiary (Refer Note 40(i)).

11. We report that the Consolidated Financial Statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard 21 – Consolidated Financial Statements, as notified under the Companies (Accounting Standards) Rules, 2006.

Opinion

12. Further to our comments in paragraphs 8 to 10 above and **subject to the consequential effects, if any, of our comments in paragraphs 5 to 7 above which are not quantifiable**, based on our audit and on consideration of the reports of the other auditors on the financial statements and other financial information of the entities referred to in paragraph 4 above, and to the best of our information and according to the explanations given to us, in our opinion the aforesaid Consolidated Financial Statements, read together with the Notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India:

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

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

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

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No.008072S)

K. Sai Ram
Partner
(Membership No.022360)

HYDERABAD, May 17, 2012

Consolidated Balance Sheet as at March 31, 2012

(₹ in Million)

		Note	As at March 31, 2012	As at March 31, 2011
A.	**EQUITY AND LIABILITIES**			
1	**Shareholders' funds**			
(a)	Share capital	3	**2,354**	2,353
(b)	Reserves and surplus	4	**27,519**	14,896
			29,873	17,249
2	**Share application money pending allotment** (₹ 87,869 (As at March 31, 2011 - ₹ 196,071) only)	34	**-**	-
3	**Minority interest**		**150**	234
4	**Non-current liabilities**			
(a)	Long-term borrowings	5	**233**	220
(b)	Deferred tax liabilities (net)		**15**	68
(c)	Other long-term liabilities	53	**28**	6
(d)	Long-term provisions	6	**2,940**	6,499
			3,216	6,793
5	**Current Liabilities**			
(a)	Short-term borrowings		**1**	-
(b)	Trade payables	7	**5,984**	6,338
(c)	Other current liabilities	8	**7,972**	8,951
(d)	Short-term provisions	9	**10,139**	9,234
			24,096	24,523
	Sub Total		**57,335**	48,799
	Amounts pending investigation suspense account (net)	25.3	**12,304**	12,304
	TOTAL		**69,639**	61,103
B.	**ASSETS**			
1	**Non-current assets**			
(a)	Fixed assets			
(i)	Tangible assets	10A	**7,662**	6,308
(ii)	Intangible assets	10B	**74**	151
(iii)	Capital work-in-progress	10C	**2,006**	2,349
			9,742	8,808
(b)	Goodwill on consolidation (net)		**353**	353
(c)	Non-current investments	11	**350**	-
(d)	Deferred tax assets (net)	51.2	**1,696**	81
(e)	Long-term loans and advances	12	**1,756**	1,804
(f)	Other non-current assets	13	**63**	122
			13,960	11,168
2	**Current assets**			
(a)	Current investments	14	**622**	4,348
(b)	Inventories	37.2.iii	**146**	592
(c)	Trade receivables	15	**14,018**	11,260
(d)	Cash and cash equivalents	16	**28,519**	27,452
(e)	Short-term loans and advances	17	**6,920**	1,863
(f)	Other current assets	18	**5,454**	4,420
			55,679	49,935
	Sub Total		**69,639**	61,103
	Unexplained differences suspense account (net)	19	**-**	-
	TOTAL (NET)		**69,639**	61,103
	Corporate information and significant accounting policies	1.1 & 2		
	See accompanying notes forming part of the Consolidated financial statements			

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

K.Sai Ram
Partner

Place: Hyderabad
Date : May 17, 2012

For and on behalf of the Board of Directors

Ulhas N. Yargop
Director

M.Rajyalakshmi Rao
Director

Ashok Kacker
Director

Vineet Nayyar
Chairman

T.N.Manoharan
Director

S.Krishnan
Chief Financial Officer

C.P.Gurnani
Whole-time Director & CEO

G. Jayaraman
Company Secretary

Place: Hyderabad
Date : May 17, 2012

Consolidated Statement of Profit and Loss for the Year Ended March 31, 2012

(₹ in Million)

		Note	For the year ended March 31, 2012	For the year ended March 31, 2011
I.	Revenue from operations	20	**63,956**	51,450
II.	Other income (net)	21	**4,189**	2,879
	Total revenue		**68,145**	54,329
III.	**Expenses**			
	(a) Employee benefits expense	22	**39,436**	35,758
	(b) Operating and administration expenses	23	**14,177**	10,878
	(c) Finance costs	24	**118**	97
	(d) Depreciation and amortisation expense	10D	**1,577**	1,721
	(e) Others	42	**103**	326
	Total expenses		**55,411**	48,780
IV.	**Profit before exceptional items and tax**		**12,734**	5,549
V.	Exceptional items (net)	55	**(1,094)**	6,411
VI.	**Profit / (Loss) before tax**		**13,828**	(862)
VII.	**Tax expense**			
	(a) Current tax expense	51.1	**2,477**	566
	(b) Deferred tax	51.2	**(1,625)**	12
			852	578
VIII.	**Profit / (Loss) for the year before minority interest**		**12,976**	(1,440)
	Share of minority interest		**(84)**	33
IX.	**Profit / (Loss) for the year**		**13,060**	(1,473)
X.	Earnings per share - in ₹	50		
	(Equity shares, par value ₹ 2 each)			
	- Basic		**11.10**	(1.25)
	- Diluted		**11.08**	(1.25)
	Weighted average number of shares			
	- Basic		**1,176,718,483**	1,176,401,598
	- Diluted		**1,178,288,691**	1,176,401,598
	Corporate information and Significant accounting policies	1.1 & 2		
	See accompanying notes forming part of the Consolidated financial statements			

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

K.Sai Ram
Partner

Place: Hyderabad
Date : May 17, 2012

For and on behalf of the Board of Directors

Ulhas N. Yargop
Director

Vineet Nayyar
Chairman

C.P.Gurnani
Whole-time Director & CEO

M.Rajyalakshmi Rao
Director

T.N.Manoharan
Director

Ashok Kacker
Director

S.Krishnan
Chief Financial Officer

G. Jayaraman
Company Secretary

Place: Hyderabad
Date : May 17, 2012

Mahindra
Rise.

Consolidated Cash Flow Statement for the Year Ended March 31, 2012

(₹ in Million)

	For the year ended March 31, 2012	For the year ended March 31, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before Tax	**13,828**	(862)
Adjustments for :		
Depreciation and amortisation expense	**1,577**	1,721
Impairment of goodwill	**-**	126
Loss / (profit) on sale of fixed assets sold / written-off (net)	**48**	(5)
Employee stock compensation expense	**(143)**	(78)
Finance costs	**118**	97
Interest income	**(1,782)**	(1,290)
Dividend income	**(79)**	-
Gain on sale of current investments	**(407)**	(387)
Rental income from operating leases	**(193)**	(140)
Liabilities / provisions no longer required written back	**(993)**	(403)
Provision for doubtful trade receivables	**515**	146
Provision for warranties released (net)	**(13)**	(1)
Provision for contingencies	**170**	-
Provision for capital work-in-progress	**-**	67
Provision for doubtful advances (net)	**-**	86
Advances written-off	**-**	1
Provision for losses in subsidiaries	**103**	294
Exceptional items	**(1,094)**	6,210
Effect of exchange differences on translation of foreign currency cash and cash equivalents	**(463)**	(91)
Operating profit before working capital changes	**11,192**	5,491
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	**446**	(592)
Trade receivables	**(2,927)**	(2,015)
Short-term loans and advances	**(484)**	325
Other current assets	**(611)**	853
Long-term loans and advances	**94**	(13)
Other non-current assets	**145**	299
Amount released from escrow account	**256**	-
Amount transferred to special purpose account	**-**	(467)
Amount transferred to segregated account	**-**	(5,671)
Changes in balances held as margin money / security for bank guarantees	**(6,180)**	62
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	**49**	2,090
Other current liabilities	**541**	(804)
Other long-term liabilities	**(1)**	6
Short-term provisions	**(333)**	12
Long-term provisions	**(143)**	196
Cash generated from operations	**2,044**	(228)
Net income tax paid	**(957)**	(450)
Net cash flow from / (used in) operating activities (A)	**1,087**	(678)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on fixed assets, including capital advances (Refer Note (iii) below)	**(2,769)**	(2,546)
Proceeds from sale of fixed assets	**50**	67
Bank balances not considered as Cash and cash equivalents		
- Placed	**64**	(74)
Current investments		
- Purchased	**(5,910)**	(3,000)
- Proceeds from sale	**10,043**	5,307
Payment of contingent consideration	**(258)**	(596)

(Contd.)

Consolidated Cash Flow Statement for the Year Ended March 31, 2012

(₹ in Million)

	For the year ended March 31, 2012	For the year ended March 31, 2011
Purchase of long-term investments	**(350)**	-
Proceeds from divestment in subsidiary (Refer Note 36.2)	**410**	-
Interest received	**1,375**	1,120
Dividend received	**79**	-
Rental income from operating leases	**193**	140
Net cash flow from investing activities (B)	**2,927**	418
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares	**1**	1
Proceeds from long-term borrowings	**79**	-
Repayment of long-term borrowings (including current maturities of the same)	**(102)**	(108)
Proceeds from short-term borrowings from banks	**2,651**	-
Repayment of short-term borrowings from banks	**(2,650)**	-
Finance costs	**(118)**	(97)
Net cash flow used in financing activities (C)	**(139)**	(204)
Net increase / (decrease) in Cash and cash equivalents (A + B + C)	**3,875**	(464)
Cash and cash equivalents at the beginning of the year	**17,756**	18,129
Effect of exchange differences on translation of foreign currency Cash and cash equivalents	**463**	91
Cash and cash equivalents at the end of the year (Refer Note (ii) below)	**22,094**	17,756
Notes:		
(i) Reconciliation of Cash and cash equivalents with the Balance sheet		
Cash and cash equivalents as per Balance Sheet (Refer Note 16)	**28,519**	27,452
Less: In earmarked accounts		
- Unpaid dividend accounts	**(51)**	(62)
- Balances held as margin money / security towards obtaining bank guarantees	**(6,374)**	(194)
- Balances held under escrow / special purpose / seggregated accounts	**-**	(9,440)
Cash and cash equivalents at the end of the year*	**22,094**	17,756
* Comprises		
(a) Cash on hand	**-**	4
(b) Cheques on hand	**-**	11
(c) Balances with banks		
(i) In current accounts (Refer Note (ii) below)	**4,774**	3,412
(ii) In EEFC accounts	**1,064**	1,533
(iii) In demand deposit accounts (Refer Note (ii) below)	**16,238**	12,796
(d) Remittances in transit	**18**	-
	22,094	17,756

(i) As at March 31, 2011, current account balances amounting to ₹ 1,667 Million and deposit account balances amounting to ₹ 5,250 Million were restricted pursuant to the Garnishee Order issued by the Additional Commissioner of Income Tax which was subsequently vacated on April 20, 2011.

(ii) Purchase of Fixed Assets includes payments for items in capital work-in-progress and capital advances for purchase of fixed assets.

Adjustments for increase / decrease in current liabilities relating to the acquisition of fixed assets has been made to the extent identified.

See accompanying notes forming part of the Consolidated financial statements

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

K.Sai Ram
Partner

Place: Hyderabad
Date : May 17, 2012

For and on behalf of the Board of Directors

Ulhas N. Yargop
Director

Vineet Nayyar
Chairman

C.P.Gurnani
Whole-time Director & CEO

M.Rajyalakshmi Rao
Director

T.N.Manoharan
Director

Ashok Kacker
Director

S.Krishnan
Chief Financial Officer

G. Jayaraman
Company Secretary

Place: Hyderabad
Date : May 17, 2012

Notes forming part of the Consolidated financial statements

1. Background / details of consolidation

1.1 Corporate information

Satyam Computer Services Limited (hereinafter referred to as 'SCSL' or 'the Company') and its consolidated subsidiaries (together referred to as 'the Group') are engaged in providing information technology services, developing software products, business process outsourcing and consulting services.

SCSL is an information technology ('IT') services provider that uses a global infrastructure to deliver value-added services to its customers, to address IT needs in specific industries and to facilitate electronic business, or eBusiness, initiatives.

The Company was incorporated on June 24, 1987 in Hyderabad, Andhra Pradesh, India. The Company offers a comprehensive range of IT services, including IT enabled services, application development and maintenance, consulting and enterprise business solutions, extended engineering solutions and infrastructure management services. SCSL has established a diversified base of corporate customers in a wide range of industries including insurance, banking and financial services, manufacturing, telecommunications, transportation and engineering services.

Satyam BPO Limited (Satyam BPO), a wholly owned subsidiary of the Company is engaged in providing business process outsourcing services covering HR, Finance & Accounting, Customer Contact (Voice, Mail and Chat) and Transaction Processing (industry specific offerings) services through its Indian operations and through branches in United States of America and Belgium.

1.2 Principles of consolidation

The consolidated financial statements (hereinafter referred to as the financial statements) relate to the Group.

(i) The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating material intra-group balances and intra-group transactions resulting in unrealised profits or losses, as perAccounting Standard 21 – Consolidated Financial Statements.

(ii) The financial statements / reporting packages of the subsidiaries used in the consolidation are drawn up to the same reporting date as that of the Company i.e. March 31. Refer Note 1.3 below.

(iii) The excess of cost to the Company of its investment in the subsidiaries over the Company's portion of the Equity on the acquisition date is recognised in the financial statements as 'Goodwill' being and included as a Non-current asset in the consolidated financial statements. The carrying value of Goodwill is tested for impairment as at the end of each reporting period.

(iv) The excess of the Company's portion of Equity of the subsidiaries on the acquisition date over its cost of investment is treated as Capital Reserve.

(v) Minority interest in the Net Assets of the consolidated subsidiaries consists of:

a) The amount of equity attributable to the minorities at the date on which the investment in the subsidiaries is made; and

b) The minorities' share of movements in equity since the date the parent subsidiary relationship came into existence.

(vi) Minority interest's share in the Net Profit / (Loss) for the year of the consolidated subsidiaries is identified and adjusted against the Profit / (Loss) after tax of the Group.

1.3 Particulars of Consolidation

The list of subsidiaries and the Company's holding therein are as under:

Company	Relationship	Period of Financial Statements / Reporting package	Country of Incorporation	Proportion of Ownership as at March 31, 2012
Satyam BPO Limited	Subsidiary	March 31	India	100%
Satyam Computer Services (Shanghai) Co. Limited	Subsidiary	March 31	China	100%
Satyam Computer Services (Nanjing) Co. Limited	Subsidiary	March 31	China	100%
Nitor Global Solutions Limited	Subsidiary	March 31	United Kingdom	100%
Satyam Computer Services (Egypt) S.A.E	Subsidiary	March 31	Egypt	100%

(Contd.)

Notes forming part of the Consolidated financial statements

Company	Relationship	Period of Financial Statements / Reporting package	Country of Incorporation	Proportion of Ownership as at March 31, 2012
Citisoft Plc	Subsidiary	March 31	United Kingdom	100%
Citisoft Inc	Subsidiary of Citisoft Plc	March 31	United States of America	100%
Knowledge Dynamics Pte Ltd (KDPL)	Subsidiary	March 31	Singapore	100%
Satyam Technologies Inc	Subsidiary	March 31	United States of America	100%
Bridge Strategy Group LLC (Bridge Strategy)	Subsidiary	March 31	United States of America	100%
Satyam Computer Services Belgium, BVBA (Satyam Belgium)	Subsidiary	March 31	Belgium	100%
S&VManagement Consultants NV (S&V)	(Refer Note (vii) below)			
Satyam Venture Engineering Services Private Limited (SVES)	Subsidiary (Refer Note (i) below)	March 31	India	50%
C&S System Technologies Private Limited				
(C&S System)	Subsidiary	March 31	India	100%
Satyam Servicos De Informatica LTDA	Subsidiary	March 31	Brazil	100%

Notes:

(i) As stated in Note 36.4, the Company has, based on legal advice, treated its investment in SVES as investments in subsidiary only with effect from June 26, 2008, being the date of appointment of nominee directors of the Company in the Board of SVES.

(ii) There are no new subsidiaries acquired / incorporated during the year ended March 31, 2012.

(iii) During the year ended March 31, 2009 the Company incorporated a subsidiary in Mexico (Satyam Computer Services De Mexico S.DE R.L.DE C.V). However, no investments have been made by the Company in this subsidiary as at March 31, 2012. Further, there were no operations in this subsidiary either during the previous year or in the current year. Hence, this has not been considered for the purpose of consolidation.

(iv) Mahindra Satyam Foundation Trust (formerly Satyam Foundation Trust) and Satyam Associate Trust, though controlled by the Company, are not considered for the purpose of consolidation since, in the opinion of the Management, the objective of control over such entities is not to obtain economic benefits from their activities.

(v) The below mentioned subsidiaries are liquidated / dissolved as per the laws of the respective countries. However, approval from the Reserve Bank of India for writing off the investments from the books of the Company has not yet been received. These subsidiaries have not been considered for the purpose of consolidation since, the entities do not exist / there are no operations during the year. Investments made in these subsidiaries are fully provided for.

Name of the Subsidiary

Satyam (Europe) Limited

Vision Compass Inc.

(vi) The below mentioned subsidiaries have applied for voluntary liquidation during the year as per regulations applicable in the respective countries. However, pending such liquidation, these subsidiaries have been considered for the purpose of consolidation.

Name of the Subsidiary

Knowledge Dynamics Pte Ltd (KDPL)

Nitor Global Solutions Limited

(vii) On July 11, 2011, Satyam Computer Services Belgium BVBA, a wholly owned subsidiary of the Company has sold its entire stake in its wholly owned subsidiary, S&V Management Consultants NV (S&V). For the purpose of consolidation, the financial statements of S&V have been considered upto June 30, 2011 as the Management is of the view that there are no material transactions in S&V subsequent to June 30, 2011 till July 11, 2011.

Notes forming part of the Consolidated financial statements

2. Significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements are prepared in accordance with the generally accepted accounting principles in India (GAAP) under the historical cost convention. GAAP includes mandatory accounting standards prescribed by the Companies (Accounting Standards) Rules, 2006 (as amended) / issued by the Institute of Chartered Accountants of India ('ICAI') and the relevant provisions of the Companies Act, 1956 ('the Act').

Accounting policies are consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in accounting policy hitherto in use. Where a change in accounting policy is necessitated due to changed circumstances, detailed disclosures to that effect along with the impact of such change is duly disclosed in the financial statements.

2.2 Use of estimates

The preparation of the financial statements in conformity with GAAP requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of income and expenses during the reporting period like useful lives of fixed assets, provision for doubtful receivables / advances, provision for diminution in value of investments, provision for employee benefits, future contracts costs expected to be incurred to complete the projects, provision for anticipated losses on contracts, provision for warranties / discounts, allowances for certain uncertainties, provision for taxation, provision for contingencies, provision for impairment losses in subsidiaries, etc. Actual results could differ from those estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the financial statements.

2.3 Inventories

Inventories in the nature of projects in progress / work-in-progress comprising of hardware equipment and other items are carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis. Cost includes material cost, freight and other incidental expenses incurred in bringing the inventory to the present location / condition.

In one of the subsidiaries, inventory of consumable is valued at lower of cost and net realizable value. The cost is determined on first in first out method.

2.4 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash and cash equivalents in the Cash Flow Statement comprise cash at bank and in hand, demand deposits with banks and cash equivalents (with an original maturity of three months or less) held for the purpose of meeting short-term cash commitments.

2.5 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.6 Revenue recognition

Revenue from operations

The Company is primarily a service company rendering IT consulting and software development services.

Revenue from services consist primarily of revenue earned from services performed on a 'time and material' basis. The related revenue is recognised as and when the services are rendered and related costs are incurred and when there is no significant uncertainty in realising the same.

Revenue from fixed price, fixed time frame contracts is recognised using the percentage of completion (POC) method of accounting. The percentage of completion is determined by relating the actual project cost of work performed to date to the estimated total project cost for each contract. Total contract cost is determined based on technical and other assessment of cost to be incurred. The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the year in which the change becomes known.

Provisions for estimated losses on contracts are made during the period in which a loss becomes probable and can be reasonably estimated.

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

In case of those contracts where the service is indivisible or an integrated service solution is offered to the customer, the revenue for the entire contract (including the component of hardware / software) is recognised using the POC method. In all other cases, revenue from the sale of hardware / software is recognised on delivery or deemed delivery as and when the title passes to the customers.

Revenue from maintenance contracts is recognised over the period of the contract in accordance with its terms.

Revenue recognition is based on the terms and conditions as per the contracts entered into with the customers. In respect of expired contracts under renewal or where there are no contracts available, revenue is recognised based on the erstwhile contract / provisionally agreed terms and / or understanding with the customers.

Notes forming part of the Consolidated financial statements

Revenue is net of volume discounts / price incentives which are estimated and accounted for based on the terms of the contracts and also net of applicable indirect taxes.

Amounts received or billed in advance of services performed are recorded as advances from customers / unearned revenue.

Unbilled revenue represents amounts recognised based on services performed in advance of billing in accordance with contract terms and is net of estimated allowance for uncertainties and provision for estimated losses.

In Satyam BPO, revenue from engagement services is recognised based on the number of engagements performed. Revenues from time period services are recognised based on the time incurred in providing services at contracted rates. Revenue from per incident services is based on the performance of specific criteria at contracted rates.

Interest income

Interest income is recognised using the time proportion method, based on the transactional interest rates.

Dividend income

Dividend income is recognised when the Company's right to receive dividend is established.

2.7 Post-sales client support and warranties

Post-sales client support and warranty costs are estimated by the Management on the basis of technical evaluation and past experience of costs. Provision is made for the estimated liability in respect of warranty costs in the year of recognition of revenue and is included in the Statement of Profit and Loss. The estimates used for accounting for warranty costs are reviewed periodically and revisions are made as and when required.

2.8 Fixed assets

Fixed assets are stated at actual cost less accumulated depreciation and net of impairment. The actual cost capitalised includes material cost, freight, installation cost, duties and taxes, eligible borrowing costs and other incidental expenses incurred during the construction / installation stage.

Depreciation on fixed assets is computed on the straight line method over their estimated useful lives at the rates which are higher than the rates prescribed under Schedule XIV of the Act. Depreciation is charged on a pro-rata basis from the date of capitalisation. Individual assets costing ₹5,000 or less are fully depreciated in the year of acquisition.

The estimated useful lives are as follows:

Leasehold Land	Over the lease period of 30 to 99 years
Buildings	28 years
Plant and Equipment	
- Computers*	2 to 5years
- Taken on Finance Lease	Lower of 5 years and lease period
- Others	5 Years
Furniture,Fixtures and Interiors	
-Taken on Finance Lease	Lower of 5 years and lease period
-Improvements to Leasehold Premises	Over the primary lease period
-Own Premises	3 to 15years
Office Equipment	3 to 20 years
Vehicles	3 to 5 years

* Refer Note 35.5

Depreciation is accelerated on fixed assets, based on their condition, usability etc., as per the technical estimates of the Management, where necessary.

The cost and the accumulated depreciation of fixed assets sold, retired or otherwise disposed off are removed from the stated values and the resulting gains and losses are included in the Statement of Profit and Loss.

Assets under installation or under construction as at the Balance Sheet date are shown as capital work-in-progress.

Intangible assets

Intangible assets, including computer software, are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortisation and impairment. Intangible assets are amortised over their respective individual estimated useful lives (generally one to three years) on a straight line basis or over the license period (where applicable), whichever is lower.

In one of the subsidiaries, cost of application software for internal use, the estimated useful life of which is relatively short and unusually less than one year are generally charged to revenue as and when incurred.

2.9 Foreign currency transactions / translations

Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currency are translated at the rates of exchange at the Balance Sheet date and the resultant gain or loss is recognised in the Statement of Profit and Loss.

Gains or losses realised upon settlement of foreign currency transactions are recognised in the Statement of Profit and Loss.

The operations of foreign branches of the Company are integral in nature and the financial statements of these branches are translated using the same principles and procedures as those of the head office.

For the purpose of consolidation of subsidiaries situated in foreign countries, other than those whose operations are integral in nature (which are translated using the same principles and procedures as those of the Company), income and expenses are translated at average exchange rates and the assets and liabilities are stated at closing exchange rates. The net impact of such change is accumulated under foreign currency translation reserve under Reserves and surplus. On the disposal of a non-integral subsidiary, the cumulative amount of the exchange differences which have been deferred and which relate to that subsidiary are recognised as income or as expenses in the same period in which the gain or loss on disposal is recognised. When there is a change in the classification of a subsidiary, the translation procedures applicable to the revised classification are applied from the date of change in the classification.

The Company enters into forward exchange contracts and other instruments that are in substance a forward exchange contract to hedge its risks associated with foreign currency fluctuations. The premium or discount arising at the inception of a forward exchange contract (other than for a firm commitment or a highly probable forecast) or similar instrument is amortised as expense or income over the life of the contract. Exchange differences on such a contract are recognised in the Statement of Profit and Loss in the year in which the exchange rates change. Any profit or loss arising on cancellation of such a contract is recognised as income or expense for the year.

2.10 Derivative instruments and hedge accounting

The Company uses forward / option contracts (derivative contracts) to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and highly probable forecasted transactions. The use of forward contracts is governed by the Company's policies on the use of such financial derivatives consistent with the Company's risk management strategy. The Company does not use derivative financial instruments for speculative purposes.

With effect from April 1, 2011, the Company has applied the hedge accounting principles set out in Accounting Standard 30 "Financial Instruments: Recognition and Measurement" (AS 30) in respect of such derivative contracts used to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and highly probable forecast transactions.

The Company designates such derivative contracts in a cash flow hedging relationship by applying the hedge accounting principles set out in AS 30. These derivative contracts are stated at the fair value at each reporting date. Changes in fair value of these forward contracts that are designated and effective as hedges of future cash flows are recognised directly in the "Hedging reserve account" under Reserves and Surplus, net of applicable deferred income taxes and the ineffective portion is recognised immediately in the Statement of Profit and Loss. Amounts accumulated in the "Hedging reserve account" are reclassified to the Statement of Profit and Loss in the same periods during which the forecasted transaction affects profit and loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in the "Hedging reserve account" is retained until the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognised in "Hedging reserve account" is immediately transferred to the Statement of Profit and Loss.

Derivative contracts that are not designated in a cash flow hedging relationship are marked to market where ever required, as at the Balance Sheet date and the unrealised losses, if any, are dealt with in the Statement of Profit and Loss. Unrealised gains, if any, on such derivatives are not recognised in the Statement of Profit and Loss.

2.11 Government grants

Government grants are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants will be received.

Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of the assets. The grant is recognised as income over the life of the depreciable asset by way of reduced depreciation charge. Grants in the nature of capital subsidy are treated as capital reserve based on receipt / eligibility.

Grants related to revenue are accounted for as Other income in the period in which the related costs which they intend to compensate are accounted for to the extent there is no uncertainty in receiving the same. Incentives which are in the nature of subsidies given by the Government which are based on the performance of the Company are recognised in the year of performance / eligibility in accordance with the related scheme.

Government grants in the form of non-monetary assets, given at a concessional rate are accounted for at their acquisition costs.

2.12 Investments

Investments are classified into current investments and long-term investments based on their nature / holding period / Management's intent etc., at the time of making the investment. Current investments are carried at the lower of cost and fair value. Long-term investments are carried at cost less provision made to recognise any decline, other than temporary,

Notes forming part of the Consolidated financial statements

in the value of such investments. Any reduction in carrying amount or any reversals of such reductions are charged or credited to the Statement of Profit and Loss.

2.13 Employee benefits

Defined contribution plans

In the case of the Company and its subsidiaries situated in India, contributions payable to the recognised provident fund and pension fund maintained with the Central Government and superannuation fund, which are defined contribution schemes, are charged to the Statement of Profit and Loss on accrual basis. The Company has / subsidiaries have no further obligations for future provident fund, pension fund and superannuation fund benefits other than its annual contributions.

Defined benefit plans

The Company and the subsidiaries situated in India accounts its liability for future gratuity benefits based on actuarial valuation, as at the Balance Sheet date, determined every year using the Projected Unit Credit method. Actuarial gains and losses are charged to the Statement of Profit and Loss in the period in which they arise. Obligation under the defined benefit plan is measured at the present value of the estimated future cash flow using a discount rate that is determined by reference to the prevailing market yields at the Balance Sheet date on Indian Government Bonds where the currency and terms of the Indian Government Bonds are consistent with the currency and estimated term of the defined benefit obligation.

Compensated absences

The Company and the subsidiaries situated in India accounts for its liability towards compensated absences based on actuarial valuation done as at the Balance Sheet date by an independent actuary using the Projected Unit Credit method. The liability includes the long-term component accounted on a discounted basis and the short-term component which is accounted for on an undiscounted basis.

Other short term employee benefits

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

In respect of the two Chinese subsidiaries, the full-time employees of the Company are entitled to staff welfare benefits under existing PRC legislation, including pension benefits, medical care, unemployment insurance, housing fund and other benefits.

According to the relevant regulations, premium and welfare benefit contributions are remitted to the social welfare authorities and are accrued based on certain percentages of the total salary of employees subject to a certain ceilings, and are paid to the human resource and social security bodies. The contributions are expensed as incurred.

2.14 Associates stock options scheme

Stock options granted to the associates(employees) are accounted as per the accounting treatment prescribed by the Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 ('ESOP Guidelines') issued by the Securities and Exchange Board of India ('SEBI') and the Guidance Note on Accounting for Employee Share-based Payments, issued by the ICAI. The Company measures compensation cost relating to employee stock options using the intrinsic value method. The compensation cost, if any, is amortised over the vesting period of the options.

2.15 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets, which necessarily take a substantial period of time to get ready for their intended use, are capitalised. Other borrowing costs are recognised as expense in the Statement of Profit and Loss.

2.16 Leases

Assets taken on lease by the Group in the capacity of a lessee, where the Group has substantially all the risks and rewards of ownership are classified as finance lease. Such leases are capitalised at the inception of the lease at the lower of the fair value or the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight line basis.

2.17 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extra ordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of any extra ordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Notes forming part of the Consolidated financial statements

Dilutive potential equity shares are deemed converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.18 Taxes on income

The current income tax charge is determined in accordance with the relevant tax regulations applicable to the Group. Tax expense relating to overseas operations is determined in accordance with tax laws applicable in countries where such operations are domiciled. Deferred tax charge or credits are recognised for the future tax consequences attributable to timing differences that result between the profit / (loss) offered for income taxes and the profit / (loss) as per the financial statements.

Deferred tax in respect of timing difference which originate during the tax holiday period but reverse after the tax holiday period is recognised in the year in which the timing differences originate to the extent such differences do not reverse during the tax holiday period. For this purpose the timing differences which originate first are considered to reverse first. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, when there is a brought forward loss or unabsorbed depreciation under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each Balance Sheet date and written down or written up to reflect the amount that is reasonably / virtually certain to be realised.

The Company offsets, on a year on year basis, the current tax assets and liabilities, where it has a legally enforceable right and intends to settle such assets and liabilities on a net basis.

MAT credit

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset, in accordance with the provisions contained in the Guidance Note on Accounting for Credit Available under Minimum Alternative Tax, issued by the ICAI, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as “MAT Credit Entitlement”. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

2.19 Research and development

Research costs are expensed as incurred. Development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Company has an intention and ability to complete and use the asset and the costs can be measured reliably.

2.20 Impairment

The Group assesses at each Balance Sheet date whether there is any indication that an asset (including goodwill) may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the net book value that would have been determined if no impairment loss had been recognised.

2.21 Provisions and contingent liabilities

Provisions are recognised when there is a present obligation as a result of past events, the settlement of which is expected to result in an outflow of resources from the Company and when a reliable estimate of the amount of obligation can be made. Contingent liability is disclosed for (i) Possible obligation which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised.

2.22 Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

2.23 Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credit.

Notes forming part of the Consolidated financial statements

(₹ in Million)

		As at March 31, 2012	As at March 31, 2011
3.	**Share capital**		
	Authorised capital		
	1,400,000,000 (As at March 31, 2011 - 1,400,000,000) equity shares of ₹ 2 each	**2,800**	2,800
	Issued, subscribed and paid-up capital		
	1,176,797,836 (As at March 31, 2011 - 1,176,565,753) equity shares of ₹ 2 each fully paid	**2,354**	2,353
		2,354	2,353

Notes:

(i) **Reconciliation of number of shares and amount outstanding at the beginning and at the end of the year**

	For the year ended March 31, 2012		For the year ended March 31,2011	
	Number of equity shares	Amount ₹ in Million	Number of equity shares	Amount ₹ in Million
Opening balance	**1,176,565,753**	**2,353**	1,176,185,762	2,352
Add: Equity shares allotted pursuant to exercise of stock options (₹ 464,166 only (Previous year - ₹ 759,982 only))	**232,083**	**1**	379,991	1
Closing balance	**1,176,797,836**	**2,354**	1,176,565,753	2,353

(ii) **Rights, preferences and restrictions attached to equity shares**

The Company has one class of equity shares having a par value of ₹ 2 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company in proportion to their shareholding.

(iii) **Details of shares held by each shareholder holding more than 5% of the aggregate shares in the Company**

Name of the shareholder	As at March 31, 2012 Number of equity shares	As at March 31, 2011 Number of equity shares
M/s Venturbay Consultants Private Limited	**501,843,740**	501,843,740
	42.65%	42.65%

As at March 31, 2011 - 112,069,686 equity shares (9.53%) underlying shares were held by a depository for which the details of individual beneficiaries are not available with the Company.

(iv) **Details of shares allotted as fully paid up by way of bonus shares during 5 years immediately preceding the Balance Sheet date**

As at March 31, 2012 - Nil (As at March 31, 2011 - 327,694,738) equity shares of ₹ 2 each were allotted as fully paid-up by way of bonus shares by capitalising free reserves of the Company during the 5 years immediately preceding the said dates.

(v) **Details of shares allotted under Associate Stock Option Plans**

(a) 6,500,000 (As at March 31, 2011 - 6,500,000) equity shares of ₹ 2 each fully paid-up was allotted to Satyam Associates Trust in connection with the Associate Stock Option Plan - A (ASOP - A).

(b) 28,742,359 (As at March 31, 2011 - 28,742,359) equity shares of ₹ 2 each fully paid-up were allotted to associates of the Company pursuant to the Associate Stock Option Plan - B (ASOP-B).

(c) 2,493,910 (As at March 31, 2011 - 2,493,910) equity shares of ₹ 2 each fully paid-up were allotted to associates of the Company pursuant to the Associate Stock Option Plan (ADS) (ASOP-ADS).

(d) 1,495,736 (As at March 31, 2011 - 1,276,153) equity shares of ₹ 2 each fully paid-up were allotted to associates of the Company pursuant to the Restricted Stock Units (ASOP - RSU).

(e) 408,268 (As at March 31, 2011 - 395,768) equity shares of ₹ 2 each fully paid-up were allotted to associates of the Company representing 204,134 (As at March 31, 2011 - 197,884) Restricted Stock Units (ASOP - RSU (ADS)).

(vi) **Details of shares reserved for issue**

Shares excluding ADS, aggregating 40,908,777 and 41,128,360, as at March 31, 2012 and March 31, 2011, respectively, are reserved for issue under Associate Stock Options.

(vii) **American Depository Shares (ADS)**

As at March 31, 2012 there were no underlying shares of American Depository Shares (ADS) since the same was wound-down - refer Note 28.

Notes forming part of the Consolidated financial statements

(₹ in Million)

		As at March 31, 2012	As at March 31, 2011
4.	**Reserves and surplus**		
	Securities premium account		
	Opening balance	**43,350**	43,165
	Add: Additions during the year	**-**	-
	Amounts received on exercise of Employee Stock Options (ASOP-B, and ASOP-ADS) ₹ Nil (Previous year - ₹ 182,299 only)		
	Amounts transferred from stock options outstanding account	**110**	185
	Closing balance	**43,460**	43,350
	Stock options outstanding account		
	Opening balance	**539**	890
	Less: Written back to Statement of Profit and Loss	**164**	166
	Transferred to securities premium account	**110**	185
		265	539
	Less: Deferred employee compensation expense	**-**	8
	Closing balance	**265**	531
	Foreign currency translation reserve		
	Opening balance	**(21)**	(16)
	Add / (Less): Effect of foreign exchange rate variations during the year	**62**	(5)
	Closing balance	**41**	(21)
	Hedging reserve account (Refer Note 53)		
	On initial adoption	**197**	-
	Add: Losses transferred to Statement of Profit and Loss on occurrence of forecasted hedge transactions during the year (net)	**277**	-
	Less: Changes in the fair value of effective portion of matured / discontinued Cash flow hedges during the year (net)	**442**	-
	Less: Changes in the fair value of effective portion of outstanding cash flow hedges	**375**	-
	Closing balance	**(343)**	-
	Capital reserve (₹ 625,000 (As at March 31, 2011 - ₹ 625,000) only)	**-**	-
	Deficit in Statement of Profit and Loss		
	Opening balance	**(28,964)**	(27,491)
	Add: Profit / (Loss) for the year	**13,060**	(1,473)
	Closing balance	**(15,904)**	(28,964)
	Total	**27,519**	14,896
5.	**Long-term borrowings**		
	Secured		
	Vehicle loans (Refer Note (i) below)		
	- From banks	**1**	6
	- From other parties (₹ 225,116 only)	**-**	3
	Long term maturities of finance lease obligations (Refer Note (ii) below and Note 49 (iii))	**232**	211
	Total	**233**	220

Notes:

(i) Vehicle loans are secured by hypothecation of the vehicles financed through the loan arrangements. Such loans are repayable in equal monthly installments over period of a 5 years and carry interest rates ranging between 9.75% and 13.5% p.a

(ii) Lease obligations are secured by the assets financed through the finance lease arrangements and the terms of repayment etc. are as under:

(a) For vehicles such obligations are repayable in equal monthly installment over periods of 3-5 years and carry a finance charge

(b) For furniture, fixture and leasehold improvements such obligations are repayable in equal monthly installments over a period of 9 years and carry a finance charge

(c) For plant and equipment (computers) such obligations are repayable in equal quarterly installments over a period of 3 years and carry a finance charge

Notes forming part of the Consolidated financial statements

(₹ in Million)

		As at March 31, 2012	As at March 31, 2011
6.	**Long-term provisions**		
	Provision for employee benefits:		
	- Provision for gratuity (Refer Note 46.1)	**872**	776
	- Provision for compensated absences (Refer Note 46.2)	**717**	621
	Provision - others:		
	- Provision for estimated loss on derivative contracts (Refer Note 53)	**-**	23
	- Provision for impairment losses in subsidiaries (Refer Note 52.3)	**1,351**	5,079
	Total	**2,940**	6,499
7.	**Trade payables**		
	Trade payables - other than acceptances	**5,984**	6,338
	Total	**5,984**	6,338
8.	**Other current liabilities**		
	Current maturities of long-term debt - vehicle loans (Refer Note (i) below)	**7**	20
	Current maturities of finance lease obligations (Refer Note (ii) below and Note 49 (iii))	**52**	75
	Unearned revenue	**527**	490
	Investor Education and Protection Fund shall be credited by the following amounts:		
	- Unclaimed dividend (Refer Note (iii) below)	**51**	62
	Other payables:		
	- Statutory remittances	**1,114**	853
	- Payables on purchase of fixed assets	**625**	616
	- Advances from customers	**162**	169
	- Security deposits received	**-**	2
	- Others (Refer Note (iv) below)	**5,434**	6,664
	Total	**7,972**	8,951
	Notes:		
	(i) Current maturities of long term debt - Refer Note (i) in Note 5 - Long-term borrowings for details of security		
	(ii) Current maturities of finance lease obligation - Refer Note (ii) in Note 5 - long-term borrowings		
	(iii) There are no amounts outstanding and due as at March 31, 2012 and as at March 31, 2011 to be credited to Investor Education and Protection Fund		
	(iv) Others include :		
	- Class Action settlement consideration payable (Refer Note 29)	**4,515**	5,589
	- Civil monetary penalty (SEC)	**-**	447
	- Derivative liability (Refer Note 53)	**419**	-
9.	**Short-term provisions**		
	Provision for employee benefits:		
	- Provision for gratuity (Refer Note 46.1)	**178**	156
	- Provision for compensated absences (Refer Note 46.2)	**642**	799
	Provision-others:		
	- Provision for tax (less payments) (Refer Note 31.3 (viii))	**5,402**	3,834
	- Provision for estimated loss on derivative contracts (Refer Note 53)	**-**	131
	- Provision for contingencies (Refer Note 52.2)	**3,857**	4,241
	- Provision for warranties (Refer Note 52.1)	**60**	73
	Total	**10,139**	9,234

Notes forming part of the Consolidated financial statements

10. Fixed assets

A. Tangible assets

(₹ in Million)

Assets	Gross Block					Accumulated Depreciation / Amortisation					Net Block	
	As at April 1, 2011	Additions	Deductions	Adjustments	As at March 31, 2012	As at April 1, 2011	For the Year (Refer Note (i) below)	Deductions	Adjustments	As at March 31, 2012	As at March 31, 2012	As at March 31, 2011
Land and land development												
- Freehold (Refer Note (iii) below)	424	-	-	-	**424**	-	-	-	-	**-**	**424**	424
- Leasehold	277	-	-	-	**277**	6	3	-	-	**9**	**268**	271
Buildings (Refer Note (ii) and (iii) below)												
- Own use	3,790	1,031	-	-	**4,821**	708	170	-	-	**878**	**3,943**	3,082
- Given on operating lease	233	8	-	-	**241**	7	11	-	-	**18**	**223**	226
Plant and equipment (including computers)												
- Owned	10,401	1,350	713	25	**11,063**	9,281	701	676	23	**9,329**	**1,734**	1,120
- Taken on finance lease	167	-	-	-	**167**	167	-	-	-	**167**	**-**	-
- Given on operating lease	460	18	4	-	**474**	172	68	-	-	**240**	**234**	288
Furniture and fixtures												
- Owned	2,122	339	397	5	**2,069**	1,758	220	363	3	**1,618**	**451**	364
- Taken on finance lease	286	-	-	-	**286**	151	57	-	-	**208**	**78**	135
- Given under operating lease	115	10	1	-	**124**	31	23	-	-	**54**	**70**	84
Leasehold improvements	613	-	69	6	**550**	520	34	66	5	**493**	**57**	93
Office equipment												
- Own use	573	17	189	5	**406**	456	53	171	3	**341**	**65**	117
- Given on operating lease	5	-	-	-	**5**	2	-	-	-	**2**	**3**	3
Vehicles												
- Owned	299	3	65	-	**237**	222	40	54	-	**208**	**29**	77
- Taken on finance lease	25	79	1	-	**103**	1	19	-	-	**20**	**83**	24
Total	**19,790**	**2,855**	**1,439**	**41**	**21,247**	**13,482**	**1,399**	**1,330**	**34**	**13,585**	**7,662**	**6,308**
Previous year	17,956	2,394	520	(40)	19,790	12,407	1,548	380	(93)	13,482	6,308	5,549

B. Intangible assets

(₹ in Million)

Assets	Gross Block					Accumulated Amortisation					Net Block	
	As at April 1, 2011	Additions	Deductions	Adjustments	As at March 31, 2012	As at April 1, 2011	For the Year (Refer Note (i) below)	Deductions	Adjustments	As at March 31, 2012	As at March 31, 2012	As at March 31, 2011
Software - acquired	2,156	223	819	1	**1,561**	2,044	178	691	1	**1,532**	**29**	112
Goodwill	39	-	-	6	**45**	-	-	-	-	**-**	**45**	39
Total	**2,195**	**223**	**819**	**7**	**1,606**	**2,044**	**178**	**691**	**1**	**1,532**	**74**	**151**
Previous year	2,057	151	19	6	2,195	1,831	173	19	59	2,044	151	226

Notes:

(i) Refer Note 35.1 with respect to the accelerated depreciation for certain assets.

(ii) Gross Block of buildings includes ₹ 38 Million (As at March 31, 2011 - ₹ 38 Million) being the cost of building constructed on land taken on lease by the Company.

(iii) In respect of certain freehold lands and buildings, the Company has received a provisional attachment order from the Income tax authorities which has since been stayed by orders passed by the Hon'ble High Court of Andhra Pradesh (Refer Note 31.3 (v)).

(Contd.)

Notes forming part of the Consolidated financial statements

10. Fixed assets

C. Capital work-in-progress (₹ in Million)

Particulars	As at March 31, 2012	As at March 31, 2011
Construction related contracts	**1,430**	1,588
Other fixed assets	**671**	1,352
Sub-total	**2,101**	2,940
Less: Provision for capital work in progress	**95**	591
Total	**2,006**	2,349

D. Depreciation and amortisation: (₹ in Million)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Depreciation and amortisation for the year on tangible assets (Refer table in Note 10A. above)	**1,399**	1,548
Depreciation and amortisation for the year on intangible assets (Refer table in Note 10B. above)	**178**	173
Depreciation and amortisation expense	**1,577**	1,721

(₹ in Million)

			As at March 31, 2012		As at March 31, 2011
11.		**Non-current investments (at cost, unless otherwise specified)**				
	A.	**Trade**				
	(a)	**Investments - quoted**				
		Dion Global Solutions Limited				
		10,294,117 (As at March 31, 2011 - Nil) equity shares of ₹ 10 each, fully paid up		**350**		-
		Sub-total (a)		**350**		-
	(b)	**Investment in entities which are liquidated / dissolved**				
		Investments - unquoted				
		Medbiquitious Services Inc., (Refer Note (ii) below)				
		334,000 shares of 'A' Series preferred stock of US Dollars 0.001 each, fully paid-up	**16**		16	
		Less: Provision for diminution in value of investment	**16**	**-**	16	-
		Avante Global LLC., (Refer Note (ii) below)				
		577,917 class 'A' units representing a total value of USD 540,750	**25**		25	
		Less: Provision for diminution in value of investment	**25**	**-**	25	-
		Sub-total (b)		**-**		-
		Total Trade (a)+(b)		**350**		-
	B.	**Non-Trade**				
	(a)	**Other investments - unquoted**				
		National Savings Certificates, VIII Series		**-**		-
		(₹ 6,000 (As at March 31, 2011 - ₹ 6,000) Only)				
		(Lodged as Security with Government Authorities)				
		Total Non-Trade		**-**		-
		Total (A)+(B)		**350**		-

(Contd.)

Notes forming part of the Consolidated financial statements

(₹ in Million)

		As at March 31, 2012	As at March 31, 2011
Notes:			
(i)	Aggregate cost of quoted investments	**350**	-
	Aggregate market value of quoted investments	**356**	-
	Aggregate cost of unquoted investments	**41**	41
	Aggregate amount of provision made for non current-investments	**41**	41
(ii)	These companies have been liquidated / dissolved as per the laws of the respective countries. However, the Company is awaiting approval from the Reserve Bank of India for writing off the investments from the books of the Company. The outstanding amounts of investments in these companies have been fully provided for.		

(₹ in Million)

		As at March 31, 2012	As at March 31, 2011
12.	**Long-term loans and advances** (Unsecured)		
(a)	Capital advances		
	Considered good	**318**	275
	Considered doubtful	**12**	63
		330	338
	Less: Provision for doubtful capital advances	**12**	63
		318	275
(b)	Deposits		
	Considered good	**1,383**	1,466
	Considered doubtful	**10**	13
		1,393	1,479
	Less: Provision for doubtful deposits	**10**	13
		1,383	1,466
(c)	Dues from related party - Satyam Associate Trust (considered good) (Refer Note 48 (ii) (b))	**28**	28
(d)	Prepaid expenses (considered good)	**27**	35
	Total	**1,756**	1,804
13.	**Other non-current assets**		
	Long-term trade receivables (Refer Note 37.1) (Unsecured)		
	- Considered good	**36**	40
	- Considered doubtful	**4,201**	4,329
		4,237	4,369
	Less: Provision for doubtful trade receivables	**4,201**	4,329
		36	40
	Margin money deposits with banks *	**18**	82
	Interest accrued on bank deposits (As at March 31, 2011- ₹ 428,243)	**1**	-
	Other-derivative assets (Refer Note 53)	**8**	-
	Total	**63**	122

* of maturity more than 12 months from Balance Sheet date

Notes forming part of the Consolidated financial statements

(₹ in Million)

			As at March 31, 2012	As at March 31, 2011
14.	**Current investments** (At lower of cost and fair value)			
	(a)	**Current portion of long-term investment-unquoted**		
		Upaid Systems Limited (Refer Note (iii) below)		
		833,333 Shares of USD 0.20 each, fully paid-up	**109**	109
		Less: Provision for diminution in value of investment	**109**	109
		Sub-total (a)	**-**	-
	(b)	**Investment in mutual funds - unquoted**	**-**	848
	(c)	**Investment in mutual funds - quoted**	**622**	3,500
		Total (a) + (b)+(c)	**622**	4,348
	Notes:			
	(i)	Aggregate cost of quoted investments	**622**	3,500
		Aggregate market value of quoted investments	**625**	3,594
	(ii)	Aggregate amount of unquoted investments	**109**	957
		Aggregate amount of provision made for current investments	**109**	109
	(iii)	In terms of the Settlement Agreement with Upaid (Refer Note 27), the Company has exchanged all shares it holds in Upaid for consideration received and awaits approval from Reserve Bank of India for adjusting the same against the cost of investment		
15.	**Trade receivables** (Refer Note 37.1) (Unsecured)			
	Trade receivable outstanding for a period exceeding six months from the date they were due for payment			
	- Considered good		**548**	679
	- Considered doubtful		**336**	273
			884	952
	Less: Provision for doubtful receivables		**336**	273
			548	679
	Other trade receivables			
	- Considered good		**13,470**	10,581
	- Considered doubtful		**368**	71
			13,838	10,652
	Less: Provision for doubtful receivables		**368**	71
			13,470	10,581
	Total		**14,018**	11,260
16.	**Cash and cash equivalents**			
	(a)	Cash on hand	**-**	4
	(b)	Cheques on hand	**-**	11
	(c)	Remittances in transit	**18**	-
	(d)	Balance with banks		
		(i) In current accounts (Refer Note (ii) below)	**4,774**	3,412
		(ii) In EEFC accounts	**1,064**	1,533
		(iii) In deposit accounts (Refer Note (i) and (ii) below)	**16,238**	12,796

(Contd.)

Notes forming part of the Consolidated financial statements

(₹ in Million)

	As at March 31, 2012	As at March 31, 2011
(iv) In earmarked accounts:		
- Unpaid dividend accounts	**51**	62
- Balances held as margin money / security towards obtaining bank guarantees (Refer Note (i) below)	**6,374**	194
- Balances held under escrow / special purpose / seggregated accounts	**-**	9,440
Total	**28,519**	27,452
Of the above balances that meet the definition of cash and cash equivalents as per AS 3 Cash Flow Statements is	**22,094**	17,756

Notes:

(i) Balances with banks include deposits amounting to ₹ 2,980 Million (As at March 31, 2011 - ₹ 1,081 Million) and margin monies amounting to ₹ 105 Million (As at March 31, 2011 - ₹ 74 Million) which have an original maturity of more than 12 months.

(ii) As at March 31, 2011, current account balances amounting to ₹ 1,667 Million and deposit account balances amounting to ₹ 5,250 Million were restricted pursuant to the Garnishee Order issued by the Additional Commissioner of Income Tax which was subsequently vacated on April 20, 2011.

(iii) Margin monies amounting to ₹ 18 Million (As at March 31, 2011 - ₹ 82 Million) which have a maturity of more than 12 months from the Balance Sheet date have been classified under other non current assets (Refer Note 13).

(₹ in Million)

	As at March 31, 2012	As at March 31, 2011
17. Short-term loans and advances		
(Unsecured)		
(a) Loans and advances to employees		
Considered good	**295**	201
Considered doubtful	**432**	493
	727	694
Less: Provision for doubtful loans and advances (Refer Note (i) below)	**432**	493
	295	201
(b) Deposits		
Considered good	**578**	487
Considered doubtful	**60**	65
	638	552
Less: Provision for doubtful deposits	**60**	65
	578	487
(c) Prepaid expense (considered good)	**251**	248
(d) Balances with government authorities		
Considered good	**363**	400
Considered doubtful	**49**	49
	412	449
Less: Provision	**49**	49
	363	400
(e) Other loans and advances		
Considered good (Refer Note (ii) below)	**5,433**	527
Considered doubtful	**108**	124
	5,541	651
Less: Provision for other doubtful loans and advances	**108**	124
	5,433	527
Total	**6,920**	1,863
Note:		
(i) Includes amount transferred from provision for other unexplained differences suspense account.	**-**	8
(ii) Includes amount deposited and held in Initial escrow account towards class action settlement consideration (Refer Note 29).	**4,515**	-

Notes forming part of the Consolidated financial statements

(₹ in Million)

		As at March 31, 2012	As at March 31, 2011
18.	**Other current assets**		
	Unbilled revenue (net) (Refer Note 37.2 (ii))	**4,002**	3,139
	Interest accrued on bank deposits	**988**	644
	Fixed assets held for sale	**2**	2
	Others:		
	Contractually reimbursable expenses		
	- Considered good	**393**	635
	- Considered doubtful	**233**	243
		626	878
	Less: Provision for doubtful contractually reimbursable expenses (Refer Note 37.1)	**233**	243
		393	635
	- Derivative assets (Refer Note 53)	**69**	-
	Total	**5,454**	4,420

(₹ in Million)

		As at March 31, 2012		As at March 31, 2011	
19.	**Unexplained differences suspense account (net)**				
	Forensic related amounts				
	Opening balance differences (net) as at April 1, 2002 (Refer Note 25.2)	**11,221**		11,221	
	Other differences (net) between April 1, 2002 and March 31, 2008 (Refer Note 25.2)	**166**		166	
		11,387		11,387	
	Less: Provision (Refer Note 25.2)	**11,387**	**-**	11,387	-
	Other differences (net) between April 1, 2008 and December 31, 2008 (Refer Note 25.2)	**7**		7	
	Less: Provision (Refer Note 25.2)	**7**	**-**	7	-
	Other amounts				
	Other differences (net)	**7**		36	
	Less: Provision	**7**	**-**	36	-
	Total		**-**		-

(₹ in Million)

		For the year ended March 31, 2012	For the year ended March 31, 2011
20.	**Revenue from operations**		
	Information technology and consulting services (Refer Note 37.2)	**62,646**	50,146
	Business process outsourcing	**1,218**	957
	Sale of hardware equipment and other items (Refer Note 37.2 (v))	**92**	347
	Total	**63,956**	51,450
21.	**Other income (net)**		
	Interest income (Refer Note (i) below)	**1,782**	1,290
	Dividend from current investments	**79**	-
	Gain on sale of current investments	**407**	387
	Gain on foreign currency transactions and translation (net) (Refer Note 53)	**639**	485
	Other non-operating income (Refer Note (ii) below)	**1,282**	717
	Total	**4,189**	2,879

(₹ in Million)

		For the year ended March 31, 2012	For the year ended March 31, 2011
Notes:			
(i)	Interest income comprises:		
	Interest from banks on:		
	-deposits	**1,768**	1,284
	-other balances	**14**	6
	Total interest income	**1,782**	1,290
(ii)	Other non-operating income comprises:		
	Rental income from operating lease	**193**	140
	Profit on sale of fixed assets (net)	**-**	5
	Liabilities / provisions no longer required written back*	**993**	403
	Provision for warranties released (net) (Refer Note 52.1)	**13**	1
	Revenue grants from government authorities	**-**	47
	Miscellaneous income	**83**	121
	Total other non-operating income	**1,282**	717
	*includes write back of		
	- Provision for customer receivables (Refer Note 37.1)	**295**	311
22.	**Employee benefits expense**		
	Salaries and bonus	**35,563**	32,565
	Contribution to provident and other funds	**981**	842
	Social security and other benefits plan for overseas employees (Refer Note 54)	**1,956**	1,299
	Gratuity (Refer Note 46.1)	**238**	247
	Staff welfare expenses	**881**	903
	Employee stock compensation expense	**(143)**	(78)
		39,476	35,778
	Less: Reimbursements / recovery from customers (Refer Note 37.2 (v))	**40**	20
	Total	**39,436**	35,758
23.	**Operating and administration expenses**		
	Cost of hardware equipment and other items sold (Refer Note below)	**113**	281
	Rent (Refer Note 49 (ii))	**1,105**	1,227
	Rates and taxes	**497**	324
	Power and fuel	**585**	489
	Insurance	**93**	120
	Travelling and conveyance	**2,257**	2,271
	Communication	**536**	508
	Printing and stationery	**38**	49
	Advertisement	**10**	18
	Marketing expenses (Refer Note 38)	**610**	893
	Sub-contracting costs (net)	**3,688**	2,292
	Repairs and maintenance		
	(i) Buildings	**39**	26
	(ii) Machinery	**307**	260
	(iii) Others	**550**	430
	Software charges	**915**	109
	Security services	**116**	89
	Donations and contributions	**14**	1

(Contd.)

Notes forming part of the Consolidated financial statements

(₹ in Million)

	For the year ended March 31, 2012	For the year ended March 31, 2011
Subscriptions	**40**	42
Training and development	**41**	50
Research and development	**1**	6
Visa charges	**688**	282
Legal and professional charges	**1,450**	1,394
Directors' sitting fees	**12**	3
Auditors' remuneration (Refer Note 44)	**66**	49
Capital work-in-progress written-off (Refer Note 35.3)	**496**	-
Less: Provision released	**496**	-
	-	-
Capital advances written-off	**51**	-
Less: Provision released	**51**	-
	-	-
Loss on sale of fixed assets sold / written-off (net) (Refer Note 35.4)	**48**	-
Provision for doubtful customer receivables	**515**	146
Provision for doubtful advances (net)	**-**	86
Unexplained differences suspense account balances (net) written-off (Refer Note 33.2)	**29**	-
Less: Provision released	**29**	-
	-	-
Provision for capital work in progress	**-**	67
Provision for contingencies (Refer Note 52.2)	**170**	-
Impairment of goodwill	**-**	126
Trade receivable written-off (net)	**-**	1
Less: Provision released	**-**	1
	-	-
Advances written-off	**24**	82
Less: Provision released	**24**	81
	-	1
Miscellaneous expenses	**366**	140
Sub-Total	**14,870**	11,779
Less: Reimbursements / recovery of expenses from customers (Refer Note 37.2 (v))	**693**	901
Total	**14,177**	10,878
Note:		
Cost of hardware equipment and other items sold:		
Opening stock - project in progress	**592**	-
Add: Purchases (net)	**(333)**	873
Less: Closing stock - project in progress	**146**	592
(Refer Note 37.2 (iii))	**113**	281
24. Finance costs		
Interest expense on borrowings	**11**	9
Other finance charges	**37**	40
Bank guarantee etc., charges	**70**	48
Total	**118**	97

Notes forming part of the Consolidated financial statements

25. Financial irregularities

25.1 Overview

On January 7, 2009, in a communication ("the letter") addressed to the then-existing Board of Directors of the Company and copied to the Stock Exchanges and the Chairman of Securities and Exchange Board of India ("SEBI"), the then Chairman of the Company, Mr. B. Ramalinga Raju ("the erstwhile Chairman") admitted that the Company's Balance Sheet as at September 30, 2008 carried an inflated cash and bank balances, non-existent accrued interest, an understated liability and an overstated debtors position. As per the letter, the gap in the Company's Balance Sheet had arisen purely on account of inflated profits over a period of last several years (limited only to Satyam standalone).

In the events following the letter of the erstwhile Chairman, the Hon'ble Company Law Board ("Hon'ble CLB") passed orders to suspend the then existing Board of Directors of the Company with immediate effect and authorised the Central Government to nominate directors on the Company's Board. Pursuant to the above orders, the Ministry of Corporate Affairs ("MCA") - Government of India ("GOI"), nominated six directors on the Board of the Company. Currently, the Board of Directors of the Company comprises six directors including two nominees of the Central Government.

Vide a letter dated January 13, 2009, the erstwhile auditors of the Company, M/s Price Waterhouse, Chartered Accountants, communicated to the Board of Directors of the Company, that their audit reports issued on the financial statements of the Company from the quarter ended June 30, 2000 until the quarter ended September 30, 2008 should no longer be relied upon.

25.2 Forensic investigation and nature of financial irregularities

Consequent to the letter, the Government nominated Board of Directors appointed an independent counsel ("Counsel") to conduct an investigation of the financial irregularities. The Counsel appointed forensic accountants to assist in the investigation (referred to as "forensic investigation") and preparation of the financial statements.

The scope of the forensic investigation required investigating the accounting records of the Company to identify the extent of financial irregularities. There could be other instances of possible diversion that remain undetected. The forensic investigation conducted by the forensic accountants focused on the period from April 1, 2002 to September 30, 2008, being the last date upto which the Company published its financial results prior to the date of the letter. In certain instances, the forensic accountants conducted investigation procedures outside this period.

There were significant limitations in the forensic investigation, as stated in the report of the forensic accountants who carried out the forensic investigation, which would impact identifying the full extent of the financial irregularities.

The forensic investigation had indicated possible diversion aggregating USD 41 Million from the proceeds of the American Depositary Shares (ADS) which were listed with the New York Stock Exchange in May 2001.

The forensic investigation had not come across evidence suggesting that the financial irregularities, as identified, extended to the Company's subsidiaries.

Specific financial irregularities as identified based on their nature were classified into two categories i.e. fictitious entries in the accounting records of the Company and unrecorded transactions. The overall impact of the fictitious entries and unrecorded transactions arising out of the forensic investigation, to the extent determined was accounted in the financial year ended March 31, 2009.

In so far as the financial irregularities, where complete information was not available, the transactions were either improperly recorded in the accounting records or remained unrecorded. In addition, since the forensic investigation focused on the period from April 1, 2002 onwards, there were fictitious balances (cash and bank and debtors) and unrecorded liabilities where details remain unavailable. The details of such items as identified by the forensic investigation are given below:

a) Fictitious cash and bank balances (₹ 9,964 Million), debtor balances (₹ 557 Million) and unrecorded loans (₹ 700 Million) originating in periods prior to April 1, 2002 aggregating ₹ 11,221 Million (net debit) which resulted in a net opening balance difference of ₹ 11,221 Million as at April 1, 2002.

b) Certain transactions aggregating ₹ 166 Million (net debit) (comprising of ₹ 2,444 Million of gross debits and ₹ 2,278 Million of gross credits) during the period from April 1, 2002 to March 31, 2008 and ₹ 7 Million (net debit) (comprising of ₹ 12 Million of gross debits and ₹ 5 Million of gross credits) during the period from April 1, 2008 to December 31, 2008 which remain unidentified primarily due to lack of substantive documents.

Accordingly, in the absence of complete information, the amounts of ₹ 11,221 Million, ₹ 166 Million and ₹ 7 Million have been accounted under "Unexplained differences suspense account (net)" in the Balance Sheet (Refer Note 19).

During the financial year ended March 31, 2009, the Company, on grounds of prudence, provided for the opening balance differences (net) of ₹ 11,221 Million as at April 1, 2002 and other differences (net) of ₹ 166 Million pertaining to the period from April 1, 2002 to March 31, 2008 and classified them as Prior Period Adjustments. It also provided for the other differences (net) of ₹ 7 Million relating to the period from April 1, 2008 to December 31, 2008 and classified them under Provision for unexplained differences.

c) The forensic investigation was unable to identify the nature of certain alleged transactions aggregating ₹ 12,304 Million (net receipt) against which the Company has received legal notices from 37 companies claiming repayment of this amount which was allegedly given as temporary advances. Refer Note 25.3 below.

Notes forming part of the Consolidated financial statements

25.3 Alleged advances

Consequent to the letter of the erstwhile Chairman, on January 8, 2009, the Company received letters from thirty seven companies requesting confirmation by way of acknowledgement for receipt of certain alleged amounts referred to as "alleged advances". These letters were followed by legal notices from these companies dated August 4 / 5, 2009, claiming repayment of ₹ 12,304Million allegedly given as temporary advances. The legal notices also claim damages / compensation @18% per annum from date of advance till date of repayment. The Company has not acknowledged any liability to any of the thirty seven companies and has replied to the legal notices stating that the claims are legally untenable.

The Directorate of Enforcement (ED) is investigating the matter under the Prevention of Money Laundering Act, 2002 and directed the Company to furnish details with regard to the alleged advances and has further directed the Company not to return the alleged advances until further instructions from the ED.

The thirty seven companies had filed petitions / suits for recovery against the Company before the City Civil Court, Secunderabad ("Court"), with a prayer that these companies be declared as indigent persons for seeking exemption from payment of requisite court fees.

Some petitions (except in the case of one petition where court fees have been paid and the pauper petition converted into a suit which is pending disposal), are before the Court, at the stage of rejection / trial of pauperism.

The remaining petitions are at a preliminary stage before the Court, for considering condonation of delay in re-submission of pauper petitions. In one petition, the delay had been condoned by the Court and the Company has obtained an interim stay order from the Hon'ble High Court of Andhra Pradesh.

The amount of alleged advances aggregating to ₹ 12,304 Million (As at March 31, 2011 - ₹ 12,304 Million) has been presented separately in the Balance Sheet under "Amounts pending investigation suspense account (net)". Since the matter is *sub judice* and the investigation by various Government Agencies is in progress and having regard to all the related developments in this matter, the Management at this point of time, is not in a position to predict the ultimate outcome of the legal proceedings.

25.4 Investigation by authorities in India

Pursuant to the events stated hereinabove, various regulators / investigating agencies such as the Central Bureau of Investigation (CBI), Serious Fraud Investigation Office (SFIO) / Registrar of Companies (ROC), SEBI, ED, etc., had initiated their investigation on various matters pertaining to the Company during the financial year ended March 31, 2009, which are currently not concluded.

The CBI initiated legal proceedings against the erstwhile Chairman and others before the Additional Chief Metropolitan Magistrate for Trial of Satyam Scam Cases, Hyderabad (ACMM) and has filed certain specific charge sheets based on its findings so far. The Trial is underway and has not concluded.

The SFIO had submitted its reports relating to various findings and had also commenced prosecution against the Company for two alleged violations before the Economic Offenses Court, Hyderabad. Refer Note 32.1.

The investigating agencies in India are also investigating matters such as round tripping pertaining to periods prior to April 1, 2002.While no specific information was available with respect to outflow of funds, information received from investigative agencies revealed that out of 29 inward remittances aggregating USD 28.41 Million from an entity registered in a tax haven, it is possible that 20 of these inward remittances aggregating USD 17.04 Million may have been used to set off outstanding invoices.

In addition, the SFIO has filed complaints against the former directors and erstwhile management for various violations under the Companies Act, 1956.

During the previous year, in furtherance to the investigation of the Company as referred to above, certain Regulatory Agencies in India have sought assistance from Overseas Regulators and, accordingly, information has been sought from certain subsidiaries viz., Bridge Strategy Group LLC, Citisoft Plc. and Nitor Global Solutions Limited.

During previous year, C&S System Technologies Private Limited (C&S), a subsidiary of the Company, received notice of inspection from SFIO under Section 209A of the Act, alleging violation of certain procedural requirements under the Act and directing it to submit information / certified documents in respect of the same. These alleged offences are compoundable underSection 621A of the Act and C&S filed its reply dated March 4, 2011 to the aforesaid show cause notice. Some of these violations have been rectified and the Compounding Applications have been filed on September 26, 2011 with the Hon'ble CLB, the proceedings related to which are in progress.

Knowledge Dynamics Private Limited (KDPL), an erstwhile subsidiary of the Company, which was dissolved in March 2011, was served a notice of inspection by the SFIO in April 2012. The Company has informed the SFIO about the dissolution of KDPL.

25.5 Documents seized by CBI / other authorities

Pursuant to the investigations conducted by CBI / other authorities, most of the relevant documents inpossession of the Company relating to prior years were seized by the CBI. On petitions filed by the Company, the ACMM granted partial access to the Company including for taking photo copies of the relevant documents as may be required in the presence of the CBI officials. Further, there were also certain documents which were seized by other authorities such as the Income Tax Authorities, of which the Company could only obtain photo copies.

25.6 Other matters

The Company has filed a civil suit in the City Civil Court Hyderabad, against the past Board of Directors (the Board prior to the Government nominated Board), certain former employees and the former statutory auditors, its affiliates and partners, seeking damages for *inter-alia* perpetrating fraud, breach of fiduciary responsibility and obligations and negligence in performance of duties.

Based on media reports, it has come to the knowledge of the Company that the former statutory auditors have filed a suit in the Ranga Reddy, District Court ("Court") against the Company seeking damages.The said suit has not yet been served on the Company and, therefore, it is unable to comment on the same. However, the Company has been served summons for appearance in the Court.

25.7 Management's assessment of the identified financial irregularities

As per the assessment of the Management, based on the forensic investigation and the information available upto this stage, all identified / required adjustments / disclosures arising from the identified financial irregularities, had been made in the financial statements as at March 31, 2009.

Considerable time has elapsed after the letter and the Company has not received any further information as a result of the various ongoing investigations against the Company which requires adjustments to the financial statements. Since matters relating to several of the financial irregularities are *sub judice* and the various investigations / proceedings are ongoing, any further adjustments / disclosures, if required, would be made in the financial results of the Company as and when the outcome of the above uncertainties is known and the consequential adjustments / disclosures are identified.

26. Proposed scheme of amalgamation and arrangement

The Board of Directors of the Company in their meeting held on March 21, 2012 have approved the "Scheme of Amalgamation and Arrangement under sections 391 to 394 read with sections 78, 100 to 104 and other applicable provisions of the Companies Act, 1956 of Venturbay Consultants Private Limited and Satyam Computer Services Limited and C&S System Technologies Private Limited and Mahindra Logisoft Business Solutions Limited and CanvasM Technologies Limited with Tech Mahindra Limited and their respective shareholders and creditors" ("the Scheme"), subject to the approvals of the shareholders, Hon'ble High Court of Andhra Pradesh, Hon'ble Bombay High Court and other authorities. Thereafter, the Bombay Stock Exchange and the National Stock Exchange have conveyed to the Company, their no-objection under Clause 24(f) of the Listing Agreement to the said Scheme.

As per the Scheme, consequent to the amalgamation of Venturbay Consultants Private Limited with Tech Mahindra Limited, Satyam Computer Services Limited shall amalgamate with Tech Mahindra Limited and the shareholders of the Company shall receive Two (2) equity shares of Tech Mahindra Limited of ₹ 10 each fully paid up in respect of every Seventeen (17) equity shares of ₹ 2 each fully paid up, held by them.

Upon coming into effect of the Scheme and with effect from the Appointed Date i.e. April 1, 2011 (after amalgamation of Venturbay with Tech Mahindra Limited is deemed to have taken effect) and subject to the provisions of the Scheme, the entire business and whole of the undertaking of the Company as a going concern including but not limited to all the movables and immovable properties, assets, debts, liabilities, duties and obligations of the Company, shall without any further act or deed, but subject to the charges affecting the same, be transferred and / or deemed to be transferred to and vested in Tech Mahindra Limited as a going concern so as to become the assets and liabilities of Tech Mahindra Limited.

27. Upaid Systems Limited (Upaid)

In connection with the lawsuit filed by Upaid in the United States District Court for the Eastern District of Texas (the "Texas Action"), the Company had deposited USD 70 Million (equivalent to ₹ 3,274 Million) during financial year ended March 31, 2010 into an escrow account pursuant to the Settlement Agreement.

Subsequently, the Company obtained a favourable binding judgement from the Supreme Court of the State of New York, USA declaring that Upaid was solely responsible for any tax liability under Indian law in respect of the settlement amount. Upaid had filed an application before the Authority for Advance Rulings ("AAR") seeking a binding advance ruling under the Income Tax Act, 1961 (IT Act) regarding taxability of the above mentioned payment, which ruling was pronounced in October 2011.

In January 2012, Upaid and the Company executed a Supplemental Settlement Agreement to clarify certain provisions of the Settlement Agreement and in accordance therewith, the Company discharged in February 2012 all payment obligations to Upaid aggregating USD 59 Million (equivalent to ₹ 3,046 Million) and applicable interest. The remittances were made after deduction of applicable withholding taxes in India. Accordingly, the Texas Action and all other actions related to this matter in the US Courts have been dismissed.

The aforesaid amount of ₹ 3,046 Million is debited to the Statement of Profit and Loss for the year as Exceptional item. An equivalent amount is reversed from provision for contingencies. Also refer Note 52.2 and note (i) under Note 55.

28. American Depository Shares (ADSs)

Effective October 14, 2010, the Company's ADSs were delisted from the New York Stock Exchange (NYSE) but continued to trade on the over-the-counter (OTC) market in the United States.

Since May 2001, the Company's equity shares underlying its ADSs and the ADSs themselves have been registered with the Securities and Exchange Commission (SEC). The registration obligates the Company to file annual and other reports with the SEC.The Company has determined that it will not be able to become current in its SEC filing obligations and hence expected the SEC to revoke the Company's registration sometime in future. The revocation of registration would prevent continued trading of the ADSs in US markets, and in order to protect the interests of ADS holders, the Company determined to wind down the ADS program in an orderly fashion.

Notes forming part of the Consolidated financial statements

Accordingly, in August 2011 the Company entered into a supplemental agreement with the depository bank, Citibank, N.A., to terminate the Deposit Agreement. As a result of the termination, the ADS program was expected to be wound down by March 2012 in accordance with the supplemental Deposit Agreement. During the transition period the holders of ADSs were eligible to surrender their ADSs in exchange for corresponding equity shares in the Company, subject to applicable regulatory restrictions of India, the US and jurisdictions where the holders resided. After trading of ADSs was terminated, the depository would arrange for the sale (on a commercially reasonable efforts basis) of the equity shares then held on deposit and would hold the net proceeds of such sale (after deduction of applicable fees, taxes and expenses), without liability for interest, in an unsegregated account for the pro rata benefit of holders of ADSs then outstanding. As confirmed by the depository bank, as at March 31 2012 all the equity shares underlying the ADSs have been exchanged / sold.

The SEC revoked the registration of the Company's ADS under the Securities Exchange Act of 1934 on March 29, 2012, after the transition period and related wind-down of the ADS facility described above was completed.

The Company's equity shares continue to trade in India on the Bombay Stock Exchange and the National Stock Exchange.

29. Class action complaint

Subsequent to the letter by the erstwhile Chairman (Refer Note 25), a number of persons claiming to have purchased the Company's securities had filed class action lawsuits against the Company, its former auditors and others in various courts in the USA alleging violations of the United States federal securities laws. The lawsuits were consolidated into a single action (the "Class Action") in the United States District Court for the Southern District of New York (the "USDC"). The Class Action Complaint sought monetary damages to compensate the Class Members for their alleged losses arising out of their investment in the Company's common stock and ADS during the Class Period.

During the previous year,the class action complaint was settled for USD125 Million ("Settlement Amount") and 25% of any net recovery that the Company may in the future obtain against any of the former auditors.

The USDC granted final approval to the Settlement Agreement in September 2011. The settlement has become effective pursuant to its terms and in exchange for the Settlement Amount (net of deductions), the Lead Plaintiffs and the members of the Class who do not opt-out of the Class, would release, among other things, their claims against the Company.

The Settlement Amount was deposited in an escrow account, of which a portion has been paid out for expenses and charges in accordance with the Settlement Agreement and the balance amount of USD 101 Million (equivalent to ₹ 4,515 Million) would be remitted to the Class Members after the determination of the applicability of withholding tax by the Authority for Advance Rulings (AAR).

30. SEC proceedings

During the previous year, the Company entered into a settlement agreement with the SEC in connection with the SEC investigations into misstatements in the Company's financial statements predating January 7, 2009, without admitting or denying the allegations in the SEC's complaint and a penalty amount of USD 10 Million (equivalent to ₹ 447 Million), which was accrued during the previous year, was remitted to the SEC in the current year.

31. Commitments and contingencies

31.1 Aberdeen action (USA)

On November 13, 2009, a trustee of two trusts that are assignees of the claims of twenty investors who had invested in the Company's ADS and common stock, filed a complaint against the Company, its former auditors and others (the "Action") on grounds substantially similar to those contained in the Class Action Complaint (Refer Note 29). The Action, which has been brought as an individual action, alleges that the losses suffered by the twenty investors (Claimants) is over USD 68 Million. The Action has been transferred to the Court in the Southern District of New York for pre-trial consolidation with the Class Action Complaint.

On February 18, 2011, an amended complaint was filed in the Action ("Aberdeen Amended Complaint"). The Aberdeen Amended Complaint makes substantially the same allegations and asserted the same claims against the Company as the original complaint in the Action. In the light of this amended complaint, the Court denied the then-pending motions to dismiss the original complaint in the Action as moot. On May 3, 2011, the Company and other defendants moved to dismiss the Aberdeen Amended Complaint on various grounds.

Based on the legal advice obtained by the Company, the Company is contesting the above lawsuit, the outcome of which is not determinable at this stage.

31.2 Aberdeen (UK) complaint

On April 2, 2012, the Company was served with a Claim Form and Particulars of Claim dated December 22, 2011, relating to proceedings initiated in the Commercial Court in London (the "English Court") by Aberdeen Asset Management PLC on behalf of 23 "Claimants" representing 30 funds who had invested in the Company's common stock that traded on the exchanges in India (the "English Action"). The allegations made in the English Action are similar to those in the Class Action Complaint (Refer Note 29). The English Action alleges the Claimants' losses to be in excess of $150 Million and simple interest at 8% p.a. but provides no details on the basis for that amount, nor any details from which an approximate claimed damages amount may be ascertained. The Company is currently contesting the jurisdiction of the English Court, while all other defenses on the merits of the claims and its legal options remain fully reserved. There will be no substantive activity in the English Action until the English

Notes forming part of the Consolidated financial statements

Court has ruled on the threshold jurisdiction issue. Accordingly, in addition to the uncertainty over the claimed losses, it is also uncertain whether the English Court will even continue to exercise jurisdiction over the lawsuit. Given the lack of sufficient detail in the particulars of claim on the alleged losses, and the possibility that the English Court may not retain jurisdiction over the English Action, its outcome is unpredictable.

31.3 Income tax matters

i. Financial years 2002-03 to 2005-06

Consequent to the letter of the erstwhile Chairman of the Company, the Assessing Officer rectified the assessments earlier completed for the financial years 2002-03 to 2005-06, by passing rectification orders under Section 154 of the Income-tax Act, 1961 by withdrawing foreign tax credits and raising tax demands aggregating ₹ 2,358 Million (including interest) against which refunds of financial years 2007-08 and 2009-10 aggregating ₹ 17 Million have been adjusted. During the financial year ended March 31, 2010, the Company had filed an appeal with the Commissioner of Income Tax (Appeals) (CIT (A)). In August, 2010 the CIT (A) dismissed the appeals. Subsequently, the Company has filed appeals before the Income Tax Appellate Tribunal (ITAT) for the aforesaid years which are pending disposal as on date.

ii. Financial year 2001-02

For the financial year 2001-02, there are pending demands from the income tax authorities for ₹ 133 Million (including interest) against which refund for the financial year 2003-04 amounting to ₹ 125 Million has been adjusted in the normal course of assessment against which the Company has filed an appeal before the CIT(A) which is pending disposal as on date.

iii. Financial years 2004-05 and 2005-06

During the previous year, the assessments (in the normal course of assessment) for the financial years 2004-05 and 2005-06 were further modified by re-computing the tax exemptions claimed by the Company and consequently enhancing the tax demands by ₹ 491Million and ₹ 369 Million, respectively. Such demands have been adjusted to the extent of ₹ 152 Million and ₹ 172 Million (including interest), being the refunds forthe financial years 2008-09 and 2009-10, respectively. As against the aforesaid demands,the Company has paid an amount of ₹ 85 Million as at March 31, 2012(As at March 31, 2011-₹85 Million). The Company has filed appeals before the Commissioner of Income Tax (Appeals) (CIT (A)) against the said enhancement of tax for the aforesaid years which are pending disposal as on date.

iv. Financial years 2006-07 and 2007-08

With respect to the financial years 2006-07 and 2007-08, demands of ₹ 812 Million (including interest) and ₹ 2,562 Million (including interest), respectively, had been raised against the Company by disallowing the foreign tax credits claimed in the returns. The revised returns filed by the Company for these years were rejected by the Income Tax Department. The Company has filed an appeal against the above said rejection of its revised returns which is pending before the ITAT.

The Company's contention with respect to the above tax demands is that the Income Tax Department should take a holistic view of the assessment and exclude the fictitious sales and fictitious interest income. If the said contention of the Company is accepted, there would be no tax demand payable.

v. Petition before Central Board of Direct Taxes (CBDT) / Hon'ble High Court of Andhra Pradesh

The Company had filed various petitions before CBDT requesting for stay of demands for the financial years 2002-03 to 2007-08 till the correct quantification of income and taxes payable is done for the respective years. In March 2011 the CBDT rejected the Company's petition and the Company filed a Special Leave Petition before the Hon'ble Supreme Court which directed the Company to file a comprehensive petition / representation before CBDT giving all requisite details / particulars in support of its case for re-quantification / re-assessment of income for the aforesaid years and to submit a Bank Guarantee (BG) for ₹ 6,170 Million. Pursuant to the direction by the Hon'ble Supreme Court, the Company submitted the aforesaid BG and also filed a comprehensive petition before the CBDT in April 2011.

The CBDT vide its order dated July 11, 2011 disposed the Company's petition directing it to make its submissions before the Assessing Officer incourse of the ongoing proceedings for the aforesaid years and directed the Income Tax Department not to encash the BG furnished by the Company till December 31, 2011. Aggrieved by CBDT's order, the Company filed a writ petition before the Hon'ble High Court of Andhra Pradesh on August 16, 2011. The Hon'ble High Court of Andhra Pradesh vide its order dated December 14, 2011 adjourned the hearing to January 31, 2012 and directed the Income Tax Department not to encash the BG until then.

In the meanwhile, the Assessing Officer served an order for provisional attachment of properties under Section 281B of the Income Tax Act, 1961 on January 30, 2012 attaching certain immovable assets of the Company on the grounds that there is every likelihood of a large demand to be raised against the Company for the financial years 2002-03 to 2008-09 along with interest liability.Aggrieved by such order, the Company filed a writ petition in the Hon'ble High Court of Andhra Pradesh which granted a stay on the operation of the provisional attachment order until disposal of this writ.

The writ petition is pending hearing on June 26, 2012 along with all other pending writ petitions and the Hon'ble High Court has also directed to renew the BG for another six months which has since then been renewed.

vi. Appointment of Special Auditor and re-assessment proceedings

Financial years 2001-02 and 2006-07:

The Assessing Officer had commissioned a special audit which has been challenged by the Company on its validity and terms vide writ petitions filed before the Hon'ble High Court of Andhra Pradesh. The said petitions are pending disposal.

Notes forming part of the Consolidated financial statements

In August, 2011, the Additional Commissioner of Income Tax has issued the Draft of Proposed Assessment Orders accompanied with the Draft Notices of Demands amounting to ₹ 7,960 Million and ₹ 10,757 Million for the financial years 2001-02 and 2006-07, respectively, proposing variations to the total income, including variations on account of Transfer Pricing adjustments. The Company has filed its objections to the Draft of Proposed Assessment Orders for the aforesaid years on September 16, 2011 with the Hon'ble Dispute Resolution Panel, Hyderabad, which is pending disposal.

Financial years 2002-03 and 2007-08:

In December 2011, the Additional Commissioner of Income Tax has appointed a Special Auditor under section 142(2A) of the Income Tax Act, 1961 to audit the accounts of the Company for financial years 2002-03 and 2007-08, which is in progress.

vii. The above disputes exclude further interest which may arise in case of an unfavourable order being finalised.

viii. Provision for taxation

The Company is carrying a total amount of ₹ 5,228 Million (net of payments) [As at March 31, 2011 - ₹ 3,803 Million (net of payments)] towards provision for taxation including for prior years. Considering the effects of financial irregularities, status of disputed tax demands and the appeals / claims pending before the various authorities, the consequent significant uncertainties regarding the outcome of these matters and the significant uncertainties in determining the tax liability, the Company has been professionally advised that it is not appropriate to make adjustments to the provisions pertaining to prior years at this stage.

Subsidiaries

SVES

(i) Financial years 2001-02, 2002-03, 2003-04, 2004-05, 2005-06 and2006-07

The tax assessments for the financial years 2001-02, 2002-03, 2003-04, 2004-05, 2005-06 and 2006-07 are pending adjudication by the ITAT with respect to adjustment to export turnover, sales commission, arm's length price etc. The total tax demand relating to the disputed tax together with interest is ₹ 216 Million (As at March 31, 2011 - ₹ 76 Million). SVES has made a payment towards the disputed tax under protest for an amount of ₹ 60 Million till March 31, 2012 (As at March 31, 2011 - ₹ 38 Million). Pending disposal of the appeals before ITAT, SVES as a measure of prudence had made a provision for tax for earlier years to the extent of ₹ 30 Million and ₹ 12 Million for the year ended March 31, 2009 and March 31, 2010 respectively representing the tax liability on commission paid to VGE with respect to sales made to the Company (mainly to end customer TRW) as the balance sales commission paid to VGE on sales made to others has been allowed for three years except for financial years 2001-02, 2005-06 and 2006-07 (where a special audit under section 142 (2A) of the Income Tax Act, 1961 on account of Satyam financial irregularities was carried out and consequent to which SVES received such assessment orders).

The Assistant Commissioner of Income Tax, Central Range 1, Hyderabad had ordered special audit of accounts of the company for the financial years 2001-02 and 2006-07 under section 142(2A) of the Income Tax Act, 1961 by a letter dated December 18, 2009. The special audit of accounts was carried out and the auditors have since submitted their report to the Assistant Commissioner of Income Tax during the year 2009-10. Consequently SVES received the draft Assessment order wherein adjustments were made towards export turnover and sales commission. SVES contested the same in the Dispute Resolution Panel.

(ii) Update during the current year

During the year, SVES made further provision relating to this matter for earlier years amounting to ₹ 66 Million and relating to the current period for ₹ 5 Million. The balance amount of ₹ 103 Million (As at March 31, 2011 - ₹ 34 Million) that has not been provided is considered as a contingent liability.

During the year, SVES has received order for special audit of accounts of the company for the financial year 2002-03 and 2007-08 under section 142(2A) of the Income Tax Act, 1961 on account of Satyam financial irregularities by a letter dated December 15, 2011. The audit started in May 2012.

The financial statements of SVES for the current year do not include any adjustments made on account of the ongoing investigation on the parent company by the Regulatory Authorities as the Management, at this juncture, does not foresee any adjustments to be made in the financial statements of SVES as a result of any such investigations.

C&S System

(i) Claims / demands on account of direct / indirect taxes - ₹ 10 Million (As at March 31, 2011 - ₹ Nil).

31.4 Indirect tax matters

i. Sales tax / value added tax

Karnataka

The Company received demands from the Karnataka Sales Tax Department for the financial years 2003-04 to 2007-08 totaling to ₹ 656 Million inclusive of penalty. As against the above demand, the Company paid an amount of

₹ 639 Million inclusive of penalty under protest. The Company has gone on appeal against the said demands, which appeals are pending before the Karnataka Appellate Tribunal for the financial years 2003-04 and 2004-05, and with the Joint Commissioner of Commercial Taxes (Appeals) for the financial years 2006-07 and 2007-08.

Andhra Pradesh

The Company has received demands from the Andhra Pradesh Sales Tax Department amounting to ₹ 352 Million (As at March 31, 2011 - ₹ 299 Million) inclusive of penalty and interest for the financial years 2002-03 to 2009-10. As against the demand, the Company paid an amount of ₹ 238 Million (including penalty and interest) (As at March 31, 2011 - ₹ 213 Million) under protest. The Company's appeal for the financial years 2002-03 to 2007-08 is pending before the Sales Tax Appellate Tribunal and the Company has filed a writ petition in the Hon'ble High Court of Andhra Pradesh for the financial years 2007-08 (in respect to APVAT and CST Penalty demands only), 2008-09 (entire demand) and 2009-10 (entire demand) and is yet to receive the hearing dates.

ii. Service tax

The Company had availed Service Tax Input Credit on certain input services which the Service Tax Department challenged for the period from March 2005 to September 2008 and has demanded service tax amounting to ₹ 212 Million inclusive of penalty. The Company has gone on appeal before the Central Excise Service Tax Appellate Tribunal (CESTAT) for confirming the Service Tax Input Credit availed, which is pending final disposal. Subsequently, CESTAT has ordered pre-deposit of ₹ 52 Million (As at March 31, 2011- ₹ 10 Million) which has been paid by the Company, by utilising its input tax credits.

Notes:

(a) Amounts paid by the Company against the above demands under protest have been reflected under Long-term loans and advances.

(b) The above excludes show cause notices relating to sales tax amounting to ₹ 4,554 Million (including penalty) (As at March 31, 2011 - ₹ 4,554 Million (including penalty)) and relating to service tax amounting to ₹ 259 Million (including penalty) (As at March 31, 2011 - ₹ Nil).

31.5 Foreign Exchange Management Act (FEMA), 1999

The Directorate of Enforcement has issued a show-cause notice to the Company for contravention of the provisions of the Foreign Exchange Management Act, 1999 and the Foreign Exchange Management (Realisation, Repatriation and Surrender of Foreign Exchange) Regulations, 2000, in respect of the realisation and repatriation of export proceeds to the extent of foreign exchange equivalent to ₹ 506 Million for invoices raised during the period July 1997 to December 31, 2002. The Company is dealing with the matter appropriately.

31.6 Matters relating to overseas branches - Company

Claims / demands on account of direct / indirect taxes - ₹ Nil (As at March 31, 2011- ₹ 317 Million).

31.7 Compliance with employee / labour related laws

Claims / demands from Employee's State Insurance and Provident Fund authorities - ₹ 6 Million. As against the demand the Company has paid an amount of ₹ 3 Million under protest. The Company's appeals against the demands are pending disposal at various forums.

31.8 Other claims

a. Alleged advances refer Note 25.3.

b. Claims from employees, vendors and customers – ₹ 368 Million (As at March 31, 2011 - ₹ 424 Million) and dispute in relation to a subsidiary refer Note 36.4.

c. Claim on Satyam Computer Services Limited BVBA, Belgium by the entity to whom S&V Management Consultants was sold to - ₹ 21 Million (As at March 31, 2011- ₹ Nil).

31.9 Guarantees / comfort letters provided by the Company – Refer Note 48.

31.10 Capital commitments

Contracts pending execution on capital accounts (net of advances) ₹ 3,448 Million (As at March 31, 2011- ₹ 4,697 Million).

31.11 Purchase commitments to / in respect of subsidiaries

(i) In respect of a subsidiary (Bridge Strategy Group LLC), the future purchase consideration payable is ₹ Nil (As at March 31, 2011- USD 4.77 Million equivalent to ₹ 212 Million).

(ii) On March 7, 2012 the Company entered into two share purchase agreements with vCustomer Corporation ("the Seller") i.e. Purchase and Sale Agreement of the Membership Interests of vCustomer Services LLC and Share Purchase Agreement between Satyam, vCustomer Corporation and Value Fincon Private Limited:

(a) to acquire 100% of the membership interest in vCustomer Services LLC, a Washington based limited liability company for a total cash consideration of upto USD 25.20 Million (equivalent to ₹ 1,291 Million) to be paid in the

Notes forming part of the Consolidated financial statements

next financial year, comprising an upfront consideration of USD 19.20 Million (equivalent to ₹ 983 Million) and a contingent consideration of upto USD 6 Million (equivalent to ₹ 307 Million) payable by December 31, 2012. The contingent consideration is payable to the selling shareholders on satisfaction of conditions prescribed in the Agreement. The said consideration of USD 19.20 Million (equivalent to ₹ 1,020 Million) has been remitted to the Seller on May 9, 2012.

(b) to acquire 100% of the equity share capital in Value Fincon Private Limited (now New vC Services Private Limited), a company incorporated under the Companies Act, 1956, for a total cash consideration of USD 1.80 Million (equivalent to ₹ 91 Million) to be paid in the next financial year. The said consideration of USD 1.8 Million (equivalent to ₹ 96 Million) has been remitted to the Seller on May 9, 2012.

31.12 Other commitments

(i) The Company has / had certain outstanding export obligations / commitments as at March 31, 2012 and March 31, 2011. The Management is confident of meeting these obligations / commitments within the stipulated period of time / obtaining suitable extensions, wherever required.

(ii) Commitments in relation to Land – Refer Note 35.2 and in relation to an international sports federation Refer Note 38.

31.13 Management's assessment of contingencies / claims

The amounts disclosed under contingencies / claims represent the best possible estimates arrived at on the basis of the available information. Due to high degree of judgment required in determining the amount of potential loss related to the various claims and litigations mentioned above in which the Company is involved and the inherent uncertainty in predicting future settlements and judicial decisions, the Company cannot estimate a range of possible losses.

However, the Company is carrying a provision for contingencies as at March 31, 2012, which, in the opinion of the Management, is adequate to cover any probable losses in respect of the above litigations and claims. Refer Note 52.2.

32. Other regulatory non-compliances / breaches

32.1 Non-compliances / breaches under the Companies Act, 1956 ('the Act') and ESOP Guidelines of SEBI under the erstwhile Management

(i) The present Management had identified certain non-compliances / breaches of various laws and regulations of the Company under the erstwhile management including but not limited to the following - payment of remuneration / commission to whole-time directors / non-executive directors in excess of the limits prescribed under the Act, unauthorised borrowings, excess contributions to Satyam Foundation, loan to ASOP Trust (Satyam Associate Trust) without prior Board approval under the Act, delay in deposit of dividend in the bank, dividend paid without profits, non-transfer of profits to general reserve relating to interim dividend declared, utilisation of the Securities Premium account, declaration of bonus shares and violation of SEBI ESOP Guidelines. In respect of some of these matters, the Company has applied to the Hon'ble Company Law Board for condonation and is proposing to make an application to the other appropriate authorities, where applicable, for condoning the remaining non-compliances and breaches relatable to the Company. Any adjustments, if required, in the financial statements of the Company, would be made as and when the outcomes of the above matters are concluded.

(ii) Company law violations as per SFIO reports

Consequent to the letter written by the erstwhile Chairman, SFIO investigated into the affairs of Company under Section 235 of the Act. As a result of the investigation, SFIO filed seven cases on company law violations, out of which the Company was accused in the two cases mentioned below:

(a) The payment of professional fee to a non-executive director in respect of which, the SFIO held that the Company had not complied with Section 309 of the Act in seeking the opinion of the Central Government on the requisite qualifications possessed by the director for the practice of the profession.

The Union of India filed a complaint in the Court of the Special Judge for Economic Offences at Hyderabad under Section 621 alleging violation of Section 309 read with Section 629A of the Act. In the said Complaint, the Union of India has also sought refund of the amount paid to the said director by the Company. The Court has framed charges with respect to the aforesaid violation. The Company filed a compounding application before the Hon'ble CLB, Chennai bench with respect to the said offence.

(b) The SFIO stated that the Company had filed incomplete Balance Sheets as on March 31, 2007 and March 31, 2008 on the MCA website thereby violating the provisions of Section 220 of the Act.

The Union of India filed a Complaint in the Court of Special Judge for Economic Offences at Hyderabad under Section 621 alleging violation of Section 220 read with Section 162 of the Act for filing incomplete balance sheets. The Court has framed the charges with respect to the aforesaid violation. The Company filed a compounding application before the Hon'ble CLB, Chennai bench with respect to the said offence.

The condonation applications filed with the Hon'ble CLB in respect of the above two cases were dismissed. The Company filed appeals before the Hon'ble High Court of Judicature of Andhra Pradesh which remanded the case back to the Hon'ble CLB for its consideration afresh in accordance with law.

Notes forming part of the Consolidated financial statements

32.2 Foreign Exchange Management Act, 1999 (FEMA)

There are certain uncollected dues / receivables in foreign currency which are outstanding for a long period of time for which the required permission for extension of time has not been obtained from the appropriate authorities. The Company is in the process of regularising the above and filing all the required applications / details.

During the current year, the Company has established a process of matching inward remittances on a one-on-one basis to the relevant invoices. In respect of earlier years (upto March 2011), the Company has initiated action for matching as aforesaid and the matter is being appropriately dealt with.

Any adjustments, if required, in the financial statements of the Company, would be made as and when the outcomes of the above matters are concluded.

32.3 Non-compliances / breaches of other laws

For non-compliance / breaches of statutory requirements in relation to:

a. Delays in filing of tax returns in overseas jurisdictions

b. Employee / labour related matters in overseas jurisdictions

The Company has taken appropriate remedial action and non-compliances wherever identified have been appropriately dealt with.

33. Financial Reporting Process

33.1 Internal control matters

Pursuant to an evaluation of the internal controls in the Company by the current Management for the year ended March 31, 2009, various deficiencies and weaknesses were identified.

Over the past three financial years i.e. 2009-10, 2010-11 and 2011-12, the Company under the new management took several steps including *inter-alia* appointing a new audit committee, revising the code of Ethical Conduct, nominating a Corporate Ombudsman and formulating an entity wide risk management policy duly approved by the Board. The internal audit function has also been strengthened by appointing a reputed and independent external agency as the Internal Auditor.

Amongst the initiatives, the Management has carried out a complete analysis of unexplained / un-reconciled balances between various sub-systems / sub-ledgers and the general ledger and the same has been appropriately dealt with in the accounts (Refer Note 33.2).In addition, physical verification of fixed assets has been conducted in accordance with a defined program by the Management and the net differences that were noticed were appropriately dealt with in the books (Refer Note 35.4).

Further, the new Management, for the purpose of ensuring appropriate controls over the financial reporting process and the preparation of the financial statements, has implemented specific procedures like manual reconciliations between the various sub-systems / sub-ledgers and the general ledger, requests for various balance confirmations as part of the year end closure process, confirmation of the department-wise financial details by the business leaders, preparation and review of proper bank reconciliation statements, review of the revenue recognition policies and procedures, preparation and review of schedules for key account balances, implementing proper approval mechanisms, closer monitoring of the financial closure process etc.

The software platforms including the ones used for financial reporting are non-integrated contributing to certain deficiencies in IT General and Application controls, and, therefore, compensating manual reconciliations are carried out as mentioned above. In addition, the Management is evaluating migration to a new ERP in a phased manner.

As at March 31, 2012, the new Management's efforts have resulted in improved controls over the process of revenue recognition, receivables management, approval mechanisms and the preparation and review of material account balances, which have reached a stage so as to provide reasonable level of assurance regarding these account balances in the preparation and presentation of the financial statements.

33.2 Year-end reporting

As stated above, with respect to some of the key business processes like revenues, expenses, payroll, fixed assets, etc., the Company uses various sub-systems which are not integrated with the financial reporting package maintained by the Company. Within the financial reporting package, there are also sub-ledgers and general ledger. In this respect, certain unexplained differences were noted in the previous years between the sub-systems / sub-ledgers and the general ledger for which reconciliations have been completed as at March 31, 2012 and appropriately dealt with in the books.

As part of the year-end financial reporting and closure process, requests for confirmation of balances / other details were sent out to various parties including banks, customers, vendors, employees, others etc., for confirming the year end balances / other details.

With respect to the cases where the balances / other details were not confirmed by customers / vendors the Company has confirmed these balances based on alternate procedures and adjustments, where required, including provision for doubtful receivables and provision for expenses, which have been carried out in the financial statements based on the information available with the Management.

Notes forming part of the Consolidated financial statements

34 Share application money pending allotment

The amount received from the associates on exercise of stock options is accounted as Share application money pending allotment. Upon allotment, the amount received corresponding to the shares allotted against the options exercised is transferred to Share capital and Securities Premium account (if applicable) and taxes (if applicable) recovered from associates. An amount of ₹ 87,869 is outstanding as at March 31, 2012 (As at March 31, 2011 - ₹ 196,071) representing amounts received from associates of the Company on exercise of stock options towards face value, securities premium and perquisite tax recovered by the Company from the associates, pending allotment.

35 Accounting for fixed assets / depreciation- Company

35.1 Additional / accelerated depreciation

The Management has carried out a detailed review of certain fixed assets as per the fixed assets register and after duly considering the usability and technical obsolescence of the same, provided for additional / accelerated depreciation to the extent of ₹ 23 Million (Previous year - ₹ 29 Million) in the financial statements.

35.2 Land

(i) In respect of its land at Hyderabad, the Company entered into an agreement with the Government of Andhra Pradesh (GoAP) for the purchase of land. The agreement is covered under the Information and Communications Technology (ICT) Policy 2002-2005 of the Information Technology & Communications Department of GoAP. Pursuant to the same, the Company is eligible for the incentives, concessions, privileges and amenities applicable to Mega Projects in terms of the said policy and also certain other incentives as specified in the agreement entered into with GoAP.

As per the memorandum of understanding (MOU) and other agreements, entered into by the Company, the Company acquired the land from the GoAP. During the financial year ended March 31, 2009, the Company accounted for the eligible grant amounting to ₹ 96 Million towards the basic cost of the land on acquisition which was adjusted to the cost of the land as per the books of account in accordance with the accounting policy followed by the Company. The Company's entitlement to the aforesaid rebate is subject to the condition that the Company shall employ a minimum of 6500 eligible employees in its facilities constructed over the said land within the periods specified in the MOU and the agreements. To secure this obligation the Company furnished bank guarantees (BGs) favouring Andhra Pradesh Industrial Infrastructure Corporation (APIIC). During the current year, on employing certain eligible employees, the Company's obligation towards the rebate was reduced proportionately and the BG values were accordingly reduced. As at March 31, 2012, BGs aggregating ₹ 75 Million (As at March 31, 2011- ₹ 96 Million) are outstanding.

(ii) In respect of land admeasuring 50 acres purchased from Andhra Pradesh Industrial Infrastructure Corporation Limited (APIIC) in Vishakhapatnam for a total cost of ₹ 50 Million there are certain disputes which have arisen and the Government of Andhra Pradesh has ordered the District Collector to allot alternate land to the Company. In view of the Management, the said land will be allotted in favour of the Company and, pending alternate allotment, the amount of ₹ 50 Million is included in Capital Advances (under Long-term loans and advances) as at March 31, 2012 and March 31, 2011.

(iii) The Company has entered into an agreement with the Maharashtra Airport Development Company Ltd (MADC) for the land taken on lease in Nagpur for which it shall erect buildings and commence commercial activities by October 24, 2012.

35.3 Capital work-in-progress

(i) The Company had entered into an agreement for purchase of an ERP software on March 31, 2008 amounting ₹ 451 Million, which was not accounted as at March 31, 2008. During the year ended March 31, 2009, the Company accounted for this amount of ₹ 451 Million under Capital work-in-progress pending use and installation of the software and also created an impairment provision as at March 31, 2009, since the Management had not finalised its plan for implementation of ERP software. In the current year the Management finalised its plans for a different ERP and decided to write off the amount of ₹ 451 Million against the provision made earlier.

(ii) During the previous year, the Company sold fixed assets valued at ₹ 270 Million which were included under Capital work-in-progress.

35.4 Physical verification of fixed assets

During the current year, the Company conducted a physical verification of its fixed assets in accordance with its physical verification program. The net difference arising therefrom amounting to ₹ 43 Million (gross value ₹ 1,551 Million and accumulated depreciation ₹ 1,508 Million) has been written-off in the Statement of Profit and Loss.

35.5 Change in useful life

Based on a technical evaluation during the year, the Company revised the estimated useful life of computers from two to three years, the resultant impact of which on depreciation is not significant.

36 Subsidiaries

36.1 During the current year, the Company infused an amount of ₹ 211 Million (Previous year - ₹ 211 Million) in Bridge Strategy Group LLC (Bridge) a subsidiary of the Company. In addition, the Company paid a contingent consideration of ₹ Nil (Previous year - ₹ 358 Million) which has been added to the cost of investment.

36.2 During the year, the Company infused an amount of ₹ 194 Million (Previous Year - ₹ 238 Million) in Satyam Computer Services

Belgium, BVBA (Satyam Belgium) a subsidiary of the Company. Satyam Belgium sold its entire stake in S&V Management Consultants NY (a wholly owned subsidiary of Satyam Belgium), for a consideration of Euro 6 Million.

36.3 The Company incorporated its subsidiary in Mexico (Satyam Computer Services De Mexico S.DE R.L.DE C.V). However, no investments have been made by the Company as at March 31, 2012.

36.4 Dispute with Venture Global Engineering LLC

The Company and Venture Global Engineering LLC (VGE) entered into a 50:50 Joint Venture Agreement in 1999 to form an Indian Company called Satyam Venture Engineering Services Private Limited (SVES). SVES was formed to provide engineering services to the automotive industry.

On or around March 20, 2003 numerous corporate affiliates of VGE filed for bankruptcy (Default Event under the SHA) and consequently the Company, exercised its option under the Shareholders Agreement (herein after referred to as "the SHA"), to purchase VGE's shares in SVES. The Company's action, disputed by VGE, was upheld in arbitration by the London Court of International Arbitration vide its award in April 2006 ("the Award").

The Courts in Michigan, USA, confirmed and directed enforcement of the Award. In 2008, the District Court of Michigan (since affirmed by the Sixth Court of Appeals in 2009) held VGE in contempt for its failure to honour the Award and *inter-alia* directed VGE to dismiss its Board members and replace them with individuals nominated by the Company. Following this, VGE has appointed the Company's nominees on the Board of SVES and SVES confirmed the appointment at its Board meeting held on June 26, 2008. The Company is legally advised that SVES became its subsidiary only with effect from that date.

In the meantime, while proceedings were pending in the USA, VGE filed a suit in April 2006, before the District Court of Secunderabad in India for setting aside the Award. The suit to set aside the Award was dismissed by the District Court and the Hon'ble High Court of Andhra Pradesh but VGE's appeal to the Hon'ble Supreme Court was upheld in January 2008 that set aside the orders of the Hon'ble High Court and remanded the matter back to the City Civil Court, Hyderabad for hearing the suit on merits. The Hon'ble Supreme Court also directed status quo with regard to transfer of shares till the disposal of the suit. In a separate application, VGE also sought to bring in additional pleadings on record in the matter pending before the City Civil Court that was ultimately allowed by the Hon'ble Supreme Court in August 2010. The City Civil Court, vide its judgment in January 2012, has set aside the Award. The Company is in the process of evaluating its legal options.

In December 2010, VGE and the sole shareholder of VGE (the "Trust", and together with VGE, the "Plaintiffs"), filed a complaint against the Company in the United States District Court for the Eastern District of Michigan ("District Court") asserting claims under the Racketeer Influenced and Corrupt Organisation Act, 1962 (RICO) and seeking damages with respect to the fraud claim, interest costs and attorney fees ("the Complaint"). The District Court vide its order in March 2012 has dismissed the Plaintiffs' Complaint. The Plaintiffs have filed an application seeking amendment of the Compliant that is pending disposal.

36.5 Impairment of Goodwill

During the years ended March 31, 2012 and March 31, 2011, based on reports received from independent professional agencies, Management assessed the operations of the subsidiaries, including future projections and, accordingly, (reversed) / made the following impairment provisions towards goodwill:

(₹ in Million)

Name of the Subsidiary	For the year ended March 31, 2012	For the year ended March 31, 2011
Satyam Computer Services Belgium, BVBA (Satyam Belgium)	(1,305)	119
Bridge Strategy Group LLC	-	358
C&S System Technologies Pvt. Ltd.	-	7
Total	**(1,305)**	**484**

Notes:

(i) During the year ended March 31, 2012, on sale of the entire stake in S&V Management Consultants NV by Satyam Belgium (Refer Note 1.3 (vii) and Note 36.2), the prior year provisions for impairment of goodwill amounting to ₹ 1,305 Million was reversed. After adjusting for the corresponding goodwill and other losses, the net impact has been included under other exceptional items (Refer Note 55).

(ii) In respect of the year ended March 31, 2011, out of ₹ 484 Million provided during that year, ₹ 358 Million has been classified as exceptional item (Refer Note 55) and the balance ₹ 126 Million has been classified under operating and administration expense (Refer Note 23).

37 Accounting for revenue and customer receivables - Company

37.1 Customer receivables

The procedures instituted by the Company for automated / manual reconciliations between sub-systems / sub-ledgers / general ledger were further strengthened and streamlined during the year pursuant to which, the un-reconciled balances relating to customer receivables between sub-system / sub-ledger / general ledgers of the earlier years were identified and appropriately dealt with in the financial statements.

Notes forming part of the Consolidated financial statements

Based on the above:

a. receipts were identified and applied / adjusted against receivables.

b. classification of receivables was carried out between those outstanding for a period exceeding six months from the date they were due for payment and other debts; and

c. adequate provision for doubtful customer receivables has been made and the Company is carrying a total provision for doubtful receivables amounting to ₹ 4,277 Million (As at March 31, 2011 - ₹ 4,264 Million) including towards contractually reimbursable expenses that are recoverable from the customers.

37.2 Accounting for revenue

During the year, the Company strengthened its processes and procedures (also refer Note 33) for accounting for revenue and in particular:

(i) POC:

In respect of contracts under Percentage completion method (POC), the requisite documentation to support initial / revision in estimates of costs / hours has been streamlined.

(ii) Unbilled revenue:

In respect of services rendered during the year remaining unbilled as at the Balance Sheet date as well as those services relating to the current year billed subsequently, proper cut-off procedures were instituted and the required adjustments have been carried out in the financial statements.

In the view of the Management, where losses were expected in the execution of certain projects, appropriate provisions for such contract losses have been made to the extent of ₹ 194 Million (As at March 31, 2011 - ₹ 250 Million).

(iii) Accounting for contracts containing multiple deliverables and obligations:

In respect of contracts that contain clauses that provide for multiple elements or deliverables including the delivery of hardware equipment / software but are still part of an integrated solution to the customer, hardware and other items included in the contracts have been accounted under 'Cost of hardware equipment and other items sold' and unsold items have been classified as Inventory. Inventories have been valued at lower of cost and net realisable value.

(iv) Unearned Revenue:

In respect of invoices raised in advance of rendering of service, proper cut-off procedures were instituted and the required adjustments have been carried out in the financial statements.

(v) Reimbursements / recoveries from customers:

In respect of reimbursement / recoveries from customers, the Company separately identifies the amounts to be recovered and accounts them as contractual receivables when no significant uncertainty as to measurability or collectability exists

37.3 Post contract services / warranties

As per the terms of the contracts, the Company provides post contract services / warranty support to some of its customers. In the absence of the required information, the Company has accounted for the provision for warranty / post contract support on the basis of the information available with the Management duly taking into account the current technical estimates.

Refer Note 52.1.

38 Accounting for transactions with an international sports federation

The Company had entered into an agreement with an international sports federation (the federation) in the financial year 2007-08 pursuant to which the Company was granted various sponsorship rights in respect of the events conducted by the federation to be held in 2009, 2010, 2013 and 2014.

Based on the terms of the agreement, the Company was required to discharge the consideration for sponsorship rights partly in the form of cash and partly in the form of services in lieu of cash ("Value in Kind"). The Management is of the view that the sponsorship payments are in the nature of an intangible item since these are predominantly for the purpose of advertising and promotion and, hence, the same should be expensed as incurred in the respective years.

Accordingly, the amount relating to the services rendered and the corresponding amount of Value in Kind are disclosed on a gross basis under the heads Revenue from operations and under Marketing expenses in Operating and administration expenses, respectively, in the Statement of Profit and Loss.

During 2009-10, the Company entered into a Memorandum of Understanding with the federation as per which the contractual obligations relating to the 2013 and 2014 events stand cancelled and the remaining consideration for the sponsorship rights relating to the contractual obligations for the 2009 and 2010 events, which were to be paid in cash were also converted to be discharged in the form of Value in Kind. As at March 31, 2012 the Company is committed to discharge Value in Kind aggregating ₹ 787 Million.

39 Satyam BPO

Investigation by Regulatory Authorities:

Pursuant to the matters stated in Note 25, the SFIO had conducted an inspection and issued notices to the subsidiary calling for certain information u/s 209A of the Companies Act, 1956 on January 14, 2009. The subsidiary replied to the said notice on January 16, 2009.

Notes forming part of the Consolidated financial statements

The ED had also conducted an inspection and issued a notice to the subsidiary calling for certain information on February 10, 2009. The subsidiary replied to the said notice on February 11, 2009.

Subsequently, there is no further communication / enquiry from the above regulatory authorities. While the Management does not foresee any impact on the financial statements on account of the above at this juncture, addition adjustment, if any, as a result of such enquiry shall be adjusted upon completion of such enquiry.

40 Satyam Venture Engineering Services

(i) Accounting for sales commission

As stated in Note 36.4, SVES was incorporated as a joint venture between the Company and VGE. In this regard, the Company and VGE entered into a shareholder's agreement which was incorporated as part of the Articles of Association of SVES. SVES further entered into two separate agreements with the Company and VGE setting out the terms and conditions relating to the payment of sales commission which is in line with clause 6.06 of the shareholder's agreement.

Pending the final outcome of the dispute between the Company and VGE as stated in Note 36.4, SVES had continued to accrue for the liability towards sales commission payable to VGE till March 31, 2011, which was disclosed under Trade Payables in the financial statements. During the year the Board of SVES re-assessed the need to accrue the sales commission, given the fact that no services has been rendered by VGE to SVES either during the year or during the past many years since the dispute. Further, in so far as SVES was concerned, neither has VGE claimed any amounts towards sale commission nor was it VGE's case that VGE has rendered any service to SVES entitling it to sales commission. The Board also took note of the fact (based on an updated legal opinion) that the issue is not a disputed matter before the Courts either in India or in USA and therefore not *sub judice*, as was originally held. As a result no provision was made during the current year and the unpaid accumulated amount representing the accrual from FY 2005-06 to FY 2010-11 amounting to ₹ 359 Million was written back as other income in the Statement of Profit and Loss.

However, as a measure of prudence, SVES made a provision for contingencies for an amount of ₹ 529 Million for the period upto March 31, 2012 (including ₹ 170 Million for the current year) considering the status of litigation between the promoters of SVES on various issues relating to the Shareholders Agreement, the outcome of which is not determinable at this stage.

(ii) Tax for earlier years:

SVES examined the tax liability for earlier years arising on account of matters discussed in Note 40 (i) above and provided an amount of ₹ 176 Million as liability towards earlier years. The liability arose on account of uncertainty around the sales commission payable which is a matter under dispute between the promoters. Pending finalisation of the legal proceedings which will have an impact on the accrual of sales commission, on a conservative basis, SVES has considered sales commission as a non-deductible expenditure and provided tax on the same.

(iii) Investigation by authorities

As stated in Note 25, the affairs of the Company are being investigated by various agencies. In this regard, during the course of investigation on the Company, some authorities had visited SVES during the financial year ended March 31, 2009 and had taken copies / extracts of various records, documents and other information. As per the forensic investigators, there is no impact on account of such investigations on the financial statements of SVES and the financial statements of the Company. During the current year the officials from the Serious Fraud Investigation Office (SFIO) had visited the premises of the Company and have taken copies of certain books and records. As on the date of these financial statements, SVES / the Company are not in receipt of any communication from SFIO.

41 C&S System

During the financial year 2006-2007, C&S System exited from the Gujarat and Maharashtra VRC Projects on October 28, 2006 by surrendering back the rights acquired from Shonkh Technologies International Limited (Shonkh) on certain terms and conditions agreed with them. C&S System has recovered the net book value of the fixed assets (₹ 10 Million), deferred revenue and other such expenses incurred on VRC Projects (₹ 32 Million) and recovery of advances due from Shonkh (₹ 41 Million) and as such there is no impact on the Statement of Profit and Loss of the past years. Further, under the exit terms, C&S System also has a right to receive ₹ 3 per card issued during the tenure of the Gujarat and Maharashtra Projects. As of the Balance Sheet date an amount of ₹ Nil (As at March 31, 2011 - ₹ 3 Million) is receivable from Shonkh which would be adjusted to that extent in the subsequent years against the foregoing recovery under the aforesaid right to receive ₹ 3 per card.

42 Expenses - others

Expenses - others aggregating ₹ 103 Million (Previous year - ₹ 326 Million) comprises of various impairment and other loss provisions made in respect of the subsidiaries.

43 Commission to Non-Executive Directors

The Board of Directors have approved the payment of commission not exceeding ₹ 1.20 Million per financial year to each of the directors who were not in whole-time employment of the Company in that year, aggregating ₹ 6 Million and ₹ 7 Million, in respect of the financial years 2010-11 and 2009-10, respectively. Pending Central Government approval, no provision for the commission has been made in these financial statements.

Notes forming part of the Consolidated financial statements

44 Auditors' remuneration (net of service tax input credit)

(₹ in Million)

Particulars	For the year ended March 31, 2012	2011
Statutory Auditor		
For Statutory audit	18	18
For Limited reviews	12	12
For Taxation matters - Tax audit	4	4
For Other services	15	1
Reimbursement of expenses	1	2
Auditors of subsidiaries		
For Statutory audit	16	12
Total	**66**	**49**

45 Government grants

During the financial year ended March 31, 2009 the Company received a grant from Multimedia Development Corporation (an agent of the Government of Malaysia) in the form of fully-fitted premises and reimbursement of salary costs for establishment of a global delivery center. The fully fitted premises received under the grant have been recorded at nominal value under fixed assets. The Company has recognised ₹ Nil [Previous year MYR 3.16 Million (equivalent to ₹ 47 Million)] during the current year as Other income. The receivable as at March 31, 2012 is MYR 3.16 Million (equivalent to ₹ 55 Million) [As at March 31, 2011 - MYR 3.16 Million (equivalent to ₹ 48 Million)].

46 Employee benefits

46.1 Gratuity

Gratuity expense for the Group for the year ended March 31, 2012 is ₹ 238 Million (Previous year ₹ 247 Million).

The Gratuity plan of the Company and its subsidiaries situated in India is a defined benefit plan and is unfunded. The details of actuarial data with respect to Gratuity are given below:

(₹ in Million)

Detail of actuarial valuation	For the year ended March 31, 2012	For the year ended March 31, 2011
Change in benefit obligation		
Projected benefit obligation as at year beginning	932	846
Current service cost	195	174
Interest cost	83	71
Actuarial loss / (gain)	(41)	(56)
Past service cost	-	56
Benefits paid	(119)	(159)
Projected benefit obligation as at year end	**1,050**	**932**
Amounts recognised in the Balance Sheet		
Present value of obligation	1,050	932
Fair value of the plan assets at the year end	-	-
Liability recognised in the Balance Sheet	**1,050**	**932**
Cost of defined benefit plan for the year		
Current service cost	195	174
Interest on obligation	83	71
Actuarial loss / (gain) recognised in the year	(41)	(55)
Past service cost	-	57
Net cost recognised in the Statement of Profit and Loss	**237**	**247**
Assumptions		
Discount rate (% p.a.)	8.20% to 8.65%	5.70% to 8.25%
Future salary increase (% p.a.)	6% to 10%	0% to 10%
Mortality	LIC (1994-96)	LIC (1994-96)
Attrition (% p.a.)	3% to 16%	2% to 18%

Notes forming part of the Consolidated financial statements

Notes:

(i) The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(ii) Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation.

(iii) Experience adjustments (in respect of the Company)

(₹ in Million)

	Year Ended				
Particulars	**31-Mar-12**	**31-Mar-11**	**31-Mar-10**	**31-Mar-09**	**31-Mar-08**
Defined benefit obligation	1,025	911	820	998	705
Plan assets	-	-	-	-	-
Surplus / (deficit)	(1,025)	(911)	(820)	(998)	(705)
Experience adjustment on plan liabilities	(15)	(25)	(236)	(43)	101
Experience adjustment on plan assets	-	-	-	-	-

46.2 Compensated absences (in respect of the Company)

The key assumptions, as provided by an independent actuary, used in the computation of provision for compensated absences are as given below:

Particulars	**For the year ended March 31, 2012**	**For the year ended March 31, 2011**
Discount rate (% p.a)	8.60%	7.90%
Future salary increase (% p.a)	10%	10%
Mortality	LIC (1994-96)	LIC (1994-96)
Attrition (% p.a)	16%	18%

47 Segment reporting

The Group has adopted AS 17, "Segment Reporting", which requires disclosure of financial and descriptive information about the Group's reportable operating segments. The operating segments reported below are the segments of the Group for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by executive management in deciding how to allocate resources and in assessing performance. The Management evaluates performance based on consolidated revenues and net income. The Group evaluates operating segments based on the following two business groups:

- IT Services, providing a comprehensive range of services, including application development and maintenance, consulting and enterprise business solutions, extended engineering solutions, and infrastructure management services. The Company provides its customers the ability to meet all of their information technology needs from one service provider. The Company's eBusiness services include designing, developing integrating and maintaining Internet-based applications, such as eCommerce websites, and implementing packaged software applications, such as customer or supply chain management software applications. The Company also assists its customers in making their existing computing systems accessible over the Internet.
- BPO, providing Business Process Outsourcing services covering HR, Finance & Accounting, Customer Contact (Voice, Mail and Chat), and Transaction Processing (industry-specific offerings).

The Group's operating segment information for the year ended March 31, 2012 and 2011 are as follows:

47.1 Business segment

For the year ended March 31, 2012

(₹ in Million)

Description	**For the year ended March 31, 2012**			
	IT services	**BPO**	**Elimination**	**Total**
Sales to external customers	62,740	1,216	-	63,956
Inter segment sales	8	285	(293)	-
Total revenue	**62,748**	**1,501**	**(293)**	**63,956**
Segment result–Profit	**8,458**	**308**	**-**	**8,766**

(Contd.)

Notes forming part of the Consolidated financial statements

Description	For the year ended March 31, 2012			
	IT services	BPO	Elimination	Total
Interest expense				118
Other unallocable expenditure (net)				(4,086)
Profit before exceptional items and tax				**12,734**
Exceptional items				(1,094)
Profit before tax				**13,828**
Tax expense				852
Profit before minority interest				**12,976**
Minority interest				(84)
Profit				**13,060**
Other segment information				
Capital expenditure	3,013	65	-	3,078
Depreciation	1,523	54	-	1,577
Non-cash expenses other than depreciation (allocable)	359	-	-	359
Non-cash expenses other than depreciation (Unallocable)	273	-	-	273

Particulars of segment assets and liabilities

(₹ in Million)

Description	As at March 31, 2012				
	IT services	BPO	Unallocated	Elimination	Total
Segment assets	**42,581**	**834**		**(114)**	**43,301**
Other assets			3,753	(2,764)	989
Investments			972	-	972
Bank deposits / unclaimed dividend accounts			22,681	-	22,681
Deferred tax assets			1,696	-	1,696
Total assets	**42,581**	**834**	**29,102**	**(2,878)**	**69,639**
Segment liabilities	**16,240**	**218**		**(114)**	**16,344**
Loan funds			3,056	(2,764)	292
Deferred tax liability			15	-	15
Other liabilities			51	-	51
Provision for taxation			5,402	-	5,402
Provision for contingencies			3,857	-	3,857
Provision for losses in subsidiaries			1,351	-	1,351
Total liabilities@	**16,240**	**218**	**13,732**	**(2,878)**	**27,312**

@ The above excludes Amount pending investigation suspense account (net) amounting to ₹ 12,304 Million (Refer Note 25.3)

For the year ended March 31, 2011

(₹ in Million)

Description	For the year ended March 31, 2011			
	IT services	BPO	Elimination	Total
Sales to external customers	50,494	956	-	51,450
Inter segment sales	18	161	(179)	-
Total revenue	**50,512**	**1,117**	**(179)**	**51,450**
Segment result–Profit	**3,215**	**4**	**-**	**3,219**

(Contd.)

Notes forming part of the Consolidated financial statements

(₹ in Million)

Description	For the year ended March 31, 2011			
	IT services	BPO	Elimination	Total
Interest expense				97
Other unallocable expenditure (net)				(2,427)
Profit before exceptional items and tax				**5,549**
Exceptional items				6,411
Loss before tax				**(862)**
Tax expense				578
Loss before minority interest				**(1,440)**
Minority interest				33
Loss				**(1,473)**
Other segment information				
Capital expenditure	2,522	23	-	2,545
Depreciation	1,621	100	-	1,721
Non-cash expenses other than depreciation (allocable)	294	-	-	294
Non-cash expenses other than depreciation (Unallocable)	456	-	-	456

Particulars of segment assets and liabilities

(₹ in Million)

Description	As at March 31, 2011				
	IT services	BPO	Unallocated	Elimination	Total
Segment assets	**32,921**	**712**	**-**	**(177)**	**33,456**
Other assets			2,844	(2,200)	644
Investments			4,348	-	4,348
Bank deposits / unclaimed dividend accounts			22,574	-	22,574
Deferred tax assets			81	-	81
Total assets	**32,921**	**712**	**29,847**	**(2,377)**	**61,103**
Segment liabilities	**17,432**	**462**		**(177)**	**17,717**
Loan funds			2,515	(2,200)	315
Deferred tax liability			68	-	68
Other liabilities			62	-	62
Provision for taxation			3,834	-	3,834
Provision for contingencies			4,241	-	4,241
Provision for losses in subsidiaries			5,079	-	5,079
Total liabilities@	**17,432**	**462**	**15,799**	**(2,377)**	**31,316**

@ The above excludes Amount pending investigation suspense account (net) amounting to ₹ 12,304 Million (Refer Note 25.3)

47.2 Geographic segment

Revenue based on geography considering the location of customers / ultimate customers is as follows:

(₹ in Million)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Americas	32,884	26,592
Europe	15,631	14,466
Asia Pacific	9,352	6,753
India	4,280	2,447
Rest of World	1,809	1,192
Total	**63,956**	**51,450**

Notes forming part of the Consolidated financial statements

Segment assets based on the location of customers / ultimate customers are as follows:

For the year ended March 31, 2012:

(₹ in Million)

Particulars	Segment Assets	Capital Expenditure
Americas	9,663	25
Europe	6,838	18
Asia Pacific	4,155	119
India	21,115	2,916
Rest of World	1,530	-
Total	**43,301**	**3,078**

For the year ended March 31, 2011:

(₹ in Million)

Particulars	Segment Assets	Capital Expenditure
Americas	6,812	9
Europe	7,549	194
Asia Pacific	3,194	92
India	14,991	2,250
Rest of World	910	-
Total	**33,456**	**2,545**

48 Related Party Transactions

(i) The Group had transactions with the following related parties:

Name of the entity	Relationship
Venturbay Consultants Private Limited	Entity exercising significant influence
Tech Mahindra Limited	Entity exercising significant influence
Mahindra Satyam Foundation Trust (formerly Satyam Foundation Trust)	Enterprise where the Company is in a position to exercise control
Satyam Associate Trust	Enterprise where the Company is in a position to exercise control

Key Management Personnel

2011 – 12

The following persons were identified as the Key Managerial Personnel by the Board of Directors:

Name of the Person	Relationship
Vineet Nayyar	Chairman
C.P. Gurnani	Whole-time Director & CEO

2010 – 11

The following persons were identified as the Key Managerial Personnel by the Board of Directors:

Name of the Person	Relationship
Vineet Nayyar	Chairman
C.P. Gurnani	Whole-time Director & CEO

Notes forming part of the Consolidated financial statements

(ii) Summary of the transactions and balances with the above related parties are as follows:

(a) Transactions during the year:

(₹ in Million)

	For the year ended March 31,	
	2012	2011
Tech Mahindra Limited		
- Revenue	1,259	521
- Others reimbursement received / (paid) (net)	60	77
- Subcontracting charges	412	159
- Sale of capital items	-	271
- Other non-operating income	117	88
- Miscellaneous expenses	100	-

(b) Balances at the year-end:

(₹ in Million)

	As at March 31,	
	2012	2011
Tech Mahindra Limited		
- Trade receivable	226	577
- Trade payable	256	194
- Other current assets (unbilled)	528	60
Payable to Mahindra Satyam Foundation Trust (formerly Satyam Foundation Trust)	4	4
Receivable from Satyam Associate Trust	28	28

Notes:

a) No options were granted to the Key Management Personnel during the current year and in the previous year.

b) Guarantees / Comfort Letters provided by the Company

- The Company has issued a corporate guarantee to a customer of Satyam BPO Limited on behalf of Satyam BPO for an amount not exceeding ₹ 409 Million (GBP 5 Million) (As at March 31, 2011- ₹ 360 Million (GBP 5 Million)).
- During the financial year ended March 31, 2009, the Company issued a comfort letter to Satyam BPO Limited giving a commitment for all financial support to meet its debts and obligations as they fall due for the foreseeable future and atleast until December 31, 2010.
- During the previous year, the Company issued a comfort letter to Nitor Global Solutions Limited giving a commitment for all financial support to meet its obligations as they fall due for a period of atleast 12 months from the date of the financial statements.

c) The Company has given an interest free loan to Satyam Associates Trust amounting to ₹ 50 Million (Balance outstanding as at March 31, 2012 – ₹ 28 Million (As at March 31, 2011– ₹ 28 Million)). The loan was provided by the Company in the prior years as a funding to the Trust for repayment of loans obtained from the Trust from external parties. As per the terms of understanding with the Trust, the loan is repayable by the Trust to the Company on receipt of the exercise price from the employees who have been allotted options under the ASOP-A scheme.

d) Amounts recoverable from erstwhile Key Managerial Personnel

(₹ in Million)

Nature of the balance	Party name	As at March 31, 2012	As at March 31, 2011
Amounts recoverable*	B. RamalingaRaju	3	3
	B. Rama Raju	2	2
	RamMohan Rao Mynampati	18	18

* Refer Note 32.1

Notes forming part of the Consolidated financial statements

49 Leases

i. *Termination of leases during the current year*

During the current year, the Company terminated the agreements for 19 (Previous year - 32) properties taken on rent which were classified as operating leases.

The Company incurred ₹ Nil (Previous year- ₹ Nil) being additional consideration paid / forfeiture of rental deposits, to lessors on account of early termination. The furniture and fixtures in these properties belonging to the Company were sold / surrendered and the loss on account of sale / surrender is ₹ Nil (Previous year - ₹ 2 Million).

ii. *Obligation on long-term non- cancellable operating leases*

The Group has entered into operating lease agreements for its development centers at offshore, onsite and off-sites ranging for a period of 3 to 10 years. The lease rentals charged during the year and maximum obligations on long-term non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

(₹ in Million)

Particulars	**Year ended March 31, 2012**	**Year ended March 31, 2011**
Lease rentals (Refer Note 23)	1,105	1,227

Maximum obligations on long-term non-cancellable operating leases

(₹ in Million)

Particulars	**As at March 31, 2012**	**As at March 31, 2011**
Not later than one year	167	167
Later than one year and not later than five years	69	319
Later than five years	-	-
Total	**236**	**486**

iii. *Obligations towards finance leases (where the Group acts as lessee):*

(₹ in Million)

Particulars	**As at March 31, 2012**	**As at March 31, 2011**
Minimum lease payments		
- Less than one year	85	106
- One to five years	287	275
- Later than five years	-	-
Total	**372**	**381**
Present value of minimum lease payments:		
- Less than one year	52	75
- One to five years	232	211
- Later than five years	-	-
Total	**284**	**286**

50 Earnings per share (EPS)

Calculation of EPS (Basic and Diluted)

Particulars		**For the year ended March 31, 2012**	**For the year ended March 31, 2011**
Profit / (Loss) for the year (₹ in Million)	[A]	13,060	(1,473)
Basic			
Weighted Average Number of Equity Shares	[B]	1,176,718,483	1,176,401,598
Dilution			
Effect of potential equity shares on employees stock option outstanding	[C]	1,570,208	See Note (i) below

(Contd.)

Notes forming part of the Consolidated financial statements

Particulars		For the year ended March 31, 2012	For the year ended March 31, 2011
Weighted Average Number of Equity Shares	[D] = [B]+[C]	1,178,288,691	1,176,401,598
			See Note (i) below
Earnings Per Share			
Basic EPS of ₹ 2 each (₹)	[A] / [B]	11.10	(1.25)
Diluted EPS of ₹ 2 each (₹)	[A] / [D]	11.08	(1.25)

Notes:

(i) During the previous year, the weighted average number of equity shares used for Basic EPS and Diluted EPS was the same since the outstanding potential equity shares as at March 31, 2011 was anti-dilutive in nature.

(ii) Earnings per share has been computed in accordance with Accounting Standard 20 - Earnings per Share.

51. Provision for taxation

51.1 Current tax

Company:

The Company has made provision towards current tax in respect of its domestic operations for the year ended March 31, 2012. Further, the Management has assessed the Company's tax position in respect of its overseas operations taking into account the relevant rules and regulations as applicable in the respective countries and made the necessary provision. Based on professional advice, it has determined that the provision made for current tax is adequate and no additional provision for the current year needs to be made.

Subsidiaries:

An amount of ₹ 317 Million (Previous year - ₹ 29 Million) has been included under Current tax expense in respect of the subsidiaries of the Company.The current year amount includes provision for tax pertaining to certain matters relating to SVES (Refer Note 40 (ii)).

51.2 Deferred tax

Company: **(₹ in Million)**

Particulars	As at March 31, 2012	Charged / (credited) to Statement of Profit and Loss	As at March 31, 2011
Provision for compensated absences and gratuity	734	(734)	-
Depreciation (net)	887	(887)	-
Deferred tax assets (net)	**1,621**	**(1,621)**	**-**

Note:

No deferred tax asset was recognised as at March 31, 2011 on account of accumulated business losses and other items in the absence of virtual certainty of realisation of such assets in accordance with the accounting policy of the Company. In view of the current year profits and as permitted by the Accounting Standard (AS) 22 on Accounting for Taxes on Income, the Management has recognised deferred tax assets as at March 31, 2012, including the past unrecognised deferred tax assets as of that date, on certain items as identified by the Management duly considering the concept of prudence.

Subsidiaries:

The breakup of deferred tax assets / liabilities and reconciliation of current year deferred tax charge is as follows:

(₹ in Million)

Particulars	As at March 31, 2012	As at March 31, 2011
Deferred tax (liability)		
Depreciation	(7)	(51)
Others	(8)	(17)
Total	**(15)**	**(68)**

Notes forming part of the Consolidated financial statements

(₹ in Million)

Particulars	As at March 31, 2012	As at March 31, 2011
Deferred tax asset		
Provision for doubtful receivables and advances	25	20
Unabsorbed losses and depreciation	34	48
Employee benefits	16	13
Total	**75**	**81**

51.3 Transfer pricing

The Company has entered into international transactions with related parties. In this regard, the Management is of the opinion that all necessary documents as prescribed by the Income Tax Act, to prove that these transactions are at arm's length are maintained by the Company and that the aforesaid legislation will not have any impact on the financial statements, particularly on the tax expense and the provision for taxation.

52 Provisions

52.1 Provision for warranties

The Company provides warranty support to some of its customers as per the terms of the contracts (Refer Note 37.3). The details of provision for warranties are as follows:

(₹ in Million)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Opening balance	73	74
Provision made during the year	59	48
Reversal / utilisation made during the year	(72)	(49)
Closing balance	**60**	**73**

Note:

Provision for warranties is estimated and made based on technical estimates of the Management and is expected to be settled over the period of next one year.

52.2 Provision for contingencies

The Company carries a general provision for contingencies towards various claims made / anticipated against the Company based on the Management's assessment. Also refer Note 31. The details of the same are as follows:

(₹ in Million)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Opening balance	4,241	4,750
Provision made during the year (Refer Note (ii) below)	2,729	-
Amounts utilised during the year	(3,113)	(509)
Closing balance	**3,857**	**4,241**

Note:

Provision made during the year is debited to Statement of Profit and Loss under Operating and Administration expense – Provision for Contingency ₹ 170 Million (Previous year - ₹ Nil) and under Exceptional items ₹ 2,559 Million (Previous year - ₹ Nil).

52.3 Provision for impairment losses in subsidiaries

(₹ in Million)

Particulars	For the year ended March 31,		Note Ref.
	2012	**2011**	
Opening balance	5,079	4,623	
Provision made during the year	103	488	See Note (i) below
Amounts reversed during the year	(3,831)	(32)	See Note (ii) below
Closing balance	**1,351**	**5,079**	

Notes:

(i) Provision made during the year is debited to the Statement of Profit and Loss under Expenses - others ₹ 103 Million (Previous year - ₹ 326 Million) (Refer Note 42) and under Exceptional items ₹ Nil (Previous year - ₹ 162 Million) (Refer Note 55).

(ii) Provision reversed during the year is credited to the Statement of Profit and Loss under Exceptional items ₹ 3,658 Million (Previous year - ₹ Nil) (Refer Note 55) and ₹ 173 Million (Previous year - ₹ 32 Million) made under Liabilities / Provisions no longer required written back (Refer Note 21).

53 Hedge Accounting and Derivative instruments

Upto March 31, 2011, foreign exchange forward / option contracts (derivative contracts) which were used to hedge the Company's risks associated with foreign currency fluctuations relating to certain firm commitments and highly probable forecast transactions were marked to market as at the Balance Sheet date and the unrealised losses, if any, were dealt with in the Statement of Profit and Loss and unrealised gains, if any, on such derivatives were not recognised in the Statement of Profit and Loss.

Accordingly, the marked to market losses aggregating ₹ 154 Million relating to the outstanding derivative contracts as at March 31, 2011 was charged to the Statement of Profit and Loss in that year.

With effect from April 1, 2011, the Company has applied the hedge accounting principles set out in Accounting Standard 30 "Financial Instruments: Recognition and Measurement" (AS 30) in respect of such derivative contracts used to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and highly probable forecast transactions. Accordingly, in respect of all such contracts outstanding as on March 31, 2012, that were designated and effective as hedges of future cash flows, loss aggregating ₹ 343 Million (net) has been recognised directly in the Hedging reserve account (Refer Note 4).

Consequent to the above change, loss amounting to ₹ 394 Million for the year ended March 31, 2012, which would have been recognised in the Statement of Profit and Loss had the Company followed its earlier policy of providing for the losses on such outstanding derivative contracts which were marked to market, has not been recognised in the Statement of Profit and Loss for the year ended March 31, 2012.

The fair values of such derivative contracts outstanding as at March 31, 2012 are:

(₹ in Million)

Particulars	**Current portion**	**Non-current portion**
Derivative Asset	69	8
Derivative Liability	419	23

(i) The following are the outstanding forward exchange contracts entered into by the Company as at March 31, 2012:

As at March 31, 2012:

Currency	**No. of Contracts**	**Amount in Foreign Currency (in Million)**	**Amount in ₹ (in Million)**
AUD (Sell)	72	10	519
EURO (Sell)	148	12	817
GBP (Sell)	125	12	986
USD (Sell)	431	148	7,570
Total	**776**		**9,892**

As at March 31, 2011:

Currency	**No. of Contracts**	**Amount in Foreign Currency (in Million)**	**Amount in ₹ (in Million)**
AUD (Sell)	301	31	1,437
EURO (Sell)	321	27	1,682
GBP (Sell)	294	25	1,806
USD (Sell)	442	205	9,166
USD (Buy)	12	(30)	(1,341)
Total	**1,370**		**12,750**

Notes forming part of the Consolidated financial statements

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

Company

As at March 31, 2012: **(in Million)**

Currency	Cash and cash equivalents	Non-current and current assets		Other current liabilities	Trade payables	Trade receivables and other receivables	Grand Total
		Loans and advances	Other current assets				
AED	2	1	3	-	(2)	4	8
AUD	7	1	3	(5)	(5)	23	24
BRL	-	1	1	-	(1)	1	2
CAD	2	-	1	(3)	(1)	13	12
CHF	3	3	-	(2)	(1)	4	7
CZK	2	-	-	-	(2)	-	-
DKK	7	-	-	(1)	(1)	22	27
EUR	7	1	4	(3)	(3)	24	30
GBP	5	-	4	(2)	(6)	15	16
HKD	-	-	-	-	(1)	1	-
HUF	8	4	-	(3)	(5)	-	4
JPY	194	95	35	(86)	(111)	336	463
KES	5	3	-	(7)	(4)	-	(3)
KRW	77	48	92	(98)	(210)	193	102
LKR	4	-	-	-	-	-	4
MUR	1	-	2	-	-	-	3
MYR	1	5	-	-	(2)	2	6
NZD	1	-	-	-	-	-	1
QAR	-	12	3	(2)	(3)	18	28
SAR	3	-	-	-	(1)	1	3
SEK	12	-	1	(3)	(1)	11	20
SGD	6	6	12	(4)	(2)	11	29
THB	56	9	9	(5)	(2)	53	120
TWD	14	-	-	-	(1)	-	13
USD	40	16	40	(32)	(35)	206	235
ZAR	34	4	6	-	(4)	27	67
₹ Equivalent	**4,540**	**1,879**	**3,570**	**(2,831)**	**(3,199)**	**17,192**	**21,151**

Subsidiaries:

As at March 31, 2012: **(in Million)**

Currency	Cash and cash equivalents	Non-current and current assets		Other current liabilities	Trade payables	Trade receivables and other receivables	Grand Total
		Loans and advances	Other current assets				
AUD	-	-	-	-	-	1	1
EUR	3	-	-	(0.05)	-	2	5
GBP	-	-	-	-	-	1	1
USD	4	2	2	(0.18)	(4)	11	15
ZAR	-	-	1	-	-	-	1
₹ Equivalent	**408**	**95**	**129**	**(13)**	**(203)**	**811**	**1,227**

Notes forming part of the Consolidated financial statements

Company:

As at March 31, 2011:

(In Million)

Currency	Cash and cash equivalents	Non-current and current assets		Other current liabilities	Trade payables	Trade receivables and other receivables	Grand Total
		Loans and advances	Other current assets				
AED	2	1	1	-	(5)	2	1
AUD	11	2	-	(8)	(6)	20	19
BRL	1	1	1	-	(3)	1	1
CAD	4	-	-	(1)	(1)	9	11
CHF	1	2	1	(2)	(1)	3	4
CNY	-	-	-	(2)	-	9	7
CZK	2	-	-	-	(1)	-	1
DKK	1	-	3	(4)	(1)	26	25
EUR	8	1	6	(8)	(3)	28	32
GBP	3	2	1	(4)	(6)	17	13
HKD	-	-	-	-	-	-	-
HUF	4	3	-	(3)	(9)	-	(5)
JPY	311	92	69	(228)	(134)	386	496
KES	1	3	-	(13)	(2)	-	(11)
KRW	233	21	-	(15)	(39)	72	272
LKR	4	-	-	-	-	-	4
MUR	-	-	2	-	-	-	2
MYR	-	5	-	-	(4)	1	2
NZD	1	-	1	-	-	1	3
QAR	-	10	-	(3)	(1)	6	12
SAR	3	1	-	-	(2)	1	3
SEK	3	-	1	(3)	(6)	3	(2)
SGD	2	1	8	(3)	(2)	8	14
THB	3	5	6	(9)	(2)	65	68
TWD	13	-	-	(1)	-	-	12
USD	44	9	24	(164)	(24)	195	84
XAF	-	-	-	(4)	-	-	(4)
ZAR	14	4	-	(10)	(4)	19	23
₹ Equivalent	**3,972**	**1,218**	**1,976**	**(9,059)**	**(2,482)**	**14,457**	**10,082**

54 Employee benefits expense

Employee benefits expense for the current year includes an amount of ₹ 590 Million provided in respect of certain costs relating to overseas employees for earlier years which has been determined by the Company based on a review substantially completed during the current year.

55 Exceptional items (net)

The exceptional items (income) / expenditure are stated as under:

(₹ in Million)

Particulars*	Year ended March 31, 2012	Year ended March 31, 2011
Provision for contingencies relating to various disputed matters	2,559	-
Expenses related to forensic investigation and litigation support	-	201
Class action settlement consideration	-	5,690
(Reversals) / provisions for impairment losses in subsidiaries (net)	(3,653)	520
Total	**(1,094)**	**6,411**

* Exceptional items also include disputed matters settled, net of release from provision for contingencies:

(i) for the year ended March 31, 2012 includes ₹ Nil (net) (₹ 3,113 Million less reversal of an equivalent amount from provision for contingencies).

(ii) for the year ended March 31, 2011 includes ₹ Nil (net) (₹ 509 Million less reversal of an equivalent amount from provision for contingencies).

Notes forming part of the Consolidated financial statements

56 Statement pursuant to the direction of Ministry of Corporate Affairs, Government of India, under Section 212(8) of the Companies Act, 1956 vide General Circular No:2 / 2011 dated February 8, 2011, regarding information in aggregate for each subsidiary including subsidiaries of subsidiaries:

(₹ in Million)

Name of the subsidiary	Reporting currency	Exchange rate	Issued and subscribed share capital	Reserves	Total assets	Total liabilities	Invest-ments	Turnover	Profit / (loss) before taxation	Taxation	Profit / (loss) after taxation	Proposed dividend	Country
Satyam BPO Limited (formerly known as Nipuna Services Ltd)	INR	1.00	331	(2,309)	1,003	2,981	-	1,501	327	-	327	-	India
Satyam Technologies Inc.	USD	51.22	47	(19)	192	164	-	398	(15)	(3)	(12)	-	US
Satyam Computer Services (Shanghai) Co. Limited	CNY	8.28	628	(479)	185	36	-	369	(22)	-	(22)	-	China
Satyam Computer Services (Nanjing) Co. Limited	CNY	8.28	311	(297)	51	37	-	128	1	-	1	-	China
Nitor Global Solutions Limited	GBP	81.82	*	5	5	-	-	-	1	-	1	-	UK
Satyam Computer Services (Egypt) S.A.E	EGP	8.68	11	(99)	21	109	-	12	(11)	-	(11)	-	Egypt
Citisoft Plc., UK	GBP	81.82	8	119	254	127	-	333	(26)	(2)	(24)	-	UK
Citisoft Inc. US	USD	51.22	*	113	336	223	-	597	67	27	40	-	US
Knowledge Dynamics Pte Ltd (KDPL), Singapore	SGD	40.73	3	12	15	-	-	-	2	-	2	-	Singapore
Satyam Servicos De Informatica LTDA	BRL	28.64	23	(5)	75	57	-	279	(4)	-	(4)	-	Brazil
Bridge Strategy Group LLC (Bridge Strategy)	USD	51.22	557 (Refer Note(iii) below)	(417) (Refer Note(iii) below)	397	257	-	844	(65)	1	(66)	-	US
Satyam Computer Services Belgium, BVBA (Satyam Belgium)	EUR	68.38	1,440	(1,088)	354	2	-	-	(408)	7	(415)	-	Belgium
S&V Management Consultants NV (S&V)	EUR	68.38	(Refer Note (ii) below)				-	176	19	5	14	-	Belgium
Satyam Venture Engineering Services Private Limited (SVES)	INR	1.00	71	228	1,164	865	-	1,101	98	267	(169)	-	India
C&S System Technology Private Limited (formerly CA Satyam ASP Private Limited) (CA Satyam)	INR	1.00	143	(72)	76	5	-	32	10	1	9	-	India

* Less than a Million

Notes:

(i) The Company has incorporated subsidiary in Mexico (Satyam Computer Services De Mexico S.DE R.L.DE C.V). However, no investments have been made by the Company in this subsidiary as at March 31, 2012. Further, there are no operations in this subsidiary during the current year. Hence, this has not been considered for the purpose of consolidation.

(ii) On July 11, 2011, Satyam Computer Services Belgium BVBA, a wholly owned subsidiary of the Company has sold its entire stake in its wholly owned subsidiary, S&V Management Consultants NV (S&V). For the purpose of the consolidation, the financial results of S&V have been considered upto June 30, 2011 as the Management is of the view that there are no material transactions in S&V subsequent to June 30, 2011 till July 11, 2011.

(iii) Bridge Strategy Group LLC is a Limited Liability Company, limited by Membership Interest.

Notes forming part of the Consolidated financial statements

57. Previous year figures

The Revised Schedule VI has become effective from April 1, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

Ulhas N. Yargop *Director*	**Vineet Nayyar** *Chairman*	**C.P.Gurnani** *Whole-time Director & CEO*
M.Rajyalakshmi Rao *Director*	**T.N.Manoharan** *Director*	
Ashok Kacker *Director*	**S.Krishnan** *Chief Financial Officer*	**G. Jayaraman** *Company Secretary*

Place: Hyderabad
Date : May 17, 2012

Mahindra Satyam

Satyam Computer Services Limited

Regd. Office: Mahindra Satyam Infocity, Unit - 12, Plot No. 35/36, Hi - tech City Layout

Survey No. 64, Madhapur, Hyderabad, A.P., India, Pin - 500 081

FORM OF PROXY

I/We ______________________________ of ______________

being member(s) of the above - named Company, hereby appoint the following as my/our proxy to attend and vote on a poll for me/us and on my/our behalf at the 25th Annual General Meeting of the Company, to be held on Friday, September 07, 2012 at 10.30 A.M. and at any adjournment thereof :

Signature

1. Mr./Ms ______________________________, or failing him/her ______________

2. Mr./Ms ______________________________, or failing him/her ______________

3. Mr./Ms ______________________________, ______________

* I/We direct my/our proxy to vote on the resolutions in the manner as indicated below:

Resolution	**For**	**Against**	**Resolution**	**For**	**Against**	**Resolution**	**For**	**Against**
Resolution No. 1			Resolution No. 5			Resolution No. 9		
Resolution No. 2			Resolution No. 6			Resolution No. 10		
Resolution No. 3			Resolution No. 7					
Resolution No. 4			Resolution No. 8					

Signed this ______________ day of ______________ 2012

Folio No :______________ No. of Shares held ______________

DP ID : ______________ Client ID: ______________

Affix Revenue Stamp

Signature(s) of Member(s) (1) ______________ (2) ______________ (3) ______________

for notes see overleaf
* Refer note no.6

Mahindra Satyam

Satyam Computer Services Limited

Regd. Office: Mahindra Satyam Infocity, Unit - 12, Plot No. 35/36, Hi - tech City Layout

Survey No. 64, Madhapur, Hyderabad, A.P., India, Pin - 500 081

ATTENDANCE SLIP

I hereby record my presence at the 25th Annual General Meeting of the Company at Sri Sathya Sai Nigamagamam (Kalyana Mandapam), 8 - 3 - 987/2, Srinagar Colony, Hyderabad - 500 073 on Friday, September 07, 2012 at 10.30 A.M

Full Name of the Member (in block letters) Signature

Folio No :______________ No. of Shares held______________

DP ID :______________ Client ID:______________

Full name of the proxy (in block letters)
(to be filled if the proxy attends instead of the member) Signature

Note: Members attending the meeting in person or by proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall

Notes:

1. The Proxy, to be effective should be deposited at the Registered Office of the Company not less than FORTY-EIGHT HOURS before the time fixed for commencement of the Meeting.
2. A Proxy need not be a member of the Company.
3. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote of the other joint holders. Seniority shall be determined by the order in which the names stand in the Register of Members.
4. This form of proxy confers authority to demand or join in demanding a poll.
5. The submission by a member of this form of proxy will not preclude such member from attending in person and voting at the Meeting.
6. *This is optional. Please put a tick mark (✓) in the appropriate column against the resolutions indicated in the box. If a member leaves the 'For' or 'Against' column blank against any or all the resolutions, the proxy will be entitled to vote in the manner he/ she thinks appropriate. If a member wishes to abstain from voting on a particular resolution, he/she should write "Abstain" across the boxes against the resolution.
7. In case a member wishes his/her votes to be used differently, he/she should indicate the number of shares under the columns 'For' or 'Against' as appropriate.

Global Offices

INDIA
Mahindra Satyam Infocity Campus
Unit - 12, Plot no. 35/ 36
Hitech City Layout, Survey no.64
Madhapur, Hyderabad - 500081

Mahindra Satyam Technology Center
Survey No.62/1A,
Qutubullapaur Mandal
Bahadurpally Village
Hyderabad - 500043

Special Economic Zone - Infocity SEZ
Plot Nos. 23 to 34, Hitech City,
Madhapur, Hyderabad, R.R. District,
Andhra Pradesh. Pin Code - 500 081

Mahindra Satyam Learning World
Special Economic Zone - Developer
Plot Nos. 23 to 34,Hitec City, Madhapur
Hyderabad - 500081

DLF Cyber City - Hyderabad Phase - I
Gatchibowli Village
Ranga Reddy District
Andhra Pradesh

Satyam City Center
Survey No. 44P, Near Bullaiah College
Old Raspuvani Pallam
Visakhapatnam - 530013

Mahindra Satyam Development Center
Plot No. S - 1,Maitree Vihar Road
Chandrasekharpur
Bhubaneswar - 751023

Mahindra Satyam Development Centre
45 - 47 and KIADB Industrial area
2nd phase, Electronics City
Bangalore - 560 100

Maan Sarovar
Maanasarovar Towers
Old No. 271 A / New No. 375 A
Anna Salai, Teynampet
Chennai - 600018

Tara Heights
19/A, Tara Heights
Behind SBI Bank
Mumbai, Pune Highway
Near Mariaai Gate Police Chowky
Pune - 411003

Manikchand Ikon - 2
CTS No. 18, Dhole Patil Road
Opp Wadia College
PUNE - 411001

Manikchand Ikon - Phase II
Groun & 1st Floor, Manikchand Ikon
CTS No. 18 & 18/1, Bund Garden Road
Pune - 411001

Manikchand Ikon - Phase I
2, 3 & 4th Floors, Manikchand Ikon
CTS No. 18 & 18/1, Bund Garden Road
Pune - 411001

Plot No's. 7 to 12, Sector - 12
Special Economic Zone
Mihan Notified Area
Nagpur - 441 108, Maharastra

UNITED STATES OF AMERICA
820, Gessner, Suite No.265
Hostan, Texas - 77024

200 West Prospect Avenue, 75th Floor
Cleveland Tower City
Infocom Center, Cleveland
USA, DH 44113

Freedom Square II
6000 Drive Suite 250
Independence Ohio
USA

Cochituate Place
24 Park way, Suite No.302
Natick, Massachusetts - 01760

One Gate Hall Drive
No.301, Parsipany
New Jersey 07054 of Glenborough
properties
USA

Regus Town centre, Suite No.19
Southfield. MI - 48075

Exchange Building
1905 Harney Street
Suite 600
Omaha NE 68102
USA

2901 Tasman Drive
Suite No. 106 & 100
Santa Clara
CA 95054
USA

23461, South Point Drive
Suite 370, Laguna Hills
CA 92653 (Irvine)
USA

Knowledge Park
5451, Mervin Lane
Suite 204, ERIE
Pennsylvania - 16510

Embassy Square Office Park
1600 Envoy Circle
Suite 1601
Louisville KY 40299

CANADA
Suit 200, BRE (10 King Street East)
LIMITED
Torontao, Ontario
Canada

Brookfield Place
161 Bay Street
Suit 2681, Toronto
On M5J2S1, Canada

1000 De La Gauchetiere street west
24th floor, Montreal
Quebec - H3B4W5
Canada

BRAZIL
Egificio Itamarada
Rua Quintana
887 - 8th floor
Sao Paulo - SA
Brazil

CHINA
Room 605
Yu Qiao Business Building
No. 36 Jianzhong Road
Tianhe District
GZ. 020 - 22001701, China

Room 23102 - 23104
23202 - 23204
No 498 GuoShoujing Road
Zhangjiang Hi-tech Park
Shanghai. PR China
China

3rd Floor
Animation Building
No. 11 Xinghuo Road
Pukou High-tech Zone
Nanjing. PR China

Regus The Centre
62 & 66 floors
Suite 01, 99/F,Quneen's Road
Centre, Hongkong

SAUDI ARABIA
Prince Faisal bin
Al Bandareyah Trading centre
P.o.Box: 852
Al - Khobar - 31952
Saudi Arabia

Al Khozama Centre
Shop No. 23, PO Box 53215
Riyadh 11583
Saudi Arabia

SINGAPORE
Changi Business Park Avenue 1
Part of #04 - 02
Ultrro Building
Singapore 486058

BAHRAIN
143 14th Floor
Al Jasrah Tower,Bldg. No. 95
Road 1702, Area 317
Diplomatic Area, Manama
Bahrain

KOREA
Shared Office at 21F S - Tower
116 Shinmunro 1 - ga
Jongro - gu, Seoul 110 - 061
Korea

THAILAND
54 Sukhumvit
21 Road, Kwaeng
north Klongtoey
Khet wattana
Bangkok Metropolis
Thaukabd, Thailand

TURKEY
Hakki Yeten Cad
Selenium Plaza
KAT 6 IOC Fulya
Besiktas, 34349
Istanbul, Turkey

SULTANAT OF OMAN
Building No. 458
Land No. 107, Block 203
Way 41, Office 313,
Wattaya, Oman
Muscat

UNITED ARAB EMIRATES
TECOM ZONE
EIB04
Dubai Internet City
Dubai
United Arab Emirates

KUWAIT
Office No. 5305
IO Centres, 2nd Floor
Mall Area, Dar Al Awadi
Ahmed Al Jaber Street
Sharq, Kuwait

JAPAN
Fujitsu Atsugi Technical
Center
3065, 3rd Floor, Okada
Kanagawa
Tokyo, Japan

MALAYSIA
Persiaran Apec
63000, Cyberjaya
Selangor Darul Ehsan
Kaula Lumpur, Malaysia

QATAR
Palm Towers
West Bay
Doha, Qatar

TAIWAN
No.50 - 51
Jen Ai Road
Sec - 4,Taipie
Taiwan 106

IRELAND
Virtual Office
Champion SCSR
Regus Harcourt Centre,
Harcourt Road
A member of the Regus
Group Network
Dublin 2 Ireland

ITALY
Virtual Office Regus Milano
Carrobbio e Duomo, Via
Torino 2
20123, Milano
Italy

SPAIN
Muelle de Barcelona
World Trade Centre
Edificio sur 2nd Floor
planta, No.08039 Barcelona
Spain

SWEDEN
Floor 6
Norrtullsgatan 6
113 29 Stockholm
Sweden

SWITZERLAND
Regus 18 Avenue Louis Casai
CH - 1209 Geneva
Switerland

Leutschenbachstrasse 95
8050 Zurich
switzerland

Aeschenvorstadt
71 4051, Basel
Switzerland

BELGIUM
Regus Park Atrium,
BVBA, Koloniestraat, 11 -
1000
Brussel, 3 - 1000, Bruxelles
Belgium

CZECH REPUBLIC
Regus Prague
Na Strzi 65
140 00 Prague 4
Czech Republic

DENMARK
Larsbjornstraede 3
1454, Copenhagen
Denmark

FRANCE
Regus La Defense Ariane
Office No.17 & 22
La Grand Arche Paroi Nord
92044 Paris
France

1, Rue De Stockholm
75008, Paris
France

LES AILES
DE 1'Europe - bat Omega
22 Boulevard Deodat
Colomirers, Toulous, France

GERMANY
Channel 2
Schlossstrabe 24
21079 Hamburg
Germany

office 303
Altrottstrasse 31
Walldorf/Baden
69190, Germany
Borsigstrasse 20 - 20 A
65205, Wiesbaden
Germany

HUNGARY
Dr.Konya Judit Law Office
1st Floor, 3rd Floor, House
num 8/A
Ugosca Utca, Budapest 1126

ROMANIA
Sector 1, Str General C
Budisteanu, NR 28, C
3, Camera 10, 010775
ETAJ 3, Bucharest
Romania, C.I.F. RO 23555450

NETHERLANDS
Eindhoven Centre station
12 Fellenoord 130
5611 ZB Eindhoven
Netherlands

2 b Ennert dem Bierg
L - 5244, Sandweller
Luxembourge

Rijswijk Business Park
Einsteinlaan 10
2289 CC Rijswijk
The Hague
The Netherlands

UNITED KINGDOM
Unit 7 Cedarwood
Chineham Business Park
Basingstoke Hampshire
United Kingdom

Unit 6 Cedarwood
at Chineham Business Park
Basingstoke Hampshire/
Nelson Blackwell
United Kingdom

FINLAND
Petrasol Oy
Valimotie 13 A
Finland 00380,ESPOO

Regus Park Atrium
Luna House, Manner
Heimintie
12B, Helsinki, FIN 00100
Finland

SOUTH AFRICA
6th floor, Twin tower
Cnr Rivonia & 5th Street
Sandton, Johannesburg
2100 South Africa

Foyer 3, 1st floor
Colosseum Bldg
Century City, 7441
Cape Town, South Africa

Lllovo Junction
P.O. Box No. 783424
Sandton 2146

KENYA
Pushottam Place
Chiromo Road
P.O.Box 66217
Nairobi
Kenya 00800

AUSTRALIA
Level 267, St George
Office 313, Terrace
Perth, WA 6000

459 Collins Street South Tower
Level 8
Melbourne
Australia

Level 18
100 Pacific Highway
North Sydney
NSW AUS
Australia

Level 22
69, Anna Street
Brisbans
QLD
Australia

Level 3
410 Queen Street
Brisbane
QLD 4000
Australia

Level 267, Office 309
St George Terrace
Perth, WA 6000
Australia

Level 6
39 London Circuit
Canberra
Australia

Mahindra Satyam

Satyam Computer Services Limited
Mahindra Satyam Infocity, Unit - 12
Plot No. 35/36, Hi-tech City Layout
Survey No. 64, Madhapur, Hyderabad - 500 081, A.P. India
Phone: (91-40) 3063 6363 Fax: (91-40) 2311 7011
Website: www.mahindrasatyam.com
Email: investorservices@mahindrasatyam.com

www.sapprints.com