Annual Report 2010-11

Mahindra Satyam

Rise.

ACCEPTING NO LIMITS
ALTERNATIVE THINKING
DRIVING POSITIVE CHANGE

Satyam Computer Services Limited

Rise.

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

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

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

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

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

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

Chairman's Communique'

Dear Investor,

As we move into the next financial year, it's time to pause momentarily and reflect on the year gone by.

Last year, we started our new fiscal with a single minded focus on rebuilding relationships with our customers and cementing our alliances. We had next avowed to continue investing in growing capabilities and expanding business, riding on synergies available across the Mahindra Group.

I am happy to say that over the past twelve months, we have made significant progress in all that we had planned to do and are coming closer towards creating a powerful new brand. We have risen against all odds and continue to accelerate towards greater outcomes and higher achievements.

Coincidentally, yet resonant of our earlier theme of a 'bird rising from the ashes', in January 2011, Mahindra & Mahindra launched a new brand positioning spanning all group industries, companies and geographies. This new brand positioning, expressed by the word "Rise" is an articulation of values the Group has always held dear. The idea of Rise rests on three brand pillars: Accepting no limits, Alternative thinking and Driving positive change.

Rise captures a sense of optimism about the future and a determination to shape one's own destiny. It means that our products and services empower our customers to achieve their aspirations.

Against this backdrop of positive change and rising above limitations, I am delighted to present to you our Annual Results for the financial year 2010-11. We are particularly proud of the quick turnaround we have managed – in the eyes of customers as well as the industry cognoscenti. It has been a year of multi-year, multi-million dollar wins, deals and contracts; notable quality recognitions and positive Analyst ratings.

Our finances and metrics show a definite upward trend – a major shift from where we were. There has been focus and consolidation on several fronts – resolving lawsuits, updating financials (to become current), maintaining uninterrupted delivery for customers, continuing growth with business acquisition, talent management, and financial rigor, among others.

We are confident of the future and see significant growth on the horizon. Our wins and renewed contracts speak volumes about our customers' restored confidence in us and vindicate our 'challenger' status.

It is our avowed intent to be a trusted partner to all our customers and we are well on our way towards our vision of being the "World's most valued ICT Company". Value, to us, denotes the intrinsic goodwill and respect that we earn from the various stakeholders associated with us – customers, associates, investors and the community.

I thank all our associates for their single-minded resolve to revive the Company and for their determination to Rise to greater heights.

And I thank you, my shareholders for continuing to have faith in us. I assure you that my team and I remain committed to living up to the trust you've placed in us and ensuring that we continue to Rise up to challenges and expectations.

Sincerely

Vineet Nayyar

Place : Hyderabad

Date : May 23, 2011

Board of Directors

Vineet Nayyar
Chairman

C. P. Gurnani
Whole-time Director & CEO

C. Achuthan
Government Nominee

T. N. Manoharan
Government Nominee

M. Damodaran

Ulhas N. Yargop

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, INDIA

Registered Office :

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

Bankers

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

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Appeal to Members

The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21 and April 29, 2011 respectively), has undertaken a 'Green Initiative in the Corporate Governance' and allowed companies to service the documents with its shareholders through electronic mode. As your Company is committed to the Green Initiative, members are requested to support this by registering / updating their e-mail addresses, with their Depository Participants.

Notice

Notice is hereby given that the 24th Annual General Meeting of Satyam Computer Services Limited will be held as per the schedule given below.

Day and Date	:	Wednesday, August 10, 2011
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, 2011, the Profit and Loss Account 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. M. Damodaran, 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."

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

Place : Hyderabad — G. Jayaraman
Date : May 23, 2011 — 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 August 08, 2011 to August 10, 2011 (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., and 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. The brief profile of the Director who is retiring by rotation and recommended for re-appointment is provided under the head "Additional Information".

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

Place : Hyderabad — G. Jayaraman
Date : May 23, 2011 — Company Secretary

Additional Information

Brief profile of Mr. M. Damodaran, Director who retires by rotation and is eligible for re-appointment

Mr. M. Damodaran, IAS (Retired), is currently practicing as an independent consultant in diverse areas of management. He has over 30 years of experience in financial services and public sector enterprises and has served as the former Chairman of the Securities and Exchange Board of India (SEBI), Chairman and Managing Director of Industrial Development Bank of India (IDBI) and as Chairman of the Unit Trust of India (UTI). He has also held various positions in the Ministry of Finance, the Ministry of Information & Broadcasting and the Ministry of Commerce.

Mr. Damodaran is a Director on the Boards of Tech Mahindra Limited, Hero Honda Motors Limited, ING Vysya Bank Limited, ING Investment Management (India) Private Limited, GMR Varalakshmi Foundation, Sobha Developers Limited, A V N Arogya Health Care Limited and S Kumars Nationwide Limited. He is also the Chairman of Glocal Healthcare Systems Private Limited.

Mr. Damodaran is Chairman of Audit Committee of Tech Mahindra Limited. He is a member of the Audit Committee and Shareholders' Grievance Committee of Hero Honda Motors Limited and a member of the Board Credit Committee of ING Vysya Bank Limited.

He does not hold any shares of the Company.

Directors' Report

Your Directors present their report for the Financial Year 2010-11.

Financial Highlights

(₹ in Million)

Particulars	2010-11	2009-10
Income from Operations	47,761	51,005
Other Income	2,899	129
Total Income	50,660	51,134
Operating Profit / (Loss) (PBIDT)	7,263	5,781
Interest and Financing Charges	92	254
Depreciation / Amortization	1,499	1,908
Exceptional items	6,411	4,169
(Loss) before Tax	(739)	(550)
Provision for Tax	537	162
(Loss) after Tax	(1,276)	(712)
Equity share capital	2,353	2,352
Reserves and Surplus	43,881	43,963
Debit balance in Profit and Loss Account	24,622	23,346
Earnings per share (₹ Per equity share of ₹ 2 each)		
- Basic (₹)	(1.08)	(0.65)
- Diluted EPS (₹)	(1.08)	(0.65)

Business Overview

During the year under review, your Company (Mahindra Satyam) recorded ₹ 47,761 Million towards income from operations. North America, Europe, Asia Pacific including India and rest of the world accounted for 53.21%, 26.53%, 17.73% and 2.53% of the revenues respectively. Offshore revenue during the year was 45.90% while onsite stood at 54.10%.

The Financial Year 2010-11 saw Mahindra Satyam winning new business, improving profitability, introducing new services and successfully tackling various challenges. One of Mahindra Satyam's biggest achievements during the year was the publication of the financial results as per Indian GAAP, a complex and involved task, which was successfully completed in a relatively short time frame. This enabled your Company to put greater focus on business and growth. On the business front, your Company continued on FIFA success to win an engagement with a Government sports body in the Middle East.

Your Company continues to work towards realizing the vision – "to be the most valued ICT Company" - with innovative and differentiated offerings. Your Company's investment council continuously evaluates ideas and initiatives from Leaders and Associates, and our Cloud offerings, Enterprise Mobility services and Smart Grid are examples of Company's focus and investment in these areas. Mahindra Satyam established a Windows Azure Centre of Excellence in partnership with Microsoft. Your Company also launched a Hewlett-Packard (HP) Centre of Excellence in Bangalore and Hyderabad. This lab will focus on developing new testing competencies, and work on custom research and development for specific customers.

A new wave of thought leadership - 'Rise' has been launched at all Mahindra Satyam locations as part of the initiative across Mahindra group. 'Rise' implies achieving world-class standards in everything we do, setting new benchmarks of excellence and conquering tough global markets.

Dividend

Due to inadequacy of profits and the brought forward debit balance in Profit & Loss account, no dividend has been recommended by the Directors.

Increase in the Share Capital

Consequent to issue of 379,991 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 ₹ 2,352 Million divided into 1,176,185,762 equity shares of ₹ 2 each to ₹ 2,353 Million divided into 1,176,565,753 equity shares of ₹ 2 each.

Human Resources

Your Company is powered by a group of talented IT & consulting professionals. An effective retention strategy and pride of being associated with the resurrection has helped to bring a marked improvement in the retention of key Associates. Acquiring top talent continues to be one of our primary objectives. The total Associate headcount stood at 24,123 as on March 31, 2011.

The Performance and Potential Management System was revamped to offset the limitations of a traditional career management program. Associates now have the distinct opportunity to choose either a specialist or managerial career path at key inflection points in the organization. This enables the right cross matching of opportunities with individual aspirations and helps to provide a well rounded industry exposure to Associates.

Leadership development and capability enhancement continues to be the focus areas for the organization. Our investments in enhancing the skill levels and successfully deploying talent have helped enhance utilization levels across the company. To continually strengthen our Associates skills - from entry level programmers to lateral hires, a variety of classroom and action learning interventions have been rolled out.

Great emphasis is being placed on building young leaders and programs such as Global Leadership Cadre (GLC) and Shadow Board help unearth young, aspiring talent and provide them with high-octane, growth accelerating roles.

Since a globally mobile and diverse workforce continues to be a key asset of your Company, programs that encourage diversity and culture at the workplace are being encouraged. A special initiative, titled 'Starting Over' that was launched at Mahindra satyam this year is aimed at increasing women leadership at the work place. This targets women candidates who have taken a career break and wish to get back into the workforce.

The tenets of "Rise" – the DNA of the Mahindra Group which encourages employees to accept no limits, come up with alternative thinking and drive positive change – is being internalized and our internal systems and practices are being aligned to recognize and reward such behaviour.

Infrastructure

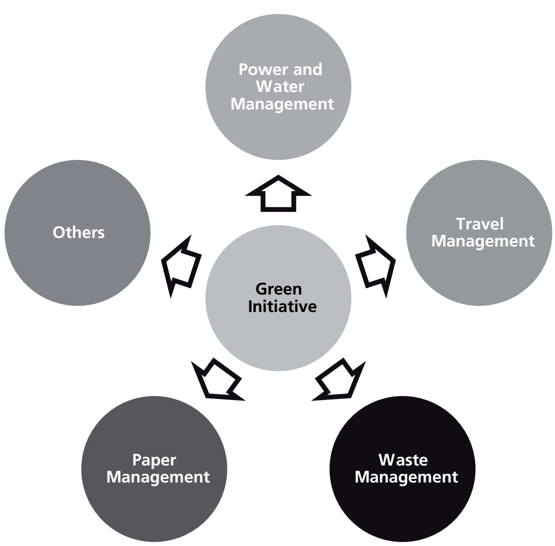
During the year under review, your Company has completed Tower 1 in Infocity SEZ project, which was recommenced in the year 2009-10 and created 4,304 additional spaces. Construction activities in MSTC SEZ in Hyderabad and in Chennai SEZ Campus, which were also recommenced in the year 2009-10 are under execution and targeted for completion in the year 2011-12 for creation of 5,974 additional spaces. The additional spaces created in Infocity SEZ Campus in Hyderabad are being occupied.

Your Company surrendered 1,520 leased / rented spaces across various locations as part of the space consolidation process after considering the available own space for the campus.

Your Company was allotted lands in different states for creation of development centres over a period of time. Considering the current requirement, the financial and other obligations associated with the allotment, your Company had obtained conditional approval for surrendering land at Madurai.

Green Initiatives

The Green Initiative activities include extensive awareness drive on economic utilization of power and water, tips on energy conservation and plantation drives. Apart from the regular ongoing awareness drives, the 'Green Initiative' activities have been broadly covered and distributed in the fields as indicated below:



- **Power Management:** Operational controls are playing a major role in our efforts for the reduction of power by creating awareness on energy conservation among employees through mailers, webinars, posters, pamphlets and road shows.
- **Water Management:** Awareness mailers are sent to Associates focusing on the need for water conservation and in major locations, the sewerage water is being recycled through sewerage treatment plants and reused for landscaping. Six Sigma methodology has been adopted in one of the location to focus on optimisation of water consumption.
- **Travel Management:** Frequent mailers are being sent to Associates urging them to use video-conferencing wherever applicable, rather than travelling down to the respective place. We have launched a car pooling tool to reduce the emission of green house gases and conserve the depleting natural resources.
- **Waste Management:** The solid waste is being converted into manure through the process of Vermi composting which is piloted in our MSTC campus at Hyderabad. E-waste generated is disposed off in a legally and environment friendly manner through a company authorized by 'Pollution Control Board'.
- **Paper Management:** We have undertaken various steps to reduce usage of paper to ensure the minimal effect of deforestation.
- **Others:**

- Completed External Assurance Audit for Corporate Sustainability for FY 2010-11.
- Targeting for the LEED gold certification for the Chennai campus in financial year 2011-2012.
- 1,225 saplings have been planted across India locations as a part of the extensive plantation drives.
- Initiated phasing out of the usage of ozone depleting refrigerants for air conditioners as per global standards.
- Maintaining well insulated stack heights for the diesel generators as per the 'National Building Code' guidelines to ensure that the emissions do not affect the environment.
- Striving for construction of green data centres.
- Major events like the Earth day, Energy Conservation week, Earth hour etc are being practiced to express our 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 three standards, viz., (a) ISO 27001: 2005 (Information Security Management System), (b) ISO 20000:2005 (IT Service Management) and (c) ISO 9001:2008 (Quality Management Systems). All the delivery processes are in compliance with CMMI version 1.2 from SEI-CMU. During the year under review, your Company has also been assessed at a maturity level 5 of the CMMI ver1.2 for Bangalore, Chennai and Pune Delivery centres. 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. The compliance to BS 25999 standard was verified through an external surveillance audit conducted by BSI Management Systems in the month of October 2010 and was found to be as per specifications, thereby meeting the requirements of the standard.

Your Company implemented 110 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, 361 Associates were trained in Green Belt and 11 in Black Belt program; of the 451 Associates trained in function point approach for estimation, 30 Associates have been certified as Mahindra Satyam function point champions.

Awards and Recognitions

Your Company won several accolades during the year.

- Oracle APAC FY10 OPN Enterprise 2.0 Partner of the Year Award from Oracle (October 2010)
- Gold Award in the 'Event Services' category by Rushmans and Informa Sports Group (ISG) at the International Sport Event Management Awards for its stellar contribution to the 2010 FIFA World Cup. The award is the highest peer recognition in the Sport industry. (November 2010)
- Pitch India's Top-50 Marketers Award, under the Resurgent Marketers category for 2010 (October 2010)
- Development Centres at Bangalore, Chennai and Pune achieved Level 5 Certification for the CMMI version 1.2 in the assessment done by KPMG (February 2011)
- Mahindra Satyam BPO, a subsidiary of the Company, was honoured as 'India's most customer responsive BPO Company' at the AGC Networks Customer Responsiveness Award 2010.

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 believes that commercial success in business should be gained through positive practices that aim to promote general welfare and also contribute to the development of society. Corporate Social Responsibility (CSR) is an essential part of the wealth creation process. CSR programs are undertaken through Mahindra Satyam Foundation, the CSR arm of Mahindra Satyam. The Foundation operates out of Hyderabad, Bangalore, 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 preferred to focus its activities in the core areas of – Education, Health (Blood Donation Drives), providing Livelihoods, Empowerment for Persons with Disability and Disaster Management. The detailed activities of Mahindra Satyam Foundation during the year are given elsewhere in this Annual Report.

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 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.

These thirty seven companies have also filed suits before the City Civil Court, Secunderabad, against the Company with a prayer to file as an indigent person. Recently, one of the thirty seven companies has filed an application seeking leave of court to register the suit by receiving the court fees, based on an alleged change of its promoters. Your Company is contesting the claims for recovery filed as indigent petitions / suits by these companies.

More details are provided in Note 5.1 of Schedule 18 – Notes to Accounts.

Claims from Upaid Systems Limited (Upaid)

In connection with the lawsuit filed by Upaid, your Company deposited in the previous year an amount of ₹3,274 Million (equivalent to USD 70 Million) into an escrow account pursuant to a Settlement Agreement with Upaid to settle the litigation commenced by Upaid against the Company in the United States District Court for the Eastern District of Texas, Marshall County in USA wherein Upaid sought damages exceeding USD 1 Billion for fraud and forgery in addition to other punitive damages, fees and costs. Subsequently, your Company obtained a favorable ruling against Upaid 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 has filed an application before the Authority for Advance Rulings seeking a binding advance ruling under the Income Tax Act, 1961 (IT Act), for taxability of the above mentioned payment.

The order of the Authority for Advance Rulings has not been delivered till date. Pending resolution of dispute, the Texas Action is currently adjourned.

More details are provided in Note 5.2 of Schedule 18 – Notes to Accounts.

Class Action Complaint

Subsequent to the letter by the erstwhile Chairman, a number of persons claiming to have purchased the Company's securities 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.

On February 16, 2011, your Company entered into a Stipulation and Agreement of Settlement (the "Settlement Agreement") with the Lead Plaintiffs representing the Class to settle the Class Action. Under the Settlement Agreement, the Company has agreed to pay to the Class as consideration, USD 125 million, subject to the determination of the Authority for Advance Ruling, and 25% of any net recovery that the Company may in the future obtain against any of the PwC – Related Entities (former auditors).

In accordance with the terms of the Settlement Agreement, your Company deposited ₹ 5,671 Million towards the settlement amount of USD 125 Million into a segregated bank account (Segregated Account).

The Settlement Agreement was granted preliminary approval by the USDC on March 21, 2011, but is subject to the final approval of the USDC upon which the settlement shall become effective pursuant to its terms and in exchange for the settlement consideration, the Lead Plaintiffs and the members of the Class who do not opt-out of the Class, would release, among other things, their claims against your Company.

More details are provided in Note 15 of Schedule 18 – Notes to Accounts.

Aberdeen Complaint

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 above The Action, which has been brought as an individual action, alleges that the loss suffered by the twenty investors 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 your Company as the original complaint in the Action. In 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. Your Company is contesting the above lawsuit.

SEC Proceedings

Your Company entered into a Settlement Agreement with the SEC in connection with the previously-disclosed SEC investigations into misstatements in the Company's financial statements predating January 7, 2009, the date of self-disclosure of financial irregularities by the Company's erstwhile Chairman, and into round tripping pertaining to periods prior to April 1, 2002 (collectively, the SEC Investigations). On April 6, 2011, the US District Court in Washington, D.C. (Court) accepted the proposed settlement and entered Final Judgment in the SEC's civil action.

Your Company cooperated fully with the SEC's investigation. Subject to the completion of the undertakings summarized below, the entry of the Final Judgment concluded all issues with respect to potential charges against the Company stemming from the SEC Investigations. As the Final Judgment reflects, your Company, without admitting or denying the allegations in the SEC's complaint, agreed to pay an amount of USD 10 Million as penalty; to be permanently enjoined from violating certain US securities laws; to subject itself to undertakings regarding, inter alia, strengthening its internal control and financial reporting processes and practices, internal training, and Code of Ethical Business Conduct; and to certify in writing compliance with the undertakings no later than one year from the date of the Final Judgment.

In accordance with the terms of the Final Judgment, your Company deposited ₹ 467 million towards the penalty amount of USD 10 Million in a Special Purpose Account and subsequently this was wired to the account of the Court. The Company has filed an application (that is currently pending) before the Authority for Advance Rulings, seeking a binding advance ruling under the Income Tax Act, 1961 regarding taxability of the said amount.

More details are provided in Note 16 of Schedule 18 – Notes to Accounts.

Income Tax Dispute

During the year, the Additional Commissioner of Income Tax directed the Company to get its accounts for the financial year 2001-02 and 2006-07 audited under section 142(2A) of the Income Tax Act, 1961 which is in progress.

The various petitions filed by your Company before the CBDT (for the financial years 2002-03 to 2007-08) to use its extraordinary powers and grant relief to mitigate the hardship caused to the Company, and to give appropriate instructions to the Assessing Officer to exclude the fictitious sales and fictitious interest income, and to grant of stay of taxes, were summarily rejected by the CBDT. Consequently, the Additional Commissioner of Income Tax (ACIT) issued garnishee orders directing the Company's bankers to pay ₹ 6,165 Million. Aggrieved by such orders, the Company filed a Writ before the Hon'ble High Court of Andhra Pradesh.

The Hon'ble High Court of Andhra Pradesh admitted the Writ Petition and directed the Company to pay an amount of ₹ 3,500 Million and submit a bank guarantee for ₹ 2,670 Million. Aggrieved by the order of the Hon'ble High Court of Andhra Pradesh, the Company filed a Special Leave Petition before the Hon'ble Supreme Court which, vide its order dated April 15, 2011 directed the Company to file a comprehensive petition / representation before the CBDT giving all requisite details / particulars in support of its case for re-quantification / re-assessment of income for Financial Years 2002-03 to 2007-08. The Hon'ble Supreme Court also directed the Company to submit a bank guarantee for ₹ 6,170 Million.

Your Company has complied with the directions of the Supreme Court and has submitted the bank guarantee as directed and consequently the attachment on the bank balances of the Company has been released.

Further, your Company has also filed a comprehensive petition before the CBDT that is pending disposal.

More details on income tax matters are provided in Note 5.5 of Schedule 18 - Notes to Accounts.

Subsidiaries

Ministry of Corporate Affairs (MCA) vide their circular dated February 08, 2011 granted general exemption under Section 212(8) of the Companies Act, 1956 from furnishing or attaching the documents as referred to under Section 212 (1) of the Companies Act, 1956, pertaining to subsidiaries, subject to certain stipulated compliance by the holding companies. Accordingly, your Company has complied with the required stipulations including disclosure of certain information in the Consolidated Balance Sheet (Refer Note 33 of Schedule 18 to the Consolidated Balance Sheet) 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.

Satyam Venture Engineering Services Private Limited (SVES)

SVES was incorporated as a joint venture between your Company and Venture Global Engineering LLC (VGE) USA, to provide engineering services and computer services to the automotive industry. The Company and VGE had equal stake in SVES. On account of disputes between the parties, the Company invoked the arbitration clause in the shareholder agreement and submitted the disputes to the London Court of International Arbitration (LCIA).The Arbitrator gave an award dated April 3, 2006 ordering VGE to transfer its shares in SVES to the Company. Further to the legal proceedings in various levels of court, on an appeal made by VGE, the Supreme Court of India, on January 10, 2008, set aside the orders of the District Court and the High Court and directed status quo with regard to transfer of shares till the disposal of the suit.

On January 17, 2008, the District Court of Michigan held VGE in contempt for its failure to honour the award and amongst others 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 under Section 4(2) (c) of the Companies Act, 1956 with effect from June 26, 2008. Further, VGE appealed against the order of the High Court to the Supreme Court. The Supreme Court on August 11, 2010 allowed VGE's application to bring on record additional pleadings. The matter is pending before the City Civil Court, Hyderabad.

During the year ended March 31, 2011, 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 asserting claims under Racketeer Influenced and Corrupt Organisation Act, 1962 (RICO) and seeking damages with respect to the fraud claim, interest costs and attorney fees. In response, the Company has filed a motion to dismiss the complaint or, in the alternative, to compel Plaintiffs to arbitrate their claims pursuant to the arbitration provision in the Shareholders' Agreement between VGE and the Company. The matter is pending disposal.

Knowledge Dynamics Private Limited

Knowledge Dynamics Pte Ltd, Singapore is a wholly owned subsidiary of Mahindra Satyam. It has a wholly-owned subsidiary in India named as Knowledge Dynamics Pvt. Ltd (Knowledge Dynamics). Considering lack of operations, Knowledge Dynamics made an application under the 'Easy Exit Scheme, 2010', to the Registrar of Companies (ROC). The name of the Company has been struck off by ROC effective from March 16, 2011.

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

C&S is a wholly-owned subsidiary of the Company, received notice of inspection dated February 02, 2011, from Serious Fraud Investigation Office, New Delhi under section 209A of Companies Act, 1956, directing to submit information and certified documents on few financial matters. C&S is considering the proposal to merge in the near future, with one of the other subsidiaries or with the parent company, after the settlement of pending investigations by SFIO.

Fixed Deposits

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

Directors

Mr. Sanjay Kalra, the Nominee Director of Venturbay resigned from the directorship of your Company on August 27, 2010. Mr. Gautam S. Kaji, who was an Independent Director, resigned effective from October 25, 2010.

Your Board places on record its appreciation for their contribution of services to the Company.

Mr. M. Damodaran shall retire by rotation at the 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 Schedule 18 - Notes to Accounts. 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, in pursuance of 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
Date : May 23, 2011

Vineet Nayyar
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 artefacts; (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 3 patents by the USPTO in the areas of Technology, Media & Entertainment.
- Invested in creating CoEs in the vertical domains of Technology, Media & Entertainment and semiconductors for creating solution accelerators.
- Developed a Reverse Logistics and Warranty Management solution which is a BPM based Framework and can help customers to reduce their warranty costs
- Investing along with M&M & Cisco, in creation of Virtual Dealership Solution to provide an unique Retail experience for consumers, which is expected to 'Go-live' by June 11
- Developed a VCS – Vendor Collaboration Solution for smooth and seamless exchange of information and performance monitoring for Auto OEM and Tier 1 and 2 Vendors
- Developing technology capabilities in the areas of Smart grid: GIS based automatic metering infrastructure (AMI) solution for utility industry, Security & Surveillance: IP based video surveillance, perimeter security, command and control centre and GIS based security analysis for Safe-city, critical infrastructure and assets
- Strongly positioned Mechatronics as a horizontal differentiator with a special focus on Automotive and Industrial products industries, enhanced the practice with senior technical experts in the areas of motor drives, sensors and control systems. Developed low-cost innovations for emerging markets such as an Electronic power steering for passenger car platform
- Developed access to standardized specifications with Gen IVI Alliance membership, for In-vehicle infotainment reference platform – an initiative by

a consortium of OEMs, Tier-1's, system integrators and service providers

- Become a part of the Aerospace technical advisory council, which comprises a team of veteran experts in Aero structures, Aerodynamics, Systems and Avionics from Indian aerospace industry providing technical consultancy and roadmap in competency development
- Developed indicative products and key sub-systems where design solutions have been provided to customers such as a low cost flight simulator, aircraft design, electronic power steering for emerging markets platform, electronic and electrical architecture benchmarking for commercial vehicles platform, motor controller for electric vehicles
- Filed 18 joint patent disclosures with Consumer and Industrial product customers in many technology areas

2) *Future plan of action:* During the year 2011-12, 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 zSeries 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 a 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	:	95% of total revenue of the company are from exports
2.	Foreign exchange earned (on accrual basis)	:	₹ 47,321 Million
3.	Foreign exchange outgo (on accrual basis)	:	₹ 31,820 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 loss 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 3, regulatory non-compliances / breaches identified in Note 7 and deficiencies in financial reporting process identified in Note 8 of Schedule 18 - Notes 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 : May 23, 2011

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	5,210,000	634,079	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	2,563,110	236,299	300,869	44,576
(e)	Options exercised during the year	400	2,420	Nil	301,271	38,150
(f)	The total number of shares arising as a result of exercise of options during the year	8,000	2,420	Nil	301,271	76,300
(g)	Options cancelled / lapsed	3,100	4,759,471	397,658	220,207	40,814
(h)	Variation of terms of options	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
(i)	Total number of options in force	Nil	21,613,932	1,921,751	811,830	154,096

(j) Money realised by exercise of options on receipt basis — ₹ 942,280.60

(k) Employee-wise details of options granted to

(i) Key management personnel during the year — Nil

(ii) Any other employee who receives a grant in any one year of options amounting to 5% or more of options granted during that year. — No

(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. — ₹ (1.08)

(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, 2011	2010
1.	**Net (Loss) after Taxation and before Non-recurring / Extraordinary Items**		
	- As reported (₹ in Million)	(1,276)	(712)
	- Proforma (₹ in Million)	(1,649)	(982)
2.	**Earnings per share:**		
	Basic		
	- No. of shares	1,176,401,598	1,093,000,622
	- EPS as reported (₹)	(1.08)	(0.65)
	- Proforma EPS (₹)	(1.40)	(0.90)
	Diluted	-	-
	- No. of shares	1,176,401,598	1,093,000,622
	- EPS as reported (₹)	(1.08)	(0.65)
	- Proforma EPS (₹)	(1.40)	(0.90)

(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	67.07	49.01
ASOP ADS	138.21	111.19
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	-	7.91%	7.91%	-	-
2.	Expected life (years)	-	3.5 - 6.5	3.5 - 6.5	-	-
3.	Expected Volatility	-	83.07% - 109.20%	103.26% - 136.99%	-	-
4.	Expected dividends	-	0.42% - 0.70%	0.42% - 0.70%	-	-

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)
22.06.2010	87.30	$4.98 (₹ 229.28)	-	-
29.09.2010	100.98	$5.53 (₹ 248.41)	-	-
14.02.2011	64.60	$2.88 (₹ 131.04)	-	-
10.03.2011	65.10	$2.91 (₹ 131.27)	-	-

Notes:

1) 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.

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 large. 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 innovative solutions and services, thereby fulfilling the role of a responsible service provider, committed to best practices. The Company understands that in order to realize this vision and become a global top-tier consulting and technology services Company, it needs to achieve industry leading benchmarks in Corporate Governance, delivery excellence and employee satisfaction. 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 vision of Mahindra Satyam is - To be the world's most valued 'ICT' Company.

Board of Directors

Composition and Category of Directors:

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

[1]Resigned on August 27, 2010.

[2]Resigned on October 25, 2010.

[3]Meetings were held on April 29, May 31, July 27, September 29, November 15, 2010 & February 13 & 14, 2011.

[4]Excludes private companies, foreign companies, companies registered under Section 25 of the Companies Act, 1956 and alternate Directorships.

[5]Represents Audit Committee and Investors' Grievance Committee in public limited companies.

Audit Committee

The Audit Committee was constituted with all Independent Directors.

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	8	8
Mr. C. Achuthan	Independent Director	8	7
Mr. M. Damodaran	Independent Director	8	3
Mr. Gautam S. Kaji (upto 25.10.2010)	Independent Director	8	1

Meetings were held on April 29, May 31, August 30, September 23, September 29, November 15, December 21, 2010 and February 13, 2011.

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)	Independent Director	2	2
Mr. T. N. Manoharan	Independent Director	2	2
Mr. Ulhas N. Yargop	Non-executive Director	2	2

Meetings were held on December 21, 2010 and February 14, 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 2010-11.
3. In appreciation to the phenomenal efforts of all the Government nominee Directors and other Non-executive Directors in making the Company turnaround from the turmoil, the Board in its meeting held on February 13 & 14, 2011 had approved for payment of commission not exceeding ₹ 12.00 lakhs (Rupees Twelve lakhs only) payable in proportion to the term of the Directors for the financial year 2009-10. Since there were no profits for the financial year 2009-10, the Company had applied for the approval of Central Government and yet to receive communication in this regard.
4. Sitting fee (@ ₹ 20,000 for attending each Board / Committee meeting) paid to the Non-executive Directors for the FY 2010-11 is given below:

S.no.	Name	Sitting fee (₹)
1	Mr. C. Achuthan	3,00,000
2	Mr. T. N. Manoharan	3,20,000
3	Mr. M. Damodaran	1,00,000
4	Mr. Ulhas N. Yargop[1]	2,00,000
5	Mr. Gautam S. Kaji (upto 25.10.2010)	40,000[3]
6	Mr. Sanjay Kalra[2] (upto 27.08.2010)	60,000

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

[2]Sitting fee was paid to Tech Mahindra Limited.

[3]Excludes sitting fee of ₹ 20,000 paid for the previous year.

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)	Independent Director	2	2
Mr. C. P. Gurnani	Whole-time Director & CEO	2	1
Mr. Ulhas N. Yargop	Non-executive Director	2	2

(3) Meetings were held on August 30 and December 21, 2010.

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

(5) Details of investor complaints during the year 2010-11:

Received	Resolved	Pending
63	63	0

(6) Unclaimed Share Certificates:

Pursuant to the amendment to the Listing Agreement by SEBI vide its circular dated December 16, 2010, the Company has sent three reminder letters to the shareholders whose share certificates are returned as undelivered in Public Issue or any other issue. The unclaimed share certificates will be transferred into a folio in the name of 'Unclaimed Suspense Account' in due course. All these shares shall be dematerialized in a demat account opened for this purpose. The corporate benefits accrued on these shares shall be credited to this account and the voting rights on the shares outstanding in this account shall remain frozen.

(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.

(8) Venue and time of the last three AGMs:

Year	Date	Venue	Time	Whether any special resolutions passed
2009-10	December 21, 2010	Sri Sathya Sai Nigamagamam (Kalyana Mandapam), 8-3-987 / 2, Srinagar Colony, Hyderabad - 500 073	11.30 a.m.	None
2008-09	December 21, 2010		10.00 a.m.	Two
2007-08	August 26, 2008		11.00 a.m.	One

There were no resolutions passed through postal ballot during the year 2010-11.

Disclosures

There have been no materially significant related party transactions, with its promoters, the Directors or the management, their subsidiaries or related parties except those disclosed in the financial statements for the year ended March 31, 2011.

There has been no non-compliance other than those mentioned in the Note 7.1 of Schedule-18 Notes to Accounts, and 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.

The Company has filed condonation application before the Hon'ble Company Law Board for the non-compliances mentioned in the Note 7.1(i) to 7.1(x) of Schedule-18 Notes to Accounts.

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.

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 Shareholders Information

a) The Annual General Meeting (AGM) of the Company will be held on Wednesday, August 10, 2011 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: August 08 to August 10, 2011 (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. Bombay Stock Exchange Ltd, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 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	1. National Securities Depository Ltd. (NSDL) 2. Central Depository Services (India) Limited (CDSL)	INE275A01028
American Depository Shares (ADS)	New York Stock Exchange, Inc. (NYSE)# 20 Broad Street, New York, NY 10005.	Citibank N.A., New York	804098101
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

The Company voluntarily delisted ADSs from NYSE and moved the trading to Pink OTC Markets, USA effective October 14, 2010 with the ticker symbol SAYCY.

f) Listing fee for the financial year 2011-12 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 (NYSE) : SAY (upto October 13, 2010)
6) ADS Symbol (OTC) : SAYCY (effective from October 14, 2010)

h) The monthly high and low stock quotations during the financial year 2010-11 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-NYSE / OTC*		Dow Jones Index	
	High (₹)	Low (₹)	High	Low	High (₹)	Low (₹)	High	Low	High US$	Low US$	High	Low
Apr-10	98.20	89.60	18,047.86	17,276.80	98.25	75.85	5,399.65	5,160.90	5.73	5.20	11,308.95	10,810.15
May-10	96.35	79.75	17,536.86	15,960.15	96.40	72.95	5,278.70	4,786.45	5.41	4.57	11,203.37	9,756.11
Jun-10	94.80	82.75	17,919.62	16,318.39	94.70	82.70	5,366.75	4,961.05	5.28	4.79	10,627.19	9,726.33
Jul-10	93.65	86.00	18,237.56	17,395.58	93.60	86.00	5,477.50	5,225.60	5.20	4.75	10,632.52	9,596.04
Aug-10	90.90	78.55	18,475.27	17,819.99	91.00	78.50	5,549.80	5,348.90	5.06	4.35	10,755.66	9,915.73
Sep-10	113.80	79.00	20,267.98	18,027.12	113.85	78.90	6,073.50	5,403.05	6.68	3.83	10,960.99	10,016.01
Oct-10	92.05	78.50	20,854.55	19,768.96	92.70	78.40	6,284.10	5,937.10	4.14	3.47	11,266.30	10,682.66
Nov-10	90.65	59.75	21,108.64	18,954.82	90.70	59.55	6,338.50	5,690.35	3.99	2.61	11,505.83	10,906.46
Dec-10	70.80	58.90	20,552.03	19,074.57	70.80	59.00	6,147.30	5,721.15	3.04	2.70	11,655.04	11,007.31
Jan-11	73.90	60.00	20,664.80	18,038.48	73.90	59.90	6,181.05	5,416.65	3.25	2.75	12,072.17	11,545.87
Feb-11	66.50	54.40	18,690.97	17,295.62	66.85	54.20	5,599.25	5,177.70	3.18	2.53	12,417.97	11,892.50
Mar-11	69.85	61.60	19,575.16	17,792.17	70.50	61.60	5,872.00	5,348.20	3.11	2.71	12,422.96	11,548.14

*ADS prices upto October 13, 2010 are from NYSE and thereafter from Pink OTC Markets, USA.

ii) Monthly closing price and Indices data:

Month & year	BSE	Sensex	NSE	NIFTY	NYSE / OTC*	DJI
Apr-10	94.50	17,558.71	94.50	5,278.00	5.32	11,008.61
May-10	86.75	16,944.63	86.90	5,086.30	5.17	10,136.63
Jun-10	91.15	17,700.90	91.15	5,312.50	5.14	9,774.02
Jul-10	86.40	17,868.29	86.50	5,367.60	4.95	10,465.94
Aug-10	79.80	17,971.12	80.00	5,402.40	4.52	10,014.72
Sep-10	90.10	20,069.12	90.25	6,029.95	3.89	10,788.05
Oct-10	78.90	20,032.34	78.95	6,017.70	3.50	11,118.40
Nov-10	62.25	19,521.25	62.35	5,862.70	2.91	11,006.02
Dec-10	66.35	20,509.09	66.15	6,134.50	2.92	11,577.51
Jan-11	60.15	18,327.76	60.15	5,505.90	2.75	11,891.93
Feb-11	62.10	17,823.40	62.00	5,333.25	2.75	12,226.34
Mar-11	65.75	19,445.22	65.70	5,833.75	3.02	12,319.73

*ADS prices upto October 13, 2010 are from NYSE and thereafter from Pink OTC Markets, USA.

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

		Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11
a)	*ADS Price–US $	5.32	5.17	5.14	4.95	4.52	3.89	3.50	2.91	2.92	2.75	2.75	3.02
b)	ADS price-INR	236.42	240.30	239.78	230.03	212.67	174.70	156.03	133.83	131.05	126.36	124.55	135.02
c)	NSE Share Price (₹)	94.50	86.90	91.15	86.50	80.00	90.25	78.95	62.35	66.15	60.15	62.00	65.70
d)	Premium– (₹) (b/2-c)	23.71	33.25	28.74	28.51	26.33	-2.90	-0.94	4.57	-0.63	3.03	0.27	1.81
e)	Premium %	25.09	38.26	31.53	32.96	32.92	-3.21	-1.18	7.32	-0.95	5.04	0.44	2.76

*ADS prices upto October 13, 2010 are from NYSE and thereafter from Pink OTC Markets, USA.

Each ADS represents 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, 2011, 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	735	682,124	155,779	91,144,613	0.01	7.75
501	1,000	711	57,913	678,710	46,019,566	0.06	3.91
1,001	2,000	1,552	28,846	3,053,120	44,078,967	0.26	3.75
2,001	3,000	161	8,993	457,198	23,026,088	0.04	1.96
3,001	4,000	194	4,181	764,800	15,127,565	0.07	1.29
4,001	5,000	11	2,834	51,400	13,318,313	0.00	1.13
5,001	10,000	69	4,388	495,690	31,660,329	0.04	2.69
10,001 & above		24	3,151	627,450	793,836,479	0.05	67.47
ADS		0	1	0	112,069,686	0.00	9.52
Total		**3,457**	**792,431**	**6,284,147**	**1,170,281,606**	**0.53**	**99.47**
Grand Total		**795,888**		**1,176,565,753**		**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, 2011, 99.47 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, 2011 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). As on March 31, 2011, the following options are outstanding under various schemes:

i. ASOP - B - 21,613,932

ii. ASOP - ADS - 1,921,751

iii. ASOP - RSUs - 811,830

iv. ASOP - RSUs (ADS) - 154,096

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) 3063 6363 / 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 2002-03 and the interim dividend for the financial year 2003-04 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
2003-2004	Final	19.07.2004 - 23.07.2004	29.08.2011
2004-2005	Interim	04.11.2004	25.11.2011
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 service 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
Date : May 23, 2011

C. P. Gurnani
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, 2011, 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
Practicing Company Secretary
Certificate of Practice No. 1796

Place : Hyderabad
Date : May 23, 2011

Corporate Social Responsibility

During 2010-11, Mahindra Satyam Foundation focussed its activities in the areas of Education, Health, Livelihoods, Empowering persons with Disability and Flood Rehabilitation.

Education

IBM KidSmart Program is an ongoing initiative, with an objective of offering children from low-socio economic communities good quality learning opportunities in their pre & primary school years and to offer teachers of these children access to the latest educational methodology and appropriate use of technology. Currently there are 5 KidSmart centres that are operational. 16 neighbouring schools access these centers and benefit 4,250 primary school children. The sixth KidSmart centre is ready for inauguration and will benefit an additional 450 children.

Scholarships for Poor Students

Nineteen underprivileged Government school children from Hyderabad and Bangalore, who fared well in the Board exams but could not pursue higher studies due to financial constraints, were given scholarships. In Bangalore, scholarships were provided by the Bombardier India Team, and the scholarships for girl students in Hyderabad were sponsored by Mahindra Satyam Volunteers (M7 Team) who had adopted the school.

Computer Lab

A computer lab was set up in a Government school at Mazeedpally in Medak District. 15 de-bonded computers were provided to benefit 400 Government school children.

Notebook Distribution

During 2010-11, more than 20,000 notebooks were distributed to 5,403 children of 19 urban Government schools in Hyderabad, Chennai, Bangalore and Bhubaneswar. As many as 11 rural schools in the Mahbubnagar district of Andhra Pradesh were also benefitted by this drive.

Magnificent Seven (M7) Activities

The M7 are a team of about seven volunteers, who take ownership of a 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 2,948 volunteers contributed 10,100 hours of volunteering.

M7 teams across our chapters in Hyderabad, Bangalore, Chennai and Bhubaneswar regularly visit Government schools and corporation schools to mentor school children on weekends. Volunteers take classes in English, Maths, Science and basic computer skills. The students are also taught moral values and the importance of education. In addition, Independence Day, Republic Day, Teachers day, Children's Day and other festivals of national importance are celebrated with the children. Apart from visiting schools, volunteers regularly visit street children shelters, orphanages, observation homes and juvenile homes on weekends. Besides counselling and teaching, M7 organizes motivational trips, fun and games, and celebrate Independence Day, Children's Day and other festivals with the inmates.

School Improvement Program

Hard infrastructure support has been provided to three Government schools in Hyderabad. Kitchen-shed for midday meals and toilets were constructed, and drinking water facilities were provided to benefit 500 children. Black-boards were painted in twenty-four Government schools in Hyderabad. In addition to the above, infrastructure was also provided in a Government school in Musheerabad, Hyderabad to set up the sixth KidSmart centre. This centre will benefit 450 primary school children.

In Bhubaneswar, water purifiers were provided to three Government Primary Schools and water purifier cum filters was provided to two Government Upper Primary Schools. At the Jeebika IT School, a water purifier cum filter, a generator set, and UPS was provided. A total of 1,258 school children will benefit by this service.

Under this initiative, Mahindra Satyam Foundation has adopted two Government Schools in Peddadagada and Ayyavaripally villages to improve the quality of education and invest in the children's future. The children from families of the flood victims go to these schools. Attendance in these was poor due to lack of basic amenities like clean toilets, drinking water etc. Under the School Improvement Program, the construction of permanent kitchens for mid-day meals and clean drinking water and sanitation facilities for the school children was provided, benefitting 550 school children. 14 computers were also provided to the two schools in Ayyavaripally and Peddadagada villages. A computer lab was set up in the Government School, Ayyavaripally. More than 5,000 notebooks were donated to 1,100 school children in thirteen Government Zilla and Mandal Parishad schools in the flood affected areas.

A similar School Improvement Program was taken up in five remote flood hit villages in Nagayalanka Mandal, Krishna District, Andhra Pradesh. In six Government schools, toilets and kitchen sheds were constructed and drinking water facilities provided. This initiative will impact around 500 children.

Health

During 2010-11 a total of fifteen blood donation camps were organized across Hyderabad, Bangalore, Chennai and Bhubaneswar. Mahindra Satyam Associates voluntarily donated 1,620 units of blood to the Red Cross Society Blood Bank, Indo American Cancer Hospital Blood Bank, Jeevan Blood Bank etc.

Livelihoods

Mahindra Satyam Foundation is operating four IT schools, in Hyderabad and Bangalore. During 2010-11 a total of 252 candidates were trained in basic computer skills, spoken English and soft skills for three months. Placement was provided to 125 and is an ongoing support.

Mahindra Satyam Volunteers in Bhubaneswar took soft skills and personality development classes on weekends to students of an IT school supported by the Foundation.

Empowering Persons With Disability (PWDs)

A major initiative under this program is the organizing of a two day Abilities Mela. The 4th Abilities Mela was organized in partnership and supported by different NGOs, Government institutions and other likeminded organizations. 25 stalls displayed goods made by PWDs, like jewellery, bags, pickles, papads, candles, toys etc., attracted 800 + visitors. There were presentations, workshops, and cultural programs on both the days. The outcomes of the two day event was large- scale sensitization of general public about disability issues, creating awareness for educating PWDs on the latest / advanced technology / software available as assistive aids, increase in the number of institutions / corporate participation for training & placing PWDs, groundwork for creating market linkages for income generation for PWDs through self- help groups, and assessment of 500 PWDs by various Corporates for employment.

Mahindra Satyam Foundation is the nodal agency for recruitment of PWDs in ITSAP (IT & ITES Industry Association of Andhra Pradesh) formerly known as HYSEA. This year the Foundation facilitated employment for 10 PWDs, three of whom were employed in Mahindra Satyam BPO. A computer lab was set up with 9 computers loaded with JAWS software at the Government Girls School for the Visually Challenged, Hyderabad which will impact 150 visually challenged girls and also provided educational aids for 70 visually challenged students at the same school. A tabla set was also provided to the girls. 10 computers were provided to Nightingale Foundation to train 15-20 Ortho PWDs each month.

Capacity Building

To facilitate capacity building, support was given to PWD institutions in Hyderabad and Chennai by providing them material which is useful for enhancing vocational skills. In Hyderabad, a photocopying machine, a flour mill, cots, mattresses, cupboards, book shelves and a water tank was provided to Sadhana Institute for Mental Retardation, which will be beneficial to 156 inmates. The photocopying machine and flour mill is used to train 30 mentally challenged adults besides generating income for the Institute. A digital copier with printer was provided to Andhra Mahila Sabha which will be useful to train 45 mentally challenged and hearing impaired persons every month. It will also help generate income for the institute. A physiotherapy equipment was provided to Vegesena Foundation which will be used by 200 children with all kinds of disabilities. A tabla set was provided to the Government Girls School for the visually challenged, and a veena and violin was provided to Shiva Rama Dasa Music Academy. This academy is run by visually challenged sisters who teach music to persons with disabilities. A computer laser printer was provided to the Padmavathi Institute for the Disabled which is used to print training material. Twenty PWDs are trained in Basic Computer skills each month.

In Chennai, teaching aids were provided for the Integrated Play School at the Spastic Society of Tamil Nadu. These aids will benefit 25-30 spastic children in the age group 2 ½ - 6 years. At Arvind Foundation, an organization for special children, therapeutic aids like exercise cycle, physio ball, copper rods, sensory ball, LCD projector, head gear and splints were provided. These aids will benefit 45 children with special needs.

Flood Rehabilitation

The devastating floods which ravaged the states of Andhra Pradesh and Karnataka last year left behind a lot of destruction. Mahindra Satyam, through the Foundation extended immediate relief to hundreds of flood affected people in the two states. Going beyond relief programs, the Foundation also took up a long-term rehabilitation program. The Foundation adopted Chinnambavi village in Weepanagandla Mandal of Mahabubnagar Dist. Andhra Pradesh, to build Government designed model houses. The Foundation provided permanent resettlement for the families displaced in the floods from Ayyavaripally village by constructing (outsourced to an NGO ASSIST) 56 permanent houses at Chinnambavi village named 'Ratnagiri- Mahindra Satyam Colony'. This rehabilitation program also provided facilities like solar powered street lighting and a reverse osmosis drinking water supply plant. The provision of clean drinking water and solar lighting is unique to this project. This project is also among the very few projects to be completed within the stipulated time frame. The project which commenced during June 2010 was completed in December 2010 and handed over to the beneficiaries in January 2011.

Accolades

A Certificate of Merit was received from Shri. E S L Narasimhan, Governor of Andhra Pradesh, for motivating the largest number of blood donors during the year 2008-2009.

Indo American Cancer Hospital Blood Bank presented a memento to Mahindra Satyam Learning World (MSLW) and Mahindra Satyam Foundation for donating 328 units of blood, which was voluntarily donated by ELPs (Entry Level Programmers).

RMD Pain & Palliative Care Trust honoured Mahindra Satyam Foundation, with an award for the palliative care and support given to terminally ill cancer patients and the elderly at the Palliative care institution / home by our volunteers.

ODCs at Work

- GSK ODC Team contributed Rs.30, 000 for construction of kitchen shed at a school in Chinnambavi village.
- Russels and Coles team raised Rs. 22,000 and conducted Diwali celebrations at Sadhana Institute for Mentally Challenged.
- NAB and Qantas Team raised Rs. 18,000 and celebrated Independence Day at Sadhana Institute for Mentally Challenged. Tables were donated to the Institute.
- M7 team raised Rs. 16,500 to provide scholarships to ten poor children at a Government school.
- ELTP's Team spontaneously raised Rs. 2,300/- for six orphan homes at the Mahindra Satyam Diwali Celebrations.
- Chevron ODC Team contributed Rs. 10,000/- for notebooks
- Bombardier Team adopted a Government school in Bangalore to provide hard and soft infrastructure support. They also gave scholarships of Rs.2, 500 each to nine school children.

Management Discussion and Analysis

Industry Structure, development and Outlook

Overview

Satyam Computer Services Limited (hereinafter referred to as 'SCSL / Mahindra Satyam' or 'the Company') is a leading information, communications and technology (ICT) Company providing top-class business consulting, information technology and communication services. Leveraging deep industry and functional expertise, leading technology practices and a global delivery model, we enable companies to achieve their business goals and transformation objectives.

We are powered by a pool of talented Information Technology (IT) and consulting professionals across enterprise solutions, client relationship management, business intelligence, business process quality, operations management, engineering solutions, digital convergence, product lifecycle management, and infrastructure management services, among other capabilities. With presence across 34 countries we serve numerous clients, including several Fortune 500 companies.

We are a part of the Mahindra Group, a global industrial conglomerate and one of the top 10 industrial firms based in India. The Group's interests span financial services, automotive products, trade, retail and logistics, information technology and infrastructure development.

Current Environment

The global economic environment continues to recover from the effects of the recession. The decline in world GDP in 2009 has given way to positive growth in 2010, and is expected to remain stable in 2011. The recovery has been led by developing nations which continue to grow faster than the developed nations. The recession had brought a greater focus on cost consciousness and is still an important consideration in sourcing strategies, customers have started looking at how IT investments can further business goals. The need for flexibility has led many customers to move towards multi-sourcing. This trend is expected to continue and Indian service providers stand to gain from such deals. India's value proposition as an off-shoring destination will continue to be strong aided by excellent demographics and the availability of a skilled labor pool. India is projected to contribute the largest number of people to the working population over the next 10 years, a factor that favors Mahindra Satyam's RightSourcingTM model for delivery of services.

Global IT services overview

Global technology products and services spend increased about 4 percent in 2010 to touch USD 1.6 trillion as per NASSCOM estimates. IT and BPO services continue to lead, accounting for 63% of the total spend. While the developed nations are the biggest spenders on IT, emerging markets have led the return in spending. The developed nations are yet to return to pre-recession spending levels.

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

- IT 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
- Efficiency improvement initiatives and cost focus

Indian IT Services Industry Overview

According to the NASSCOM Strategic Review 2011, the Indian IT / ITES industry is estimated to aggregate revenues of USD 88.2 billion in FY2011. The export revenues generated by the Indian IT / ITES industry grew by 18.7 percent in FY2011 to USD 59.4 billion. The domestic IT / ITES revenues are also estimated to grow at 21 percent to USD 28.8 billion in FY2011. The growth in domestic market is attributed to the increasing technology adoption by both organizations and the government. NASSCOM predicts that Indian IT / ITES industry may grow to USD 225 billion by 2020. The key factors leading to the strong revival in growth are:

- Broadening of services provided

  The Indian IT industry has made progress in moving towards high-end services such as consulting and system integration. The industry is focused on increasing domain expertise by creating center's of excellences with the aim of providing end-to-end services. Additionally, highly skilled services like the Engineering design and R&D segment have started exhibiting accelerated growth. The strong growth has established India as a transformative player in the global sourcing arena with solutions addressing both cost and growth.

- Improvement in demand scenario

  While 2009 saw a strong focus on cost and a revival of IT spending predominantly in BFSI, this year other mature verticals such as Manufacturing have also shown good growth, in-addition to improved demand from emerging verticals such as Retail, Utilities.

Opportunities and Threats

Opportunities

- Higher economic growth in developing markets

  Developing markets are growing 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, Asia Pacific, 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 like those stemming from the European debt crisis, Japan calamity 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 and emergence of new technologies

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

- On January 7, 2009, the erstwhile chairman submitted a letter (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 . The details of the financial irregularities stated in the letter are described in Note 3 of Schedule 18 to the Standalone Financial Statements. The Company may be exposed to liabilities in case of any adverse outcome of these investigations / proceedings, the details of which are disclosed in Note 3 of Schedule 18 to the Standalone Financial Statements and other regulatory irregularities pending and arising out of financial irregularities stated in the letter as disclosed in Note 5 and Note 7 of Schedule 18 to the Standalone Financial Statements.
- Lapses including delays in the financial reporting process set out in more detail under Note 8 of Schedule 18 to the Standalone Financial Statements, including specific risks and uncertainties highlighted under Note 8.4 of the said Schedule.
- 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 absence of a robust compliance mechanism could expose the Company to the risk of non compliances.
- The Company has a disaster recovery system for a majority of its key applications including the ERP platforms; however some of the sub-systems have some gaps in disaster recovery management that could affect the Company. The Company is in the process of remediating the gaps in its recovery management systems.
- 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.
- Currently, we benefit from certain tax incentives from specially designated STPs. Under current laws, the tax incentives available to STP units terminate on the earlier of the ten year anniversary of the commencement of the unit or March 31, 2011 (the current financial year). When the tax incentives expire, the tax expense would increase thus impacting profitability.
- 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 headquartered might also adversely impact the operations of our Company.
- We continue to be registered with the Securities Exchange Commission ('SEC') although we have delisted from the New York Stock Exchange. The registration with the SEC requires periodic filing of reports as per United States Generally Accepted Accounting Principles ('US GAAP'). We are yet to reach 'current filing' status and this could potentially lead to certain uncertainties with regard to our standing with customers / shareholders in the U.S.
- In the previous year, about 43% of the stake in our company was acquired by Venturbay Consultants Private Limited, a wholly owned subsidiary of Tech Mahindra Limited. Tech Mahindra Limited is also an IT services provider based out of India. Post the acquisition, there has been some communication relating to a possible merger of Tech Mahindra and the Company. Any continued uncertainty in this regard may have an adverse impact on our investors. We will continue to have communication with all our stakeholders and keep them informed of any developments to address these uncertainties.
- While the Company made significant progress in its transformation journey towards becoming a Top Tier services provider, in the short term, we anticipate some negative sentiments associated with brand as some potential stakeholders (customers, Associates, Investors etc) may still relate the brand with the past events. A rebranding exercise was subsequently carried out and a comprehensive plan to handle this with respect to various stakeholders is in progress to reinforce Mahindra Satyam brand and how it means service excellence, Corporate Governance and transparency.

Internal Control Systems and their adequacy

Post the induction of the Venturbay nominees on the Board of the Company in June 2009, the new Management after an evaluation of the internal control situation existing in the Company, identified various internal control deficiencies and weakness.

Pursuant to such evaluation, the Company concluded that for the year ended March 31, 2009, the internal control and procedures of the Company were not effective at reasonable assurance level and reported the same in its annual accounts for the year ended March 31, 2009.

During the financial year ended March 31, 2010, the Company under the new Management took several steps including inter-alia appointment of a new Audit Committee, revision the Code of Ethical Conduct, nomination of a Corporate Ombudsman and took steps to formulate an entity wise risk management policy, approved by the Board. The internal audit function was also strengthened by appointing a reputed and independent external agency as the Internal Auditor.

Amongst the initiatives that the Management has implemented or in the process of implementing steps to complete the analysis of unexplained / un-reconciled balances between various sub-systems / sub-ledgers and the general ledger. The process of reconciliation is not complete however, there has been progress and a number of previously un-reconciled transactions between various sub-systems have been identified and rectifications carried out / are in the process of being carried out. In addition, physical verification of assets was conducted by the Management and the deficiencies that were noticed were appropriately dealt with in the books. Further, the Company has commenced updation of the Fixed Assets Register with quantitative details, asset description etc.

Considering the magnitude of the identified material weaknesses, change in personnel, continuing investigation by authorities investigating the fraud, the Management's efforts to fully remediate the material weakness continues to be ongoing.

The software platforms including the ones used for financial reporting are non-integrated, even though compensating manual reconciliations are carried out. The deficiencies in IT General and Application controls over all areas continue.

As at March 31, 2011, while the new Management's efforts have resulted in relatively better control over the process of revenue recognition, receivables management, approval mechanisms and the preparation and review of material account balances, these have not yet reached a stage so as to provide a level of assurance to demonstrate complete robustness over internal controls on financial reporting.

Therefore, the new Management, for the purpose of ensuring appropriate controls over the financial reporting process and the preparation of the financial results, 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.

Based on the above assessment and the information available with the Management at this stage and the corrective actions taken, the Management believes that these financial statements, read with the notes thereon, do not contain any material misstatements / omissions.

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 ₹ 2,353 Million as on March 31, 2011 compared to ₹ 2,352 Million as on March 31, 2010. 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 ₹ 43,165 Million as on March 31, 2010 to ₹ 43,350 Million as on March 31, 2011. The addition to the securities premium account of ₹ 185 Million during the year is primarily due to the conversion of options into shares by employees under various Associate Stock Option Schemes (ASOPs).

Profit and loss account

The debit balance in profit and loss account of ₹ 23,346 Million at the beginning of the year was further increased to ₹ 24,622 Million for the year ending March 31, 2011 due to the loss of ₹ 1,276 Million for the year ending March 31, 2011.

Associate stock option

The decrease in the associate stock option account of ₹ 267 Million is primarily due to exercise of options during the current year.

Secured Loans

The secured loan balance as at March 31, 2011 is ₹ 315 Million as compared to ₹ 420 Million as at March 31, 2010. The decrease of ₹ 105 Million over the previous period is primarily due to repayment of the finance lease obligations during the year. This decrease is partially offset by increase on account of new car leases entered into by the Company during the current year. No other loans were taken during the current year.

Fixed Assets

The Gross block of fixed assets is ₹ 20,204 Million as at March 31, 2011 as compared to ₹ 18,189 Million as at March 31, 2010. The increase of ₹ 2,015 Million is primarily due to additions in plant and machinery (including computers) ₹ 605 Million, furniture, fixture and interiors ₹ 90 Million, capitalization of buildings ₹ 1,314 Million, additions to freehold land ₹ 92 million (which includes conversion of leasehold land which was previous capitalized into freehold land during the year), software ₹ 101 Million and miscellaneous office equipment ₹ 19 Million. The increase in the gross block is partially offset by decrease on account of de-capitalization of vehicles (net of additions) due to resignees ₹ 128 Million and termination and no-renewal of leased premises containing leasehold improvements ₹ 78 Million and increase in provision for capital work-in-progress by ₹ 67 Million for certain project items.

The decrease in capital work-in-progress to ₹ 2,683 Million (₹ 3,730 Million as on March 31, 2010) is primarily due to capitalization of buildings during the year and decrease in capital advances.

Investments

Investment comprises of investments in Subsidiaries and investment in Mutual Funds.

Investment in Subsidiary companies is ₹ 9,589 Million as on March 31, 2011 (₹ 7,696 Million as on March 31, 2010). The increase of ₹ 1,893 Million is primarily on account of additional investment made during the year in Bridge Strategy Group LLC and Satyam Computer Services Belgium, BVBA. These investments included shares that were allotted to the Company in respect of the share application money pending allotment that was paid in the previous year related to Satyam Computer Services Belgium of ₹ 1,007 Million. The provision for diminution in the value of investment in subsidiaries as on March 31, 2011 is ₹ 8,616 Million (as on March 31, 2010 is ₹ 6,698 Million). The provision for diminution in the investment value in subsidiary companies is made on the basis of valuation reports obtained by the Company and also includes ₹ 1,005 Million that was provisioned against the share application money pending allotment in the previous year and transferred to the provision for investment in the current year.

The Company during the year made further capital infusion in Satyam Computer Services (Shanghai) Co. Limited amounting to ₹ 39 Million, Satyam Computer Services (Nanjing) Co. Limited amounting to ₹ 40 Million, Satyam Computer Services Belgium ₹ 1,245 Million (which included investment of ₹ 1,007 Million made during the previous year against which shares were allotted during the current year) and in Bridge Strategy amounting to ₹ 569 Million.

(₹ in Million)

Particulars of investments in subsidiaries	As at March 31, 2011	As at March 31, 2010
Gross Investments	9,589	7,696
Less: Provision for diminution	8,616	6,698
Net of Provision for Diminution	973	998

The Company has made investment in various mutual funds during the current year. These are investments in fixed term maturity plans and short-term debt funds, to temporarily park the cash balances. Investments in mutual funds aggregated to ₹ 4,348 Million as at March 31, 2011 (₹ 6,268 as at March 31, 2010).

Deferred Tax Assets

The Company accounts for deferred tax in compliance with the Accounting Standard 22 as prescribed by the Companies (Accounting Standards) Rules, 2006. Deferred tax assets and deferred tax liabilities are recognized for the future tax consequences attributable to differences between financial statements carrying amounts of existing assets and liabilities and their respective tax bases. No deferred tax asset has been recognized as at March 31, 2011 on account of accumulated business losses and other items in the absence of virtual certainty of realization of such assets.

Inventories

The inventories as at March 31, 2011 are ₹ 592 Million (₹ Nil as at March 31, 2010). Inventories as at the year end comprise primarily of traded hardware equipments and other items are carried at the lower of cost and net realisable value.

Sundry Debtors

The Sundry Debtors (gross) as at March 31, 2011 is ₹ 15,391 Million (₹ 12,916 Million as at March 31, 2010), consisting of debtors exceeding six months of ₹ 5,483 Million (₹ 4,937 Million as at March 31, 2010) and other debts of ₹ 9,908 Million (₹ 7,979 Million as at March 31, 2010).

The cumulative provision against the total gross debtors outstanding as at March 31, 2011 is ₹ 4,264 Million (₹ 4,411 Million as at March 31, 2010). Debtors (net of provision for doubtful debts) are 23.30% of revenues for the year ended March 31, 2011 compared to 16.67% for the previous year representing a Day Sales Outstanding (DSO) of 86 Days and 61 Days for the respective years. The increase in the DSO from 61 days in the previous year to 86 days in the current year is primarily on account of increase in billings during the last two months of the year ended March 31, 2011 which was mostly outstanding as at March 31, 2011. Further there has been a reduction of the unbilled amounts during the current year as compared to the previous year which has resulted in an increase in the receivable balances. (Also refer Note 13.1 and 18 (iii) of Schedule 18 to the Standalone Financial Statements)

Cash and Bank balances

Cash and Bank balances amount to ₹ 26,498 Million as on March 31, 2011 (comprising of Scheduled Bank balances of ₹ 24,683 Million, Non-Scheduled Bank balances of ₹ 1,804 Million and cheques in hand ₹ 11 Million) as compared to ₹ 20,920 Million as on March 31, 2010 (comprising of Scheduled Bank balances of ₹ 19,094 Million and Non-Scheduled Bank balances of ₹ 1,826 Million). The increase of ₹ 5,578 Million is primarily on account of sale of current investments in mutual funds during the current year and on account of interest and dividends received on fixed deposits and other current investments. The above bank balances include certain restricted bank balances relating to amounts escrowed pursuant to Settlement Agreements in respect of Class Action Lawsuit Settlement, SEC Settlement and Upaid. Further, there were certain garnishee orders from the Income Tax Authorities on certain bank balances as at March 31, 2011. These were subsequently released in April 2011. The details of such restricted bank balances have been furnished in Note 17 of Schedule 18 to the Standalone Financial Statements.

Other Current Assets

Other Current Assets are ₹ 3,655 Million as on March 31, 2011 as compared to ₹ 4,717 Million as on March 31, 2010. The decrease of ₹ 1,062 Million is primarily on account of decrease in the unbilled evidenced by an increase in receivables (₹ 1,296 Million) partially offset by an increase in interest accrued on bank deposits ₹ 234 Million. (Refer Notes 13.2 and 13.3 of Schedule 18 to the Standalone Financial Statements).

Loans and Advances

Loans and Advances (gross) as at March 31, 2011 ₹ 7,280 Million (₹ 8,665 Million as at March 31, 2010) and the cumulative provision towards doubtful advances is ₹ 3,961 Million (₹ 4,874 Million as at March 31, 2010). The decrease in loans and advances (net) is ₹ 1,385 Million (₹ 3,791 Million as at March 31, 2010). The decrease of ₹ 1,385 Million (gross) is primarily on allotment of shares against the share application money pending allotment as at March 31, 2010 amounting to ₹ 1,007 Million in relation to the investment in Satyam Computer Services Belgium, BVBA (refer note 12.3 of Schedule 18 to the Standalone Financial Statements). The shares were allotted during the current year. Further decrease is on account of reduction in advances paid to suppliers ₹ 654 Million partially offset by an increase in employee advances ₹ 249 Million during the current year.

The decrease in the provision for doubtful advances is primarily on account of transfer of the provision relating to the share application money amounting to ₹ 1,005 Million pending in respect of Satyam Computer Services Belgium, BVBA against which shares were issued during the current year. The corresponding provision has also been moved to the provision for investments.

Current Liabilities

Current liabilities as at March 31, 2011 is ₹ 14,686 Million (₹ 7,890 Million as at March 31, 2010) The increase of ₹ 6,796 Million is primarily on account of provision made in respect of the settlement agreed in the class action suit filed by the US investors of the Company ₹ 5,589 Million and the penalty in the settlement with the SEC imposed on the Company ₹ 447 Million. Other miscellaneous increases in current liabilities include increase on account of increase in provision for sub-contracting expenses, creditors for capital expenses and other liabilities.

Provisions

Provisions as at March 31, 2011 is ₹ 10,415 Million (₹ 10,675 Million as at March 31, 2010). Based on an assessment of the general provision for contingencies towards various claims made / anticipated against the Company as at March 31, 2011 and considering the settlements of certain claims during the year, amounts aggregating to ₹ 509 Million were adjusted / utilised against opening balance of provision for contingencies (Refer Note 32.2 of Schedule 18 of the Standalone Financial Statements). This decrease is partially offset by an increase in provision for employee benefits ₹ 133 Million due to salary increases during the year and enhancement of ceiling limit of gratuity benefit. Further, increase in provision for taxation (net of payments) is on account of provision for overseas tax for the current year.

Total income

Total income decreased to ₹ 50,660 Million in the current year from ₹ 51,134 Million in the previous year thereby leading to a decrease of ₹ 474 Million.

IT Services Revenues

Revenues from IT services of ₹ 47,414 Million (₹ 50,904 Million for FY 2009-10) comprises of revenue from Overseas / Exports market – ₹ 45,294 Million (₹ 48,558 Million for FY 2009-10) and from domestic market of ₹ 2,120 Million (₹ 2,346 Million for FY 2009-10).

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, 2011		Year ended March 31, 2010	
Offshore	21,761	45.90%	24,491	48.11%
Onsite / offsite	25,653	54.10%	26,413	51.89%
Total	**47,414**	**100.00%**	**50,904**	**100.00%**

Revenues based on geography

(₹ in Million)

Location	Year ended March 31, 2011		Year ended March 31, 2010	
North America	25,228	53.21%	27,311	53.65%
Europe	12,577	26.53%	13,076	25.69%
Asia Pacific	6,122	12.91%	6,374	12.52%
India	2,120	4.82%	2,346	4.61%
Rest of the world	1,367	2.53%	1,797	3.53%
Total	**47,414**	**100.00%**	**50,904**	**100.00%**

Sale of Hardware Equipment and Other Items

During the year, the Company has identified and accounted for the sale of certain hardware equipments and other items of ₹ 347 Million (₹ 101 Million for FY 2009-10).

Other Income

Other Income has increased to ₹ 2,899 Million in FY 2010-11 from ₹ 129 Million in FY 2009-10. The increase of ₹ 2,770 Million is primarily on account of the foreign exchange gain recorded on the transactions during the current year ₹ 573 million as compared to a loss of ₹ 868 Million recorded in the previous year resulting in an increase in other income of ₹ 1,441 Million. The loss of ₹ 868 Million has been re-classified from operating and administrative expenses in the previous year to other income in the current year. Further increase is primarily on account of increase in interest on bank deposits by ₹ 760 Million, reversal of provisions no longer required written back by ₹ 397 Million and profit on sale of mutual fund units by ₹ 166 Million.

Exceptional Items

The Profit and Loss account includes the following exceptional expenses (Refer note 37 of Schedule 18 to the Standalone Financial Statements):

(₹ in Million)

Particulars	FY 2010-11	FY 2009-10
Class action settlement consideration	5,690	-
Expenses related to forensic investigation and litigation support	201	1,068
Provision for impairment losses in subsidiaries i.e.		
- Provision for diminution in value of investments	520	228
- Provision for doubtful advances	-	1,939
Expenses related to restructuring / right sizing	-	934
Total	**6,411**	**4,169**

Personnel Expenses

Personnel costs are ₹ 32,920 Million in FY 2010-11 (₹ 36,648 Million in FY 2009-10). The decrease of ₹ 3,728 Million is primarily on account of the following:

- Decrease of ₹ 4,770 Million on account of decrease in the number of associates during the current year.
- Decrease of ₹ 1,180 Million on account of variation in foreign exchange rates in respect of employee cost for onsite associates.
- Decrease of ₹ 890 Million on account of discontinuance of the Revenue Linked Allowance and the Key Employee Retention schemes. These schemes were in force in the first half of 2009-10 and subsequently replaced by the variable pay policy.

The above decrease is partially offset by an increase in payroll cost on account of:

- Increase of ₹ 1,100 Million due to salary hike in respect of associates on payroll during the year.
- Increase in variable pay of ₹ 960 Million since variable pay as a policy was re-instituted by the Company only in the second half of the year in 2009-10.

- Increase of ₹ 260 Million on account of increase in other incentives and notice pay during the current year.
- Increase of ₹ 190 Million on account of increase in gratuity cost during the current year.
- Increase of ₹ 140 Million on account of increase in leave encashment due to an increase in the retirement age during the current year.

Operating and Administrative Expenses

Operating and administrative expenses increased to ₹ 10,084 Million in FY 2010-11 from ₹ 8,705 Million in FY 2009-10 thereby leading to an increase of ₹ 1,379 Million. This increase in operating and administrative expenses was primarily due to the increase in sub-contracting costs ₹ 1,383 Million on account of end customer deployment and an increase in legal and professional charges ₹ 605 Million during the current year due to project related professional services and professional recruitment charges incurred in the current year. This increase is partially offset by a decrease in rental expense on account of vacation and non-renewal of leased premises amounting to ₹ 709 Million.

Provision for Diminution in Value of Investments

During the current year, with the assistance of independent valuation reports, the Company made further provision for diminution, other than temporary, in value of investments amounting to ₹ 913 Million including ₹ 520 Million recognised separately as an Exceptional Item owing to its nature, size and incidence. Further, during the current year ₹ 1,005 Million was transferred from share application money pending allotment to investments on the allotment of the shares. The Company had created a provision in respect of the share application money pending allotment during the previous year amounting to ₹ 1,005 Million. The said provision was also transferred to the provision for investments during the current year. The above provision has been made based on professional advice. (Refer Note 12.6 of Schedule 18 to the Standalone Financial Statements).

Depreciation

Depreciation expense for the year is ₹ 1,499 Million as compared to ₹ 1,908 Million for the year ended March 31, 2010. The decrease of ₹ 409 Million in depreciation expense was primarily on account of decrease in depreciation of plant and machinery (including computers), ₹ 305 Million mainly on account of lesser depreciation relating to leasehold improvements on rented premises that were vacated during the current year and ₹ 57 Million relating to vehicles that were de-capitalized during the current year.

Provision for Tax

No provision has been made in the financial statements towards current tax for the year ended March 31, 2011 towards its domestic operations, since the Company has incurred a tax loss for the year. The provision for tax of ₹ 537 Million in the current year relates to the liability in respect of the foreign operations of the Company. (Refer Note 31.1 of Schedule 18 to the Standalone 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, 2011, the Profit and Loss Account 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. As stated in Note 3 of Schedule 18:
    a. In respect of the financial irregularities relating to prior years, various regulators initiated their investigations and legal proceedings, which are ongoing.
    b. The forensic accountants had expressed certain reservations and limitations in their investigation process.
    c. 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 / proceedings and the consequential impact, if any, on these financial statements.

6. As stated in Note 3.2(ii) of Schedule 18, 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 Schedule 12) 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 accounted under "Unexplained Differences Suspense Account (Net)" in these financial statements.

7. As stated in Note 5.1 of Schedule 18, 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.

8. As stated in Note 5.3 of Schedule 18, 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 in the Court in United States of America in the previous year. This lawsuit is more fully described in the said Note. 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.

9. Attention is invited to the following matters:

   a. As stated in Note 8.2 of Schedule 18, certain reconciliations between the sub-systems / sub-ledgers and the general ledger could not be performed completely due to non-availability of the required information. The Company has identified certain amounts carried forward from prior years aggregating ₹ 36 Million (net debit) as at March 31, 2011, comprising of ₹ 494 Million (gross debits) and ₹ 458 Million (gross credits) appearing in the general ledger, for which complete details are not available.Hence, these amounts have been accounted under "Unexplained Differences Suspense Account (Net)" under Schedule 12 and the Management has retained the provision made in prior years for the unexplained net debit amount of ₹ 36 Million as at March 31, 2011 on grounds of prudence. Further, there are certain differences in data between the inter-connected sub-systems, ultimately interfaced to the general ledger, for which complete details are not available. The aforesaid differences continue to exist and the reconciliations are in progress as at March 31, 2011 also.

      In the absence of the required information, we are unable to determine the additional impact, if any, of such unexplained amounts / differences on these financial statements.

   b. Responses were not received in 144 number of cases out of our total sample of 484 number of requests sent out for confirmations of balances / other details in respect of parties reflected under Sundry Debtors, Current Liabilities, etc, as at the year end. Further confirmations sent in 2 number of cases were returned undelivered. Refer Note 8.3 of Schedule 18.

      Had all the confirmations been received and reconciled, there may have been additional adjustments required to these financial statements, which are not determinable at this stage.

10. As stated in Note 13.3 of Schedule 18, **the Company has not maintained proper records of its inventories during the year, though the required adjustments to account for the closing balance of inventory in the books of account were made based on the available information with the Management as at the year end.**

11. The Management has evaluated and accounted for certain transactions / made the relevant disclosures based on and to the extent of the information available with the Company in respect of the following matters described in the Notes of Schedule 18:

   a. Adjustment of unapplied receipts against Sundry Debtors, classification of Sundry Debtors and provisioning for doubtful debts as stated in Note 13.1.

   b. Accounting for contracts under the percentage of completion method, unbilled revenue and unearned revenue as stated in Note 13.2.

   c. Accounting for multiple deliverable elements, hardware equipments and other items etc, as stated in Note 13.3.

   d. Accounting for reimbursements / recoveries from customers as stated in Note 13.5.

   In the absence of the required information, we are unable to determine the additional impact, if any, of the above matters on these financial statements.

12. As stated in Note 5.5 (vi) of Schedule 18, the Company is carrying a total amount of ₹ 3,803 Million (net of payments) as at March 31, 2011 towards provision for taxation which was made primarily on the basis of the past financial statements. Considering the effects of financial irregularities, status of disputed tax demands, appeals / claims pending before the various authorities, the consequent 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 balance of tax provision outstanding as at March 31, 2011.

    In view of the above, we are unable to comment on the adequacy or otherwise of the provision for taxation carried in these financial statements.

13. Without qualifying our opinion, we invite attention to the following Notes of Schedule 18 relating to various claims and contingencies:

   a. Note 5.2 regarding the settlement amount of ₹ 3,274 Million (equivalent to USD 70 Million) deposited into the escrow account payable to Upaid Systems Limited.

   b. Notes 5.5 to 5.7 regarding the various demands / disputes raised by the direct and indirect tax authorities in respect of the past years both in India as well as overseas jurisdictions.

   As stated in Note 5.12 of Schedule 18, the provision for contingencies as at March 31, 2011, in the opinion of the Management, is adequate to cover any probable losses in respect of the above litigations and claims.

14. Without qualifying our opinion, we invite attention to the following Notes of Schedule 18 relating to certain regulatory non-compliances / breaches:

   a. Note 7.1 regarding various non-compliances with the provisions of the Act and certain non-compliances with the guidelines issued by the Securities Exchange Board of India with respect to allotment of stock options to the employees.

   b. Note 7.2 regarding certain non-compliances with the provisions of the Foreign Exchange Management Act, 1999.

   c. Note 7.3 regarding certain non-compliances with the provisions of the Income Tax Act, 1961.

   d. Note 7.4 regarding delay in filing of tax returns in overseas jurisdictions.

The Management has represented that:

(i) the various non-compliances and breaches by the Company of the statutory requirements which have been noticed / observed, duly considering the findings of the forensic investigation / other ongoing regulatory investigations have been summarised in the aforesaid Notes.

(ii) the Company in respect of certain matters as stated above has applied to the Honourable 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.

(iii) the possible impact of these non-compliances and breaches in the event the Company's condonation requests, where applicable, are not granted has not been determined or recognised in these financial statements.

15. Without qualifying our opinion, we invite attention to the following Notes of Schedule 18 relating to certain accounting and other matters:

a. Note 8.1 regarding the Management's identification of several deficiencies in the Company's internal control over financial reporting as at March 31, 2011 along with certain remediation action taken.

b. Note 8.4 regarding various risks and uncertainties relevant to the Company's financial condition as identified by the Management.

16. Without qualifying our opinion, we invite attention to Note 15 of Schedule 18, relating to the Settlement Agreement in respect of the Class Action lawsuits which is subject to the final approval of the Court upon which the Settlement shall become effective pursuant to its terms and in exchange for the settlement consideration the Lead Plaintiffs and the members of the Class who do not opt-out of the Class, would release, among other things, their claims against the Company.

Opinion

17. Further to our comments in the Annexure referred to in paragraph 4 above and paragraphs 13, 14, 15 and16 above and **subject to our comments in paragraphs 5 to 12 above,** 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 Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

d. in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the 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 of our comments in paragraphs 5 to 12 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, 2011;

(ii) in the case of the Profit and Loss Account, of the loss 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)

18. On the basis of written representations received from directors as on March 31, 2011,where applicable,and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of Section 274 (1) (g) of the Companies Act, 1956.

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

P.R.Ramesh
Partner
(Membership No.70928)

HYDERABAD, May 23, 2011

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 / result / 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 maintained records of fixed assets showing particulars, including quantitative details and situation of the fixed assets situated within India **except that quantitative details, asset description, etc., in respect of some of the fixed assets, need to be updated in the Fixed Assets Register.** According to the information and explanations given to us, **in respect of the fixed assets situated at the overseas branches of the Company, the Company has not maintained complete records showing the 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, no material discrepancies were noticed on such verification.

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

iii. **As explained in Note 13.3 of Schedule 18, the Company has not considered hardware equipment and other items which form part of its integrated solution relating to its customer service contracts as inventories requiring maintenance of records with quantitative and other details of such items and periodical physical verification. Consequently the requirements of clause (ii) of the Order have not been complied with by the Company.** Refer to paragraph 10 of the Auditors' Report also.

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, **the Company did not have 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 observed that there is a continuing failure to correct several major weaknesses in such internal control system.** Refer to paragraph 15(a) of the Auditors' Report also.

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 the functions carried out during the year by a firm of Chartered Accountants 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, Investor Education and Protection Fund, Wealth Tax and other material statutory dues applicable to it with the appropriate authorities, **there were delays in depositing undisputed dues in respect of Employees' State Insurance, Tax Deducted at Source, Sales Tax / VAT, Works Contract Tax and Service Tax.**

(b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Wealth Tax, Sales Tax / VAT, Service Tax, Cess and other material statutory dues in arrears as at March 31, 2011 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, 2011 for a period of more than six months from the date they became payable in view of the matters described under paragraph 12 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, 2011 on account of disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Amount involved (₹ in Million)	Period to which the amount relates
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	2,562	2007-08
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	812	2006-07
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax Appeals	1,441	2004-06

Statute	Nature of Dues	Forum where Dispute is pending	Amount involved (₹ in Million)	Period to which the amount relates
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	1,349	2002-04
Income Tax Act,1961	Income Tax	Commissioner of Income Tax (Appeals)	8	2001-02
Revenue and Taxation Code, USA	New York State Income Tax	New York State Department of Taxation and Finance	93	2005-07
Revenue and Taxation Code, USA	California State Income Tax	Franchise Tax Board,California	54	2003-05
Revenue and Taxation Code, USA	Pennsylvania State Income Tax	Commonwealth of Pennsylvania-Department of Revenue	3	1998-2005
Andhra Pradesh VAT Act, 2005 / CST Act, 1956	Sales Tax (including penalty)	High Court of Andhra Pradesh	52	2007-09
Finance Act, 1994	Service Tax (including penalty)	Central Excise and Service Tax Appellate Tribunal	202	2004-05 to 2008-09

x. **The accumulated losses of the Company at the end of the financial year are in excess of fifty percent of its net worth. Since, as stated in paragraph 17 (e) of the Auditors' Report, the consequential effects of our comments in paragraphs 5 to 12 of the Auditors' Report are not quantifiable, we are unable to comment on the cash losses in the current financial year. Further, we are also unable to comment on the cash losses in the immediately preceding financial year since the consequential effects of our comments in the previous year's Auditors' Report were not quantifiable.**

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, term loans have been applied for the purposes for which they were obtained, other than temporary deployment pending application.

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 of the Auditors' Report also.

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

P.R.Ramesh
Partner
(Membership No.70928)

HYDERABAD, May 23, 2011

Balance Sheet as at March 31, 2011

(₹ in Million)

	Schedule	As at March 31, 2011	As at March 31, 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	**2,353**	2,352
Share Application Money Pending Allotment (Refer Note 10 of Schedule 18)		**-**	1
Reserves and Surplus	2	**43,881**	43,963
		46,234	46,316
Loan Funds			
Secured Loans	3	**315**	420
SUB TOTAL		**46,549**	46,736
Amounts Pending Investigation Suspense Account (Net) (Refer Note 5.1 of Schedule 18)		**12,304**	12,304
TOTAL		**58,853**	59,040
APPLICATION OF FUNDS			
Fixed Assets	4		
Gross Block		**20,204**	18,189
Less: Accumulated Depreciation / Amortisation		**14,067**	12,859
Net Block		**6,137**	5,330
Capital Work-in-Progress (Including Capital Advances)		**2,683**	3,730
		8,820	9,060
Investments	5	**5,321**	7,266
Deferred Tax Asset (Net) (Refer Note 31.2 of Schedule 18)		**-**	-
Current Assets, Loans and Advances			
Inventories (Refer Notes 13.3 and 34 of Schedule 18)		**592**	-
Sundry Debtors	6	**11,127**	8,505
Cash and Bank Balances	7	**26,498**	20,920
Other Current Assets	8	**3,655**	4,717
Loans and Advances	9	**3,319**	3,791
		45,191	37,933
Current Liabilities and Provisions			
Current Liabilities	10	**14,686**	7,890
Provisions	11	**10,415**	10,675
		25,101	18,565
Net Current Assets		**20,090**	19,368
Debit Balance in Profit and Loss Account		**24,622**	23,346
SUB TOTAL (NET)		**58,853**	59,040
Unexplained Differences Suspense Account (Net)	12	**-**	-
TOTAL (NET)		**58,853**	59,040
Notes to Accounts	18		

The Schedules referred to above form an integral part of the Balance Sheet.

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

P.R.Ramesh
Partner

Place: Hyderabad
Date : May 23, 2011

For and on behalf of the Board of Directors

C. Achuthan
Director

T.N.Manoharan
Director

Ulhas N.Yargop
Director

Vineet Nayyar
Chairman

S.Krishnan
Chief Financial Officer

C.P.Gurnani
Whole-time Director & CEO

G. Jayaraman
Company Secretary

Place: Hyderabad
Date : May 23, 2011

Profit and Loss Account for the Year Ended March 31, 2011

(₹ in Million)

	Schedule	For the Year Ended March 31, 2011	For the Year Ended March 31, 2010
Income			
Income from Operations	*13*	**47,761**	51,005
Other Income	*14*	**2,899**	129
		50,660	51,134
Expenditure			
Personnel Expenses	*15*	**32,920**	36,648
Operating and Administration Expenses	*16*	**10,084**	8,705
Provision for Diminution in the Value of Long Term Investments (Refer Note 12.6 of Schedule 18)		**393**	-
		43,397	45,353
Profit before Interest, Depreciation, Exceptional Items and Tax		**7,263**	5,781
Interest and Financing Charges	*17*	**92**	254
Depreciation / Amortisation	*4*	**1,499**	1,908
		1,591	2,162
Profit before Exceptional Items and Tax		**5,672**	3,619
Exceptional Items (Refer Note 37 of Schedule 18)		**6,411**	4,169
(Loss) before Tax		**(739)**	(550)
Provision for Tax			
Income Tax - Current (Refer Note 31.1 of Schedule 18)		**537**	143
- Deferred (Refer Note 31.2 of Schedule 18)		**-**	-
Fringe Benefit Tax (Net)		**-**	19
Net (Loss) for the Year		**(1,276)**	(712)
Balance in Profit and Loss Account Brought Forward		**(23,346)**	(22,634)
(Debit) Balance in Profit and Loss Account Carried to Balance Sheet		**(24,622)**	(23,346)
Earnings per Share (Refer Note 30 of Schedule 18) - in ₹			
(Equity Shares, Par Value ₹ 2 each)			
Basic		**(1.08)**	(0.65)
Diluted		**(1.08)**	(0.65)
Weighted Average Number of Shares			
Basic		**1,176,401,598**	1,093,000,622
Diluted		**1,176,401,598**	1,093,000,622
Notes to Accounts	*18*		

The Schedules referred to above form an integral part of the Profit and Loss Account.

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

P.R.Ramesh
Partner

Place: Hyderabad
Date : May 23, 2011

For and on behalf of the Board of Directors

C. Achuthan
Director

Vineet Nayyar
Chairman

C.P.Gurnani
Whole-time Director & CEO

T.N.Manoharan
Director

Ulhas N.Yargop
Director

S.Krishnan
Chief Financial Officer

G. Jayaraman
Company Secretary

Place: Hyderabad
Date : May 23, 2011

Cash Flow Statement for the Year Ended March 31, 2011

(₹ in Million)

	For the Year Ended March 31, 2011	For the Year Ended March 31, 2010
I. CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) before Tax	**(739)**	(550)
Adjustments for :		
Depreciation / Amortisation	**1,499**	1,908
Employee Stock Compensation Expense	**(78)**	(181)
Interest and Financing Charges	**92**	254
Interest and Dividend Income	**(1,283)**	(532)
Liabilities / Provisions No Longer Required Written Back	**(58)**	-
Provision for Warranties Released (Net)	**(1)**	(31)
Profit on Sale of Current Investments	**(387)**	(221)
Profit on Sale of Fixed Assets (Net)	**(3)**	(13)
Provision for Capital Work in Progress	**67**	-
Provision for Doubtful Debts	**194**	365
Provision for Doubtful Advances	**164**	105
Advances Written Off	**1**	10
Provision for Unexplained Differences	**-**	20
Provision for Diminution in the Value of Investments	**393**	-
Exceptional Items (Refer Note 37 of Schedule 18)	**6,210**	2,553
Effect of Exchange Differences on Translation of Foreign Currency Cash and Cash Equivalents	**(91)**	261
Operating Profit before Working Capital Changes	**5,980**	3,948
Changes in Working Capital		
Inventories	**(592)**	10
Sundry Debtors	**(2,205)**	5,782
Other Current Assets	**1,296**	(1,523)
Loans and Advances	**(616)**	(1,518)
Settlement Amount transferred to Escrow Account (Refer Note 5.2 of Schedule 18)	**-**	(3,274)
Amount transferred to Special Purpose Account (Refer Note 16 of Schedule 18)	**(467)**	
Amount transferred to Segregated Account (Refer Note 15 of Schedule 18)	**(5,671)**	
Margin Money Deposits	**16**	(7)
Current Liabilities and Provisions (Refer Note (ii) below)	**907**	(4,123)
Cash Generated from Operations	**(1,352)**	(705)
Taxes Paid (Net)	**(420)**	(847)
Net Cash Used in Operating Activities	**(1,772)**	(1,552)
II. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (Refer Note (ii) below)	**(1,275)**	(1,482)
Proceeds from Sale of Fixed Assets	**59**	628
Purchase of Current Investments	**(3,000)**	(18,498)
Proceeds from Sale of Current Investments	**5,307**	12,451
Investment in Subsidiaries	**(886)**	(679)
Interest and Dividend Received	**1,112**	123
Investments in Fixed Deposits with Banks having maturity over three months	**(17,932)**	(15,251)
Proceeds on Maturity of Fixed Deposits with Banks having maturity over three months	**20,370**	500
Net Cash From / (Used in) Investing Activities	**3,755**	(22,208)

Contd.

Cash Flow Statement for the Year Ended March 31, 2011

(₹ in Million)

	For the Year Ended March 31, 2011	For the Year Ended March 31, 2010
III. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital (including Securities Premium)	**-**	29,084
Repayment of Secured Loans	**(105)**	(5,937)
Interest Paid on Loans	**(92)**	(307)
Net Cash (Used in) / From Financing Activities	**(197)**	22,840
Net Increase / (decrease) in Cash and Cash Equivalents (I + II + III)	**1,786**	(920)
Cash and Cash Equivalents at the Beginning of the Year	**2,530**	3,711
Effect of Exchange Differences on Translation of Foreign Currency Cash and Cash Equivalents	**91**	(261)
Cash and Cash Equivalents at the End of the Year	**4,407**	2,530
Notes:		
(i) Reconciliation of Cash and Cash Equivalents at the End of the Year with Schedule 7		
Cash and Bank Balance as per Schedule 7	**26,498**	20,920
Less: Margin Money Deposits	**(276)**	(292)
Less: Escrow, Special Purpose Account Deposit and Segregated Bank Account Deposit balances (Refer Note 17(ii) of Schedule 18)	**(9,440)**	(3,274)
Less: Fixed Deposits with Banks having original maturity over three months	**(12,313)**	(14,751)
Less: Dividend Bank Accounts	**(62)**	(73)
Cash and Cash Equivalents at the End of the Year (Refer Note (iii) below)	**4,407**	2,530

(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.

(iii) Include ₹ 1,917 million restricted balances which were released subsequent to the year end (Refer Note 17(ii) of Schedule 18).

Schedules 1 to 18 attached form an integral part of the Accounts.

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

P.R.Ramesh
Partner

Place: Hyderabad
Date : May 23, 2011

For and on behalf of the Board of Directors

C. Achuthan
Director

Vineet Nayyar
Chairman

C.P.Gurnani
Whole-time Director & CEO

T.N.Manoharan
Director

Ulhas N.Yargop
Director

S.Krishnan
Chief Financial Officer

G. Jayaraman
Company Secretary

Place: Hyderabad
Date : May 23, 2011

Schedules forming part of the Balance Sheet as at March 31, 2011

(₹ in Million)

	As at March 31, 2011	As at March 31, 2010
1. Share Capital		
Authorised Capital		
1,400,000,000 Equity Shares of ₹ 2 each	**2,800**	2,800
Issued, Subscribed and Paid-up Capital (Refer Notes (i) and (ii) below)		
1,176,565,753 (As at March 31, 2010 - 1,176,185,762) Equity Shares of ₹ 2 each fully paid	**2,353**	2,352
	2,353	2,352

Notes:

(i) Out of the above:

(a) 4,000,000 Equity Shares of ₹ 2 each (after sub-division of Equity Shares) were allotted as fully paid-up for consideration other than cash pursuant to the scheme of amalgamation with Satyam Enterprise Solutions Limited.

(b) 468,289,738 Equity Shares of ₹ 2 each were allotted as fully paid-up by way of bonus shares by capitalising free reserves of the Company.

(c) 33,350,000 Equity Shares of ₹ 2 each fully paid-up representing 16,675,000 American Depository Shares allotted.

(d) 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).

(e) 31,236,269 (As at March 31, 2010 - 31,233,849) 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) and Associate Stock Option Plan (ADS) (ASOP-ADS).

(f) 395,768 (As at March 31, 2010 - 319,468) Equity Shares of ₹ 2 each fully paid-up were alloted to associates of the Company representing 197,884 (As at March 31, 2010 - 159,734) Restricted Stock Units (ADS).

(g) 1,276,153 (As at March 31, 2010 - 974,882) Equity Shares of ₹ 2 each fully paid-up were allotted to associates of the Company pursuant to the Restricted Stock Units (ASOP).

(h) 501,422,825 Equity Shares of ₹ 2 each fully paid up were allotted during the previous year to M/s Venturbay Consultants Private Limited (Refer Note 4 of Schedule 18).

(ii) For details of Associate Stock Options, in respect of the above Equity Shares (Refer Note 9 of Schedule 18).

Schedules forming part of the Balance Sheet as at March 31, 2011

(₹ in Million)

	As at March 31, 2011	As at March 31, 2010
2. Reserves and Surplus		
Securities Premium Account		
At the Commencement of the Year	**43,165**	14,661
Add: Amounts Received on allotment of Equity Shares (Refer Note 4 of Schedule 18)	**-**	28,080
Add: Amounts Received on exercise of Employee Stock Options (ASOP-B and ASOP-ADS) ₹ 182,299 (March 31, 2010 ₹ 456,372 only)	**-**	-
Add: Amounts transferred from Stock Option Outstanding Account	**185**	424
	43,350	43,165
Associate Stock Options (Refer Note 9 of Schedule 18)		
Stock Option Outstanding Account	**539**	890
Less: Deferred Employee Compensation Expense	**8**	92
	531	798
	43,881	43,963
3. Secured Loans (Refer Note (i) below)		
Vehicle Loans (Refer Note (ii) below)		
- from Banks	**18**	51
- from Others	**11**	43
	29	94
Lease Obligation to Others in relation to Fixed Assets under Finance Lease (Refer Note (iii) below and Note 29(iii) of Schedule 18)	**286**	326
	315	420
Notes:		
(i) Amounts Repayable within 1 Year	**93**	152
(ii) Vehicle Loans are secured by the hypothecation of the vehicles financed through the loan arrangements.		
(iii) Lease Obligation is secured by the assets financed through the finance lease arrangements		

Schedules forming part of the Balance Sheet as at March 31, 2011

4. Fixed Assets
a) Fixed Assets

(₹ in Million)

Assets	Gross Block				Accumulated Depreciation / Amortisation				Net Block	
	As at March 31, 2010	Additions during the Year	Deletions during the Year*	As at March 31, 2011	As at March 31, 2010	For the Year (Refer Note (i) below)	Deductions during the Year	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010
Tangible Assets										
Land and Land Development										
- Freehold (Refer Note 11.2 of Schedule 18)	332	92	-	**424**	-	-	-	**-**	**424**	332
- Leasehold (Refer Note (ii) below)	355	-	78	**277**	4	3	-	**7**	**270**	351
Buildings (Note (iii) below)	2,709	1,314	-	**4,023**	577	137	-	**714**	**3,309**	2,132
Plant and Machinery (including Computers)	9,315	667	62	**9,920**	7,879	799	58	**8,620**	**1,300**	1,436
Furniture, Fixtures and Interiors	2,535	217	127	**2,625**	1,965	285	127	**2,123**	**502**	570
Office Equipments	436	24	5	**455**	313	50	5	**358**	**97**	123
Vehicles	445	-	153	**292**	256	61	101	**216**	**76**	189
Assets taken on Finance Lease										
Plant and Machinery	167	-	-	**167**	162	5	-	**167**	**-**	5
Furniture, Fixtures and Interiors	286	-	-	**286**	94	57	-	**151**	**135**	192
Vehicles	-	25	-	**25**	-	1	-	**1**	**24**	-
Intangible Assets										
Software	1,609	101	-	**1,710**	1,609	101	-	1,710	**-**	**-**
Total	**18,189**	**2,440**	**425**	**20,204**	**12,859**	**1,499**	**291**	**14,067**	**6,137**	**5,330**
Previous Year	21,553	453	3,817	18,189	14,044	1,908	3,093	12,859	5,330	7,509

* includes transfer inter-se

Notes:

(i) Refer Note 11.1 of Schedule 18 with respect to the accelerated depreciation for certain assets.

(ii) Gross Block of Leasehold Land includes ₹ Nil (As at March 31, 2010 - ₹ 79 Million) in respect of which deed of conveyance was pending.

(iii) Gross Block of Buildings includes ₹ 38 Million (As at March 31, 2010 - ₹ 740 Million) the cost of building constructed on land taken on lease by the Company. During the year on conversion of the leasehold land as freehold, the cost of building constructed thereon has been disclosed accordingly.

b) Capital Work-in-Progress (including Capital Advances)

(₹ in Million)

Particulars	As at March 31, 2011	As at March 31, 2010
Construction Related Contracts	**1,588**	2,247
Other Fixed Assets	**1,411**	1,522
Capital Advances	**338**	548
Sub Total	**3,337**	4,317
Less: Provision for Capital Work in Progress	**(654)**	(587)
Total	**2,683**	3,730

Schedules forming part of the Balance Sheet as at March 31, 2011

(₹ in Million)

		As at March 31, 2011		As at March 31, 2010	
5.	**Investments (At cost, unless otherwise specified)**				
a)	**Investments in Wholly Owned Subsidiaries - Long Term - Unquoted**				
	C&S System Technologies Private Limited (Refer Note 12.1 of Schedule 18)				
	14,337,990 Equity Shares of ₹ 10 each, fully paid-up	**128**		128	
	Less: Provision for Diminution in Value of Investment (Refer Note (v) below)	**64**	**64**	-	128
	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 (v) below)	**141**	**61**	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 (v) below)	**2,735**	**-**	2,735	-
	Satyam Computer Services (Shanghai) Co. Limited (Refer Note (iii) below)	**546**		507	
	Less: Provision for Diminution in Value of Investment (Refer Note(v) below)	**251**	**295**	251	256
	Satyam Computer Services (Nanjing) Co. Limited (Refer Note (iii) below)	**311**		271	
	Less: Provision for Diminution in Value of Investment (Refer Note (v) below)	**311**	**-**	271	-
	Nitor Global Solutions Limited				
	(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 (v) below)	**143**	**-**	143	-
	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 (v) 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 (v) below)	**613**	**518**	613	518
	Knowledge Dynamics Pte Ltd				
	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 (v) below)	**197**	**-**	197	-
	Bridge Strategy Group LLC (Refer Note 12.2 of Schedule 18)	**1,785**		1,216	
	Less: Provision for Diminution in Value of Investment (Refer Note (v) below)	**1,785**	**-**	1,216	-
	Satyam Computer Services Belgium, BVBA (Refer Note 12.3 of Schedule 18 and Note (vi) below)				
	197,008,760 (March 31, 2010 - 185,500) Shares of EUR 0.10 each, fully paid up	**1,246**		1	
	Less: Provision for Diminution in Value of Investment (Refer Note (v) and (vii) below)	**1,246**	-	1	-
	Sub-total (a)		**938**		963

Contd.

Schedules forming part of the Balance Sheet as at March 31, 2011

(₹ in Million)

		As at March 31, 2011		As at March 31, 2010	
b)	**Investments in Other Subsidiaries - Long Term - Unquoted**				
	Satyam Venture Engineering Services Private Limited				
	3,544,480 Shares of ₹ 10 each, fully paid-up (Refer Note 5.10 of Schedule 18)		**35**		35
c)	**Other Long Term Investments - Non-Trade - Unquoted**				
	Upaid Systems Limited				
	833,333 Shares of USD 0.20 each, fully paid-up	**109**		109	
	Less: Provision for Diminution in Value of Investment	**109**	**-**	109	-
	National Savings Certificates, VIII Series **(**₹ 6,000 (As at March 31, 2010 - ₹ 6,000) Only) (Lodged as Security with Government Authorities)		**-**		-
	Sub-total (c)		**-**		-
d)	**Investments in Entities which are Liquidated / Dissolved**				
	Wholly Owned Subsidiaries - Long Term - Unquoted				
	Satyam (Europe) Limited (Refer Note (iv) 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 (iv) 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	-
	Satyam IdeaEdge Technologies Private Limited				
	10,000 Equity Shares of ₹ 10 each, fully paid-up (₹ 100,000 only)			**-**	
	Less: Provision for Diminution in Value of Investment (₹ 100,000 only)			-	-
	Other Long Term Investments - Trade - Unquoted				
	Medbiquitious Services Inc., (Refer Note (iv) 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 (iv) 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)		**-**		-
e)	**Current Investments (Unquoted) (At lower of cost and fair value)**				
	Non Trade:				
	Nil (March 31, 2010: 43,720,972.06) Units of ₹ 10 each of HDFC Cash Management Fund Treasury Advantage Plan - Wholesale - Growth - Sold during the year 43,720,972.06 Units		**-**		848
	Nil (March 31, 2010: 6,865,539.62) Units of ₹ 100 each of ICICI Prudential Flexible Income Plan Premium Growth - Sold during the year 6,865,539.62 Units		**-**		1,129

Contd.

Schedules forming part of the Balance Sheet as at March 31, 2011

(₹ in Million)

		As at March 31, 2011	As at March 31, 2010
	Nil (March 31, 2010: 58,024,062.04) Units of ₹ 10 each of Kotak Floater Long Term Growth - Sold during the year 58,024,062.04 Units	-	814
	Nil (March 31, 2010: 842,472.71) Units of ₹ 1000 each of Reliance Money Manager Fund Institutional Option - Growth Plan - Sold during the year 842,472.71 Units	-	1,015
	Nil (March 31, 2010: 61,112,684.51) Units of ₹ 10 each of IDFC Money Manager - Treasury Plan C Super Institutional Plan C Growth - Sold during the year 61,112,684.51 Units	-	641
	63,319,754.79 (March 31, 2010: 75,714,781.34) Units of ₹ 10 each of BNP Paribas Money Plus Fund (Earlier Fortis Money Plus Fund) Institutional - Growth - Sold during the year 12,395,026.55 Units	**848**	1,013
	Nil (March 31, 2010: 63,244,098.22) Units of ₹ 10 each of LIC MF Income Plus Fund Growth Plan - Sold during the year 63,244,098.22 Units	-	756
	Nil (March 31, 2010: 3,052,846.96) Units of ₹ 10 each of Birla Sun Life Savings Fund Institutional Growth - Sold during the year 3,052,846.96 Units	-	52
	Sub-total (e)	**848**	6,268
f)	**Current Investments (Quoted) (At lower of cost and fair value)** **Non Trade:**		
	25,000,000 Units of ₹ 10 each of IDFC Fixed Maturity Plan-Yearly Series 34 - Growth - Purchased during the year	**250**	-
	50,000,000 Units of ₹ 10 each of Birla Sunlife Fixed Term Plan - Series CF - Growth - Purchased during the year	**500**	-
	50,000,000 Units of ₹ 10 each of Birla Sunlife Fixed Term Plan -Series CG - Growth - Purchased during the year	**500**	-
	25,000,000 Units of ₹ 10 each of Birla Sunlife Fixed Term Plan - Series CJ - Growth - Purchased during the year	**250**	-
	42,893,786 Units of ₹ 11.657 each of ICICI Interval Annual Plan IV Interval Institutional cumulative - Purchased during the year	**500**	-
	25,000,000 Units of ₹ 10 each of Religare MF-Fixed Maturity Plan Series III-Plan F - Growth Plan - Purchased during the year	**250**	-
	50,000,000 Units of ₹ 10 each of Reliance Fixed Horizon Fund XVI Series 2 - Growth Plan - Purchased during the year	**500**	-
	25,000,000 Units of ₹ 10 each of Sundaram Fixed Term Plan-AQ - Growth - Purchased during the year	**250**	-
	25,000,000 Units of ₹ 10 each of Kotak Fixed Maturity Plan Series 29 - Growth - Purchased during the year	**250**	-
	25,000,000 Units of ₹ 10 each of Reliance Fixed Horizon Fund XVII Series 1 - Growth Plan - Purchased during the year	**250**	-
	Sub-total (f)	**3,500**	-
	Total (a) + (b) + (c) + (d) + (e) + (f)	**5,321**	7,266

Contd.

Schedules forming part of the Balance Sheet as at March 31, 2011

(₹ in Million)

	As at March 31, 2011	As at March 31, 2010
Notes:		
(i) Cost of Unquoted Investments		
- Gross of Provision for Diminution in the Value of Investments	**10,437**	13,964
- Net of Provision for Diminution in the Value of Investments	**1,821**	7,266
Cost of Quoted Investments	**3,500**	-
Total Market Value of Quoted Investments	**3,594**	
(ii) Refer Note 12.5 of Schedule 18 for details of Investments purchased and sold during the year.		
(iii) Investment in these entities are not denominated in number of shares as per laws of the People's Republic of China.		
(iv) 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.		
(v) Refer Note 12.6 of Schedule 18 for details of Provision for Diminution in Value of Long Term Investments recorded during the year.		
(vi) 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**	
(vii) Provision for doubtful Share Application Money under 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 during the year	**1,005**	
6. Sundry Debtors (Refer Note 13.1 of Schedule 18)		
(Unsecured)		
Debts Outstanding for a Period Exceeding Six Months		
- Considered Good	**1,103**	700
- Considered Doubtful	**4,264**	4,237
Other Debts		
- Considered Good	**10,024**	7,805
- Considered Doubtful	**-**	174
Less: Provision for Doubtful Debts (Refer Note (ii) below)	**4,264**	4,411
	11,127	8,505
Notes:		
(i) For details of Dues from Subsidiaries, (Refer Note 18(i) of Schedule 18)		
(ii) Includes Provision for Dues from Subsidiaries (Refer Note 18 (iii) of Schedule 18)	**421**	423
7. Cash and Bank Balances		
Cash on Hand	**-**	-
Cheques on Hand	**11**	-
Balances with Scheduled Banks (Refer Note (ii) below)		
- On Deposit Accounts (Refer Note (i) below)	**22,279**	15,035
- On Current Accounts	**2,342**	3,986
- Unclaimed Dividend Accounts	**62**	73
Balances with Non-Scheduled Banks (Refer Note 17(i) of Schedule 18)		
- On Deposit Accounts (Refer Note (i) below)	**-**	8
- On Current Accounts	**1,804**	1,818
	26,498	20,920

Contd.

Schedules forming part of the Balance Sheet as at March 31, 2011

(₹ in Million)

		As at March 31, 2011	As at March 31, 2010
	Notes:		
	(i) Balances in Deposit Accounts with Banks include Margin Money Deposits towards obtaining Bank Guarantees:		
	- with Scheduled Banks	**276**	284
	- with Non-Scheduled Banks	**-**	8
	(ii) Includes restricted bank balances (Refer Note 17(ii) of Schedule 18)	**16,357**	3,274
8.	**Other Current Assets**		
	Unbilled Revenue (Net) (Refer Notes 13.2(ii) of Schedule 18)	**3,009**	4,305
	Interest Accrued on Bank Deposits	**644**	412
	Assets Held for Disposal	**2**	-
		3,655	4,717
9.	**Loans and Advances**		
	(Unsecured)		
	Considered Good (Refer Notes (i), (ii), (iii) and (iv) below)		
	Loans / Advances to Subsidiaries	**299**	276
	Share Application Money towards Investments in Subsidiaries	**11**	60
	Advances Recoverable in Cash or in Kind or for Value to be Received	**959**	1,425
	Deposits	**1,832**	1,733
	Balances with Government Authorities	**218**	297
		3,319	3,791
	Considered Doubtful (Refer Notes (ii) and (iv) below)		
	Loans / Advances to Subsidiaries	**2,607**	2,620
	Share Application Money towards Investments in Subsidiaries (Refer Notes (vi) below)	**629**	1,576
	Advances Recoverable in Cash or in Kind or for Value to be Received	**567**	563
	Deposits	**108**	86
	Others	**50**	29
		3,961	4,874
	Less: Provision for Doubtful Loans / Advances (Refer Note (v) and (vii) below)	**3,961**	4,874
		-	-
		3,319	3,791
	Notes:		
	(i) Dues from Satyam Associate Trust (Refer Note 28 of Schedule 18)		
	(ii) Dues from Directors	**-**	-
	(iii) Dues from Officers	**-**	-
	(iv) Dues from Subsidiaries and the Maximum Amount Outstanding at any time during the Year (Refer Notes 18(ii) and 28 of Schedule 18)		
	(v) Includes Provision for Dues from Subsidiaries	**3,236**	4,196
	(vi) Amount transferred to Investments pursuant to the allotment of shares by Satyam Computer Services Belgium, BVBA (Refer Note 12.3 of Schedule 18)	**1,007**	
	(vii) - Transferred from Provision for Other Unexplained Differences Suspense Account (Refer Note 8.2 of Schedule 18)	**8**	
	- Provision transferred to Provision for Diminution in Value of Investments pursuant to the allotment of shares by Satyam Computer Services Belgium, BVBA during the year	**1,005**	

Schedules forming part of the Balance Sheet as at March 31, 2011

(₹ in Million)

		As at March 31, 2011	As at March 31, 2010
10.	**Current Liabilities**		
	Sundry Creditors		
	- Dues to Micro Enterprises and Small Enterprises (Refer Note 19 of Schedule 18)	**18**	10
	- Dues to Others (Refer Note (i) below)	**6,971**	5,674
	Advances from Customers	**143**	743
	Unearned Revenue (Refer Note 13.2(iii) of Schedule 18)	**478**	722
	Other Liabilities (Refer Note (ii) below)	**7,014**	668
	Investor Education and Protection Fund shall be credited by the following amounts - Unclaimed Dividends (Refer Note (iii) below)	**62**	73
		14,686	7,890
	Notes:		
	(i) Dues to Subsidiaries (Refer Note 28 of Schedule 18)		
	(ii) Includes:		
	- Mark-to-market losses on forward exchange contracts and other derivative contracts (Refer Note 33 of Schedule 18)	**154**	-
	- Class Action Settlement Consideration	**5,589**	-
	- Civil Monetary Penalty (SEC)	**447**	-
	(iii) There are no amounts outstanding and due as at March 31, 2011 and as at March 31, 2010 to be credited to Investor Education and Protection Fund		
11.	**Provisions**		
	Provision for Employee Benefits (Refer Note 26 of Schedule 18)	**2,298**	2,165
	Provision for Warranties (Refer Note 32.1 of Schedule 18)	**73**	74
	Provision for Contingencies (Refer Note 32.2 of Schedule 18)	**4,241**	4,750
	Provision for Taxation (Less Payments)	**3,803**	3,686
		10,415	10,675

		As at March 31, 2011		As at March 31, 2010	
12.	**Unexplained Differences Suspense Account (Net)**				
	Forensic Related Amounts				
	Opening Balance Differences (Net) as at April 1, 2002 (Refer Note 3.2 (ii) of Schedule 18)	**11,221**		11,221	
	Other Differences (Net) between April 1, 2002 and March 31, 2008 (Refer Note 3.2 (ii) of Schedule 18)	**166**		166	
		11,387		11,387	
	Less: Provision (Refer Note 3.2(ii) of Schedule 18)	**11,387**	**-**	11,387	-
	Other Differences (Net) between April 1, 2008 and December 31, 2008 (Refer Note 3.2(ii) of Schedule 18)	**7**		7	
	Less: Provision (Refer Note 3.2(ii) of Schedule 18)	**7**	**-**	7	-
	Other Amounts				
	Other Differences (Net) (Refer Note 8.2 of Schedule 18)	**36**		47	
	Less: Provision (Refer Note 8.2 of Schedule 18 and Note (i) below)	**36**	-	47	-
			-		-
	Note:				
	(i) - Amount transferred to Provision for Doubtful Advances		**8**		
	- Amount written back to Profit and Loss Account (Refer Notes 8.2 and 32.3 of Schedule 18)		**3**		

Schedules forming part of the Profit and Loss Account for the Year Ended March 31, 2011

(₹ in Million)

		For the Year Ended March 31, 2011	For the Year Ended March 31, 2010
13.	**Income from Operations** (Refer Note 13 of Schedule 18)		
	Information Technology and Consulting Services		
	- Overseas/Exports	**45,294**	48,558
	- Domestic	**2,120**	2,346
	Sale of Hardware Equipment and Other Items (Refer Note 13.3 of Schedule 18)		
	- Overseas/Exports	**304**	101
	- Domestic	**43**	-
		47,761	51,005
14.	**Other Income**		
	Interest on Bank Deposits and Advances	**1,281**	521
	(Tax Deducted at Source - ₹ 77 Million, Previous Year - ₹ 55 Million)		
	Interest Income from Loans to Wholly Owned Subsidiaries	**2**	2
	(Tax Deducted at Source - ₹ Nil, Previous Year - ₹ Nil)		
	Dividend from Current Investments	**-**	9
	Profit on Sale of Current Investments	**387**	221
	Profit on Sale of Fixed Assets (Net)	**3**	13
	Liabilities / Provisions No Longer Required Written Back (Refer Note below)	**397**	-
	Gain / (Loss) on Exchange Fluctuations (Net) (Refer Note 33 of Schedule 18)	**573**	(868)
	Provision for Warranties Released (Net) (Refer Note 32.1 of Schedule 18)	**1**	31
	Revenue Grants from Government Authorities (Refer Note 25 of Schedule 18)	**47**	71
	Miscellaneous Income	**208**	129
		2,899	129
	Note:		
	Includes reversal of excess provision for doubtful debts	**339**	-
15.	**Personnel Expenses**		
	Salaries and Bonus	**29,884**	33,276
	Contribution to Provident and Other Funds	**2,121**	2,612
	Gratuity (Refer Note 26.1 of Schedule 18)	**245**	60
	Staff Welfare Expenses	**768**	906
	Employee Stock Compensation Expense (Refer Note 9 of Schedule 18)	**(78)**	(181)
		32,940	36,673
	Less: Reimbursements / Recovery from Customers (Refer Note 13.5 of Schedule 18)	**20**	25
		32,920	36,648
16.	**Operating and Administration Expenses**		
	Cost of Hardware Equipment and Other Items Sold (Refer Note below)	**271**	10
	Rent	**1,052**	1,761
	Rates and Taxes	**119**	117
	Power and Fuel	**448**	461
	Insurance	**113**	155
	Travelling and Conveyance	**1,963**	1,806
	Communication	**443**	628
	Printing and Stationery	**41**	17
	Advertisement	**16**	10
	Marketing Expenses (Refer Note 14 of Schedule 18)	**769**	600
	Sub-Contracting Costs (Net)	**2,615**	1,232

Contd.

Schedules forming part of the Profit and Loss Account for the Year Ended March 31, 2011

(₹ in Million)

	For the Year Ended March 31, 2011	For the Year Ended March 31, 2010
Repairs and Maintenance		
(i) Buildings	**27**	10
(ii) Machinery	**239**	152
(iii) Others	**381**	487
Software Charges	**104**	368
Security Services	**75**	90
Donations and Contributions (₹ 267,098 Only, Previous Year ₹ Nil)	**-**	-
Subscriptions	**40**	33
Training and Development	**30**	30
Visa Charges	**276**	241
Legal and Professional Charges	**1,276**	671
Directors' Sitting Fees (Refer Note 20 of Schedule 18)	**1**	-
Managerial Remuneration (Refer Note 20 of Schedule 18)	**-**	-
Auditors' Remuneration (Refer Note 21 of Schedule 18)	**37**	22
Civil Monetary Penalty	**447**	
Less: Amount adjusted against Provision for Contingency (Refer Note 32.2 of Schedule 18)	**(447)**	
	-	
Investments Written Off (₹ 100,000 only)	**-**	
Less: Provision Released (₹ 100,000 only)	**-**	
	-	
Provision for Capital Work in Progress	**67**	-
Provision for Doubtful Debts (Refer Note 13.1 of Schedule 18)	**194**	365
Provision for Doubtful Advances	**164**	105
Debts Written Off	**1**	
Less: Provision Released	**(1)**	
	-	
Advances Written Off	**82**	10
Less: Provision released	**(81)**	-
	1	10
Provision for Unexplained Differences (Refer Note 32.3 of Schedule18)	**-**	20
Miscellaneous Expenses	**153**	138
Less: Amount adjusted against Provision for Contingency (Refer Note 32.2 of Schedule 18)	**(62)**	-
	91	138
	10,853	9,539
Less: Reimbursements / Recovery of Expenses from Customers (Refer Note 13.5 of Schedule 18)	**769**	834
	10,084	8,705
Note:		
Cost of Hardware Equipment and Other Items Sold:		
Opening Stock	**-**	10
Add: Purchases	**863**	-
Less: Closing Stock (Refer Notes 13.3 and 34 of Schedule 18)	**592**	-
	271	10
17. Interest and Financing Charges		
Interest on Fixed Term Loans	**-**	53
Interest on Packing Credit Loans	**-**	1
Interest on Other Loans	**7**	21
Bank Charges	**45**	48
Other Finance Charges	**40**	131
	92	254

Schedules forming part of Accounts for the Year Ended March 31, 2011

1. Background

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 have been 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 debts / 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 comprising of hardware equipments 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

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand and short-term deposits with banks with an original maturity of three months or less.

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

Income from operations

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 are recognised using the percentage of completion 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.

Revenues from the sale of hardware equipments and other items are recognised upon delivery / deemed delivery, which is when title passes to the customer.

Revenues from maintenance contracts are recognised pro-rata over the period of the contract.

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.

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.

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 Profit and Loss account. 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 Machinery	
- Computers	2 years
- 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 Equipments	5 years
Vehicles	5 years

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 Profit and Loss account.

Assets under installation or under construction as at the Balance Sheet date are shown as capital work-in-progress. Advances paid towards acquisition of assets are also included under 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 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 Profit and Loss account.

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

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 Profit and Loss account 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.

The Company uses forward / option contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and 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.

Forward contracts in the nature of derivatives are marked to market where ever required, as at the Balance Sheet date and provision for losses, if any, is dealt with in the Profit and Loss account. Unrealised gains, if any, on such derivatives are not recognised in the Profit and Loss account.

2.10 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.

2.11 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 purchase. 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 Profit and Loss account.

2.12 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 Profit and Loss account on accrual basis. The Company has no further obligations for future provident 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 Profit and Loss account 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.

2.13 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 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.

2.14 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 Profit and Loss account.

2.15 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 Profit and Loss Account on a straight line basis.

2.16 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) 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.

2.17 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 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. 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 Profit and Loss account 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.

2.18 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.

2.19 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 Profit and Loss account. 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 asset does not exceed the net book value that would have been determined if no impairment loss had been recognised.

2.20 Provisions and contingent liabilities

Provisions are recognised only when there is a present obligation as a result of past events 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.

2.21 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.

2.22 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 credits.

3. Financial irregularities

3.1 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 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 Honourable Company Law Board ('Honourable 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 6 directors on the Board of the Company.

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.

The Government nominated Board of Directors appointed an independent counsel ('Counsel') to conduct an investigation of the financial irregularities that would enable preparation of the financial statements of the Company. 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. 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 so far 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 and its joint venture.

3.2 Nature of financial irregularities

The forensic investigation conducted by 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. The forensic investigation revealed that the Company had a complex accounting and financial reporting framework, which coupled with multiple non-integrated financial systems enabled perpetration of financial irregularities. The irregularities were substantial in amount, perpetrated across multiple accounting periods and affecting many areas including inter alia revenue, foreign exchange gains, interest and other expenses with respect to the Profit and Loss account. It also affected debtors, cash and bank, other current assets and reserves and surplus with respect to the Balance Sheet.

(i) Specific financial irregularities as identified based on their nature were classified into two categories i.e.

- *Fictitious entries entered in the accounting records of the Company:* These primarily involved recognition of fictitious revenue and interest income, which ultimately resulted in creation of fictitious cash and bank balances and receivables.
- *Unrecorded transactions:* A number of real transactions (movements into and out of the bank accounts) were omitted from the accounting records of the Company.

The overall impact of 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.

(ii) Financial irregularities where complete information was not available

These 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 are given below:

a) The forensic investigation identified 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. In the absence of complete information, the amount aggregating ₹ 11,221 Million has been accounted under "Unexplained Differences Suspense Account (Net)" in the Balance Sheet (Refer Schedule 12).

b) The forensic investigation also identified 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, the amounts of ₹ 166 Million and ₹ 7 Million have been accounted under "Unexplained Differences Suspense Account (Net)" in the Balance Sheet (Refer Schedule 12).

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 has so far been 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 5.1 of Schedule 18 for details.

3.3 Investigation by authorities in India

Pursuant to the events stated in Note 3.1 of Schedule 18, various regulators / investigating agencies such as the Central Bureau of Investigation (CBI), Serious Fraud Investigation Office (SFIO) / Registrar of Companies (ROC), SEBI, Directorate of Enforcement (ED) etc., had initiated their investigation on various matters pertaining to the Company during the financial year ended March 31, 2009.

The CBI initiated legal proceedings before the Additional Chief Metropolitan Magistrate for Trial of Satyam Scam Cases, Hyderabad (ACMM) and has filed certain specific charge sheets against the erstwhile Chairman and others based on its findings so far. The Hon'ble Supreme Court has directed the ACMM to conclude the Trial on or before July 31, 2011.

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. The details of the charges framed by the Court with respect to the aforesaid violations against the Company are elaborated in Note 7(1) (xi) of Schedule 18.

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

During the 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.

C&S System Technologies Private Limited, subsidiary of the Company received notice of inspection dated February 2, 2011, from SFIO under section 209A of Companies Act, 1956, directing it to submit information and certified documents on few financial matters.

3.4 Investigation on round tripping

The investigating agencies in India are currently 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 from an entity registered in a tax haven aggregating USD 28.41 Million, it is possible that 20 of these inward remittances aggregating USD 17.04 Million may have been used to set off outstanding invoices.

Also Refer Note 3.2 (ii) of Schedule 18 above.

3.5 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 were seized by the CBI. On a petition filed by the Company, the ACMM, vide its order dated April 23, 2010 had 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.

3.6 Management's assessment of the identified financial irregularities

As per the assessment of the Management, based on the forensic investigation carried out through an independent counsel / forensic accountants (Refer Note 3.1 of Schedule 18) and the information available at 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 (Refer Note 3.2 of Schedule 18). The Company has not received any further information which requires adjustments to 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 statements of the Company as and when the outcome of the above uncertainties is known and the consequential adjustments / disclosures are identified.

4. Acquisition by Venturbay

M/s Venturbay Consultants Private Limited ("Venturbay") became the successful bidder of the global competitive bidding process initiated / concluded under the supervision of former Chief Justice of India, Shri S.P. Bharucha. Shri S.P. Bharucha has also given in writing to Honourable CLB, that the process of selection was fair, transparent and open as required.

During the previous year, on May 5, 2009, Venturbay was allotted 302,764,327 equity shares of ₹ 2 each of the Company at a premium of ₹ 56 per share (being 31% of the paid up capital) for a consideration of ₹ 17,560 Million.

On July 10, 2009, pursuant to completion of the open offer, Venturbay was further allotted 198,658,498 equity shares of the Company (par value of ₹ 2 each per share) at a premium of ₹ 56 per share for a consideration of ₹ 11,522 Million. Consequently, Venturbay currently holds 501,843,740 equity shares (including 420,915 equity shares acquired through the open offer) representing 42.65% of the paid-up share capital of the Company. Currently, the Board of Directors of the Company comprises six directors of which three are representatives from Venturbay, two are nominees of the Central Government and one independent director.

5. Commitments and contingencies

5.1 Alleged advances

The erstwhile Chairman in his letter dated January 7, 2009, 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. On January 8, 2009, the Company received letters from thirty seven companies requesting confirmation by way of acknowledgement of the 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 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.

On November 11, 2009, four out of the thirty seven companies, filed petitions / suits for recovery before the City Civil Court, Secunderabad, against the Company with a prayer that these companies be declared as indigent person for seeking exemption from payment of required court fee. These cases are pending before the said Court. As of date, the remaining thirty three companies have filed similar petitions in the said Court and the petitions are pending. Recently, one of the thirty seven companies has filed an application seeking leave of court to register the suit by receiving the court fees, based on an alleged change of its promoters. The application has been contested by the Company and the court has reserved orders in the said application.

As of March 31, 2011 and March 31, 2010, the amount of alleged advances has been presented separately under 'Amounts Pending Investigation Suspense Account (Net)'. The Company is contesting the claims for recovery filed as indigent petitions / suits by these companies. 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.

5.2 Claims from Upaid Systems Limited (Upaid)

In connection with the lawsuit filed by Upaid, the Company deposited in the previous year an amount of ₹ 3,274 Million (equivalent to USD 70 Million) into an escrow account pursuant to a Settlement Agreement with Upaid to settle the litigation commenced by Upaid against the Company in the United States District Court for the Eastern District of Texas, Marshall County in USA wherein Upaid sought damages exceeding USD 1 Billion for fraud and forgery in addition to other punitive damages, fees and costs.

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

The order of the Authority for Advance Rulings has not been delivered till date.

Pending resolution of dispute, the Texas Action is currently adjourned.

5.3 Aberdeen Complaint

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 15 of Schedule 18). The Action, which has been brought as an individual action, alleges that the losses suffered by the twenty investors 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 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.

5.4 Claims from a customer

The Company had entered into an agreement with a customer for software development for the operations of a customer in Japan. The Company executed the software development in accordance with the terms of the agreement. In 2005, the customer invoked arbitration contending deficiency of services and claiming damages of Japanese Yen 364 Million (equivalent to ₹ 189 Million) which is being disputed by the Company. The Company has also filed a counter claim of USD 0.24 Million (equivalent to ₹ 12 Million) being the balance amount due and payable for the work done by the Company, apart from other charges and interest the Company is entitled to. The matter is now pending before a Sole Arbitrator in Pune, the outcome of which is not determinable at this stage.

5.5 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 Financial Year 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 against which refunds of financial years 2007-08 and 2009-10 aggregating ₹ 17 Million have been adjusted. During the previous year the Company had filed an appeal with Commissioner of Income Tax (Appeals) (CIT(A)). In the month of 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 against which refund of financial year 2003-04 amounting to ₹ 125 Million have 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 current 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 ₹ 369Million respectively. Such demands have been adjusted to the extent of ₹ 152 Million and ₹ 172 Million respectively, being the refunds of financial years 2008-09 and 2009-10. As against the demands the Company has paidan amount of ₹ 85 Million as at March 31, 2011(March 31, 2010: ₹ 65 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 financial years 2006-07 and 2007-08 , demands of ₹ 812 Million and ₹ 2,562 Million, 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 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) and updates during the current year

During the year, the Additional Commissioner of Income Tax directed the Company to get its accounts for the financial year 2001-02 and 2006-07 audited under section 142(2A) of the Income Tax Act, 1961 which is in progress.

Meanwhile, the various petitions filed by the Company before the CBDT (for the financial years 2002-03 to 2007-08) to use its extraordinary powers and grant relief to mitigate the hardship caused to the Company, and to give appropriate instructions to the Assessing Officer to exclude the fictitious sales and fictitious interest income, and to grant of stay of taxes, was summarily rejected by the CBDT vide an order dated March 10, 2011.

Consequent to CBDT's order dated March 10, 2011, the Additional Commissioner of Income Tax (ACIT) issued garnishee orders directing the Company's bankers to pay ₹ 6,165 Million. Aggrieved by such orders and by the Order of the Hon'ble CBDT, the Company filed a Writ before the Hon'ble High Court of Andhra Pradesh.

The Hon'ble High Court of Andhra Pradesh vide its order dated March 30, 2011, admitted the Writ Petition and directed the Company to pay an amount of ₹ 3,500 Million and submit a Bank Guarantee for ₹ 2,670 Million.

Aggrieved by the order of the Hon'ble High Court of Andhra Pradesh, the Company filed a Special Leave Petition before the Hon'ble Supreme Court on April 5, 2011. The Hon'ble Supreme Court vide its order dated April 15, 2011 directed the Company to file a comprehensive petition / representation before the CBDT giving all requisite details / particulars in support of its case for re-quantification / re-assessment of income for Financial Years 2002-03 to 2007-08.

The Hon'ble Supreme Court also directed the Company to submit a Bank Guarantee for ₹ 6,170 Million. The Company has complied with the directions of the Supreme Court and has submitted the Bank Guarantee as directed on April 21, 2011 and consequently the attachment on the bank balances of the Company has been released.

Further, the Company has also filed a Comprehensive petition before the CBDT on April 28, 2011 which is pending disposal.

vi. Provision for Taxation:

The Company is carrying a total amount of ₹ 3,803 (net of payments) as at March 31, 2011 (As at March 31, 2010: ₹ 3,686 million) towards provision for taxation which was made primarily on the basis of the past financial statements. Considering the effects of financial irregularities, the status of disputed tax demands and the appeals / claims pending before 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 balance of tax provision outstanding as at the Balance Sheet Date.

vii. Others:

The Company received an order dated March 21, 2011 under section 201(1) / 201(1A) of the Income tax Act, 1961 from Deputy Commissioner of Income Tax, regarding non-payment of Tax Deducted at Source (TDS) during the last quarter of financial year 2008-09 demanding ₹ 5 Million towards the TDS short-fall and interest.

The Company received an order dated April 27, 2011 under section 201(1) / 201(1A) of the Income tax Act, 1961 from Joint Commissioner of Income Tax, regarding non-payment of Tax Deducted at Source (TDS) during the last quarter of financial year 2007-08 demanding ₹ 173 Million towards the TDS short-fall and interest.

The Company in the month of May, 2011 has filed a stay petition to the Additional Commissioner of Income Tax with respect to the collection of the disputed demand for both the financial years. The Company contends that the demands are only on account of technological issues in uploading the e-TDS returns and not on account of shortfall in payment of TDS. The Company has submitted necessary details to the authorities.

5.6 Indirect tax matters

i. Sales tax / value added tax

The Company received demands from the Karnataka Sales Tax Department for financial years 2003-04 to 2007-08 totaling to ₹ 656 Million (including penalty for ₹ 106 Million). As against the above demand, the Company paid an amount of ₹ 639 Million (including penalty of ₹ 106 Million) under protest. The Company has gone on appeal against the said demand which appeal is pending before the Karnataka Appellate Tribunal for the financial years 2003-04 and 2004-05. For the years 2006-07 and 2007-08 the appeal is pending with Joint Commissioner of Commercial Taxes (Appeals).

The Company also received demands from the Andhra Pradesh Sales Tax Department amounting to ₹ 299 Million (including penalty of ₹ 116 Million) for financial years 2002-03 to 2009-10. As against the above demand, the Company paid an amount of ₹ 213 Million (including penalty of ₹ 83 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 for the financial years 2008-09 and 2009-10 and yet to receive the hearing date.

The Company has received notices from the Andhra Pradesh Sales Tax Department for the year 2009-10 with respect to VAT / CST penalty for an amount of ₹ 9 Million and ₹ 43 Million respectively.

The Company has also received a show cause notice of ₹ 4,554 Million to tax unlicensed software for the period 1999-00 to 2004-05 from the Tamil Nadu Sales Tax Department. The Company has submitted the necessary details to the Authorities.

ii. Service tax

The Company had availed Service Tax Input Credit on general insurance premium, outdoor catering service, health and fitness service, house- keeping service, event management service etc. The Service Tax Department challenged the above credit for the period from March 2005 to September 2008 and has demanded service tax amounting to ₹ 212 Million (including penalty of ₹ 106 Million). 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 ₹ 10 Million which has been paid by the Company, by utilising input tax credits.

5.7 Matters relating to overseas branches

(i) The details of various claims / potential-claims / tax demands on account of tax provisions relating to the overseas branches, are given below:

(₹ in Million)

Particulars	**Amount March 31, 2011**	**Amount March 31, 2010**
Claim arising out of the special audit initiated by the Belgian tax authorities. The audit is in progress and the Company is in the process of providing the necessary information	Not quantifiable	Not quantifiable
Income tax demands in the United States of America:		
- State of Pennsylvania	3	4
- New York State income tax liability for the years 2006, 2007 and 2008. The Company has requested the tax authorities not to proceed till the Company files restated returns. The tax authorities have granted approval to the Company's request.	93	106
- California State income tax liability for the years 2003, 2004 and 2005. The Company has requested the tax authorities not to proceed till the Company files restated returns. The tax authorities have granted approval to the Company's request.	54	62
Others	167	176

(ii) During the current year, consequent to the demand raised by Kuwait Tax Authorities the Company paid ₹ 9 Million for the year 2008-09 and charged it to the Profit and Loss Account.

5.8 Compliance with employee / labour related laws

i. Demand from Employees' State Insurance authorities and Provident Fund

During the financial year ended March 31, 2008, the Company has received a demand of ₹ 3 Million from the Regional Office, Employees' State Insurance (ESI) Corporation pertaining to the period from April 2004 to March 2005. The Company has remitted ₹ 1 Million in respect of the same under protest and has appealed against the demand order which is pending final disposal at the ESI Court.

During the previous year, the Company received an order from the Employees' Provident Fund Organization demanding an amount of ₹ 3 Million pertaining to December 2008. The Company appealed against the same before the Employees' Provident Fund Appellate Tribunal (EPFAT). The Company remitted ₹ 1 Million against the said demand under protest.

EPFAT has dismissed the appeal on March 4, 2011. The Company filed a writ petition in the Hon'ble High Court of Andhra Pradesh on April 19, 2011 and obtained a stay order. The Hon'ble High Court directed the Company to further deposit 20% of the amount and accordingly the Company has remitted ₹ 1 Million against the said demand under protest.

ii. Other employee / labour related laws

The Company carries out significant operations through its branches / sales offices located at various countries. The Company assessed the compliance with various other employee / labour related laws and based on such assessment done, non-compliances, wherever identified, have been appropriately dealt with.

5.9 Purchase Commitments to / in respect of subsidiaries

The details of future purchase consideration payable in respect of certain acquired subsidiaries are given below:

As at March 31, 2011:

(In Million)

Name of subsidiary	**Currency**	**Amount**	**Amount ₹**	**Payable by**
Bridge Strategy Group LLC	USD	4.77	213	April 2011 to December 2011
Total			**213**	

As at March 31, 2010:

(In Million)

Name of subsidiary	Currency	Amount	Amount ₹	Payable by
Bridge Strategy Group LLC	USD	8	361	October 2010
Total			**361**	

5.10 Dispute with Venture Global Engineering LLC

The Company and Venture Global Engineering LLC (VGE) entered into a Joint Venture Agreement on October 20, 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. The capital participation of the Company and VGE was in the ratio of 50:50. On or around March 20, 2003 numerous corporate affiliates of VGE filed for bankruptcy. This triggered the option for the Company to purchase VGE's shares of SVES under the Shareholder's Agreement which the Company exercised. As VGE disputed the Company's action, the Company requested for arbitration with the London Court of International Arbitration (LCIA) as provided in the Shareholder's Agreement.

The Arbitrator gave an award ("Award") dated April 3, 2006 in favour of the Company. The Company filed for enforcement and recognition of the award before the District Court of Michigan, U.S.A. The District Court on July 31, 2006 directed enforcement of the Award and the Sixth Circuit Court of Appeals in US on May 25, 2007 affirmed it. While the proceedings were pending in the USA, VGE also filed a suit before the District Court of Secunderabad in India for setting aside the Award dated April 3, 2006. The District Court of Secunderabad and the Hon'ble High Court of Andhra Pradesh dismissed VGE's petition for setting aside the Award. On an appeal by VGE, the Hon'ble Supreme Court of India on January 10, 2008, set aside the orders of the District Court and the Hon'ble High Court and remanded the matter back to City Civil Court, Hyderabad for hearing on merits. The Hon'ble Supreme Court also directed status quo with regard to transfer of shares till the disposal of the suit. The matter is currently before the City Civil Court, Hyderabad.

On January 17, 2008, the District Court of Michigan held VGE in contempt for its failure to honour the Award and amongst others directed VGE to dismiss its Board members and replace them with individuals nominated by the Company. The order of the District Court of Michigan in contempt proceeding was affirmed by the Sixth Court of Appeals on April 9, 2009. 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.

VGE also sought to file an application for bringing additional pleadings on record in the matter pending before the City Civil Court which allowed VGE's application. As the Hon'ble High Court of Andhra Pradesh allowed the Company's appeal against the order of the City Civil Court, VGE appealed against the order of the Hon'ble High Court to the Hon'ble Supreme Court. The Hon'ble Supreme Court on August 11, 2010 allowed VGE's application to bring on record additional pleadings. The matter is pending before the City Civil Court, Hyderabad.

During the year ended March 31, 2011 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 asserting claims under Racketeer Influenced and Corrupt Organisation Act, 1962 (RICO) and seeking damages with respect to the fraud claim, interest costs and attorney fees.

In response, the Company has filed a motion to dismiss the Complaint or, in the alternative, to compel Plaintiffs to arbitrate their claims pursuant to the arbitration provision in the Shareholders' Agreement between VGE and the Company. The matter is pending disposal.

5.11 Other claims / contingencies / commitments

(i) The details of other claims / contingencies / commitments as at March 31, 2011 are summarised below:

(₹ in Million)

Particulars	As at March 31, 2011	As at March 31, 2010
Vendor claims	82	95
Employee claims	63	39
Customer claims	90	90
Claims from promoters of subsidiaries	-	Refer Note 12.2 of Schedule 18
Guarantees / Comfort letters provided by the Company	Refer Note 28 of Schedule 18	Refer Note 28 of Schedule 18
Bank guarantees outstanding	3,246	1,600
Contracts pending execution on capital accounts (net of advances)	4,683	3,436

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

5.12 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 the 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, excluding the liability, if any, arising from the Aberdeen Complaint as mentioned in Note 5.3 of Schedule 18 for which the outcome is not determinable at this stage, the Company has made appropriate provision for contingencies as at March 31, 2011 which, in the opinion of the Management, is adequate to cover any probable losses in respect of the above litigations and claims. Refer Note 32.2 of Schedule 18.

6. Insurance claims

A Directors and Officers Liability Policy ('D&O Policy') was taken by the Company to protect its directors and officers against legal costs incurred by them in defending allegations or suits brought against them for wrongful acts and any awards granted against them, including out of court settlements. Such D&O Policy included protection to the Company in the event of a 'Securities Claim' as defined under that D&O Policy. The primary policy for the period from October 15, 2008 to October 14, 2009 was issued by the Lead Insurer, and secondary policy forming multiple layers of coverage in excess of the primary policy was issued by other insurance companies.

The Company had notified the Lead Insurer regarding receipt of notices from several regulatory authorities and the class action suits.

The Lead Insurer, while expressly reserving its rights under the D&O Policy, has taken a preliminary view and disputed the claim under the D&O Policy. The Company has replied wherein it has expressly reserved its rights with respect to the D&O Policy and disagreed with a number of statements and positions taken by the Lead Insurer.

The Company has been examining various options for proceedings against the Lead Insurer and, hence, the outcome is uncertain at this stage.

7. Regulatory non-compliances / breaches

During the financial year ended March 31, 2009, the Company 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:

7.1 The Companies Act, 1956 ('the Act') and ESOP Guidelines by SEBI

The non-compliances / breaches included inter-alia:

(i) Payment of remuneration / commission to whole-time directors / non-executive directors in excess of the limits prescribed under the Act.

(ii) Unauthorised borrowings

(iii) Excess contributions to Satyam Foundation

(iv) Loan to ASOP Trust (Satyam Associate Trust) without prior Board approval under the Act.

(v) Delay in deposit of dividend in the bank.

(vi) Dividend paid without profits

(vii) Non-transfer of profits to general reserve relating to interim dividend declared

(viii) Utilisation of the Securities Premium account

(ix) Declaration of bonus shares

(x) Violation of SEBI ESOP Guidelines

The Company has filed a condonation application before the Honourable CLB for the non-compliances / breaches as stated in Notes 7.1 (i) to 7.1 (x) above.

It is also considering action to recover from the erstwhile Management the excess remuneration / commission / contributions / dividends paid out without due compliance of law.

(xi) 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 Mr. Krishna G Palepu, a non-executive director was with the approval of shareholders by way of special resolution passed in the Annual General Meeting held on August 21, 2006 as per the provisions of Section 314 of the Act. However, 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 SFIO held that the instant case was not covered under Section 314 of the Act as the terms of reference given to Mr. Krishna G Palepu did not indicate the assignment of any specific position or office of profit to him in the Company.

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 Mr. Krishna G Palepu by the Company. The Court has framed charges with respect to the aforesaid violation. The trial is ongoing. The Company has filed a compounding application before the Honourable CLB, 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 as the attachments of the balance sheets did not contain the directors' report along with the annexure required under the various rules, the auditors' report for the financial year 2006 - 07 and schedules to the Balance Sheet, the directors' report along with the required annexure and the auditors' report for the financial year 2007 - 08 thereby violating the provisions of Section 220 of the Act.

The Company has not received any communication from the Registrar of Companies, Andhra Pradesh seeking clarification on the incomplete filing for the financial year 2006 – 07. Approval for the filing for financial year 2007 - 08 was received by the Company and all the required documents except auditors' report are available on the MCA website.

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 trial is ongoing. The Company has filed a compounding application before the Honourable CLB with respect to the said offence which are reserved for orders.

7.2 Foreign Exchange Management Act (FEMA), 1999

7.2.1 (i) In some of the cases, the Company has not been able to do a "one on one" matching of the foreign currency receipts against the Foreign Inward Remittance Certificates (FIRC) obtained from the bankers. Pending such matching, the Company has appropriated the collections based on and to the extent of the information available with the Management. Further, the Company has not filed such invoice wise FIRC details with Authorised dealer as required by the FEMA regulations.

(ii) 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 same and filing all the required applications / details.

7.2.2 The ED has issued a show-cause notice dated April 28, 2011 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 realization 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 has been granted 30 days' time to respond to the Show-Cause Notice.

7.3 Non-availability of tax deduction certificates

The Company also had certain old withholding tax claims made in prior years, the certificates for which are either non-existent or the originals are not available. The Company identified such instances to the extent of the information available with the Company and suitably adjusted the same in the Profit and Loss account for the year ended March 31, 2009.

7.4 Delay in filing of tax returns in overseas jurisdictions

There have also been cases of delay in filing of tax returns (income tax and sales tax) within the stipulated time period in some of the overseas countries primarily in the past and in a few instances in the current year, the potential liability on account of which is not ascertainable at this stage. The Company is of the opinion that the likely liability on account of the same is not expected to have a material impact on the financial statements.

7.5 Management's assessment of the statutory non compliances

The Management believes that the various non-compliances and breaches by the Company of the statutory requirements which have been noticed / observed, duly considering the findings of the forensic investigation / other ongoing regulatory investigations have been summarised above. The Company in respect of certain matters as stated above has applied to the Hon'ble CLB 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. The possible impact of these non-compliances and breaches in the event the Company's condonation requests, where applicable, are not granted has not been determined or recognised in the financial statements.

8. Financial Reporting Process

8.1 Internal control matters

Post the induction of the Venturbay nominees on the Board of the Company in June 2009, the new management after an evaluation of the internal control situation existing in the Company, identified various internal control deficiencies and weakness.

Pursuant to such evaluation, the Company concluded that for the year ended March 31, 2009, the internal control and procedures of the Company were not effective at reasonable assurance level and reported the same in its annual accounts for the year ended March 31, 2009.

During the financial year ended March 31, 2010, the Company under the new management took several steps including *inter-alia* appointing a new audit committee, revised the code of Ethical Conduct, nominated a Corporate Ombudsman and took steps to formulate an entity wide risk management policy, approved by the Board. The internal audit function was also strengthened by appointing a reputed and independent external agency as the Internal Auditor.

Amongst the initiatives that the Management has implemented / in the process of implementation are to complete the analysis of unexplained / un-reconciled balances between various sub-systems / sub-ledgers and the general ledger. The process of reconciliation is not complete, however there has been progress and a number of previously un-reconciled transactions between various sub-systems have been identified and rectifications carried out / are in the process of being carried out. In addition, physical verification of assets was conducted by the Management and the deficiencies that were noticed were appropriately dealt with in the books. Further, the Company has commenced updation of Fixed Assets register with quantitative details, asset description etc.

Therefore, the new Management, for the purpose of ensuring appropriate controls over the financial reporting process and the preparation of the financial results, 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.

Considering the magnitude of the identified material weakness, change in personnel, continuing investigation by authorities investigating the fraud, the Management's efforts to fully remediate the material weakness continues to be ongoing.

The software platforms including the ones used for financial reporting are non-integrated, even though compensating manual reconciliations are carried out. The deficiencies in IT General and Application controls over all areas continue.

As at March 31, 2011, while the new management's efforts have resulted in relatively better control over the process of revenue recognition, receivables management, approval mechanisms and the preparation and review of material account balances, these have not yet reached a stage so as to provide a level of assurance to demonstrate complete robustness over internal controls on financial reporting.

8.2 Reconciliations

With respect to some of the key business processes like revenues, expenses, payroll, fixed assets, etc., the Company uses various sub-systems, the output from which, is being used for accounting in the financial package maintained by the Company. Within the financial package, there are also sub-ledgers and general ledger. In this respect, certain reconciliations between the sub-systems / sub-ledgers and the general ledger could not be performed completely due to non-availability of all the required information in the previous years. Further, there were certain differences between the sub systems which provide the inputs to the main sub system, which is ultimately interfaced to the general ledger, for which complete details were not available.

During the year, no additional differences were identified. Further, the Company identified and reconciled certain unexplained net amounts aggregating ₹ 11 Million (net debit) and accounted it as loans and advances. The provision in respect of such identified transactions made in the earlier years aggregating to ₹ 8 Million, has been transferred to Provision for Doubtful advances and ₹ 3 Million has been credited to the Profit and Loss Account. Refer Note 32.3 of Schedule 18. The balance of transactions of the previous years pending adjustments due to non-availability of complete details amounting to ₹ 36 Million (March 31, 2010 – ₹ 47 Million) (net debit) (comprising of ₹ 494 Million (₹ 515 Million as at March 31, 2010) of gross debits and ₹ 458 Million (₹ 468 Million as at March 31, 2010) of gross credits) have been carried forward under "Unexplained Differences Suspense Account (Net)" under Schedule 12 with the corresponding full provision made in the earlier years.

8.3 Confirmation of balances / other details

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. Further a few confirmation requests were returned undelivered. Whilst confirmations were received for all bank balances, responses received from the parties reflected under sundry debtors and current liabilities was minimal compared to the overall number of confirmations sent out in spite of follow-up by the Company.

With respect to the cases where the confirmation responses were received, reconciliations have been performed based on the information available with the Company and necessary adjustments have been carried out in the financial statements.

With respect to the cases where the balances / other details were not confirmed by the parties, necessary adjustments including provision for debtors and provision for expenses have been carried out in the financial statements based on the information available with the Management.

8.4 Risks and uncertainties

There are risks and uncertainties relevant to the Company's financial condition, results of operations and liquidity positions that may affect future performance.

Some of the key risks and uncertainties that might impact the Company's business are stated as under:

(i) Risk of un-identified financial irregularities

In view of the significant limitations in the forensic investigation as stated in Note 3.1 of Schedule 18, there is a risk that material errors, fraud and other illegal acts may exist that remain undetected.

(ii) Risk of adverse outcome of investigation by law enforcement agencies

Several law enforcement agencies such as CBI, SEBI, SFIO and ED in India had initiated their investigations on the extent of financial irregularities and breach of law by the erstwhile Chairman and other former employees of the Company and legal proceedings are ongoing. Refer Note 3 of Schedule 18. The Company may be exposed to liabilities in case of any adverse outcome of these investigations / proceedings.

(iii) Risk of substantial adverse outcome of litigation and claims

Refer Note 5 of Schedule 18 for the details of open litigation and claims including Aberdeen Complaint from certain shareholders in the United States of America (USA) and income tax disputes in India which, if proven, could give rise to substantial liabilities. The Company is defending these litigations in various courts in India and in the USA.

(iv) Risk of non-compliances / breaches with various laws and regulation

The financial irregularities perpetrated by the erstwhile Chairman and former employees of the Company have led to violations of several laws and regulations including the Companies Act, 1956, guidelines prescribed by SEBI, Reserve Bank of India ('RBI') regulations, etc. The Company is exposed to liabilities in cases where these laws / regulations have been violated and the Company's application for condonation, where applicable, is not granted. Refer Note 7 of Schedule 18.

8.5 Management's assessment on financial reporting

Based on the assessment of the above and the information available with the Management at this stage and the corrective actions taken, the Management believes that these financial statements, read with the notes thereon, do not contain any material misstatements / omissions, in respect of the above.

9. 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.

9.1 Associate Stock Option Plan A (ASOP A)

In May 1998, the Company established its ASOP plan 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 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.

Subsequent to the bonus issue and share split each warrant entitles the holder to purchase 20 shares of ₹ 2 each of the Company at a price of ₹ 450 per warrant plus an interest component associated with the loan which the Trust assumed, for conversion of the warrants it held. As at March 31, 2011 and March 31, 2010, 6,500,000 equity shares of ₹ 2 each have been allotted to the Satyam Associate Trust under ASOP A.

As at March 31, 2011 no options were outstanding. As at March 31, 2010 3,500 options (Net of cancellations) for a total number of 70,000 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,			
	2011		2010	
	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	10,815	1,627
Granted	-	-	-	-
Exercised	(400)	1,701	-	-
Forfeited	(3,100)	1,701	(2,680)	1,575
Lapsed			(4,635)	1,701
At the end of the year	-	-	3,500	1,701

For options outstanding at the end of the current year, the exercise price was ₹ NIL (March 31, 2010 - ₹ 1,701) and the weighted average remaining contractual life is NIL years (March 31, 2010 – 0.09 years).

No options were granted during the current year.

400 options were exercised during the current year (Previous year ended March 31, 2010 was NIL). For the options that were exercised during the current year, the weighted average share price on the date of exercise was ₹ 87.10.

9.2 *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 these equity shares. As at March 31, 2011, 28,742,359 (March 31, 2010 - 28,739,939) equity shares of ₹ 2 each have been allotted to the associates under ASOP B.

Accordingly, options (net of cancellations) for a total number of 21,613,932 (March 31, 2010 – 21,108,842) equity shares of ₹ 2 each were outstanding as at March 31, 2011.

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

Particulars	For the year ended March 31,			
	2011		2010	
	No. of options	Weighted average exercise price (Amount in ₹)	No. of options	Weighted average exercise price (Amount in ₹)
At the beginning of the year	21,108,842	134.94	12,062,094	166.37
Granted	5,210,000	67.07	13,721,385	109.60
Exercised	(2,420)	77.33	(4,806)	96.96
Forfeited	(4,373,109)	133.34	(4,485,997)	168.35
Lapsed	(329,381)	175.62	(183,834)	176.19
At the end of the year	21,613,932	118.24	21,108,842	134.94

For options outstanding at the end of the current year, the exercise price was in the range of ₹ 65 - ₹ 328 (March 31, 2010 – ₹ 77 – ₹ 328) and the weighted average remaining contractual life is 5.02 years (March 31, 2010 – 5.17 years).

The weighted average fair value of options granted during the current year was ₹ 49.01. (March 31, 2010 - ₹ 72.53).

For the options that were exercised during the current year, the weighted average share price on the date of exercise was ₹ 91.64 (March 31, 2010 – ₹ 101.47).

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

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 the 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, 2011, 1,246,955 ADS (March 31, 2010 – 1,246,955) representing 2,493,910 (March 31, 2010 – 2,493,910) equity shares of ₹ 2 each have been allotted to the associates under ASOP ADS.

Accordingly, options (net of cancellation) for a total number of 1,921,751 (March 31, 2010 – 1,684,052) ADS representing 3,843,502 (March 31, 2010 – 3,368,104) equity shares of ₹ 2 each were outstanding as at March 31, 2011.

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

Particulars	**For the year ended March 31,**			
	2011		**2010**	
	No. of options	**Weighted average exercise price (Amount in ₹)**	**No. of options**	**Weighted average exercise price (Amount in ₹)**
At the beginning of the year	1,684,052	292.68	1,195,642	440.08
Granted	634,079	138.21	1,316,991	257.67
Exercised	-	-	-	-
Forfeited	(331,849)	291.02	(802,193)	430.86
Lapsed	(64,531)	265.98	(26,388)	243.38
At the end of the year	1,921,751	243.32	1,684,052	292.68

For options outstanding at the end of the current year, the exercise price was in the range of ₹ 131 - ₹ 641 (March 31, 2010 – ₹ 178.79 - ₹ 640.60) and the weighted average remaining contractual life is 5.53 years (March 31, 2010 – 5.30 years).

The weighted average fair value of options granted during the current year was ₹ 111.19. (Year ended March 31, 2010 - ₹ 192.12).

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

9.4 ***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, 2011, 1,276,513 (March 31, 2010 – 974,882) equity shares of ₹ 2 each have been allotted to the associates under ASOP - RSUs.

Accordingly, options (net of cancellations) for a total number of 811,830 (March 31, 2010 – 1,333,308) ASOP-RSUs equity shares of ₹ 2 each were outstanding as at March 31, 2011.

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

Particulars	**For the year ended March 31,**			
	2011		**2010**	
	No. of options	**Weighted average exercise price (Amount in ₹)**	**No. of options**	**Weighted average exercise price (Amount in ₹)**
At the beginning of the year	1,333,308	2.00	2,767,973	2.00
Granted	-	-	-	-
Exercised	(301,271)	2.00	(581,245)	2.00
Forfeited	(220,207)	2.00	(853,420)	2.00
Lapsed	-	-	-	-
At the end of the year	811,830	2.00	1,333,308	2.00

For options outstanding at the end of the current year, the exercise price was ₹ 2 (March 31, 2010 – ₹ 2) and the weighted average remaining contractual life is 3.77 years (March 31, 2010 – 4.71 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 ₹ 84.33 (March 31, 2010 – ₹ 93.01).

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

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 not 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, 2011, 197,884 (March 31, 2010 – 159,734) RSUs (ADS) representing 395,768 (March 31, 2010 – 319,468) 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 154,096 (March 31, 2010 – 233,060) ADS representing 308,192 (March 31, 2010 – 466,120) equity shares of ₹ 2 each were outstanding as at March 31, 2011.

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

Particulars	**For the year ended March 31,**			
	2011		**2010**	
	No. of options	**Weighted average exercise price (Amount in ₹)**	**No. of options**	**Weighted average exercise price (Amount in ₹)**
At the beginning of the year	233,060	4.00	495,175	4.00
Granted	0	-	10,182	4.00
Exercised	(38,150)	4.00	(141,047)	4.00
Forfeited*	(40,814)	4.00	(131,250)	4.00
Lapsed	0	-	-	-
At the end of the year	154,096	4.00	233,060	4.00

* Includes the buy back of 31,165 RSUs towards which ₹ 4 Million was paid as compensation and charged to Profit and Loss Account as Employee Compensation Expense (Schedule 15).

For options outstanding at the end of the current year, the exercise price was ₹ 4 (March 31, 2010 – ₹ 4) and the weighted average remaining contractual life is 4.46 (March 31, 2010 – 5.91) years.

No options were granted during the current year. The weighted average fair value of options granted during the previous year ended March 31, 2010 ₹ 178.61.

For the options that were exercised during the current year, the weighted average unit price on the date of exercise was ₹ 245.26 (March 31, 2010 – ₹ 250.50).

9.6 *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,**	
	2011	**2010**
Net (Loss) after taxation as reported (₹ in Million)	**(1,276)**	**(712)**
Add: Employee stock option compensation expense (intrinsic value method) (₹ in Million)	(78)	(181)
Less: Employee stock option compensation expense (fair value method) (₹ in Million)	295	89
Pro forma (Loss) (₹ in Million)	**(1,649)**	**(982)**
Earnings per share		
Basic		
- No. of shares	1,176,401,598	1,093,000,622
- EPS as reported (₹)	(1.08)	(0.65)
- Pro forma EPS (₹)	(1.40)	(0.90)
Diluted		
- No. of shares	1,176,401,598	1,093,000,622
- EPS as reported (₹)	(1.08)	(0.65)
- Pro forma EPS (₹)	(1.40)	(0.90)

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

Assumptions for 2010-11

ASOP A plan:

Particulars	**For the year ended March 31, 2011**	**For the year ended March 31, 2010**
Exercise price	Nil	Nil
Grant date share price	Nil	Nil
Dividend yield (%)	Nil	Nil
Expected volatility (%)	Nil	Nil
Risk-free interest rate (%)	Nil	Nil
Expected term (in years)	Nil	Nil

ASOP B plan:

Particulars	**For the year ended March 31, 2011**	**For the year ended March 31, 2010**
Exercise price	₹ 64.6 -₹100.98	₹ 104.25-₹ 109.65
Grant date share price	₹ 64.60- ₹ 98.95	₹ 101.80-₹ 102.10
Dividend yield (%)	0.42%-0.70%	0.56%-0.92%
Expected volatility (%)	83.07%-109.20%	83.78%-108.86%
Risk-free interest rate (%)	7.91%	7.75%
Expected term (in years)	3.5-6.5 years	3.5-6.5 years

ASOP ADS plan:

Particulars	**For the year ended March 31, 2011**	**For the year ended March 31, 2010**
Exercise price	₹131.04 -₹ 248.41	₹ 245.39-₹ 257.81
Grant date share price	₹131.04 -₹ 227.44	₹ 235.72-₹ 241.37
Dividend yield (%)	0.42%-0.70%	0.56%-0.92%
Expected volatility (%)	103.26%-136.99%	103.97%-135.24%
Risk-free interest rate (%)	7.91%	7.75%
Expected term (in years)	3.5-6.5 years	3.5-6.5 years

ASOP RSU plan:

Particulars	**For the year ended March 31, 2011**	**For the year ended March 31, 2010**
Exercise price	Nil	Nil
Grant date share price	Nil	Nil
Dividend yield (%)	Nil	Nil
Expected volatility (%)	Nil	Nil
Risk-free interest rate (%)	Nil	Nil
Expected term (in years)	Nil	Nil

ASOP RSU-ADS plan:

Particulars	**For the year ended March 31, 2011**	**For the year ended March 31, 2010**
Exercise price	NIL	₹ 4
Grant date share price	NIL	₹ 184.54
Dividend yield (%)	NIL	0.56%
Expected volatility (%)	NIL	133.62%
Risk-free interest rate (%)	NIL	7.75%
Expected term (in years)	NIL	3.5 years

10. 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 ₹ 196,071 is outstanding as at March 31, 2011 (as at March 31, 2010 - ₹ 575,320) 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 of shares.

11. Accounting for fixed assets / depreciation

11.1 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 ₹ 29 Million (March 31, 2010 - ₹ 29 Million) in the financial statements.

11.2 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 memorandum of understanding (MOU) & other agreements, entered into by the Company, the Company has acquired the land from the GoAP. During the financial year ended March 31, 2009, the Company has 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 accounts in accordance with the accounting policy followed by the Company. In order to avail the said rebate, the Company furnished bank guarantees aggregating ₹ 96 Million which are outstanding as at March 31, 2011 and March 31, 2010. There are no outstanding obligations in respect of the said MOU as at March 31, 2011 and March 31, 2010.

(ii) The Company had also purchased land from Andhra Pradesh Industrial Infrastructure Corporation Limited (APIIC) in Vishakhapatnam for a total cost of ₹ 50 Million. There are certain disputes with respect to the land purchased by the Company in Kapulupadda village, Vishakhapatnam admeasuring about 50 acres wherein the above land has been earmarked to the Indian Navy. GoAP vide its G.O. No. 1439 dated December 4, 2008, has ordered the District Collector, Vishakhapatnam to allot alternate land, by withdrawing the land to an extent of 25 acres from the Police Department and also to an extent of 25 acres from the Vishakhapatnam Urban Development Authority. The Company has requested for obtaining the allotment letters. The Management is confident that the said lands will be allotted in favour of the Company and, accordingly, the amount of ₹ 50 Million is included in Capital Advances (under Capital Work in Progress) as at March 31, 2011 and March 31, 2010.

11.3 Capital Work-in-Progress

The Board of Directors vide its resolution dated July 27, 2010 decided to exit from one of its unit at "Shriram The Gateway SEZ" (STG) and the Company sold a part of fixed assets lying as a Capital work in progress of the STG Unit valued at ₹ 270 Million.

12. Investments

12.1 The Company had in the year ended March 31, 2008, acquired 50% of equity in C&S System Technologies Private Limited (formerly CA Satyam ASP Private Limited) ('CA Satyam') for a consideration of ₹ 72 Million. During the financial year ended March 31, 2009, pursuant to the Share Purchase Agreement dated April 30, 2008 entered into by the Company with Computer Associate Satyam JV Corporation, United States, the Company acquired the balance 50% equity held by Computer Associate Satyam JV Corporation in CA Satyam for a total consideration of ₹ 56 Million and, hence, CA Satyam became a subsidiary of the Company with effect from September 25, 2008. The total consideration was paid in equal installments of ₹ 28 Million each on September 25, 2008 and December 15, 2008. Pursuant to the acquisition of the shares by the Company, CA Satyam was renamed as C&S System Technologies Private Limited.

The Company is considering a proposal to merge C&S in the near future, with one of its subsidiaries and accordingly assessed the carrying value of the investments as at the year end and has made a provision amounting to ₹ 64 Million during the year.

12.2 On January 21, 2008, the Company entered into a definitive purchase agreement to acquire 100% of the membership interests of Bridge Strategy Group, LLC ('Bridge'), a Chicago based strategy and general management consulting firm, for total cash consideration of up to USD 35 Million (equivalent to ₹ 1,489 Million) to be paid over 2.5 years, comprising upfront consideration of USD 19 Million (equivalent to ₹ 761 Million) payable on consummation of the transaction, deferred non-contingent consideration of USD 8 Million (equivalent to ₹ 321 Million) payable in August 2009 and contingent consideration of USD 8 Million (equivalent to ₹ 407 Million) payable in October 2010. The contingent consideration is payable to the selling shareholders on satisfaction of conditions prescribed in the Membership Interest Purchase Agreement, entered into with the selling shareholders.

The transaction was consummated on April 4, 2008 and the upfront consideration of USD 19 Million (equivalent to ₹ 761 Million) was paid. Further, the deferred non-contingent consideration mentioned above of USD 8 Million (equivalent to ₹ 321 Million) was paid to the selling shareholders during the previous year in August 2009. During the financial year ended March 31, 2009, the Company accounted for an amount of USD 27 Million (equivalent to ₹ 1,082 Million), representing the upfront consideration and deferred non-contingent consideration, as cost of investment in the books of account.

On February 12, 2009, the key executives of Bridge served a notice on the Company that they had "Good Reason", as defined in the purchase agreement and each of their employment agreements, to terminate their employment with Bridge and retain all rights to receive payment of the then unpaid portion of the purchase consideration.

RSUs

Pursuant to employment agreements entered into by Bridge with each of the key executives of Bridge at the closing of the acquisition, in July 2008 and July 2009, the Company issued a total number of 235,121 RSUs to these key executives having an aggregate value at the time of issuance of USD 6 Million, and subject to vesting terms as set forth in the agreements entered into with each such key executive.

In the notice served by the key executives of Bridge on February 12, 2009, the key executives demanded cash payment of USD 6 Million in lieu of RSUs issued to them.

The Company has amicably settled on October 6, 2010, the dispute arising out of the notice served on February 12, 2009 by the key executives of Bridge Strategy Group. As part of the settlement terms, the Sellers have released the Company of all pending claims arising out of earlier notice. To ensure stability in developing the consulting business, certain special incentives / guaranteed bonus / additional bonus have been agreed to be funded by the Company subject to the Sellers' continued employment.

During the current year, in furtherance to the purchase agreement entered during January, 2008, the Company has paid the contingent consideration amounting to USD 8 Million (equivalent to ₹ 358 Million) which has been added to the cost of investment. In addition, the Company further infused capital of ₹ 211 Million in Bridge.

12.3 Nitor Global Solutions Limited ("Nitor"), one of the subsidiaries of the Company, entered into an agreement dated April 21, 2008 with the shareholders of S&V Management Consultant NV, Belgium ("S&V") for the purchase of 100% of the shares held by them in S&V for a total consideration of EUR 22.50 Million, comprising of initial consideration, deferred payment and conditional payments over a period of 3 years from the date of the agreement.

On December 11, 2008, the Company invested an amount of ₹ 1 Million in a new subsidiary incorporated in Belgium, namely, Satyam Computer Services Belgium BVBA ("Satyam Belgium"), primarily for the purpose of acquiring the shares in S&V as mentioned below.

Pursuant to an agreement dated October 9, 2008 between Nitor, the selling shareholders of S&V and Satyam Belgium, all the rights and obligations of Nitor have been transferred to Satyam Belgium.

In furtherance to the agreement entered into with the shareholders of S & V, the Company, through its subsidiary Satyam Belgium had paid the initial and deferred conditional payments aggregating EUR 15.50 Million (equivalent to ₹ 995 Million) as at March 31, 2010. During the current year, the second deferred conditional payment aggregating ₹ 238 Million (equivalent to EUR 4 million) was paid through Satyam Belgium. The above payments were funded as share application money to Satyam Belgium.

Further, the Company in earlier years had funded ₹ 12 Million as Share Application Money to Satyam Belgium.

During the current year, Satyam Belgium has allotted shares to the Company against the share application money.

12.4 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, 2011 and, consequently, this has not been included as part of Investments disclosed in Schedule 5 to the Balance Sheet as at March 31, 2011.

The Company incorporated its subsidiary in Brazil (Satyam Servicos De Informatica LTDA). During the year, the Company invested an amount of USD 0.25 Million (equivalent to ₹ 11 Million) pending allotment as at March 31, 2011 and has been disclosed in Schedule 9 to the Balance Sheet as Share application Money towards Investments.

12.5 (i) The details of long term investments purchased and sold during the year are given below:

Particulars	Number of shares purchased during the year ended March 31, 2011	Number of shares sold during the year ended March 31, 2011	Number of shares purchased during the year ended March 31, 2010	Number of shares sold during the year ended March 31, 2010
Satyam Computer Services Belgium, BVBA	196,823,260 Equity shares of EUR 0.10 each Note (a) below	-	-	-
Satyam Computer Services (Shanghai) Co. Limited	Note (b) below	-	Note (b) below	-
Satyam Computer Services (Nanjing) Co. Limited	Note (b) below	-	Note (b) below	-
Bridge Strategy Group LLC	Note (c) below	-	Note (c) below	-

Notes:

(a) Refer Note 12.3 of Schedule 18.

(b) Investments in these entities are not denominated in number of shares as per laws of the People's Republic of China and, hence, the particulars relating to number of shares purchased have not been disclosed.

(c) Bridge Strategy Group LLC is a Limited Liability Company, limited by Membership Interest. SCSL has purchased 100% of the Membership Interest from the selling shareholders as described in Note 12.2 of Schedule 18 above, and, hence, the particulars relating to number of shares purchased have not been disclosed.

(ii) There are no current investments purchased and sold during the year.

12.6 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 the following provisions:

(₹ in Million)

Name of the Subsidiary	Year ended March 31 (Refer Note (i) below) 2011	2010
C & S System Technologies Private Limited	64	-
Satyam Computer Services (Nanjing) Company Limited	27	-
Bridge Strategy Group LLC	62	-
Satyam Computer Services Belgium, BVBA (Refer Note (ii) below)	240	-
Total	**393**	**-**

Notes:

(i) Provision for diminution in value of investments in subsidiaries aggregating ₹ 520 Million (Year ended March 31, 2010: ₹ 228 Million) are classified as Exceptional Items (Refer Note 37 of Schedule 18).

(ii) The above excludes ₹ 1,005 Million provided in the previous year towards Share application money, pending allotment of shares by Satyam Belgium which in the current year, on allotment, has been classified as provision for diminution in value of investments.

13. Accounting for revenue and debtors

13.1 Sundry Debtors

During the year the Management initiated procedures for automated reconciliations between sub-systems / sub-ledgers / general ledger pertaining to Sundry Debtors account. The manual reconciliation process has progressed and a number of previously un-reconciled transactions between the sub-systems / sub-ledgers / general ledger have been identified and rectifications carried out. However, pending clearance of all the reconciling items, Management has carried out an assessment and has on the basis of its judgment in such assessment:

(a) Adjusted unapplied receipts aggregating ₹ 4,215 Million (March 31, 2010 - ₹ 5,652 Million) against Sundry Debtors

(b) Determined classification of debts outstanding for a period exceeding six months and other debts and

(c) Made provision for doubtful debts aggregating ₹ 4,264 Million (March 31, 2010 - ₹ 4,411 Million) as at March 31, 2011.

13.2 Accounting for contracts under percentage completion method (POC), Unbilled Revenue and Unearned Revenue adjustments:

(i) POC:

The Company is in the process of further strengthening and streamlining the accounting for contracts under percentage of completion method. Pending complete streamlining, the required documentation supporting initial / revision in estimates are currently not centralised and these estimates of cost and hours are not fully supported and are based on significant management estimates which inturn are based on the current information available, subsequent developments etc.

(ii) Unbilled revenue:

The Management analysed all such 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 to ensure proper cut-off and the required adjustments have been carried out in the financial statements of the Company based on the available information.

The Management has also identified cases where there are losses expected in the execution of certain projects of the Company. Losses arising on account of such contracts have been estimated based on a detailed analysis done by the Management taking into account the information available with the Company and the future obligations of the Company.

Accordingly, a provision for such contract losses to the extent of ₹ 250 Million (March 31, 2010 - ₹ 118 Million) has been made as at March 31, 2011.

Consequently, unbilled revenue of ₹ 3,009 Million (net of provision for anticipated losses) has been recognised as at March 31, 2011 (March 31, 2010 ₹ 4,305 Million).

(iii) Unearned revenue adjustments:

An amount of ₹ 207 Million (March 31, 2010 - ₹ 854 Million) originally accounted as part of unearned revenue has been transferred to revenue during the year ended March 31, 2011 based on the Management's assessment, in the absence of all the required documentation.

In the opinion of the Management, the use of estimates / subsequent information in respect of the above which is based on the available information should not result in a material adjustment to the financial statements of the Company.

13.3 Accounting for multiple deliverables and obligations of the Company

The Company is a service Company, primarily rendering IT consulting and software development services. Some of the contracts of the Company may 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 and hence the Company has not maintained inventory records with quantitative and other details in respect of such items (Refer Note 34 of Schedule 18 also). Further, with respect to services rendered, the Company has certain obligations towards customers as per the terms of the contracts such as right of refunds, discounts, service credits etc., which are not separately identified and the information collated.

Having regard to the above, and notwithstanding the non-maintenance of the inventory records referred to above based on and to the extent of information readily available / compiled by the Management:

(a) Hardware equipment and other items included in the contracts have been accounted under'Cost of Hardware Equipments and Other Items Sold' and unsold items have been classified as Inventory as at the year-end;

(b) Multiple elements in the revenue contracts have been separately accounted.

13.4 Post contract services / warranties

As per the terms of the contracts, the Company provides post contract services / warranty support to some of its customers. The Company does not have adequate documentation in respect of historical information on the amount incurred by the Company towards such costs incurred. 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 32.1 of Schedule 18.

13.5 Reimbursements / recoveries from customers

As per the practice followed by the Company, reimbursements / recovery received / receivable from customers are accounted for based on invoices raised on customers. As per the system followed by the Company, the expenses are charged off to the Profit and Loss account as and when incurred and the reimbursements / recoveries are credited to the Profit and Loss account as and when invoiced on the customers.

The Management carried out an analysis of all such reimbursement\recoveries of expenses received / receivable during the year and the required adjustments for the reimbursements / recoveries from customers have been carried out in the financial statements based on the information available.

14. 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. As per the agreement, the Company was also to render various IT related services to the federation towards its events in its capacity as the "Official IT Service Provider" to the federation.

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 believes 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. During the current year, the sponsorship charges aggregating ₹ Nil Million (Year ended March 31, 2010 – ₹ 76 Million) were expensed off to the Profit and Loss account under the head Marketing Expense.

Further, the Company during the current year recognised an amount of ₹ 320 Million (March 31, 2010 - ₹ 607 Million (both invoiced and unbilled revenue); towards the services rendered by the Company to the federation and, in accordance with the agreement, an amount of ₹ 471 Million (March 31, 2010 – ₹ 607 Million) has been accounted as provision for the Value in Kind sponsorship charges.

As per the arrangement, the Company would pay this amount of Value in Kind sponsorship charges to the federation on receipt of the invoice from them. Subsequent to the same, the federation would pay back to the Company the amount of services invoiced by the Company. During the current year the amount of services rendered and the corresponding amount of provision for Value in Kind sponsorship charges were disclosed on a gross basis under the heads Income from Operations and Marketing Expenses in the Profit and Loss Account with a corresponding amount accounted in Sundry Debtors and Sundry Creditors, respectively.

During the previous year, 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.

15. Class Action Complaint

Subsequent to the letter by the erstwhile Chairman (Refer Note 3.1 of Schedule 18), a number of persons claiming to have purchased the Company's securities 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 seeks 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.

On February 16, 2011, the Company entered into a Stipulation and Agreement of Settlement (the "Settlement Agreement") with the Lead Plaintiffs representing the Class to settle the Class Action. Under the Settlement Agreement, the Company has agreed to pay to the Class as consideration, USD 125 million, subject to the determination of the Authority for Advance Ruling, and 25% of any net recovery that the Company may in the future obtain against any of the PwC – Related Entities (former auditors).

In accordance with the terms of the Settlement Agreement, ₹ 5,671 Million (equivalent to USD 125 Million) was deposited by the Company into a segregated bank account (Segregated Account) as of March 31, 2011. USD 125 million from the Segregated Account has since been deposited into the Initial Escrow Account as of April 27, 2011.

The Settlement Agreement was granted preliminary approval by the USDC on March 21, 2011, but is subject to the final approval of the USDC upon which the settlement shall become effective pursuant to its terms and in exchange for the settlement consideration, the Lead Plaintiffs and the members of the Class who do not opt-out of the Class, would release, among other things, their claims against the Company.

16. SEC proceedings

The Company entered into a settlement agreement (Settlement Agreement) with the SEC in connection with the previously-disclosed SEC investigations into misstatements in the Company's financial statements predating January 7, 2009, the date of self-disclosure of financial irregularities by the Company's erstwhile Chairman, and into round tripping pertaining to periods prior to April 1, 2002 (collectively, the SEC Investigations). In accordance with the Settlement Agreement, which was subject to court approval, the SEC filed a civil complaint against the Company in US District Court in Washington, D.C. (Court) on April 5, 2011. On April 6, 2011, the Court accepted the proposed settlement and entered final judgment (Final Judgment) in the SEC's civil action.

The Company cooperated fully with the SEC's investigation. Subject to the completion of the undertakings summarized below, the entry of the Final Judgment concluded all issues with respect to potential charges against the Company stemming from the SEC Investigations.

As the Final Judgment reflects, the Company, without admitting or denying the allegations in the SEC's complaint, agreed to pay an amount of USD 10 Million as penalty; to be permanently enjoined from violating certain US securities laws; to subject itself to undertakings regarding, inter alia, strengthening its internal control and financial reporting processes and practices, internal training, and Code of Ethical Business Conduct; and to certify in writing compliance with the undertakings no later than one year from the date of the Final Judgment.

In accordance with the terms of the Final Judgment, ₹ 467 million (equivalent to USD 10 Million) that was set aside by the Company in anticipation of paying the Penalty in a special purpose account was wired from that account to the account of the Court.

The Company has filed an application (that is currently pending) before the Authority for Advance Rulings, seeking a binding advance ruling under the Income Tax Act, 1961 regarding taxability of the said amount.

17. Cash and bank balances

(i) The details of balances with non-scheduled banks:

(₹ in Million)

Name of the bank	Balances as at		Maximum amount outstanding at anytime during the year ended	
	March 31,		March 31,	
	2011	2010	2011	2010
Current accounts				
Banco do Brasil S.A, ,Brazil	1	-	8	6
BNP PARIBAS, Belgium	-	18	52	53
BNP PARIBAS , France	-	32	44	48
BNP PARIBAS , Germany	-	89	146	243
BNP PARIBAS, Netherlands	-	103	106	142
BNP PARIBAS, Ireland	-	11	11	12
BNP PARIBAS, Italy	-	7	8	10
BNP PARIBAS, Spain	-	4	5	7
BNP PARIBAS, Switzerland	62	123	134	154
BNP PARIBAS, Saudi Arabia	33	32	35	147
BNP PARIBAS, Taiwan	19	16	20	17
Citi Bank International Plc, Finland	7	3	9	13
Citibank NA, Thailand	4	39	67	61
Citibank NA, Brazil	21	19	37	40
Citibank NA, Denmark	11	52	90	67
Citibank NA, Dubai	28	12	58	34
Citibank NA, Hong Kong	1	4	16	17
Citibank NA, Hungary	1	9	12	12
Citibank NA, Malaysia	4	13	40	88
Citibank NA, Kenya	1	12	12	24
Citibank NA, UK	-	-	-	9
Citibank NA, USA	362	423	833	1,088
Citibank NA, New Zealand	22	15	25	68
Citibank NA, Korea	10	12	13	18
Citibank NA, Romania	1	1	1	1
Citibank NA, Singapore	73	60	115	117
Citibank NA, South Africa	95	20	123	83
Citibank NA, Australia	286	274	378	473
Citibank International Plc, Sweden	20	21	25	76
Citibank NA, Canada	144	52	269	135
Citibank NA, Sri Lanka	2	3	3	6
Dresdner Bank, Germany	-	-	-	25
HSBC Bank Plc, Czech Republic	4	5	9	8

Contd.

(₹ in Million)

Name of the bank	Balances as at		Maximum amount outstanding at anytime during the year ended	
	March 31,		March 31,	
	2011	2010	2011	2010
HSBC Bank Plc, UK	151	222	395	551
Hong Kong and Shanghai Banking Corporation, Japan	170	63	170	238
HSBC Bank Plc, Belgium	15	1	30	1
HSBC Bank Middle East limited, Jordan	6	11	14	19
Hong Kong and Shanghai Banking Corporation, Mauritius	12	32	32	33
HSBC Bank, France	20	-	61	-
HSBC Trinkaus & Burkhardt AG, Germany	80	-	188	-
HSBC Bank Plc, Ireland	3	-	6	-
HSBC Bank Plc, Italy	4	-	5	-
HSBC Bank Plc, Netherlands	121	-	133	-
HSBC Bank Plc, Spain	6	-	7	-
KBC Bank NV, Belgium	-	-	-	13
Sumitomo Mitsui Banking Corporation , Japan	2	2	31	49
UBS Bank, Switzerland	-	-	-	37
UnicreditBanca S.p.A., Italy	2	3	4	4
United Bank, Austria	-	-	-	116
Wachovia Bank, USA	-	-	-	71
Total	**1,804**	**1,818**		
Deposit accounts				
Citibank NA, Hungary	-	8	-	8
Total	**-**	**8**		

(ii) Restricted Bank Balances

The details of Restricted Bank Balances are as under:

(₹ in Million)

	Particulars	Balance as at			Note Ref.
		March 31, 2011		March 31, 2010	
(i)	Balance in Fixed Deposit / Current Account under Escrow arrangements		3,302	3,274	Refer Note 5.2 of Schedule 18
(ii)	On deposit in a Special Purpose account		467	-	Refer Note 16 of Schedule 18
(iii)	On deposit in Segregated bank account (Segregated Account)		5,671	-	Refer Note 15 of Schedule 18
(iv)	Bank balances restricted pursuant to the Garnishee Orders issued by the Additional Commissioner of Income Tax (See Note (a) below)	13,331		-	Refer Note 5.5 of Schedule 18
	Less: Included above				
	On deposit in Special Purpose Account (refer (ii) above)	(467)		-	
	On deposit in Segregated bank account (refer (iii) above)	(5,671)			
	Margin Money Deposits towards obtaining bank guarantees	(276)			
			6,917	-	See Note (b) below
	Total		**16,357**	**3,274**	

Notes:

(a) On submission of the Bank Guarantee on April 21, 2011, the attachment on bank balances was released. (Refer Note 5.5 of Schedule 18).

(b) ₹ 6,917 Million comprises ₹ 5,000 Million of fixed deposits with maturity of over 3 months and ₹ 1,917 Million in current account balances and short term deposits (i.e. with maturity of / less than 3 months).

18. Debts and loans and advances due from subsidiaries

(i) The details of debts due from subsidiaries are given below:

(₹ in Million)

Particulars	**Balances as at March 31,**	
	2011	**2010**
Satyam Computer Services (Shanghai) Company Limited	63	69
Satyam Computer services (Nanjing) Company Limited	2	2
Satyam BPO Limited	119	104
Satyam Japan KK	100	72
Satyam (Europe) Limited	114	110
Satyam Computer Services (Egypt) S.A.E.	41	25
Citisoft Plc.	25	50
Knowledge Dynamics Private Limited		1
Satyam Technologies, Inc.	114	60
Satyam Venture Engineering Services Private Limited	16	9
S&V Management Consultants	13	9
Citisoft Inc.		59
Total	**607**	**570**

(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,**		**Maximum amount outstanding at anytime during the year ended March 31,**	
	2011	**2010**	**2011**	**2010**
Satyam BPO Limited	2,764	2,764	2,764	2,764
Satyam Technologies Inc.	2	-	2	-
Satyam Computer Services (Shanghai) Co. Ltd.	1	1	1	1
Knowledge Dynamics Private Limited	-	1	1	1
Satyam Computer Services (Egypt) S A E	58	54	58	67
Citisoft Plc.	47	42	47	42
Satyam (Europe) Limited	298	299	298	299
Vision Compass	346	346	346	346
Satyam Computer Services Belgium, BVBA	19	1,025	1,264	1,025
Satyam Servicos De Informatica LTDA	11		11	
Total	**3,546**	**4,532**		

(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 ₹ 79 Million (Year ended March 31, 2010 - ₹ 1,939 Million), out of which ₹ 31 Million relate to doubtful debts and ₹ 48 Million relate to doubtful advances in respect of the amounts considered as doubtful. Further, during the year there was a write back of provision for doubtful debts in relation to subsidiaries aggregating ₹ 32 Million.

(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, 2011	Maximum amount outstanding during the year
To subsidiaries	Refer Note 18(ii) of Schedule 18		
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	-	-	-
No interest	-	-	-
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

19. 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, 2011 are as under:-

(₹ in Million)

Particulars	2010-11	2009-10
Principal amount due to suppliers under MSMED Act, as at the end of the year	11	6
Interest accrued and due to suppliers under MSMED Act on the above amount as at the end of the year	4	2
Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-
Interest paid to suppliers under MSMED Act (other than Section 16)	-	-
Interest paid to suppliers under MSMED Act (Section 16)	-	-
Interest due and payable to suppliers under MSMED Act, for payments already made	3	2
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	7	4

20. Managerial remuneration

Computation of profit in accordance with Section 198 and Section 349 of the Companies Act, 1956 and calculation of commission payable to the Directors:

(₹ in Million)

Particulars	For the year ended March 31,	
	2011	2010
(Loss) after tax	(1,276)	(712)
Add:		
Managerial remuneration		-
Directors' sitting fees	1	-
Depreciation as per Profit and Loss account	1,499	1,908
Loss / (profit) on sale of fixed assets (net) as per Profit and Loss account	(3)	96
Provision for doubtful debts and advances	358	470
Provision for Capital Work in Progress	67	-
Provision for Unexplained Differences	(3)	20
Provision for mark-to-market losses on derivative contracts	154	-
Exceptional items	520	2,167
Provision for Diminution in the Value of Investments	393	-
Wealth tax		3
Provision for tax	537	162

Contd.

(₹ in Million)

Particulars	For the year ended March 31, 2011	2010
Less:		
Profit on Sale of Current Investments	387	
Depreciation as per Section 350 of the Act	1,499	1,908
Loss (profit) on sale of fixed assets (net) as per Section 350 of the Act	(3)	96
Adjustment of excess of expenditure over income arising in computation of net profits in accordance with Section 349 of previous year	60,212	62,322
Net (loss) for Section 198 of the Act	(59,848)	(60,212)
Commission to Chairman / Managing Director restricted to	-	-
Commission to Non-executive Directors @1% of Net Profit u/s 349, restricted to	-	-

Notes:

(i) During the current year, no Managerial remuneration was paid / payable by the Company.

(ii) The above figures of salaries and allowances do not include provision for compensated absences, gratuity etc. as separate valuation / details are not available.

(iii) Details of ASOP granted to directors during the year ended March 31, 2011:

- Options granted and outstanding to non-executive directors of the Company NIL (Year ended March 31, 2010 – Nil)
- Options granted and outstanding to a whole-time director NIL (Year ended March 31, 2010 – Nil)

(iv) The Board of Directors have approved for payment of commission not exceeding ₹ 1.2 Million for the financial year 2009-10, to Directors who are not in whole-time employment of the Company in that year. Pending receipt of Central Government approval, no provision for commission has been made in the current year.

21. Auditors' remuneration (net of Service Tax Input Credit, where applicable)

(₹ in Million)

Particulars	For the year ended March 31, 2011	2010
Statutory audit fees	18	18
Tax audit fees	4	4
Other services	13	-
Reimbursement of expenses	2	-
Total	**37**	**22**

Notes:

(i) The above amount excludes ₹ Nil (Year ended March 31, 2010 - ₹ 64 Million) accounted and paid to networked firms of the statutory auditors towards forensic investigation prior to their appointment as statutory auditors.

(ii) The above amount excludes ₹ Nil (Year ended March 31, 2010 - ₹ 6 Million) paid to networked firms of the statutory auditors towards other services prior to their appointment as the statutory auditors.

(iii) Other services include fee for quarterly limited reviews ₹ 12 Million.

22. Earnings in foreign exchange (on accrual basis)

(₹ in Million)

Particulars	For the year ended March 31, 2011	2010
Information Technology and Consulting Services	45,294	48,558
Domestic sales in foreign currency	913	-
Sale of equipment and Other Items	304	101
Reimbursements from customers	700	833
Other Income	110	73
Total	**47,321**	**49,565**

23. C.I.F. value of imports

(₹ in Million)

Particulars	For the year ended March 31, 2011	2010
Capital goods	151	13
Others	16	2
Software package	-	1
Total	**167**	**16**

24. Expenditure in foreign currency (on accrual basis)

(₹ in Million)

Particulars	For the year ended March 31, 2011	2010
Salaries and bonus	16,934	19,652
Contribution to provident and other funds	1,571	1,949
Class Action Settlement Consideration	5,690	-
Civil Monetary Penalty (SEC)	447	-
Travelling and conveyance	1,494	1,602
Legal and professional charges	935	1,141
Foreign taxes	537	
Others	4,212	3,546
Total	**31,820**	**27,890**

25. 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 global delivery center. The fully fitted premises received under the grant has been recorded at nominal value under fixed assets. The reimbursement received / receivable for the current year for salary cost of 2010-11 amounting to MRY 3.16 Million (equivalent to ₹ 47 Million) (March 31, 2010 – MYR 5.14 Million (equivalent to ₹ 71 Million)) were accounted as Other Income during the current year.

26. Employee benefits

26.1 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, 2011	For the year ended March 31, 2010
Change in benefit obligation		
Projected benefit obligation as at year beginning	820	998
Current service cost	168	258
Interest cost	69	84
Actuarial loss / (gain)	(48)	(283)
Past Service Cost	56	-
Benefits paid	(154)	(237)
Projected benefit obligation as at year end	**911**	**820**
Amounts recognised in the Balance Sheet		
Present value of obligation	911	820
Fair value of the plan assets at the year end	-	-
Liability recognised in the Balance Sheet	**911**	**820**

Contd.

(₹ in Million)

Detail of actuarial valuation	For the year ended March 31, 2011	For the year ended March 31, 2010
Cost of defined benefit plan for the year		
Current service cost	168	258
Interest on obligation	69	84
Actuarial loss / (gain) recognised in the year	(48)	(282)
Past Service Cost	56	-
Net cost recognised in the Profit and Loss account	**245**	**60**
Assumptions		
Discount rate (% p.a)	7.90%	7.45%
Future salary increase(% p.a)	10%	10%
Mortality	LIC (1994-96)	LIC (1994-96)
Attrition (% p.a)	18%	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)

	Year Ended				
Particulars	**31-Mar-11**	**31-Mar-10**	**31-Mar-09**	**31-Mar-08**	**31-Mar-07**
Defined Benefit obligation	911	820	998	705	473
Plan assets	-	-	-	-	-
Surplus / (deficit)	(911)	(820)	(998)	(705)	(473)
Experience Adjustment on Plan Liabilities	(25)	(236)	(43)	101	94
Experience Adjustment on Plan Assets	-	-	-	-	-

26.2 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, 2011	For the year ended March 31, 2010
Discount rate (% p.a)	7.90%	7.45%
Future salary increase (% p.a)	10%	10%
Mortality	LIC (1994-96)	LIC (1994-96)
Attrition (% p.a)	18%	18%

27. 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.

28. 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, 2011	Extent of holding (%) As at March 31, 2010
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 Private Limited	India	100	100
Bridge Strategy Group LLC ('Bridge')	USA	100	100
Satyam Venture Engineering Services Private Limited	India	50	50
Satyam Computer Services De Mexico S.DE R.L.DE C.V	Mexico	NA	Refer Note (1a) below
Satyam Servicos De Informatica LTDA	Brazil	NA	Refer Note (1b) below
Satyam (Europe) Limited		Refer note (2) below	
Vision Compass, Inc.		Refer note (2) below	
Satyam Idea Edge Technologies Private Limited		Refer note (2) below	

Note:

1. (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 this subsidiaries as at March 31, 2011.

   (b) During the year the Company invested an amount of USD 0.25 Million (equivalent to ₹ 11Million) in its subsidiary, Satyam Servicos De Informatica LTDA (Satyam Brazil), incorporated in Brazil. However, no allotment of shares have been made by Satyam Brazil against the above investment.

2. These subsidiaries which have been liquidated / dissolved as per the laws of the respective countries but for which approval from the Reserve Bank of India for writing off the investments from the books of the Company has not yet been received. Pursuant to the receipt of approval from the Registrar of Companies, India, Satyam Idea-Edge Technologies Private Limited has been dissolved.

Subsidiary of Satyam Computer Services Belgium, BVBA

Name of the Subsidiary	Country of incorporation	Extent of holding (%) As at March 31, 2011	Extent ofholding (%) As at March 31, 2010
S&V Management Consultants N.V.	Belgium	100	100

Subsidiaries of Knowledge Dynamics Pte Ltd.

Name of the Subsidiary	Country of incorporation	Extent of holding (%) As at March 31, 2011	Extent ofholding (%) As at March 31, 2010
Knowledge Dynamics Private Limited ('KDPL India')	India	See note below	99.99

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, 2011	Extent ofholding (%) As at March 31, 2010
Citisoft Inc	USA	100	100

Entity exercising significant influence

Name of the Entity	Relationship
Venturbay Consultants Private Limited	w.e.f. May 05, 2009
Tech Mahindra Limited	w.e.f. May 05, 2009
Mahindra and Mahindra Limited	w.e.f May 05, 2009 to March 22, 2010

Others

Name of the Entity	Relationship
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

In respect of Venture Global Engineering LLC refer Note 5.10 of Schedule 18.

Key Management Personnel

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

2009 – 10

The Central Government in January 2009 appointed the following 6 persons as Directors of the Company to administer the affairs of the Company until the acquisition by Venturbay (Refer Note 4 of Schedule 18):

Name of the Director

Mr. Kiran Karnik

Mr. Deepak S Parekh

Mr. Tarun Das

Mr. S.B Mainak

Mr. C.Achuthan

Mr. T.N.Manoharan

The Central Government in July 2009 withdrew the following 4 persons as Directors of the Company and authorised the remaining two directors to continue till such time the Central Government desires to continue them, however, not beyond a period of three years from the date of the order.

Name of the Director

Mr. Kiran Karnik

Mr. Deepak S Parekh

Mr. Tarun Das

Mr. S.B Mainak

Subsequent to the acquisition by Venturbay in May 2009, 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

(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 31-Mar-11	For the year ended 31-Mar-10
Revenue	Satyam Computer Services (Egypt) S.A.E.	14	(8)
	Citisoft Plc.	29	18
	Satyam Computer Services (Shanghai) Company Limited	1	5
	Satyam Technologies, Inc.	62	37
	Satyam BPO Limited	19	17

Contd.

(₹ in Million)

Nature of the transaction	Party Name	For the year ended 31-Mar-11	For the year ended 31-Mar-10
	S&V Management Consultants N.V.	1	5
	Satyam Computer Services (Nanjing) Company Limited	-	(2)
	Tech Mahindra Limited	382	88
	Bridge Strategy Group LLC	2	-
	Mahindra and Mahindra Limited	-	1
Subcontracting Charges	Bridge Strategy Group LLC	152	45
	Nitor Global Solutions Limited	-	2
	Satyam Technologies, Inc.	200	157
	Satyam BPO Limited	160	93
	C&S System Technologies Private Limited	1	-
	Satyam Computer Services (Nanjing) Company Limited	57	55
	Satyam Computer Services (Egypt) S.A.E.	14	8
	Citisoft Plc.	2	-
	S&V Management Consultants N.V.	19	3
	Satyam Venture Engineering Services Private Limited	24	14
	Satyam Computer Services (Shanghai) Company Limited	10	15
	Citisoft Inc	5	-
	Tech Mahindra Limited	159	-
Interest and dividend income	Interest from Citisoft Plc.	2	2
Reimbursements received	Satyam BPO Limited	7	-
	Satyam Venture Engineering Services Private Limited	110	177
	Tech Mahindra Limited	165	17
	S&V Management Consultants N.V.	6	-
	C&S System Technologies Private Limited	1	-
	Mahindra and Mahindra Limited	-	2
Reimbursements paid	Tech Mahindra Limited	38	15
Sale of Capital items	Satyam BPO Limited	3	-
	Tech Mahindra Limited	270	-
Investments made during the year	Satyam Computer Services (Shanghai) Company Limited	39	68
	Satyam Computer Services (Nanjing) Company Limited	40	94
	Bridge Strategy Group LLC	569	134
	Satyam Belgium	238	-
Advances given during the year	Satyam Computer Services (Nanjing) Company Limited	-	37
	Satyam Computer Services (Egypt) S.A.E.	-	8
	Satyam Technologies, Inc.	2	-
Share application money given	Satyam Computer Services Belgium, BVBA	-	265
	Satyam Computer Services (Egypt) S.A.E	-	24
	Satyam Servicos De Informatica LTDA	11	-
Loans given	Satyam BPO Limited	-	1,700

(b) Balances at the year-end: (₹ in Million)

Nature of the balance	Party Name	As at 31-Mar-11	As at 31-Mar-10
Sundry debtors	Satyam Computer Services (Shanghai) Company Limited	63	69
	Satyam BPO Limited	119	104
	S&V Management Consultants	13	9
	Satyam Computer Services (Egypt) S.A.E.	41	25
	Citisoft Plc.	25	50

Contd.

(₹ in Million)

Nature of the balance	Party Name	As at 31-Mar-11	As at 31-Mar-10
	Citisoft Inc.	-	59
	Satyam Japan KK	100	72
	Knowledge Dynamics Private Limited	-	1
	Satyam Technologies, Inc.	114	60
	Satyam Computer Services (Nanjing) Company Limited	2	2
	Satyam Venture Engineering Services Private Limited	16	9
	Satyam (Europe) Limited	114	110
	Tech Mahindra Limited	551	49
	Mahindra and Mahindra Limited	-	8
Other Current Assets (Unbilled)	Tech Mahindra Limited	60	-
	Citisoft PLC	2	(1)
	Satyam BPO Limited	2	-
	Satyam Computer Services (Egypt) S.A.E.	2	-
	Satyam Technologies Inc	15	9
Other receivables	Satyam Venture Engineering Services Private Limited	-	9
Loans and advances	Satyam BPO Limited	2,200	2,200
	Satyam Computer Services (Egypt) S.A.E.	26	22
	Citisoft Plc.	47	42
	Satyam Computer Services Belgium, BVBA	19	19
	Satyam Computer Services (Shanghai) Co. Ltd.	1	1
	Knowledge Dynamics Private Limited	-	1
	Satyam Associate Trust	28	32
	Satyam Technologies, Inc.	2	-
	Satyam (Europe) Limited	264	265
	Vision Compass, Inc.	346	346
Sundry creditors	Satyam Computer Services (Egypt) S.A.E.	8	9
	Satyam Technologies, Inc.	155	137
	Bridge Strategy Group LLC	104	28
	Satyam BPO Limited	60	61
	Citisoft Plc.	-	18
	Satyam Computer Services Belgium, BVBA	3	-
	S&V Management Consultants	12	4
	Nitor Global Solutions Limited	-	1
	Satyam Computer Services (Shanghai) Co. Ltd.	2	1
	Satyam Computer Services (Nanjing) Company Limited	8	5
	Satyam Venture Engineering Services Private Limited	(1)	46
	Satyam Foundation Trust	4	4
	Tech Mahindra Limited	194	15
	Citisoft Inc.	2	-
Share application money paid	Satyam Computer Services Belgium, BVBA	-	1,006
	Satyam Computer Services (Egypt) S.A.E.	32	32
	Satyam BPO Limited	564	564
	Satyam Europe	34	34
	Satyam Servicos De Informatica LTDA	11	-
Amounts recoverable from erst-while Key Managerial Personnel*	B. RamalingaRaju	3	3
	B. Rama Raju	2	2
	RamMohan Rao Mynampati	18	18

* Refer Note 7.1(i) of Schedule 18

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

- During the year, the Company issued a corporate guarantee to a customer of Satyam BPO Limited on behalf of Satyam BPO for an amount not exceeding ₹ 360 Million (GBP 5 Million)
- During the previous year, the Company issued a corporate guarantee to a bank on behalf of Satyam BPO for an amount not exceeding ₹ 2,200 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, 2011 – ₹ 28 Million (March 31, 2010 – ₹ 32 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 18 (iii) of Schedule 18 with respect to provision made towards certain balances due from the above subsidiaries.

29. Leases

i. *Termination of leases during the current year*

During the current year, the Company terminated the agreements for 32 properties taken on rent and classified as operating leases.

The Company incurred ₹ NIL Million (Year ended March 31, 2010 - ₹ 346 Million) 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 ₹ 2 Million (Year ended March 31, 2010 – ₹ 167 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, 2011	Year ended March 31, 2010
Lease rentals (refer Schedule 16)	1,052	1,761

Maximum obligations on long-term non-cancellable operating leases

(₹ in Million)

Particulars	As at March 31, 2011	As at March 31, 2010
Not later than one year	135	358
Later than one year and not later than five years	271	430
Later than five years	-	-
Total	**406**	**788**

iii. *Obligations towards finance leases (where the Company is the lessee):*

(₹ in Million)

Particulars	As at March 31, 2011	As at March 31, 2010
Minimum lease payments		
- Less than one year	106	101
- One to five years	275	244
- Later than five years		101
Total	**381**	**446**
Present value of minimum lease payments:		
- Less than one year	98	96
- One to five years	188	230
- Later than five years	-	-
Total	**286**	**326**

30. Earnings per share (EPS)

Calculation of EPS (Basic and Diluted)

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Basic and Diluted EPS		
(Loss) for the year (₹ in Million)	(1,276)	(712)
Weighted Average Number of Equity Shares	1,176,401,598	1,093,000,622
Basic and Diluted EPS of ₹ 2 each (₹)	(1.08)	(0.65)

Contd.

Note:

(i) The weighted average number of equity shares used for Basic EPS and Diluted EPS are the same since the outstanding potential equity shares as at March 31, 2011 and as at March 31, 2010 are anti-dilutive in nature.

(ii) Earnings per share has been computed in accordance with Accounting Standard 20 - Earnings per Share

31. Provision for taxation

31.1 Current tax

No provision has been made in the financial statements towards current tax for the year ended March 31, 2011 towards its domestic operations, since the Company has incurred a tax loss for the year. 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, based on professional advice, has determined that the provision amounting to ₹ 537 Million (March 31, 2010 – ₹ 143 Million) made currently is adequate and no additional provision for current tax for the current year needs to be made in respect of the same.

Part of the Company's operations in India are conducted through Software Technology Parks (STPs). Based on the current statutory provisions Income from STPs is tax exempt for a period of 10 years commencing from the fiscal year in which the unit commences its activities, or upto March 31, 2011, whichever is earlier.

The Company also has operations in Special Economic Zones (SEZs) in India. Income from SEZs are expected to be fully tax exempt for the first five years, 50% exempt for the next five years and 50% exempt for another five years subject to fulfilling certain conditions.

31.2 Deferred tax

No deferred tax asset has been recognised as at March 31, 2011 and March 31, 2010 on account of accumulated business losses and other items in the absence of virtual certainty of realization of such assets.

31.3 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.

32. Provisions

32.1 Provision for warranties

The Company provides warranty support to some of its customers as per the terms of the contracts (Refer Note 13.4 of Schedule 18). The details of provision for warranties are as follows:

(₹ in Million)

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Opening balance	74	105
Provision made during the year	48	49
Reversal made during the year	(49)	(80)
Amount utilised during the year	-	-
Closing balance	**73**	**74**

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.

32.2 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 5 and Note 16 of Schedule 18. The details of the same are as follows:

(₹ in Million)

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Opening balance	4,750	4,750
Provision made during the year	-	-
Amounts utilised during the year	509	-
Closing balance	**4,241**	**4,750**

Note:

Given the nature of the claims referred to above, it is not possible to estimate the timing / uncertainties relating to the utilisation / reversals from the provision for contingencies.

32.3 Provision for other unexplained differences debited / (credited) to the Profit and Loss Account comprises the following:

(₹ in Million)

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010	Note Ref.
Other Amounts (Net)	(3)	20	Refer Note 8.2 of Schedule 18
Total	**(3)**	**20**	

33. Derivative instruments

The Company, in accordance with its risk management policies and procedures, enters into foreign currency forward contracts and foreign currency option contracts to manage its exposure in foreign exchange rates.

Pursuant to the announcement of the Institute of Chartered Accountants of India (ICAI) in respect of "Accounting for Derivatives", the Company had opted to follow the recognition and measurement principles relating to derivatives as specified in Accounting Standard 30 - "Financial Instruments, Recognition and Measurement", issued by the ICAI, from the year ended March 31, 2008.

The Company has outstanding foreign exchange forward contracts to hedge future cash flows, the fair value of which showed a net gain of ₹ 171 Million as at March 31, 2011 (March 31, 2010 – Net gain of ₹ 243 Million). Since the mark-to-market on certain derivative contracts as at the Balance Sheet date resulted in losses aggregating ₹ 154 Million, the same have been accounted and contracts resulting in gains have been ignored on the grounds of prudence.

(i) The following are the outstanding forward exchange contracts and foreign currency option contracts entered into by the Company as at March 31, 2011:

Foreign exchange forward contracts 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**

Foreign exchange forward contracts as at March 31, 2010:

Particulars	Number of contracts	Amount (In Million)
USD (Sell)	134	133
₹ equivalent	134	6,003

(ii) The foreign currency exposures that have not been specifically hedged by a derivative instrument or otherwise are given below:

As at March 31, 2011:

(In Million)

Currency	Advances & deposits	Cash and Bank Balances	Creditors & Payables	Debtors and unbilled revenue	Grand Total
AED	1	2	(2)	-	1
AUD	-	11	(12)	20	19
BRL	1	1	(2)	1	1
CAD	-	4	(3)	10	11
CHF	2	1	(3)	4	4
CNY	-	-	-	7	7
CZK	-	2	(1)	-	1
DKK	-	1	(5)	29	25
EUR	1	8	(11)	34	32
GBP	-	3	(7)	17	13
HKD	-	-	(1)	1	-
HUF	3	4	(12)	-	(5)
JPY	92	311	(378)	471	496
KES	-	1	(12)	-	(11)

Contd.

(In Million)

Currency	Advances & deposits	Cash and Bank Balances	Creditors & Payables	Debtors and unbilled revenue	Grand Total
KRW	21	233	(52)	70	272
LKR	-	4	-	-	4
MUR	2	-	-	-	2
MYR	5	-	(4)	1	2
NZD	-	1	-	2	3
QAR	10	-	(2)	4	12
SAR	1	3	(1)	-	3
SEK	-	3	(5)	-	(2)
SGD	1	2	(5)	16	14
THB	5	3	(11)	71	68
TWD	-	13	(1)	-	12
USD	9	44	(191)	222	84
XAF	-	-	(4)	-	(4)
ZAR	4	14	(10)	15	23
₹ Equivalent	**1,008**	**3,972**	**(11,354)**	**16,456**	**10,082**

As at March 31, 2010:

(In Million)

Currency	Advances & deposits	Cash and Bank Balances	Creditors & Payables	Debtors and unbilled revenue	Grand Total
AED	2	1	(1)	3	5
AUD	1	7	(5)	23	26
BRL	1	1	-	1	3
CAD	-	1	-	4	5
CHF	1	2	(2)	4	5
CNY	-	-	-	9	9
CZK	-	2	(2)	-	-
DKK	-	6	(1)	12	17
EUR	18	6	(5)	30	49
GBP	1	3	(5)	17	16
GHC	40	-	-	-	40
HKD	-	-	(1)	-	(1)
HUF	3	76	(26)	-	53
JPY	111	147	(194)	346	410
KES	6	20	(1)	-	25
KRW	28	309	(43)	73	367
LKR	-	7	-	-	7
MUR	2	1	-	-	3
MYR	10	1	(13)	-	(2)
NZD	11	-	-	2	13
PHP	-	-	(1)	-	(1)
QAR	7	-	-	1	8
SAR	-	3	-	-	3
SEK	-	3	(3)	-	-
SGD	3	2	(3)	6	8
THB	10	28	(2)	52	88
TTD	1	-	(1)	-	-
TWD	-	12	(1)	-	11
USD	36	25	(49)	215	227
XAF	8	-	(4)	-	4
ZAR	6	3	(7)	23	25
₹ equivalent	**3,740**	**2,531**	**(3,706)**	**14,905**	**17,470**

34. Quantitative information

Availment of Exemption granted by the Ministry of Corporate Affairs vide its Notification dated S.O. 301 (E). February 8, 2011

The Company is primarily engaged in the development of computer software / technology and consulting services. The production and sale of such software cannot be expressed in any generic unit. Further, as the Company exports more than 20% of the turnover, in terms of the aforesaid Notification it has availed the exemption, with the consent of its Board of Directors, not to disclose the amounts and quantitative details on turnover, opening and closing stock for software, hardware equipment and other items in the Profit and Loss Account for the current year. As per the Management's assessment, the Company has complied with the applicable conditions for availing the said exemption.

35. Virtual Pool Program

During the previous year, the "Virtual Pool Program (VPP)" was introduced to balance the concerns of excess manpower in a humane manner. This was introduced to deal with the reality of 'excess' talent pool - as a result of the various events in the Company. This program enabled the Company to retain talent at a reduced pay for a defined period of time. Extreme care was taken to ensure that the Company did not lose key talent and detailed efforts were adopted to ensure that the experience and skill sets necessary for each customer account / function, was protected. Supporting efforts included structured outplacement programs, financial and career counseling, assistance for higher education etc. The Company also had a "recall" program (based on confirmed need) and eventually brought back 30% of the VPP associates for various roles.

36. Delisting of ADRs from NYSE and trading of ADRs on OTC market

Effective October 14, 2010, the Company's American Depositary Receipts (ADRs) were delisted from the New York Stock Exchange (NYSE) but continued to trade on the over-the-counter (OTC) market in the US. The ADRs were delisted from the NYSE due to the Company's late SEC filings. ADR holders retained the right to redeem their ADRs and to receive the underlying equity shares, which continue to be listed on the principal Indian stock exchanges. The Company's OTC status for its ADRs was and currently is designated Pink Sheets Current Information. The Company continues to furnish information to investors through the SEC's EDGAR database, available at www.sec.gov,and also makes filings publicly available on www.otcmarkets.com.

37. Exceptional items

The Profit and Loss account includes the following exceptional items (expenditure):

(₹ in Million)

Particulars	**For the year ended March 31, 2011**	**For the year ended March 31, 2010**
Expenses related to restructuring / right sizing	-	934
Expenses related to forensic investigation and litigation support	201	1,068
Provision for impairment losses in subsidiaries i.e.		
- Provision for diminution in value of investments	520	228
- Provision for doubtful advances	-	1,939
Class Action Settlement Consideration	5,690	-
Total	**6,411**	**4,169**

38. Previous year figures

Previous year's figures have been recast / restated wherever necessary.

For and on behalf of the Board of Directors

C. Achuthan
Director

Vineet Nayyar
Chairman

C.P.Gurnani
Whole-time Director & CEO

T.N.Manoharan
Director

Place: Hyderabad
Date : May 23, 2011

Ulhas N.Yargop
Director

S.Krishnan
Chief Financial Officer

G.Jayaraman
Company Secretary

Balance Sheet Abstract and Company's General Business Profile

I. Registration details

Registration number	7564
State Code	01
Balance Sheet date	31 (Date) 03 (Month) 2011 (Year)

II. Capital raised during the year (₹ in Million)

Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Preferential allotment	NIL
Allotments under the Associate Stock Option Plans	1

III. Position of mobilization and deployment of funds (₹ in Million)

Total Liabilities	58853
Total Assets	58853

Sources of funds

Paid-up capital	2353
Share application money, pending allotment	NIL
Reserves & Surplus	43881
Secured Loans	315
Unsecured Loans	NIL
Amounts Pending Investigation Suspense Account (Net)	12304

Application of funds

Net Fixed Assets	8820
Investments	5321
Deferred Tax Assets (net)	NIL
Net Current Assets	20090
Miscellaneous expenditure	NIL
Accumulated losses	24622

IV. Performance of Company (₹ in Million)

Turnover	50660
Total Expenditure	44988
Prior Period Adjustments + (-)	NIL
Profit/Loss before Tax + (-)	(739)
Profit/Loss after Tax + (-)	(1276)
Dividend Rate %	NIL
Earnings per share in ₹ (on par value of ₹ 2 per share)	(1.08)

V. Generic names of three principal products /services of Company (as per monetary terms)

Item Code No. (ITC code)	85249009
Product description	COMPUTER SOFTWARE

For and on behalf of the Board of Directors

C. Achuthan
Director

Vineet Nayyar
Chairman

C.P.Gurnani
Whole-time Director & CEO

T.N.Manoharan
Director

Place: Hyderabad
Date : May 23, 2011

Ulhas N.Yargop
Director

S.Krishnan
Chief Financial Officer

G.Jayaraman
Company Secretary

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, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto.

Management's Responsibility for the 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 Consolidated 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 ₹ 3,010 Million as at March 31, 2011, total revenue (net) of ₹ 3,819 Million and net cash outflows of ₹ 209 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, insofar 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. In case of a subsidiary having total assets of ₹ 9 Million as at March 31, 2011, total revenue of ₹ Nil and net cash inflow of ₹ 9 Million for the year then ended the figures used for consolidation are based on management's accounts and are not audited by their auditors.

6. As stated in Note 3 of Schedule 18:

   a. In respect of the financial irregularities relating to prior years, various regulators initiated their investigations and legal proceedings, which are ongoing.

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

   c. 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 / proceedings and the consequential impact, if any, on these financial statements.

7. As stated in Note 3.2 (ii) of Schedule 18, 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 Schedule 12) due to non-availability of complete information. These net debit amounts aggregating ₹ 11,394 Million have 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 accounted under "Unexplained Differences Suspense Account (Net)" in these financial statements.

8. As stated in Note 5.1 of Schedule 18, 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.

9. As stated in Note 5.3 of Schedule 18, 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 in the Court in United States of America in the previous year. This lawsuit is more fully described in the said Note. Based on the legal advice obtained by the Company, the Company is contesting the above lawsuits.

   Since the matter is *sub judice*, the outcome of which is uncertain at this stage, we are unable to comment on the consequential impact, if any, on these financial statements.

10. Attention is invited to the following matters:

    a. As stated in Note 8.2 of Schedule 18, certain reconciliations between the sub-systems / sub-ledgers and the general ledger could not be performed completely due to non-availability of the required information. The Company has identified certain amounts carried forward from prior years aggregating ₹ 36 Million (net debit) as at March 31, 2011, comprising of ₹ 494 Million (gross debits) and ₹ 458 Million (gross credits) appearing in the general ledger, for which complete details are not available. Hence, these amounts have been accounted under "Unexplained Differences Suspense Account (Net)" under Schedule 12 and the Management has retained the provision made in the prior years for the unexplained net debit amount of ₹ 36 Million as at March 31, 2011 on the grounds of prudence. Further, there are certain differences in data between the inter-connected sub-systems, ultimately interfaced to the general ledger, for which complete details are not available. The aforesaid differences continue to exist and the reconciliations are in progress as at March 31, 2011 also.

       In the absence of the required information, we are unable to determine the additional impact, if any, of such unexplained amounts / differences on these financial statements.

    b. Responses were not received in 144 number of cases out of our total sample of 484 number of requests sent out for confirmations of balances / other details in respect of parties reflected under Sundry Debtors, Current Liabilities etc., as at the year end. Further confirmations sent in 2 number of cases were returned undelivered. Refer Note 8.3 of Schedule 18.

       Had all the confirmations been received and reconciled, there may have been additional adjustments required to these financial statements, which are not determinable at this stage.

11. Attention is invited to the following matters:

    a. The disclosures made in Note 24.2 of Schedule 18, with respect to various geographical segment details are based on the information available with the Management.

       We are unable to comment on the completeness / correctness of the geographical segment details in the absence of all the required information.

    b. As stated in Note 13.3 of Schedule 18, **the Company has not maintained proper records of its inventories during the year, though the required adjustments to account for the closing balance of inventory in the books of account were made based on the available information with the Management as at the year end.**

12. The Management has evaluated and accounted for certain transactions / made the relevant disclosures based on and to the extent of the information available with the Company in respect of the following matters discussed in the Notes of Schedule 18:

    a. Adjustment of unapplied receipts against Sundry Debtors, classification of Sundry Debtors and provisioning for doubtful debts as stated in Note 13.1.

    b. Accounting for contracts under the percentage of completion method, the unbilled revenue and unearned revenue as stated in Note 13.2.

    c. Accounting for multiple deliverable elements, hardware equipments and other items etc., as stated in Note 13.3.

    d. Accounting for reimbursements / recoveries from customers as stated in Note 13.5.

    In the absence of the required information, we are unable to determine the additional impact, if any, of the above matters on these financial statements.

13. As stated in Note 5.5(vi) of Schedule 18, the Company is carrying a total amount of ₹ 3,803 Million (net of payments) as at March 31, 2011 towards provision for taxation which was made primarily on the basis of the past financial statements. Considering the effects of financial irregularities, status of disputed tax demands, appeals / claims pending before the various authorities, the consequent 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 balance of tax provision outstanding as at March 31, 2011.

    In view of the above, we are unable to comment on the adequacy or otherwise of the provision for taxation carried in these financial statements.

14. Without qualifying our opinion, we invite attention to the following Notes of Schedule 18 relating to various claims and contingencies:

    a. Note 5.2 regarding the settlement amount of ₹ 3,274 Million (equivalent to USD 70 Million) deposited into the escrow account payable to Upaid Systems Limited.

    b. Notes 5.5 to 5.7 regarding the various demands / disputes raised by the direct and indirect tax authorities in respect of the past years both in India as well as overseas jurisdictions.

    As stated in Note 5.12 of Schedule 18, the provision for contingencies as at March 31, 2011, in the opinion of the Management, is adequate to cover any probable losses in respect of the above litigations and claims.

15. Without qualifying our opinion, we invite attention to the following Notes of Schedule 18 relating to certain regulatory non-compliances / breaches:

    a. Note 7.1 regarding various non-compliances with the provisions of the Act and certain non-compliances with the guidelines issued by the Securities Exchange Board of India with respect to allotment of stock options to the employees.

    b. Note 7.2 regarding certain non-compliances with the provisions of the Foreign Exchange Management Act, 1999.

    c. Note 7.3 regarding certain non-compliances with the provisions of the Income Tax Act, 1961.

    d. Note 7.4 regarding delay in filing of tax returns in overseas jurisdictions.

    The Management has represented that:

    (i) the various non-compliances and breaches by the Company of the statutory requirements which have been noticed / observed, duly considering the findings of the forensic investigation / other ongoing regulatory investigations have been summarised in the aforesaid Notes.

    (ii) the Company in respect of certain matters as stated above has applied to the Honourable 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.

    (iii) the possible impact of these non-compliances and breaches in the event the Company's condonation requests, where applicable, are not granted has not been determined or recognised in these financial statements.

16. Without qualifying our opinion, we invite attention to the following Notes of Schedule 18 relating to certain accounting and other matters:

    a. Note 8.1 regarding the Management's identification of several deficiencies in the Company's internal control over financial reporting as at March 31, 2011 along with certain remediation action taken.

    b. Note 8.4 regarding various risks and uncertainties relevant to the Company's financial condition as identified by the Management.

17. Without qualifying our opinion, we invite attention to Note 15 of Schedule 18, relating to the Settlement Agreement in respect of the Class Action lawsuits which is subject to the final approval of the Court upon which the Settlement shall become effective pursuant to its terms and in exchange for the settlement consideration. The Lead Plaintiffs and the members of the Class who do not opt-out of the Class, would release, among other things, their claims against the Company.

18. Without qualifying our opinion, we invite attention to Notes 1.3(v) and (vi) of Schedule 18 regarding certain entities / subsidiaries not considered for the purpose of consolidation for the reasons stated in the said Notes.

19. In the case of one of the subsidiaries of the Company, the other auditors have drawn attention to accrual of liability towards sales commission pending final outcome of ongoing dispute between the promoters of the subsidiary. Refer Note 18 (i) of Schedule 18.

20. In the case of another subsidiary of the Company, the other auditors have drawn attention to the inspection by regulatory authorities and their inability to express an opinion on the adjustments, if any, required in the financial statements. Refer Note 17 of Schedule 18.

21. 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

22. Further to our comments in paragraphs 14 to 20 above and **subject to our comments in paragraphs 5 to 13 above and the consequential effects thereof 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 31,2011;

    (ii) in the case of the Consolidated Profit and Loss Account, of the loss 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)

P.R.Ramesh
Partner
(Membership No.70928)

HYDERABAD, May 23, 2011

Consolidated Balance Sheet as at March 31, 2011

(₹ in Million)

	Schedule	As at March 31, 2011	As at March 31, 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	**2,353**	2,352
Share Application Money Pending Allotment (Refer Note 10 of Schedule 18)		**-**	1
Reserves and Surplus	2	**43,860**	43,947
		46,213	46,300
Minority Interest		**234**	201
Loan Funds			
Secured Loans	3	**315**	422
Deferred Tax Liability (Net) (Refer Note 28.2 of Schedule 18)		**68**	39
SUB TOTAL		**46,830**	46,962
Amounts Pending Investigation Suspense Account (Net) (Refer Note 5.1 of Schedule 18)		**12,304**	12,304
TOTAL		**59,134**	59,266
APPLICATION OF FUNDS			
Fixed Assets	4		
Gross Block		**28,084**	25,635
Less: Accumulated Depreciation / Amortisation		**21,272**	19,501
Net Block		**6,812**	6,134
Capital Work-in-Progress (Including Capital Advances)		**2,687**	3,731
		9,499	9,865
Investments	5	**4,348**	6,268
Deferred Tax Asset (Net) (Refer Note 28.2 of Schedule 18)		**81**	65
Current Assets, Loans and Advances			
Inventories (Refer Note 13.3 of Schedule 18)		**592**	-
Sundry Debtors	6	**11,588**	9,230
Cash and Bank Balances	7	**27,538**	21,768
Other Current Assets	8	**3,786**	4,956
Loans and Advances	9	**3,782**	3,739
		47,286	39,693
Current Liabilities and Provisions			
Current Liabilities	10	**15,463**	8,712
Provisions	11	**15,581**	15,404
		31,044	24,116
Net Current Assets		**16,242**	15,577
Debit Balance in Profit and Loss Account		**28,964**	27,491
SUB TOTAL - (NET)		**59,134**	59,266
Unexplained Differences Suspense Account (Net)	12	**-**	-
TOTAL (NET)		**59,134**	59,266
Notes to Accounts	18		

The Schedules referred to above form an integral part of the Consolidated Balance Sheet.

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

P.R.Ramesh
Partner

Place: Hyderabad
Date : May 23, 2011

For and on behalf of the Board of Directors

C. Achuthan
Director

T.N.Manoharan
Director

Ulhas N.Yargop
Director

Vineet Nayyar
Chairman

S.Krishnan
Chief Financial Officer

C.P.Gurnani
Whole-time Director & CEO

G. Jayaraman
Company Secretary

Place: Hyderabad
Date : May 23, 2011

Consolidated Profit and Loss Account for the Year Ended March 31, 2011

(₹ in Million)

	Schedule	For the Year Ended March 31, 2011	For the Year Ended March 31, 2010
Income			
Income from Operations	13	**51,450**	54,810
Other Income	14	**2,942**	77
		54,392	**54,887**
Expenditure			
Personnel Expenses	15	**35,943**	39,811
Operating and Administration Expenses	16	**10,630**	9,451
Others (Refer Note 20 of Schedule 18)		**326**	-
		46,899	49,262
Profit before Interest, Depreciation, Exceptional Items, Tax and Minority Interest		**7,493**	5,625
Interest and Financing Charges	17	**97**	329
Depreciation / Amortisation	4	**1,847**	2,144
		1,944	2,473
Profit before Exceptional Items and Taxation		**5,549**	3,152
Exceptional Items (Refer Note 34 of Schedule 18)		**6,411**	4,169
Loss before Tax and Minority Interest		**(862)**	(1,017)
Provision for Tax			
Income Tax - Current (Refer Note 28.1 of Schedule 18)		**566**	212
- Deferred (Refer Note 28.2 of Schedule 18)		**12**	(9)
Fringe Benefit Tax (Net)		**-**	19
Net Loss for the Year before Minority Interest		**(1,440)**	(1,239)
Share of Minority Interest		**33**	7
Net Loss for the Year		**(1,473)**	(1,246)
Balance in Profit and Loss Account Brought Forward		**(27,491)**	(26,245)
(Debit) Balance in Profit and Loss Account Carried to Balance Sheet		**(28,964)**	(27,491)
Earnings Per Share in ₹ (Refer Note 27 of Schedule 18) (Equity Shares, Par Value ₹ 2 each)			
Basic		**(1.25)**	(1.14)
Diluted		**(1.25)**	(1.14)
Weighted Average Number of Shares			
Basic		**1,176,401,598**	1,093,000,622
Diluted		**1,176,401,598**	1,093,000,622
Notes to Accounts	18		

The Schedules referred to above form an integral part of the Consolidated Profit and Loss Account.

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

P.R.Ramesh
Partner

Place: Hyderabad
Date : May 23, 2011

For and on behalf of the Board of Directors

C. Achuthan
Director

Vineet Nayyar
Chairman

C.P.Gurnani
Whole-time Director & CEO

T.N.Manoharan
Director

Ulhas N.Yargop
Director

S.Krishnan
Chief Financial Officer

G. Jayaraman
Company Secretary

Place: Hyderabad
Date : May 23, 2011

Consolidated Cash Flow Statement for the Year Ended March 31, 2011

(₹ in Million)

		For the Year Ended March 31, 2011	For the Year Ended March 31, 2010
I.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	(Loss) before Tax	**(862)**	(1,017)
	Adjustments for :		
	Depreciation / Amortisation	**1,847**	2,144
	Employee Stock Compensation Expense	**(78)**	(181)
	Interest and Financing Charges	**97**	329
	Interest and Dividend Income	**(1,290)**	(534)
	Liabilities / Provisions no longer required written back	**(90)**	-
	Provision for Warranties (Released) / Made (Net)	**(1)**	(31)
	Profit on Sale of Current Investments	**(387)**	(223)
	Profit on Sale of Fixed Assets (Net)	**(5)**	(8)
	Provision for Capital Work in Progress	**67**	-
	Provision for Doubtful Debts	**208**	354
	Provision for Doubtful Advances	**86**	31
	Advances Written Off	**1**	287
	Provision for Unexplained Differences	**-**	20
	Provision for Losses in Subsidiaries	**294**	-
	Exceptional Items (Refer Note 34 of Schedule 18)	**6,210**	2,276
	Effect of Exchange Differences on Translation of Foreign Currency Cash and Cash Equivalents	**(91)**	261
	Operating Profit before Working Capital Changes	**6,006**	3,708
	Changes in Working Capital		
	Inventories	**(592)**	10
	Sundry Debtors	**(1,984)**	5,912
	Other Current Assets	**1,404**	(1,633)
	Loans and Advances	**(128)**	492
	Settlement Amount transferred to Escrow Account (Refer Note 5.2 of Schedule 18)	**-**	(3,274)
	Amount transferred to Special Purpose Account (Refer Note 9 of Schedule 18)	**(467)**	-
	Amount transferred to Segregated Account (Refer Note 9 of Schedule 18)	**(5,671)**	-
	Margin Money Deposits	**16**	(7)
	Current Liabilities and Provisions (Refer Note (ii) below)	**1,255**	(4,100)
	Cash Generated from Operations	**(161)**	1,108
	Taxes Paid (Net)	**(450)**	(945)
	Net Cash (Used in) / From Operating Activities	**(611)**	163
II.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Fixed Assets (Refer Note (ii) below)	**(2,542)**	(1,584)
	Proceeds from Sale of Fixed Assets	**67**	633
	Purchase of Current Investments	**(3,000)**	(18,498)
	Proceeds from Sale of Current Investments	**5,307**	12,453
	Payment of Contingent Consideration	**(596)**	(581)
	Interest and Dividend Received	**1,119**	124
	Investments in Fixed Deposits with banks having maturity over three months	**(18,324)**	(15,251)
	Proceeds on Maturity of Fixed Deposits having maturity over three months	**20,370**	500
	Net Cash From / (Used in) Investing Activities	**2,401**	(22,204)

Contd.

Consolidated Cash Flow Statement for the Year Ended March 31, 2011

(₹ in Million)

	For the Year Ended March 31, 2011	For the Year Ended March 31, 2010
III. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital (Including Securities Premium)	-	29,084
Changes in Share Application Money Pending Allotment	-	1
Repayment of Secured Loans	**(107)**	(7,667)
Interest Paid on Loans	**(97)**	(382)
Net Cash (Used in) / From Financing Activities	**(204)**	21,036
Net Increase / (Decrease) in Cash and Cash Equivalents (I + II + III)	**1,586**	(1,005)
Cash and Cash Equivalents at the Beginning of the Year	**3,378**	4,644
Effect of Exchange Differences on Translation of Foreign Currency Cash and Cash Equivalents	**91**	(261)
Cash and Cash Equivalents at the End of the Year	**5,055**	3,378
Notes:		
(i) Reconciliation of Cash and Cash Equivalents at the End of the Year with Schedule 7		
Cash and Bank Balance as per Schedule 7	**27,538**	21,768
Less: Margin Money Deposits	**(276)**	(292)
Less: Escrow, Special Purpose Account Deposit and Segregated Bank Account Deposit balances (Refer Note 9 of Schedule 18)	**(9,440)**	(3,274)
Less: Fixed Deposits with Banks having original maturity over three months	**(12,705)**	(14,751)
Less: Dividend Bank Accounts	**(62)**	(73)
Cash and Cash Equivalents at the End of the Year (Refer Note (iii) below)	**5,055**	3,378

(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

(iii) Includes ₹ 1,917 Million restricted balances which were released subsequent to the year end (Refer Note 9 of Schedule 18).

Schedules 1 to 18 attached form an integral part of the Accounts.

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

P.R.Ramesh
Partner

Place: Hyderabad
Date : May 23, 2011

For and on behalf of the Board of Directors

C. Achuthan
Director

Vineet Nayyar
Chairman

C.P.Gurnani
Whole-time Director & CEO

T.N.Manoharan
Director

Ulhas N.Yargop
Director

S.Krishnan
Chief Financial Officer

G. Jayaraman
Company Secretary

Place: Hyderabad
Date : May 23, 2011

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2011

(₹ in Million)

		As at March 31, 2011	As at March 31, 2010
1.	**Share Capital**		
	Authorised Capital		
	1,400,000,000 Equity Shares of ₹ 2 each	**2,800**	2,800
	Issued, Subscribed and Paid-up Capital (Refer Notes (i) below) 1,176,565,753 (As at March 31, 2010 - 1,176,185,762) Equity Shares of ₹ 2 each fully paid	**2,353**	2,352
		2,353	**2,352**

Notes:

(i) Out of the above

(a) 4,000,000 Equity Shares of ₹ 2 each (after sub-division of Equity Shares) were allotted as fully paid-up for consideration other than cash pursuant to the scheme of amalgamation with Satyam Enterprise Solutions Limited.

(b) 468,289,738 Equity Shares of ₹ 2 each were allotted as fully paid-up by way of bonus shares by capitalising free reserves of the Company.

(c) 33,350,000 Equity Shares of ₹ 2 each fully paid-up representing 16,675,000 American Depository Shares allotted.

(d) 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).

(e) 31,236,269 (As at March 31, 2010 - 31,233,849) Equity Shares of ₹ 2 each fully paid-up were alloted to associates of the Company pursuant to the Associate Stock Option Plan - B (ASOP-B) and Associate Stock Option Plan (ADS) (ASOP-ADS).

(f) 395,768 (As at March 31, 2010 - 319,468) Equity Shares of ₹ 2 each fully paid-up were alloted to associates of the Company representing 197,884 (As at March 31, 2010 - 159,734) Restricted Stock Units (ADS).

(g) 1,276,153 (As at March 31, 2010 - 974,882) Equity Shares of ₹ 2 each fully paid-up were alloted to associates of the Company pursuant to the Restricted Stock Units (ASOP).

(h) 501,422,825 Equity Shares of ₹ 2 each fully paid up were allotted during the previous year to M/s Venturbay Consultants Private Limited. (Refer Note 4 of Schedule 18)

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2011

(₹ in Million)

		As at March 31, 2011	As at March 31, 2010
2.	**Reserves and Surplus**		
	Securities Premium Account		
	At the Commencement of the year	**43,165**	14,661
	Add: Amounts Received on allotment of Equity Shares (Refer Note 4 of Schedule 18)	**-**	28,080
	Add: Amounts Received on exercise of Employee Stock Options (ASOP-B and ASOP-ADS ₹182,299 (March 31,2010 ₹ 456,372) only	**-**	-
	Add: Amounts transferred from Stock Option Outstanding Account	**185**	424
		43,350	43,165
	Associate Stock Options		
	Stock Option Outstanding Account	**539**	890
	Less: Deferred Employee Compensation Expense	**8**	92
		531	798
	Foreign Currency Translation Reserve		
	Movement		
	(i) Opening Balance	**(16)**	34
	(ii) Adjustment during the year (net)	**(5)**	(50)
		(21)	(16)
		43,860	43,947
3.	**Secured Loans** (Refer Note (i) below)		
	Vehicle Loans (Refer Note (ii) below)		
	- from Banks	**18**	53
	- from Others	**11**	43
		29	96
	Lease Obligation to Others in relation to Fixed Assets under Finance Lease (Refer Note (iii) below and Note 26 of Schedule 18)	**286**	326
		315	422
	Notes:		
	(i) Amounts Repayable within 1 Year	**93**	152
	(ii) Vehicle Loans are secured by the hypothecation of the vehicles financed through the loan arrangements.		
	(iii) Lease Obligation is secured by the assets financed through the finance lease arrangements		

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2011

4. Fixed Assets

a) Fixed Assets

(₹ in Million)

Assets	Gross Block					Accumulated Depreciation / Amortisation					Net Block	
	As at March 31, 2010	Adjustments during the Year	Additions during the Year	Deletions during the Year*	As at March 31, 2011	As at March 31, 2010	Adjustments during the Year (Refer Note (iv) below)	For the Year (Refer Note (i) & (v)below)	Deductions during the Year	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010
Tangible Assets												
Land and Land Development												
- Freehold (Refer 11.2 of Schedule 18)	332	-	92	-	**424**	-	-	-	-	**-**	**424**	332
- Leasehold (Note (ii) below)	355	24	1	80	**300**	4	22	4	2	**28**	**272**	351
Buildings (Note (iii) below)	2,709	-	1,314	-	**4,023**	577	-	137	-	**714**	**3,309**	2,132
Plant and Machinery (Including Computers)	10,320	(24)	717	131	**10,882**	8,765	(87)	909	127	**9,460**	**1,422**	1,555
Furniture, Fixtures and Interiors (including Leasehold improvement)	2,769	(31)	219	131	**2,826**	2,131	(23)	307	129	**2,286**	**540**	638
Office Equipments	584	(10)	26	24	**576**	421	(7)	65	20	**459**	**117**	163
Vehicles	453	-	-	154	**299**	259	1	63	102	**221**	**78**	194
Assets taken on Finance Lease												
Plant and Machinery	167	1	-	-	**168**	160	-	5	-	**165**	**3**	7
Furniture, Fixtures and Interiors	286	(1)	-	-	**285**	99	-	57	-	**156**	**129**	187
Vehicles	-	-	25	-	**25**			1	-	**1**	**24**	
Intangible Assets												
Software	1,999	6	151	19	**2,137**	1,822	59	173	19	**2,035**	**102**	177
Goodwill on Consolidation (Refer Note 12.6 of Schedule 18)	5,661	-	478	-	**6,139**	5,263	-	484	-	**5,747**	**392**	398
Total	**25,635**	**(35)**	**3,023**	**539**	**28,084**	**19,501**	**(35)**	**2,205**	**399**	**21,272**	**6,812**	**6,134**
Previous Year	28,897	(51)	677	3,888	25,635	20,401	(22)	2,276	3,154	19,501	6,134	8,496

* includes transfer inter-se

Notes:

(i) Refer Note 11.1 of Schedule 18 with respect to the accelerated depreciation for certain assets.

(ii) Gross Block of Leasehold land includes ₹ Nil (As at March, 2010 ₹ 79 Million) in respect of which deed of conveyance is pending.

(iii) Gross Block of Buildings includes ₹ 38 Million (As at March 31, 2010 - ₹ 740 Million) the cost of building constructed on land taken on lease by the Company. During the year on conversion of the leasehold land as freehold, the cost of building constructed thereon has been disclosed accordingly.

(iv) Includes ₹ (34) Million (As at March 31, 2010 ₹ (22) Million considered on foreign currency translations reserve due to translation of Non-Integral foreign subsidiaries.

(v) Depreciation / Amortisation / Impairment has been classified in the profit and loss account as under:

(₹ in Million)

Particulars	2010-11	2009-10
Depreciation / Amortisation / Impairment	**1,847**	2,144
Exceptional items (Refer Note 34 of Schedule 18)	**358**	132
	2,205	2,276

b) Capital Work in Progress (including Capital Advances)

(₹ in Million)

Particulars	As at March 31, 2011	As at March 31, 2010
Construction Related Contracts	**1,590**	2,247
Other Fixed Assets	**1,412**	1,523
Capital Advances	**339**	548
Sub Total	**3,341**	4,318
Less: Provision for Capital Work in Progress	**(654)**	(587)
	2,687	3,731

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2011

(₹ in Million)

			As at March 31, 2011		As at March 31, 2010
5.	**Investments**				
	a)	**Long Term Investments - Non-Trade - Unquoted**			
		Upaid Systems Limited			
		833,333 Shares of USD 0.20 each, fully paid-up	**109**		109	
		Less: Provision for Diminution in Value of Investment	**109**	**-**	109	-
		National Savings Certificates,VIII Series (₹ 16,000 (As at March 31, 2010 - ₹ 6,000) Only) (Lodged as security with government authorities)		**-**		-
		Sub-total (a)		**-**		-
	b)	**Investments in Entities which are Liquidated / Dissolved**				
		Long Term Investments - Trade - 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	-
		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 (b)		**-**		-
	c)	**Current Investments**				
		Investments in Mutual Funds (Quoted)		**3,500**		-
		Investments in Mutual Funds (Unquoted)		**848**		6,268
				4,348		**6,268**
	Notes					
	(i)	Cost of Unquoted Investments				
		- Gross of Provision for Diminution in the Value of Investments		**998**		6,418
		- Net of Provision for Diminution in the Value of Investments		**848**		6,268
	(ii)	Cost of Quoted Investments		**3,500**		-
		Total Market Value of Investments		**3,594**		-
	(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 amount of investments in these companies have been fully provided for.				
6.	**Sundry Debtors** (Refer Note 13.1 of Schedule 18)					
	(Unsecured)					
	Debts Outstanding for a Period Exceeding Six Months					
	- Considered Good			**810**		815
	- Considered Doubtful			**4,916**		4,843
	Other Debts					
	- Considered Good			**10,778**		8,415
	- Considered Doubtful			**-**		177
	Less: Provision for Doubtful Debts			**4,916**		5,020
				11,588		**9,230**

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2011

(₹ in Million)

		As at March 31, 2011	As at March 31, 2010
7.	**Cash and Bank Balances**		
	Cash on hand	**4**	-
	Cheques on hand	**11**	-
	Remittances in Transit	**-**	1
	Balances with Scheduled Banks (Refer Note (ii) below)		
	- on Deposit accounts (Refer Note (i) below)	**22,418**	15,083
	- on Current accounts	**2,806**	4,407
	- Unclaimed Dividend Accounts	**62**	73
	Balances with Non-Scheduled Banks		
	- on Deposit Accounts (Refer Note (i) below)	**3**	12
	- on Current Accounts	**2,234**	2,192
		27,538	21,768
	Note:		
	(i) Balances in Deposit Accounts with Banks includes margin money deposits towards obtaining Bank guarantees:		
	- with Scheduled Banks	**276**	284
	- with Non-Scheduled Banks	**-**	8
	(ii) Includes restricted bank balances (Refer Note 9 of Schedule 18)	**16,357**	3,274
8.	**Other Current Assets**		
	Unbilled Revenue (Net) (Refer Note 13.2 (ii) of Schedule 18)	**3,139**	4,543
	Interest Accrued on Bank Deposits	**645**	413
	Assets Held for Disposal	**2**	-
		3,786	4,956
9.	**Loans and Advances**		
	(Unsecured)		
	Considered Good		
	Advances Recoverable in Cash or in Kind or for Value to be Received	**1,264**	1,399
	Deposits	**2,020**	1,826
	Advance taxes paid	**231**	146
	Balance with Government Authorities	**267**	368
		3,782	3,739
	Considered Doubtful		
	Advances Recoverable in Cash or in Kind or for Value to be Received	**568**	593
	Deposits	**108**	86
	Others	**50**	31
		726	710
	Less: Provision for Doubtful Advances	**726**	710
		-	-
		3,782	3,739

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2011

(₹ in Million)

		As at March 31, 2011		As at March 31, 2010
10.	**Current Liabilities**			
	Sundry Creditors			
	- Dues to Micro Enterprises and Small Enterprises		**377**		10
	- Dues to Others		**7,243**		6,345
	Advances from Customers		**169**		788
	Unearned Revenue (Refer Note 13.2 (iii) of Schedule 18)		**490**		737
	Other Liabilities (Refer Note (i) below)		**7,122**		759
	Investor Education and Protection Fund shall be credited by the following amounts - Unclaimed Dividends (Refer Note (ii) below)		**62**		73
			15,463		8,712
	Notes:				
	(i) Includes				
	- Mark-to-market losses on forward exchange contracts and other derivative contracts (Refer Note 30 of Schedule 18)		**154**		-
	- Class Action Settlement Consideration		**5,589**		-
	- Civil Monetary Penalty (SEC)		**447**		-
	(ii) There are no amounts outstanding and due as at March 31, 2011 and as at March 31, 2010 to be credited to Investor Education and Protection Fund				
11.	**Provisions**				
	Provision for Employee Benefits (Refer Note 23 of Schedule 18)		**2,351**		2,236
	Provision for Warranties (Refer Note 29.1 of Schedule 18)		**73**		74
	Provision for Contingencies (Refer Note 29.2 of Schedule 18)		**4,241**		4,750
	Provision for Impairment Losses in Subsidiaries (Refer Note 29.4 of Schedule 18)		**5,079**		4,623
	Provision for Taxation (Less Payments)		**3,837**		3,721
			15,581		15,404
12.	**Unexplained Differences Suspense Account (Net)**				
	Forensic Related Amounts				
	Opening Balance Differences (Net) as at April 1, 2002 (Refer Note 3.2 (ii) of Schedule 18)	**11,221**		11,221	
	Other Differences (Net) between April 1, 2002 and March 31, 2008 (Refer Note 3.2 (ii) of Schedule 18)	**166**		166	
	Sub-total	**11,387**		11,387	
	Less: Provision (Refer Note 3.2 (ii) of Schedule 18)	**11,387**	**-**	11,387	-
	Other Differences (Net) between April 1, 2008 and December 31, 2008 (Refer Note 3.2(ii) of Schedule 18)	**7**		7	
	Less: Provision (Refer Note 3.2 (ii) of Schedule 18)	**7**	**-**	7	-
	Other Amounts				
	Other Differences (Net) (Refer Note 8.2 of Schedule 18)	**36**		47	
	Less: Provision (Refer Note 8.2 of Schedule 18) and Note (i) below	**36**	**-**	47	-
	Total		**-**		-
	Note:				
	(i) - Amount transferred to Provision for Doubtful Advances		**8**		
	- Amount written back to Profit and Loss Account (Refer Notes 8.2 and 29.3 of Schedule 18)		**3**		

Schedules forming part of the Consolidated Profit and Loss Account for the Year Ended March 31, 2011

(₹ in Million)

		For the Year Ended March 31, 2011	For the Year Ended March 31, 2010
13.	**Income from Operations** (Refer Note 13 of Schedule 18)		
	Information Technology and Consulting Services		
	- Overseas / Exports	**46,441**	51,275
	- Domestic	**3,705**	2,468
	Business Process Outsourcing	**957**	966
	Sale of Hardware Equipments and Other Items		
	(Refer Note 13.3 of Schedule 18)		
	- Overseas / Exports	**304**	101
	- Domestic	**43**	-
		51,450	54,810
14.	**Other Income**		
	Interest on Bank Deposits and Advances (Tax Deducted at Source - ₹ 78 Million, Previous Year - ₹ 55 Million)	**1,290**	525
	Dividend from Current Investements	**-**	9
	Profit on Sale of Current Investments	**387**	223
	Profit on Sale of Fixed Assets (Net)	**5**	8
	Liabilities / Provisions No Longer Required Written Back (Refer Note Below)	**403**	-
	Provision for Warranties Released (Net) (Refer Note 29.1 of Schedule 18)	**1**	31
	Gain / (Loss) on Exchange Fluctuations (Net) (Refer Note 30 of Schedule 18)	**548**	(987)
	Revenue Grants from Government Authorities (Refer Note 22 of Schedule 18)	**47**	71
	Miscellaneous Income	**261**	197
		2,942	77
	Note:		
	Includes reversal of excess provision for doubtful debts	**311**	
15.	**Personnel Expenses**		
	Salaries and Bonus	**32,626**	36,094
	Contribution to Provident and Other Funds	**2,324**	2,867
	Gratuity (Refer Note 23.1 of Schedule 18)	**247**	64
	Staff Welfare Expenses	**844**	992
	Less: Employee Stock Compensation Expense	**(78)**	(181)
		35,963	39,836
	Less: Reimbursements / Recovery of Expenses from Customers (Refer Note 13.5 of Schedule 18)	**20**	25
		35,943	39,811
16.	**Operating and Administration Expenses**		
	Cost of Hardware Equipment and Other Items Sold (Refer Note below)	**281**	30
	Rent	**1,227**	1,995
	Rates and Taxes	**141**	146
	Power and Fuel	**489**	500
	Insurance	**120**	163
	Travelling and Conveyance	**2,272**	1,997
	Communication	**508**	713
	Printing and Stationery	**49**	23
	Advertisement	**18**	11
	Marketing Expenses (Refer Note 14 of Schedule 18)	**893**	730
	Sub-contracting Costs (Net)	**2,292**	985

Contd.

Schedules forming part of the Consolidated Profit and Loss Account for the Year Ended March 31, 2011

(₹ in Million)

	For the Year Ended March 31, 2011	For the Year Ended March 31, 2010
Repairs and Maintenance		
(i) Buildings	**26**	11
(ii) Machinery	**260**	169
(iii) Others	**430**	576
Software Charges	**109**	379
Security Services	**89**	105
Donations and contributions	**1**	-
Subscriptions	**42**	37
Training and Development	**50**	44
Research and Development	**6**	7
Visa Charges	**282**	243
Legal and Professional Charges	**1,394**	853
Directors' Sitting Fees	**3**	-
Auditors' remuneration (Refer Note 21 of Schedule 18)	**49**	33
Civil Monetary Penalty	**447**	-
Less: Amount adjusted against Provision for Contingency (Refer Note 29.2 of Schedule 18)	**(447)**	-
	-	-
Provision for Capital Work in Progress	**67**	
Provision for Doubtful Debts (Refer Note 13.1 of Schedule 18)	**208**	354
Provision for Doubtful Advances	**86**	31
Debts Written Off	**1**	-
Less: Provision Released	**(1)**	-
	-	
Advances Written Off	**82**	10
Less: Provision Released	**(81)**	-
	1	10
Provision for Unexplained Differences (Refer Note 29.3 of Schedule 18)	**-**	20
Miscellaneous Expenses	**200**	149
Less: Amount adjusted against Provision for Contingency (Refer Note 29.2 of Schedule 18)	**(62)**	-
	138	149
	11,531	10,314
Less: Reimbursements / Recovery of Expenses from Customers (Refer Note 13.5 of Schedule 18)	**901**	863
	10,630	9,451
Notes:		
Cost of Hardware Equipment and Other Items Sold:		
Opening Stock		10
Add: Purchases	**873**	20
Less: Closing Stock (Refer Note 13.3 of Schedule 18)	**592**	-
	281	30
17. Interest and Financing Charges		
Interest on Fixed Term Loans	**-**	54
Interest on Packing Credit Loans	**-**	1
Interest on Other Loans	**9**	39
Bank Charges	**48**	54
Interest on Working Capital Loans	**-**	47
Other finance charges	**40**	134
	97	329

Schedules forming part of the Consolidated Accounts for the Year Ended March 31, 2011

1. Background/details of consolidation

1.1 Background

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 per Accounting 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 and included as part of the fixed assets schedule. 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, 2011
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%
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%

Contd.

Company	Relationship	Period of Financial Statements/ Reporting package	Country of Incorporation	Proportion of Ownership as at March 31, 2011
Knowledge Dynamics Pvt Ltd	Subsidiary of KDPL	March 31	India	Refer Note (vii) below
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&V Management Consultants NV (S&V)	Subsidiary of Satyam Belgium	March 31	Belgium	100%
Satyam Venture Engineering Services Private Limited (SVES)	Subsidiary (Refer Note (i) below)	March 31	India	50%
C&S System Technologies Private Limited				
(CA Satyam)	Subsidiary (Refer Note (ii) below)	March 31	India	100%
Satyam Servicos De Informatica LTDA	Subsidiary (Refer Note (viii) below)	March 31	India	100%

Notes:

(i) As stated in Note 5.10 of Schedule 18, 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) CA Satyam ceased to be a joint venture from September 26, 2008, consequent to the acquisition of the balance 50% equity held earlier by CA Inc. in CA Satyam, subsequent to which it became a wholly owned subsidiary of the Company.

(iii) There are no new subsidiaries acquired / incorporated during the year ended March 31, 2011.

(iv) The Company during the year ended March 31, 2009 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, 2011. 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.

(v) 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.

(vi) The below mentioned subsidiaries are liquidated / dissolved as per the laws of the respective countries. The Company is awaiting approval from the Reserve Bank of India for writing off the investments from the Company's books of account. 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.

(vii) Pursuant to receipt of approval from Registrar of Companies, India, Satyam Idea Edge Technologies Private Limited was dissolved. Based on the application made by Knowledge Dynamics Private Limited (Knowledge Dynamics) under the 'Easy Exit Scheme, 2010', to the Registrar of Companies (ROC), the name of the company has been struck off effective from March 16,2011.

(viii) The Company during the year ended March 31, 2009 incorporated a subsidiary in Brazil (Satyam Servicos De Informatica LTDA). No investments were made by the Company in this subsidiary during the previous year. Further, as there were no operations in this subsidiary in the previous years, this subsidiary was not considered for the purpose of consolidation in the previous years. During the current year, investments have been made in this subsidiary and hence considered for consolidation.

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 have been 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 debts / 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 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 consumables is valued at lower of cost and net realisable value. The cost is determined on first in first out method.

2.4 Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand and short-term deposits with banks with an original maturity of three months or less.

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

Income from operations

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 are recognised using the percentage of completion 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.

Revenues from the sale of hardware equipment and other items are recognised upon delivery / deemed delivery, which is when title passes to the customer.

Revenues from maintenance contracts are recognised pro-rata over the period of the contract.

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 provisions for estimated losses.

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.

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 Profit and Loss account. 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 Machinery	
- Computers	2 to 5 years
- 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 20 years
Office Equipment	3 to 20 years
Vehicles	3 to 5 Years

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 Profit and Loss account.

Assets under installation or under construction as at the Balance Sheet date are shown as capital work-in-progress. Advances paid towards acquisition of assets are also included under 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 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 Profit and Loss account.

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

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 Profit and Loss account 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.

The Company uses forward / option contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and 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.

Forward contracts in the nature of derivatives are marked to market, wherever required, as at the Balance Sheet date and provision for losses, if any, is dealt with in the Profit and Loss account. Unrealised gains, if any, on such derivatives are not recognised in the Profit and Loss account.

2.10 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 cost.

2.11 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 purchase. 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 Profit and Loss account.

2.12 Employee benefits

Defined contribution plans

In the case of the Company and 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 Profit and Loss account on accrual basis. The Company has / subsidiaries have no further obligations for future provident 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 Profit and Loss account 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 liability towards compensated absences in accordance with Accounting Standard 15 on Employee Benefits. The liability towards compensated absence is based on actuarial valuation done as at the Balance Sheet date by an independent actuary using the Projected Unit Credit Method. The liability includes 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.

2.13 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 Securities and Exchange Board of India ('SEBI') and the Guidance Note on Accounting for Employee Share-based Payments, issued by the ICAI. The Group 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 option.

2.14 Borrowing costs

Borrowing costs directly attributable to 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 Profit and Loss account.

2.15 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 Profit and Loss Account on a straight line basis.

2.16 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) 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.

2.17 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 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. 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.

The Company offsets deferred tax assets and deferred tax liabilities if it has a legally enforceable right and these relate to taxes on income levied by the same governing tax laws.

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 Profit and Loss account 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.

2.18 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.

2.19 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 Profit and Loss account. 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 asset does not exceed the net book value that would have been determined, if no impairment loss had been recognised.

2.20 Provisions and contingent liabilities

Provisions are recognised only when there is a present obligation as a result of past events 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.

2.21 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.

2.22 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 credits.

3. Financial irregularities

3.1 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 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 ('Honorable 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 6 directors on the Board of the Company.

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.

The Government nominated Board of Directors appointed an independent counsel ('Counsel') to conduct an investigation of the financial irregularities that would enable preparation of the financial statements of the Company. 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. 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 so far from the proceeds of the American Depository 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 and its joint venture.

3.2 Nature of financial irregularities

The forensic investigation conducted by 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 letter. In certain instances, the forensic accountants conducted investigation procedures outside this period. The forensic investigation revealed that the Company had a complex accounting and financial reporting framework, which coupled with multiple non-integrated financial systems enabled perpetration of financial irregularities. The irregularities were substantial in amount, perpetrated across multiple accounting periods and affecting many areas including *inter alia* revenue, foreign exchange gains, interest and other expenses with respect to the Profit and Loss account. It also affected debtors, cash and bank, other current assets and reserves and surplus with respect to the Balance Sheet.

(i) Specific financial irregularities as identified based on their nature were classified into two categories i.e.

- *Fictitious entries entered in the accounting records of the Company:* These primarily involved recognition of fictitious revenue and interest income, which ultimately resulted in creation of fictitious cash and bank balances and receivables.
- *Unrecorded transactions:* A number of real transactions (movements into and out of the bank accounts) were omitted from the accounting records of the Company.

The overall impact of 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.

(ii) Financial irregularities where complete information was not available

These 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 are given below:

a) The forensic investigation identified 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. In the absence of complete information, the amount aggregating ₹ 11,221 Million has been accounted under "Unexplained Differences Suspense Account (Net)" in the Balance Sheet (Refer Schedule 12).

b) The forensic investigation also identified 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, the amounts of ₹ 166 Million and ₹ 7 Million have been accounted under "Unexplained Differences Suspense Account (Net)" in the Balance Sheet (Refer Schedule 12).

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 has so far been 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 5.1 of Schedule 18 for details.

3.3 Investigation by authorities in India

Pursuant to the events stated in Note 3.1 of Schedule 18, various regulators / investigating agencies such as the Central Bureau of Investigation (CBI), Serious Fraud Investigation Office (SFIO) / Registrar of Companies (ROC), SEBI, Directorate of Enforcement (ED), etc., had initiated their investigation on various matters pertaining to the Company during the financial year ended March 31, 2009.

The CBI initiated legal proceedings before the Additional Chief Metropolitan Magistrate for Trial of Satyam Scam Cases, Hyderabad (ACMM) and has filed certain specific charge sheets against the erstwhile Chairman and others based on its findings so far. The Hon'ble Supreme Court has directed the ACMM to conclude the Trial on or before July 31, 2011.

The SFIO had submitted its reports relating to various findings and has also commenced prosecution against the Company for two alleged violations before the Economic Offenses Court, Hyderabad. The details of the charges framed by the Court with respect to the aforesaid violations against the Company are elaborated in Note 7(1)(xi) of Schedule 18.

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

During the 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.

C&S System Technologies Private Limited, subsidiary of the Company, received notice of inspection dated February 2, 2011, from SFIO under section 209A of Companies Act, 1956, directing it to submit information and certified documents on few financial matters.

3.4 Investigation on round tripping

The investigating agencies in India, are currently 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 from an entity registered in a tax haven aggregating USD 28.41 Million, it is possible that 20 of these inward remittances aggregating USD 17.04 Million may have been used to set off outstanding invoices. Also Refer Note 3.2(ii) of Schedule 18 above.

3.5 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 were seized by the CBI. On a petition filed by the Company, the ACMM, vide its order dated April 23, 2010, had 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.

3.6 Management's assessment of the identified financial irregularities

As per the assessment of the Management, based on the forensic investigation carried out through an independent counsel / forensic accountants (Refer Note 3.1 of Schedule 18) and the information available at this stage, all identified / required adjustments / disclosures arising from the identified financial irregularities, had been made in the financial statements of the Company as at March 31, 2009 (Refer Note 3.2 of Schedule 18). The Company has not received any further information which requires adjustments to 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 statements of the Company as and when the outcome of the above uncertainties is known and the consequential adjustments / disclosures are identified.

4. Acquisition by Venturbay

M/s Venturbay Consultants Private Limited ('Venturbay') became the successful bidder of the global competitive bidding process initiated / concluded under the supervision of the former Chief Justice of India, Shri S.P. Bharucha. Shri S.P. Bharucha has also given in writing to Hon'ble CLB, that the process of selection was fair, transparent and open as required.

During the previous year, on May 5, 2009, Venturbay was allotted 302,764,327 equity shares of ₹ 2 each of the Company at a premium of ₹ 56 per share (being 31% of the paid up capital) for a consideration of ₹ 17,560 Million.

On July 10, 2009, pursuant to completion of the open offer, Venturbay was further allotted 198,658,498 equity shares of the Company (par value of ₹ 2 each per share) at a premium of ₹ 56 per share for a consideration of ₹ 11,522 Million. Consequently, Venturbay currently holds 501,843,740 equity shares (including 420,915 equity shares acquired through the open offer) representing 42.65% of the paid-up share capital of the Company. Currently, the Board of Directors of the Company comprises six directors of which three are representatives from Venturbay, two are nominees of the Central Government and one independent director.

5. Commitments and contingencies

5.1 Alleged advances

The erstwhile Chairman in his letter dated January 7, 2009, 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. On January 8, 2009, the Company received letters from thirty seven companies requesting confirmation by way of acknowledgement of the 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 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.

On November 11, 2009, four out of the thirty seven companies filed petitions / suits for recovery, before the City Civil Court, Secunderabad, against the Company with a prayer that these companies be declared as indigent person seeking exemption from payment of required Court fee. These cases are pending before the said Court. As of date, the remaining thirty three companies have filed similar petitions in the said Court and the petitions are pending. Recently, one of the thirty seven companies has filed an application seeking leave of court to register the suit by receiving the court fees based on an alleged change of its promoters. The application has been contested by the Company and the court has reserved orders in the said application.

As of March 31, 2011 and March 31, 2010, the amount of alleged advances has been presented separately under 'Amounts Pending Investigation Suspense Account (Net)'. The Company is contesting the claims for recovery filed as indigent petitions / suits by these companies. 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.

5.2 Claims from Upaid Systems Limited (Upaid)

In connection with the lawsuit filed by Upaid, the Company deposited in the previous year an amount of ₹ 3,274 Million (equivalent to USD 70 Million) into an escrow account pursuant to a Settlement Agreement with Upaid to settle the litigation commenced by Upaid against the Company in the United States District Court for the Eastern District of Texas, Marshall County in USA wherein Upaid sought damages exceeding USD 1 Billion for fraud and forgery in addition to other punitive damages, fees and costs.

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

The order of the Authority for Advance Rulings has not been delivered till date.

Pending resolution of dispute, the Texas Action is currently adjourned.

5.3 Aberdeen Complaint

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 15 of Schedule 18). The Action, which has been brought as an individual action, alleges that the losses suffered by the twenty investors 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 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.

5.4 Claims from a customer

The Company had entered into an agreement with a customer for software development for the operations of a customer in Japan. The Company executed the software development in accordance with the terms of the agreement. In 2005, the customer invoked arbitration contending deficiency of services and claiming damages of Japanese Yen 364 Million (equivalent to ₹ 189 Million) which is being disputed by the Company. The Company has also filed a counter claim of USD 0.24 Million (equivalent to ₹ 12 Million) being the balance amount due and payable for the work done by the Company, apart from other charges and interest the Company is entitled to. The matter is now pending before a Sole Arbitrator in Pune, the outcome of which is not determinable at this stage.

5.5 Income tax matters

Company

(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 Financial Year 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 against which refunds of financial years 2007-08 and 2009-10 aggregating ₹ 17 Million have been adjusted. During the previous year the Company had filed an appeal with Commissioner of Income tax (Appeals) (CIT(A)). In the month of 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 against which refund of financial year 2003-04 amounting ₹ 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 current 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 respectively, being the refunds of financial years 2008-09 and 2009-10. As against the demands the Company has paid an amount of ₹ 85 Million as at March 31, 2011 (March 31, 2010: ₹ 65 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 financial years 2006-07 and 2007-08, demands of ₹ 812 Million and ₹ 2,562 Million, 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 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) and updates during the current year

During the year, the Additional Commissioner of Income Tax directed the Company to get its accounts for the financial year 2001-02 and 2006-07 audited under section 142(2A) of the Income Tax Act, 1961 which is in progress.

Meanwhile, the various petitions filed by the Company before the CBDT (for the financial years 2002-03 to 2007-08) to use its extraordinary powers and grant relief to mitigate the hardship caused to the Company, and to give appropriate instructions to the Assessing Officer to exclude the fictitious sales and fictitious interest income, and to grant of stay of taxes, was summarily rejected by the CBDT vide an order dated March 10, 2011.

Consequent to CBDT's order dated March 10, 2011, the Additional Commissioner of Income Tax (ACIT) issued garnishee orders directing the Company's bankers to pay ₹ 6,165 Million. Aggrieved by such orders and by the Order of the Hon'ble CBDT, the Company filed a Writ before the Hon'ble High Court of Andhra Pradesh.

The Hon'ble High Court of Andhra Pradesh vide its order dated March 30, 2011, admitted the Writ Petition and directed the Company to pay an amount of ₹ 3,500 Million and submit a Bank Guarantee for ₹ 2,670 Million.

Aggrieved by the order of the Hon'ble High Court of Andhra Pradesh, the Company filed a Special Leave Petition before the Hon'ble Supreme Court on April 5, 2011. The Hon'ble Supreme Court vide its order dated April 15, 2011 directed the Company to file a comprehensive petition / representation before the CBDT giving all requisite details / particulars in support of its case for re-quantification / re-assessment of income for Financial Years 2002-03 to 2007-08.

The Hon'ble Supreme Court also directed the Company to submit a Bank Guarantee for ₹ 6,170 Million. The Company has complied with the directions of the Supreme Court and has submitted the Bank Guarantee as directed on April 21, 2011 and consequently the attachment on the bank balances of the Company has been released.

Further, the Company has also filed a Comprehensive petition before the CBDT on April 28, 2011 which is pending disposal.

(vi) Provision for taxation

The Company is carrying a total amount of ₹ 3,803 (net of payments) as at March 31, 2011 (As at March 31, 2010: ₹ 3,686 million) towards provision for taxation which was made primarily on the basis of the past financial statements. Considering the effects of financial irregularities, the status of disputed tax demands and the appeals / claims pending before 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 balance of tax provision outstanding as at the Balance Sheet date.

(vii) Others:

The Company received an order dated March 21, 2011 under section 201(1) / 201(1A) of the Income tax Act, 1961 from Deputy Commissioner of Income Tax, regarding non-payment of Tax Deducted at Source (TDS) during the last quarter of financial year 2008-09 demanding ₹ 5 Million towards the TDS short-fall and interest.

The Company received an order dated April 27, 2011 under section 201(1) / 201(1A) of the Income tax Act, 1961 from Joint Commissioner of Income Tax, regarding non-payment of Tax Deducted at Source (TDS) during the last quarter of financial year 2007-08 demanding ₹ 173 Million towards the TDS short-fall and interest.

The Company in the month of May, 2011 has filed a stay petition to the Additional Commissioner of Income Tax with respect to the collection of the disputed demand for both the financial years. The Company contends that the demands are only on account of technological issues in uploading the e-TDS returns and not on account of shortfall in payment of TDS. The Company has submitted necessary details to the authorities.

Subsidiary

SVES

(i) Financial years 2002-03, 2003-04, 2005-06 and 2006-07

The tax assessments for the financial years 2002-03, 2003-04, 2005-06 and 2006-07 are pending adjudication by the Dispute Resolution Panel and the Income Tax Appellate Tribunal with respect to commission adjustment to export turnover, arm's length price etc.. The total tax demand for all the four years aggregated ₹ 76 Million (March 31, 2010 - ₹ 66 Million). SVES has made a payment towards the disputed tax under protest for an amount of ₹ 38 Million. Pending disposal of the appeals before respective forums, SVES as a measure of prudence had made a provision of 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 year 2005-06. The balance amount of ₹ 34 Million (March 31, 2010 - ₹ 24 Million) that has not been provided has been considered as a contingent liability.

(ii) Update during the current year

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 by a letter dated 18 December 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 the SVES has received the draft Assessment order wherein adjustments were made towards export turnover and sales commission. SVES has contested the same in the Dispute Resolution Panel.

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.

5.6 Indirect tax matters

(i) Sales tax / value added tax

The Company received demands from the Karnataka Sales Tax Department for financial years 2003-2004 to 2007-2008 totaling to ₹ 656 Million (including penalty for ₹ 106 Million). As against the above demand, the company paid an amount of ₹ 639 Million (including penalty of ₹ 106 Million) under protest. The Company has gone on appeal against the said demand which appeal is pending before the Karnataka Appellate Tribunal for the financial years 2003-04 and 2004-05. For the years 2006-07 and 2007-08 the appeal is pending with Joint Commissioner of Commercial Taxes (Appeals).

The Company also received demands from the Andhra Pradesh Sales Tax Department amounting to ₹ 299 Million (including penalty of ₹ 116 Million) for financial years 2002-2003 to 2009-2010. As against the above demand, the Company has paid an amount of ₹ 213 Million (including penalty of ₹ 83 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 for the financial years 2008-09 and 2009-10 and yet to receive the hearing date.

The Company has received notices from the Andhra Pradesh Sales Tax Department for the year 2009-10 with respect to VAT / CST penalty for an amount of ₹ 9 Million and ₹ 43 Million respectively.

The Company has also received a show cause notice of ₹ 4,554 Million to tax unlicensed software for the period 1999-2000 to 2004-05 from the Tamil Nadu Sales Tax Department. The Company has submitted the necessary details to the Authorities.

(ii) Service tax

The Company had availed Service Tax Input Credit on general insurance premium, outdoor catering service, health and fitness service, house- keeping service, event management service etc. The Service Tax Department challenged the above credit for the period from March 2005 to September 2008 and demanded service tax amounting to ₹ 212 Million (including penalty of ₹ 106 Million). 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 ₹ 10 Million which has been paid by the Company, by utilising input tax credits.

5.7 Matters relating to overseas branches

(i) The details of various claims / potential claims / tax demands on account of tax provisions relating to the overseas branches are given below:

(₹ in Million)

Particulars	**Amount March 31, 2011**	**Amount March 31, 2010**
Claim arising out of the special audit initiated by the Belgian tax authorities. The audit is in progress and the Company is in the process of providing the necessary information	Not quantifiable	Not quantifiable
Income tax demands in the United States of America:		
- State of Pennsylvania	3	4
- New York State income tax liability for the years 2006, 2007 and 2008. The Company has requested the tax authorities not to proceed till the Company files restated returns. The tax authorities have granted approval to the Company's request.	93	106

Contd.

(₹ in Million)

Particulars	Amount March 31, 2011	Amount March 31, 2010
- California State income tax liability for the years 2003, 2004 and 2005. The Company has requested the tax authorities not to proceed till the Company files restated returns. The tax authorities have granted approval to the Company's request.	54	62
Others	167	176

(ii) During the current year, consequent to the demand raised by Kuwait Tax Authorities the Company paid ₹ 9 Million for the year 2008-09 and charged it to the Profit and Loss Account.

5.8 Compliance with employee / labour related laws

(i) Demand from Employees' State Insurance authorities and Provident Fund

During the financial year ended March 31, 2008, the Company received a demand of ₹ 3 Million from the Regional Office, Employees' State Insurance (ESI) Corporation pertaining to the period from April 2004 to March 2005. The Company remitted ₹ 1 Million in respect of the same under protest and appealed against the demand order which is pending final disposal at the ESI Court.

During the previous year, the Company received an order from the Employees' Provident Fund Organisation demanding an amount of ₹ 3 Million pertaining to December 2008. The Company appealed against the same before the Employees' Provident Fund Appellate Tribunal (EPFAT). The Company remitted ₹ 1 Million against the said demand under protest.

EPFAT had dismissed the appeal on March 4, 2011. The Company filed a writ petition in the Hon'ble High Court of Andhra Pradesh on April 19, 2011 and obtained a stay order. The Hon'ble High Court directed the Company to further deposit 20% of the amount and accordingly the Company has remitted ₹ 1 Million against the said demand under protest

(ii) Other employee / labour related laws

The Company carries out significant operations through its branches / sales offices located at various countries. The Company has assessed the compliance with various other employee / labour related laws and based on such assessment done, non-compliances, wherever identified, have been appropriately dealt with.

5.9 Purchase Commitments to / in respect of subsidiaries

The details of future purchase consideration payable in respect of certain acquired subsidiaries are given below:

As at March 31, 2011:

(In Million)

Name of subsidiary	Currency	Amount	Amount in ₹	Payable by
Bridge Strategy Group LLC	USD	4.77	213	April 2011 to December 2011
Total			**213**	

As at March 31, 2010:

(In Million)

Name of subsidiary	Currency	Amount	Amount in ₹	Payable by
Bridge Strategy Group LLC	USD	8.00	361	October 2010
Total			**361**	

The details of future purchase consideration payable by one of the subsidiary (Satyam Belgium) to the sellers in respect of certain acquired subsidiaries are given below:

As at March 31, 2011

(In Million)

Name of subsidiary	Currency	Amount	Amount in ₹	Payable by
S&V Management Consultants	EURO	4	253	April 2011

As at March 31, 2010

(In Million)

Name of subsidiary	Currency	Amount	Amount in ₹	Payable by
S&V Management Consultants	EURO	8	486	In Installments April 2010 to April 2011

5.10 Dispute with Venture Global Engineering LLC

The Company and Venture Global Engineering LLC (VGE) entered into a Joint Venture Agreement on October 20, 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. The capital participation of the Company and VGE was in the ratio of 50:50. On or around March 20, 2003 numerous corporate affiliates of VGE filed for bankruptcy. This triggered the option for the Company to purchase VGE's shares of SVES under the Shareholder's Agreement which the Company exercised. As VGE disputed the Company's action the Company requested for arbitration with the London Court of International Arbitration (LCIA) as provided in the Shareholder's Agreement.

The Arbitrator gave an award ("Award") dated April 3, 2006 in favour of the Company. The Company filed for enforcement and recognition of the award before the District Court of Michigan, U.S.A. The District Court on July 31, 2006 directed enforcement of the award and the Sixth Circuit Court of Appeals in US on May 25, 2007 affirmed it. While the proceedings were pending in the USA, VGE also filed a suit before the District Court of Secunderabad in India for setting aside the award dated April 3, 2006. The District Court of Secunderabad and the Hon'ble High Court of Andhra Pradesh dismissed VGE's petition for setting aside the award. On an appeal by VGE, the Hon'ble Supreme Court of India on January 10, 2008, set aside the orders of the District Court and the Hon'ble High Court and remanded the matter back to City Civil Court, Hyderabad for hearing on merits. The Hon'ble Supreme Court also directed status quo with regard to transfer of shares till the disposal of the suit. The matter is currently before the City Civil Court, Hyderabad.

On January 17, 2008, the District Court of Michigan held VGE in contempt for its failure to honour the Award and amongst others directed VGE to dismiss its Board members and replace them with individuals nominated by the Company. The order of the District Court of Michigan in contempt proceeding was affirmed by the Sixth Court of Appeals on April 9, 2009. 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.

VGE also sought to file an application for bringing additional pleadings on record in the matter pending before the City Civil Court which allowed VGE's application. As the Hon'ble High Court of Andhra Pradesh allowed, the Company's appeal against the order of the City Civil Court, VGE appealed against the order of the Hon'ble High Court to the Hon'ble Supreme Court. The Hon'ble Supreme Court on August 11, 2010 allowed VGE's application to bring on record additional pleadings. The matter is pending before the City Civil Court, Hyderabad.

During the year ended March 31, 2011 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 asserting claims under Racketeer Influenced and Corrupt Organisation Act, 1962 (RICO) and seeking damages with respect to the fraud claim, interest costs and attorney fees.

In response, the Company has filed a motion to dismiss the Complaint or, in the alternative, to compel Plaintiffs to arbitrate their claims pursuant to the arbitration provision in the Shareholders' Agreement between VGE and the Company. The matter is pending disposal.

5.11 Other claims / contingencies / commitments

(i) The details of other claims / contingencies / commitments as at March 31, 2011 are summarised below:

(₹ in Million)

Particulars	As at March 31, 2011	As at March 31, 2010
Company		
Vendor claims	82	95
Employee claims	63	39
Customer claims	90	90
Claims from promoters of subsidiaries	-	Refer Note 12.2 of Schedule 18
Guarantees / Comfort letters provided by the Company	Refer Note 25 of Schedule 18	Refer Note 25 of Schedule 18
Bank guarantees outstanding	3,246	1,600
Contracts pending execution on capital accounts (net of advances)	4,683	3,436
Subsidiaries		
Bank guarantees outstanding	11	10
Contracts pending execution on capital accounts (net of advances)	14	1
Others	35	24

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

5.12 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 the 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, excluding the liability, if any, arising from the Aberdeen Complaint as mentioned in Note 5.3 of Schedule 18 for which the outcome is not determinable at this stage, the Company has made appropriate provision for contingencies as at March 31, 2011 which, in the opinion of the Management, is adequate to cover any probable losses in respect of the above litigations and claims. Refer Note 29.2 of Schedule 18.

6. Insurance claims

A Directors and Officers Liability Policy ('D&O Policy') was taken by the Company to protect its directors and officers against legal costs incurred by them in defending allegations or suits brought against them for wrongful acts and any awards granted against them, including out of court settlements. Such D&O Policy included protection to the Company in the event of a 'Securities Claim' as defined under that D&O Policy. The primary policy for the period from October 15, 2008 to October 14, 2009 was issued by the lead insurer and secondary policy forming multiple layers of coverage in excess of the primary policy was issued by other insurance companies.

The Company had notified the lead insurer regarding receipt of notices from several regulatory authorities and the class action suits.

The lead insurer, while expressly reserving its rights under the D&O Policy, has taken a preliminary view and disputed the claim under the D&O Policy. The Company has replied wherein it has expressly reserved its rights with respect to the D&O Policy and disagreed with a number of statements and positions taken by the Lead Insurer.

The Company has been examining various options for proceedings against the Lead Insurer and, hence, the outcome is uncertain at this stage.

7. Regulatory non-compliances / breaches

During the financial year ended March 31, 2009, the Company 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:

7.1 The Companies Act, 1956 ('the Act') and ESOP Guidelines by SEBI

The non-compliances / breaches included inter-alia:

(i) Payment of remuneration / commission to whole-time directors / non-executive directors in excess of the limits prescribed under the Act.

(ii) Unauthorised borrowings.

(iii) Excess contributions to Satyam Foundation.

(iv) Loan to ASOP Trust (Satyam Associate Trust) without prior Board approval under the Act.

(v) Delay in deposit of dividend in the bank.

(vi) Dividend paid without profits.

(vii) Non-transfer of profits to general reserve relating to interim dividend declared.

(viii) Utilisation of the Securities Premium account.

(ix) Declaration of bonus shares.

(x) Violation of SEBI ESOP Guidelines.

The Company has filed a condonation application before the Hon'ble CLB for the non-compliances / breaches as stated in Notes 7.1 (i) to 7.1 (x) above.

It is also considering action to recover from the erstwhile management the excess remuneration / commission / contributions / dividends paid out without due compliance of law.

(xi) Company law violations as per SFIO reports

Consequent to the letter written by the erstwhile Chairman, SFIO investigated into the affairs of the 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 Mr. Krishna G Palepu, a non-executive director was with the approval of shareholders by way of special resolution passed in the Annual General Meeting held on August 21, 2006 as per the provisions of Section 314 of the Act. However, 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 SFIO held that the instant case was not covered under Section 314 of the Act as the terms of reference given to Mr. Krishna G Palepu did not indicate the assignment of any specific position or office of profit to him in the Company.

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 Mr. Krishna G Palepu by the Company. The Court has framed charges with respect to the aforesaid violation. The trial is ongoing. The Company has filed a compounding application before the Hon'ble CLB 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 as the attachments of the Balance Sheets did not contain the directors' report along with the annexure required under the various rules, the auditors' report for the financial year 2006 - 07 and schedules to the Balance Sheet, the directors' report along with the required annexure and the auditors' report for the financial year 2007 - 08 thereby violating the provisions of Section 220 of the Act.

The Company has not received any communication from the Registrar of Companies, Andhra Pradesh seeking clarification on the incomplete filing for the financial year 2006 – 07. Approval for the filing for financial year 2007 - 08 was received by the Company and all the required documents except auditors' report are available on the MCA website.

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 trial is ongoing. The Company has filed a compounding application before the Hon'ble CLB with respect to the said offence which are reserved for orders.

7.2 Foreign Exchange Management Act (FEMA), 1999

7.2.1 (i) In some of the cases, the Company has not been able to do a "one on one" matching of the foreign currency receipts against the Foreign Inward Remittance Certificates (FIRC) obtained from the bankers. Pending such matching, the Company has appropriated the collections based on and to the extent of the information available with the Management. Further, the Company has not filed such invoice wise FIRC details with Authorised dealer as required by the FEMA regulations.

(ii) 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 same and filing all the required applications / details.

7.2.2 The ED has issued a show-cause notice dated April 28, 2011 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 realization 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 has been granted 30 days time to respond to the Show Cause Notice.

7.3 Non-availability of tax deduction certificates

The Company also had certain old withholding tax claims made in prior years, the certificates for which are either non-existent or the originals are not available. The Company identified such instances to the extent of the information available with the Company and suitably adjusted the same in the Profit and Loss account for the year ended March 31, 2009.

7.4 Delay in filing of tax returns in overseas jurisdictions

There have also been cases of delay in filing of tax returns (income tax and sales tax) within the stipulated time period in some of the overseas countries primarily in the past and in a few instances in the current year, the potential liability on account of which is not ascertainable at this stage. The Company is of the opinion that the likely liability on account of the same is not expected to have a material impact on the financial statements.

7.5 Management's assessment of the statutory non compliances

The Management believes that the various non-compliances and breaches by the Company of the statutory requirements which have been noticed / observed, duly considering the findings of the forensic investigation / other ongoing regulatory investigations have been summarised above. The Company in respect of certain matters as stated above has applied to the Hon'ble CLB 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. The possible impact of these non-compliances and breaches in the event the Company's condonation requests, where applicable, are not granted has not been determined or recognised in the financial statements.

8. Financial Reporting Process

8.1 Internal control matters

Post the induction of the Venturbay nominees on the Board of the Company in June 2009, the new management after an evaluation of the internal control situation existing in the Company, identified various internal control deficiencies and weakness.

Pursuant to such evaluation, the Company concluded that for the year ended March 31, 2009, the internal control and procedures of the Company were not effective at reasonable assurance level and reported the same in its annual accounts for the year ended March 31, 2009.

During the financial year ended March 31, 2010, the Company under the new management took several steps including *inter-alia* appointing a new audit committee, revised the code of Ethical Conduct, nominated a Corporate Ombudsman and took steps to formulate an entity wide risk management policy, approved by the Board. The internal audit function was also strengthened by appointing a reputed and independent external agency as the Internal Auditor.

Amongst the initiatives that the Management has implemented / in the process of implementation are to complete the analysis of unexplained / un-reconciled balances between various sub-systems / sub-ledgers and the general ledger. The process of reconciliation is not complete, however there has been progress and a number of previously un-reconciled transactions between various sub-systems have been identified and rectifications carried out / are in the process of being carried out. In addition, physical verification of assets was conducted by the Management and the deficiencies that were noticed were appropriately dealt with in the books. Further, the Company has commenced updation of Fixed Assets register with quantitative details, asset description etc.

Therefore, the new Management, for the purpose of ensuring appropriate controls over the financial reporting process and the preparation of the financial results, 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.

Considering the magnitude of the identified material weakness, change in personnel, continuing investigation by authorities investigating the fraud, the Management's efforts to fully remediate the material weakness continues to be ongoing.

The software platforms including the ones used for financial reporting are non-integrated, even though compensating manual reconciliations are carried out. The deficiencies in IT General and Application controls over all areas continue.

As at March 31, 2011, while the new management's efforts have resulted in relatively better control over the process of revenue recognition, receivables management, approval mechanisms and the preparation and review of material account balances, these have not yet reached a stage so as to provide a level of assurance to demonstrate complete robustness over internal controls on financial reporting.

8.2 Reconciliations

With respect to some of the key business processes like revenues, expenses, payroll, fixed assets, etc., the Company uses various sub-systems, the output from which, is being used for accounting in the financial package maintained by the Company. Within the financial package, there are also sub-ledgers and general ledger. In this respect, certain reconciliations between the sub-systems / sub-ledgers and the general ledger could not be performed completely due to non-availability of all the required information in the previous years. Further, there were certain differences between the sub systems which provide the inputs to the main sub system, which is ultimately interfaced to the general ledger, for which complete details were not available.

During the year, no additional differences were identified. Further, the Company identified and reconciled certain unexplained net amounts aggregating ₹ 11 Million (net debit) and accounted it as loans and advances. The provision in respect of such identified transactions made in the earlier years aggregating to ₹ 8 Million, has been transferred to Provision for Doubtful advances and ₹ 3 Million has been credited to the Profit and Loss Account. Refer Note 29.3 of Schedule 18. The balance of transactions of the previous years pending adjustments due to non-availability of complete details amounting to ₹ 36 Million (March 31, 2010 – ₹ 47 Million) (net debit) (comprising of ₹ 494 Million (₹ 515 Million as at March 31, 2010) of gross debits and ₹ 458 Million (₹ 468 Million as at March 31, 2010) of gross credits) have been carried forward under "Unexplained Differences Suspense Account (Net)" under Schedule 12 with the corresponding full provision made in the earlier years.

8.3 Confirmation of balances / other details

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. Further a few confirmation requests were returned undelivered. Whilst confirmations were received for all bank balances, responses received from the parties reflected under sundry debtors and current liabilities was minimal compared to the overall number of confirmations sent out in spite of follow-up by the Company.

With respect to the cases where the confirmation responses were received, reconciliations have been performed based on the information available with the Company and necessary adjustments have been carried out in the financial statements.

With respect to the cases where the balances / other details were not confirmed by the parties, necessary adjustments including provision for debtors and provision for expenses have been carried out in the financial statements based on the information available with the Management.

8.4 Risks and uncertainties

There are risks and uncertainties relevant to the Company's financial condition, results of operations and liquidity positions that may affect future performance.

Some of the key risks and uncertainties that might impact the Company's business are stated as under:

(i) Risk of un-identified financial irregularities

In view of the significant limitations in the forensic investigation as stated in Note 3.1 of Schedule 18, there is a risk that material errors, fraud and other illegal acts may exist that remain undetected.

(ii) Risk of adverse outcome of investigation by law enforcement agencies

Several law enforcement agencies such as CBI, SEBI, SFIO and ED in India had initiated their investigations on the extent of financial irregularities and breach of law by the erstwhile Chairman and other former employees of the Company and legal proceedings are ongoing. Refer Note 3 of Schedule 18. The Company may be exposed to liabilities in case of any adverse outcome of these investigations / proceedings.

(iii) Risk of substantial adverse outcome of litigation and claims

Refer Note 5 of Schedule 18 for the details of open litigation and claims including Aberdeen Complaint from certain shareholders in the United States of America (USA) and income tax disputes in India which, if proven, could give rise to substantial liabilities. The Company is defending these litigations in various courts in India and USA.

(iv) *Risk of non-compliances / breaches with various laws and regulation*

The financial irregularities perpetrated by the erstwhile Chairman and former employees of the Company have led to violations of several laws and regulations including the Companies Act, 1956, guidelines prescribed by SEBI, Reserve Bank of India ('RBI') regulations, etc. The Company is exposed to liabilities in cases where these laws / regulations have been violated and the Company's application for condonation, where applicable, is not granted. Refer Note 7 of Schedule 18.

8.5 Management's assessment on financial reporting

Based on the assessment of the above and the information available with the Management at this stage and the corrective actions taken, the Management believes that these financial statements, read with the notes thereon, do not contain any material misstatements / omissions, in respect of the above.

9. Restricted Bank Balances

The details of Restricted Bank Balances are as under:

(₹ in Million)

	Particulars	Balance as at			Note Ref.
		March 31, 2011		March 31, 2010	
(i)	Balance in Fixed Deposit / Current Account under Escrow arrangements		3,302	3,274	Refer Note 5.2 of Schedule 18
(ii)	On deposit in a Special Purpose account		467	-	Refer Note 16 of Schedule 18
(iii)	On deposit in Segregated bank account (Segregated Account)		5,671	-	Refer Note 15 of Schedule 18
(iv)	Bank balances restricted pursuant to the Garnishee Orders issued by the Additional Commissioner of Income Tax (See Note (a) below)	13,331		-	Refer Note 5.5 of Schedule 18
	Less: Included above				
	On deposit in Special Purpose Account (refer (ii) above)	(467)		-	
	On deposit in Segregated bank account (refer (iii) above)	(5,671)		-	
	Margin money deposits towards obtaining bank guarantees	(276)	6,917	-	See Note (b) below
	Total		**16,357**	**3,274**	

Notes:

(a) On submission of the Bank Guarantee on April 21, 2011, the attachment on bank balances was released. (Refer Note 5.5 of Schedule 18).

(b) ₹ 6,917 Million comprises of ₹ 5,000 Million of fixed deposits with maturity over three months and ₹ 1,217 Million in current accounts and fixed deposits with maturity less than three months.

10. 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 ₹ 196,071 is outstanding as at March 31, 2011 (as at March 31, 2010 - ₹ 575,320) 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 of shares.

11. Accounting for fixed assets / depreciation – Company

11.1 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 ₹ 29 Million (March 31, 2010 - ₹ 29 Million) in the financial statements.

11.2 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 memorandum of understanding (MOU) & other agreements, entered into by the Company, the Company has acquired the land from the GoAP. During the financial year ended March 31, 2009, the Company has 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 accounts in accordance with the accounting policy followed by the Company. In order to avail the said rebate, the Company has furnished bank guarantees aggregating to ₹ 96 Million which is outstanding as at March 31, 2011 and March 31, 2010. There are no outstanding obligations in respect of the said MOU as at March 31, 2011 and March 31, 2010.

(ii) The Company had also purchased land from Andhra Pradesh Industrial Infrastructure Corporation Limited (APIIC) in Vishakhapatnam for a total cost of ₹ 50 Million. There are certain disputes with respect to the land purchased by the Company in Kapulupadda village, Vishakhapatnam admeasuring about 50 acres wherein the above land has been earmarked to the Indian Navy. GoAP vide its G.O. No. 1439 dated December 4, 2008, has ordered the District Collector, Vishakhapatnam to allot alternate land, by withdrawing the land to an extent of 25 acres from the Police Department and also to an extent of 25 acres from the Vishakhapatnam Urban Development Authority. The Company has requested for obtaining the allotment letters. The Management is confident that the said lands will be allotted in favour of the Company and, accordingly, the amount of ₹ 50 Million is included in Capital Advances (under Capital Work in Progress) as at March 31, 2011and March 31, 2010.

11.3 Capital Work-in-Progress

The Board of Directors vide its resolution dated July 27, 2010 decided to exit from one of its unit at "Shriram The Gateway SEZ" (STG) and the Company sold a part of fixed assets lying as a Capital work in progress of the STG Unit valued at ₹ 270 Million.

12. Subsidiaries

12.1 The Company had in the year ended March 31, 2008, acquired 50% of equity in C&S System Technologies Private Limited (formerly CA Satyam ASP Private Limited) ('CA Satyam') for a consideration of ₹ 72 Million. During the financial year ended March 31, 2009, pursuant to the Share Purchase Agreement dated April 30, 2008 entered into by the Company with Computer Associate Satyam JV Corporation, United States, the Company acquired the balance 50% equity held by Computer Associate Satyam JV Corporation in CA Satyam for a total consideration of ₹ 56 Million and hence, CA Satyam became a subsidiary of the Company with effect from September 25, 2008. The total consideration was paid in equal installments of ₹ 28 Million each on September 25, 2008 and December 15, 2008. Pursuant to the acquisition of the shares by the Company, CA Satyam was renamed as C&S System Technologies Private Limited.

The Company is considering a proposal to merge C&S in the near future, with one of its subsidiaries and accordingly assessed the carrying value of the investments as at the year end and has made a provision amounting to ₹ 64 Million during the year.

12.2 On January 21, 2008, the Company entered into a definitive purchase agreement to acquire 100% of the membership interests of Bridge Strategy Group, LLC ('Bridge'), a Chicago based strategy and general management consulting firm, for total cash consideration of up to USD 35 Million (equivalent to ₹ 1,489 Million) to be paid over 2.5 years, comprising upfront consideration of USD 19 Million (equivalent to ₹ 761 Million) payable on consummation of the transaction, deferred non-contingent consideration of USD 8 Million (equivalent to ₹ 321 Million) payable in August 2009 and contingent consideration of USD 8 Million (equivalent to ₹ 407 Million) payable in October 2010. The contingent consideration is payable to the selling shareholders on satisfaction of conditions prescribed in the Membership Interest Purchase Agreement, entered into with the selling shareholders.

The transaction was consummated on April 4, 2008 and the upfront consideration of USD 19 Million (equivalent to ₹ 761 Million) was paid. Further, the deferred non-contingent consideration mentioned above of USD 8 Million (equivalent to ₹ 321 Million) was paid to the selling shareholders during the previous year in August 2009. During the financial year ended March 31, 2009, the Company accounted for an amount of USD 27 Million (equivalent to ₹ 1,082 Million), representing the upfront consideration and deferred non-contingent consideration, as cost of investment in the books of account.

On February 12, 2009, the key executives of Bridge served a notice on the Company that they had "Good Reason", as defined in the purchase agreement and each of their employment agreements, to terminate their employment with Bridge and retain all rights to receive payment of the then unpaid portion of the purchase consideration.

RSUs

Pursuant to employment agreements entered into by Bridge with each of the key executives of Bridge at the closing of the acquisition, in July 2008 and July 2009, the Company issued a total number of 235,121 RSUs to these key executives having an aggregate value at the time of issuance of USD 6 Million, and subject to vesting terms as set forth in the agreements entered into with each such key executive.

In the notice served by the key executives of Bridge on February 12, 2009, the key executives demanded cash payment of USD 6 Million in lieu of RSUs issued to them.

The Company has amicably settled on October 6, 2010, the dispute arising out of the notice served on February 12, 2009 by the key executives of Bridge Strategy Group. As part of the settlement terms, the Sellers have released Satyam of all pending claims arising out of earlier notice. To ensure stability in developing the consulting business, certain special incentive guarantee bonus / additional bonus have been agreed to be funded by the Company subject to the Sellers' continued employment.

During the current year, in furtherance to the purchase agreement entered during January, 2008, the Company has paid the contingent consideration amounting to USD 8 Million (equivalent to ₹ 358 Million) which has been added to the cost of investment. In addition, the Company further infused capital of ₹ 211 Million in Bridge.

12.3 Nitor Global Solutions Limited ("Nitor"), one of the subsidiaries of the Company, entered into an agreement dated April 21, 2008 with the shareholders of S&V Management Consultant NV, Belgium ("S&V") for the purchase of 100% of the shares held by them in S&V for a total consideration of EUR 22.50 Million, comprising of initial consideration, deferred payment and conditional payments over a period of 3 years from the date of the agreement.

On December 11, 2008, the Company invested an amount of ₹ 1 Million in a new subsidiary incorporated in Belgium, namely, Satyam Computer Services Belgium BVBA ("Satyam Belgium"), primarily for the purpose of acquiring the shares in S&V as mentioned below.

Pursuant to an agreement dated October 9, 2008 between Nitor, the selling shareholders of S&V and Satyam Belgium, all the rights and obligations of Nitor have been transferred to Satyam Belgium.

In furtherance to the agreement entered into with the shareholders of S & V, the Company, through its subsidiary Satyam Belgium had paid the initial and the first deferred conditional payment aggregating to EUR 15.50 Million (equivalent to ₹ 995 Million) as at March 31, 2010. During the current year, the second deferred conditional payment aggregating ₹ 238 Million (equivalent to EUR 4 million) was paid through Satyam Belgium. The above payments were funded as share application money to Satyam Belgium.

Further, the Company in earlier years had funded ₹ 12 Million as Share Application Money to Satyam Belgium.

During the current year, Satyam Belgium has allotted shares to the Company against the share application money.

12.4 There are no current investments purchased and sold during the year.

12.5 The Company incorporated its subsidiary in Mexico (Satyam Computer Services De Mexico S.DE R.L.DE C.V). However, no investments has been made by the Company as at March 31, 2011 and, consequently, this has not been included as part of Investments disclosed in Schedule 5 to the Balance Sheet as at March 31, 2011.

The Company incorporated its subsidiary in Brazil (Satyam Servicos De Informatica LTDA). During the year, the Company invested an amount of USD 0.25 Million (equivalent to ₹ 11 Million) pending allottment as at March 31, 2011.

12.6 Impairment of Goodwill

During the years ended March 31, 2011 and March 31, 2010, based on reports received from independent professional agencies, the Management assessed the operations of the subsidiaries, including the future projections, to identify indications of impairment in the amount of goodwill recorded in the books of account and, accordingly, made the following provisions:

(₹ in Million)

Name of the Subsidiary	For the year ended March 31, 2011	For the year ended March 31, 2010
Satyam Computer Services Belgium, BVBA	119	132
Bridge Strategy Group LLC	358	-
C&S System Technologies Pvt. Ltd.	7	-
Total	**484**	**132**

Out of the above the provision for impairment of goodwill, provision aggregating to ₹ 358 Million (Year ended March 31, 2010: ₹ 132 Million) has been classified as Exceptional Items in the Profit and Loss Account.

13. Accounting for revenue and debtors – Company

13.1 Sundry Debtors

During the year the Management initiated procedures for automated reconciliations between sub-systems / sub-ledgers / general ledger pertaining to Sundry Debtors account. The manual reconciliation process has progressed and a number of previously un-reconciled transactions between the sub-systems / sub-ledgers / general ledger have been identified and rectifications carried out. However, pending clearance of all the reconciling items, Management has carried out an assessment and has on the basis of its judgment in such assessment:

(i) Adjusted unapplied receipts aggregating ₹ 4,215 Million (March 31, 2010 - ₹ 5,652 Million) against Sundry Debtors

(ii) Determined classification of debts outstanding for a period exceeding six months and other debts and

(iii) Made provision for doubtful debts aggregating ₹ 4,264 Million (March 31, 2010 - ₹ 4,411 Million) as at March 31, 2011.

13.2 Accounting for contracts under percentage completion method (POC), Unbilled Revenue and Unearned Revenue adjustments:

(i) POC:

The Company is in the process of further strengthening and streamlining the accounting for contracts under percentage of completion method. Pending complete streamlining, the required documentation supporting initial / revision in estimates are currently not centralised and these estimates of cost and hours are not fully supported and are based on significant management estimates which inturn are based on the current information available, subsequent developments etc.

(ii) Unbilled revenue:

The Management analysed all such 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 to ensure proper cut-off and the required adjustments have been carried out in the financial statements of the Company based on the available information.

The Management has also identified cases where there are losses expected in the execution of certain projects of the Company. Losses arising on account of such contracts have been estimated based on a detailed analysis done by the Management taking into account the information available with the Company and the future obligations of the Company.

Accordingly, a provision for such contract losses to the extent of ₹ 250 Million (March 31, 2010 - ₹ 118 Million) has been made as at March 31, 2011.

Consequently, unbilled revenue of ₹ 3,009 Million (net of provision for anticipated losses) has been recognised as at March 31, 2011 (March 31, 2010 - ₹ 4,305 Million).

(iii) Unearned revenue adjustments

An amount of ₹ 207 Million (March 31, 2010 - ₹ 854 Million) originally accounted as part of unearned revenue has been transferred to revenue during the year ended March 31, 2011 based on Management's assessment, in the absence of all the required documentation.

In the opinion of the Management, the use of estimates / subsequent information in respect of the above which is based on the available information should not result in a material adjustment to the financial statements of the Company.

13.3 Accounting for multiple deliverables and obligations of the Company

The Company is a service Company, primarily rendering IT consulting and software development services. Some of the contracts of the Company may 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 and hence the Company has not maintained inventory records with quantitative and other details in respect of such items. Further, with respect to services rendered, the Company has certain obligations towards customers as per the terms of the contracts such as right of refunds, discounts, service credits etc., which are not separately identified and the information collated.

Having regard to the above, and notwithstanding the non-maintenance of the inventory records referred to above, based on and to the extent of information readily available / compiled by the Management:

(a) Hardware equipment 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 as at the year-end;

(b) Multiple elements in the revenue contracts have been separately accounted.

13.4 Post contract services / warranties

As per the terms of the contracts, the Company provides post contract services / warranty support to some of its customers. The Company does not have adequate documentation in respect of historical information on the amount incurred by the Company towards such costs incurred. 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 29.1 of Schedule 18.

13.5 Reimbursements/ recoveries from customers

As per the practice followed by the Company, reimbursements / recovery received / receivable from customers are accounted for based on invoices raised on customers. As per the system followed by the Company, the expenses are charged off to the Profit and Loss account as and when incurred and the reimbursements / recoveries are credited to the Profit and Loss account as and when invoiced on the customers.

The Management carried out an analysis of all such reimbursements / recoveries of expenses received / receivable during the year and the required adjustments for the reimbursements / recoveries from customers have been carried out in the financial statements based on the information available.

14. 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. As per the agreement, the Company was also to render various IT related services to the federation towards its events in its capacity as the "Official IT Service Provider" to the federation.

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 believes 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 were expensed as incurred in the respective years. During the current year, the sponsorship charges amounting to ₹ Nil Million (Year ended March 31, 2010 – ₹ 76 Million) were expensed off to the Profit and Loss account under the head Marketing Expense.

Further, the Company during the current year recognised an amount of ₹ 320 Million (March 31, 2010 - ₹ 607 Million) (both invoiced and unbilled revenue) towards the services rendered by the Company to the federation and, in accordance with the agreement, an amount of ₹ 471 Million (March 31, 2010 – ₹ 607 Million) has been accounted as provision for the Value in Kind sponsorship charges.

As per the arrangement, the Company would pay this amount of Value in Kind sponsorship charges to the federation on receipt of the invoice from them. Subsequent to the same, the federation would pay back to the Company the amount of services invoiced by the Company. During the current year the amount of services rendered and the corresponding amount of provision for Value in Kind sponsorship charges were disclosed on a gross basis under the heads Income from Operations and Marketing Expenses in the Profit and Loss Account with a corresponding amount accounted in Sundry Debtors and Sundry Creditors, respectively.

During the previous year, 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.

15. Class Action Complaint

Subsequent to the letter by the erstwhile Chairman (Refer Note 3.1 of Schedule 18), a number of persons claiming to have purchased the Company's securities 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 seeks 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.

On February 16, 2011, the Company entered into a Stipulation and Agreement of Settlement (the "Settlement Agreement") with the Lead Plaintiffs representing the Class to settle the Class Action. Under the Settlement Agreement, the Company has agreed to pay to the Class as consideration, USD 125 million, subject to the determination of the Authority for Advance Ruling, and 25% of any net recovery that the Company may in the future obtain against any of the PwC – Related Entities (former auditors).

In accordance with the terms of the Settlement Agreement, ₹ 5,671 Million (equivalent to USD 125 Million) was deposited by the Company into a segregated bank account (Segregated Account) as of March 31, 2011. USD 125 million from the Segregated Account has since been deposited into the Initial Escrow Account as of April 27, 2011.

The Settlement Agreement was granted preliminary approval by the USDC on March 21, 2011, but is subject to the final approval of the USDC upon which the settlement shall become effective pursuant to its terms and in exchange for the settlement consideration, the Lead Plaintiffs and the members of the Class who do not opt-out of the Class, would release, among other things, their claims against the Company.

16. SEC Proceedings

The Company entered into a settlement agreement (Settlement Agreement) with the SEC in connection with the previously-disclosed SEC investigations into misstatements in the Company's financial statements predating January 7, 2009, the date of self-disclosure of financial irregularities by the Company's erstwhile Chairman, and into round tripping pertaining to periods prior to April 1, 2002 (collectively, the SEC Investigations). In accordance with the Settlement Agreement, which was subject to court approval, the SEC filed a civil complaint against the Company in US District Court in Washington, D.C. (Court) on April 5, 2011. On April 6, 2011, the Court accepted the proposed settlement and entered final judgment (Final Judgment) in the SEC's civil action.

The Company cooperated fully with the SEC's investigation. Subject to the completion of the undertakings summarized below, the entry of the Final Judgment concluded all issues with respect to potential charges against the Company stemming from the SEC Investigations.

As the Final Judgment reflects, the Company, without admitting or denying the allegations in the SEC's complaint, agreed to pay an amount of USD 10 million as penalty; to be permanently enjoined from violating certain US securities laws; to subject itself to undertakings regarding, *inter alia*, strengthening its internal control and financial reporting processes and practices, internal training, and Code of Ethical Business Conduct; and to certify in writing compliance with the undertakings no later than one year from the date of the Final Judgment.

In accordance with the terms of the Final Judgment, ₹ 467 million (equivalent to USD 10 million) that was set aside by the Company in anticipation of paying the Penalty in a special purpose account was wired from that account to the account of the Court.

The Company has filed an application (that is currently pending) before the Authority for Advance Rulings, seeking a binding advance ruling under the Income Tax Act, 1961 regarding taxability of the said amount.

17. Satyam BPO

Investigation by Regulatory Authorities:

Pursuant to the matters stated in Note 3 of Schedule 18, 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.

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.

18. Satyam Venture Engineering Services

(i) Accounting for sales commission

As stated in Note 5.10 of Schedule 18, 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 5.10 of Schedule 18, SVES has continued to accrue for the liability towards sales commission payable to VGE, which is disclosed under Sundry Creditors in the financial statements. Adjustments, if any, arising out of the dispute between the promoters will be made on final disposal of the legal proceedings.

(ii) Investigation by authorities

As stated in Note 3 of Schedule 18, 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 results of SVES and the financial statements of the Company.

19. 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 Profit and Loss account 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 ₹ 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.

20. Others

Others comprises of various impairment and other loss provisions made in respect of the following subsidiaries:

(₹ in Million)

Name of the Subsidiary	For the year ended March 31, 2011
Satyam BPO Limited	29
Satyam Computer Services (Nanjing) Company Limited	28
Satyam Computer Services (Egypt) S.A.E.	10
Satyam Computer Services Belgium, BVBA	140
Bridge Strategy Group LLC	62
C&S System Technologies Private Limited	57
Total	**326**

Certain impairment and other loss provisions aggregating ₹ 2,035 Million made in respect of Subsidiaries during the previous year were classified as Exceptional Items. (Refer Note 34 of Schedule 18).

21 Auditors' Remuneration (net of Service Tax Input Credit, where applicable)

(Including Other auditors)

(₹ in Million)

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Statutory auditor		
Statutory audit fees	18	18
Tax audit fees	4	4
Other services	13	-
Reimbursement of expenses	2	-
Auditors of subsidiaries		
Statutory audit fees	12	11
Total	**49**	**33**

Notes:

(i) The above amount excludes ₹ Nil (Year ended March 31, 2010 – ₹ 64 Million) accounted and paid to networked firms of the current statutory auditors towards forensic investigation prior to their appointment as statutory auditors.

(ii) The above amount excludes ₹ Nil (Year ended March 31, 2010 – ₹ 6 Million) paid to networked firms of the statutory auditors towards other services prior to their appointment as the statutory auditors.

(iii) Other services include fee for quarterly limited reviews ₹ 12 Million.

22. 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 global delivery center. The fully fitted premises received under the grant have been recorded at nominal value under fixed assets. The reimbursement received / receivable for the current year for salary cost of 2010-11 amounting to MRY 3.16 Million (equivalent to ₹ 47 Million) (March 31, 2010 – MYR 5.14 Million (equivalent to ₹ 71 Million)) were accounted as Other Income during the current year.

23. Employee Benefits

23.1 Gratuity

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, 2011	For the year ended March 31, 2010
Change in benefit obligation		
Projected benefit obligation as at year beginning	846	1,020
Current service cost	174	265
Interest cost	71	86
Actuarial loss / (gain)	(56)	(287)
Past Service Cost	56	-
Benefits paid	(159)	(240)
Projected benefit obligation as at year end	**932**	**844**
Amounts recognised in the Balance Sheet		
Present value of obligation	932	844
Fair value of the plan assets at the year end	-	-
Liability recognised in the Balance Sheet	**932**	**844**
Cost of defined benefit plan for the year		
Current service cost	174	265
Interest on obligation	71	86
Actuarial loss / (gain) recognised in the year	(55)	(287)
Past Service Cost	57	-
Net cost recognised in the Profit and Loss account	**247**	**64**
Assumptions		
Discount rate (% p.a.)	5.70% to 8.25%	5.70% to 8.25%
Future salary increase (% p.a.)	0% to 10%	0% to 10%
Mortality	LIC (1994-96)	LIC (1994-96)
Attrition (% p.a.)	2% to 18%	2% to 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 respect of the Company)

(₹ in Million)

Particulars	Year Ended				
	31-Mar-11	**31-Mar-10**	**31-Mar-09**	**31-Mar-08**	**31-Mar-07**
Defined Benefit obligation	911	820	998	705	473
Plan assets	-	-	-	-	-
Surplus / (deficit)	(911)	(820)	(998)	(705)	(473)
Experience Adjustment on Plan Liabilities	(25)	(236)	(43)	101	94
Experience Adjustment on Plan Assets	-	-	-	-	-

23.2 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, 2011	For the year ended March 31, 2010
Discount rate (% p.a)	7.90%	7.45%
Future salary increase (% p.a)	10%	10%
Mortality	LIC (1994-96)	LIC (1994-96)
Attrition (% p.a)	18%	18%

24. 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, 2011 and 2010 are as follows:

24.1 Business segment

As at 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 / (Loss)	3,152	4	-	3,156
Interest expense	96	1	-	97
Tax expense	578	-	-	578
Other Unallocable Expenditure (net)	(2,481)	(9)	-	(2,490)
Profit / (loss) before Exceptional Items	4,959	12	-	4,971
Exceptional Items	6,411	-	-	6,411
Profit / (loss) before Minority Interest	(1,452)	12	-	(1,440)
Minority Interest	33	-	-	33
Profit / (loss)	(1,485)	12	-	(1,473)
Other segment information				
Capital expenditure	3,000	23	-	3,023
Depreciation	1,747	100	-	1,847
Unallocated Corporate Depreciation	-	-	-	-
Non-cash expenses other than depreciation	750	-	-	750

Particulars of segment assets and liabilities

(₹ in Million)

Description	As at March 31, 2011			
	IT services	BPO	Elimination	Total
Segment Assets	33,123	712	(177)	33,658
Other Assets	645	-	-	645
Investments	4,348	-	-	4,348
Bank Deposits / Unclaimed Dividend Accounts	22,398	85	-	22,483
Deferred Tax Assets	81	-	-	81
Total Assets				**61,215**
Segment Liabilities	17,541	462	(177)	17,826
Loan Funds	314	2,201	(2,200)	315
Deferred Tax Liability	68	-	-	68
Other Liabilities	62	-	-	62
Provision for Taxation	3,961	(124)	-	3,837
Provision for Contingencies	4,241	-	-	4,241
Provision for Losses in Subsidiaries	5,079	-	-	5,079
Total Liabilities@				**31,428**

@ The above excludes Amount pending investigation Suspense Account (Net) amounting to ₹ 12,304 Million
(Refer Note 5.1 of Schedule 18)

As at March 31, 2010

(₹ in Million)

Description	For the year ended March 31, 2010			
	IT services	BPO	Elimination	Total
Sales to external customers	53,844	966	-	54,810
Inter Segment Sales	17	93	(110)	-
Total revenue	53,861	1,059	(110)	54,810
Segment result–Profit / (Loss)	1,536	(125)	-	1,411
Interest expense	269	60	-	329
Tax expense	222	-	-	222
Other Unallocable Expenditure (net)	-	-	-	1,112
Profit / (loss) before Exceptional Items	-	-	-	2,930
Exceptional Items	-	-	-	4,169
Profit / (loss) before Minority Interest	-	-	-	(1,239)
Minority Interest	-	-	-	7
Profit / (loss)				(1,246)
Other segment information				
Capital expenditure	306	27	-	333
Depreciation	2,002	142	-	2,144
Unallocated Corporate Depreciation	-	-	-	132
Non-cash expenses other than depreciation	3,510	28	-	3,538

Particulars of segment assets and liabilities

(₹ in Million)

Description	As at March 31, 2010			
	IT services	**BPO**	**Elimination**	**Total**
Segment Assets	33,482	764	(163)	34,083
Other Assets	2,613	-	(2,200)	413
Investments	6,268	-	-	6,268
Bank Deposits / Unclaimed Dividend Accounts	15,164	4	-	15,168
Deferred Tax Assets	65	-	-	65
Total Assets				**55,997**
Segment Liabilities	10,694	321	(163)	10,852
Loan Funds	421	2,201	(2,200)	422
Deferred Tax Liability	39	-	-	39
Other Liabilities	276	-	-	276
Provision for Taxation	3,721	-	-	3,721
Provision for Contingencies	-	-	-	4,750
Provision for Losses in Subsidiaries	-	-	-	4,623
Total Liabilities@				**24,683**

@ The above excludes Amount pending investigation Suspense Account (Net) amounting to ₹ 12,304 Million (Refer Note 5.1 of Schedule 18)

24.2 Geographic segment

Revenue based on geography considering the location of customers / ultimate customers and compiled based on the information available with the Management is as follows:

(₹ in Million)

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Americas	26,592	28,891
Europe	14,466	14,799
Asia Pacific	6,753	6,708
India	2,447	2,505
Rest of World	1,192	1,907
Total	**51,450**	**54,810**

Segment assets based on the location of customers / ultimate customers and compiled based on the information available with the Management is as follows are as follows:

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	15,193	2,728
Rest of World	910	-
Total	**33,658**	**3,023**

For the year ended March 31, 2010:

(₹ in Million)

Particulars	Segment Assets	Capital Expenditure
Americas	7,104	37
Europe	5,773	157
Asia Pacific	2,450	113
India	16,514	35
Rest of World	2,242	(9)
Total	**34,083**	**333**

25. 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 w.e.f. May 05, 2009
Tech Mahindra Limited	Entity exercising significant influence w.e.f. May 05, 2009
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
Mahindra and Mahindra Limited	Entity exercising significant influence w.e.f. May 05, 2009 to March 22, 2010

In respect of Venture Global Engineering LLC refer Note 5.10 of Schedule 18.

Key Management Personnel – Company:

2010 – 2011

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

2009 – 2010

The Central Government in January 2009 appointed the following 6 persons as Directors of the Company to administer the affairs of the Company until the acquisition by Venturbay (Refer Note 4 of Schedule 18):

Name of the Director

Mr. Kiran Karnik

Mr. Deepak S Parekh

Mr. Tarun Das

Mr. S. B. Mainak

Mr. C.Achuthan

Mr. T.N.Manoharan

The Central Government in July 2009 withdrew the following 4 persons as Directors of the Company and authorised the remaining two directors to continue till such time the Central Government desires to continue them, however, not beyond a period of three years from the date of the order.

Name of the Director

Mr. Kiran Karnik

Mr. Deepak S Parekh

Mr. Tarun Das

Mr. S.B Mainak

Subsequent to the acquisition by Venturbay in May 2009, 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 and Chief Executive Officer

(ii) Summary of the transactions and balances with the above related parties are as follows:

Transactions

(₹ in Million)

	For the year ended March 31,	
	2011	**2010**
Tech Mahindra Limited		
- Sales	521	143
- Others Reimbursement received / (paid) (Net)	165	2
- Sub-contracting charges	159	-
- Sale of Capital items	271	-
Services received from VGE & its affiliates	-	71
Mahindra and Mahindra Limited		
- Sales	-	1
- Others (Reimbursements received / (paid) (Net)	-	2

Balances ***(₹ in Million)***

	As at March 31,	
	2011	**2010**
Tech Mahindra Limited		
- Accounts receivable	577	87
- Accounts payable	194	15
- Other Current Assets (Unbilled)	60	-
Mahindra and Mahindra Limited		
- Accounts receivable	-	8
Payable to VGE and affiliates	-	286
Payable to Satyam Foundation	-	4
Receivable from VGE and affiliates	-	4
Receivable from ASOP Trust	-	32
Amount recoverable from erstwhile Key Managerial Personnel*:		
- B. Ramalinga Raju	3	3
- B. Rama Raju	2	2
- RamMohan Rao Mynampati	18	18

* Refer Note 7.1(i) of Schedule 18.

Notes:

a) No options were granted to the Key Management Personnel during the current year and in the previous year.

b) The Company has given an interest free loan to Satyam Associates Trust amounting to ₹ 50 Million (Balance outstanding as at March 31, 2011 – ₹ 28 million) (March 31, 2010 – ₹ 32 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 Associate Stock Option Scheme (ASOP)-A scheme.

c) Guarantees / Comfort letters provided by the company

- During the year, the Company issued a corporate guarantee to a customer of Satyam BPO Limited, on behalf of Satyam BPO for an amount not exceeding ₹ 360 Million (GBP 5 Million).
- During the previous year, the Company issued a corporate guarantee to a bank on behalf of Satyam BPO for an amount not exceeding ₹ 2,200 Million.

26. Leases

(i) Termination of leases during the current year

During the current year, the Company terminated the agreements for 32 properties taken on rent and classified as operating leases.

The Company incurred ₹ Nil Million (Year ended March 31, 2010 - ₹ 346 Million) 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 ₹ 2 Million (Year ended March 31, 2010 – ₹ 167 Million).

(ii) Obligation on long term non-cancelable 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, 2011**	**Year ended March 31, 2010**
Lease rentals (refer Schedule 16)	1,227	1,995

Maximum obligations towards non-cancellable operating leases:

(₹ in Million)

Particulars	**As at March 31, 2011**	**As at March 31, 2010**
Not later than one year	167	400
Later than one year and not later than five years	319	501
Later than five years	-	13
Total	**486**	**914**

(iii) Obligations towards finance leases (where the Group acts as lessee):

(₹ in Million)

Particulars	**As at March 31, 2011**	**As at March 31, 2010**
Minimum lease payments		
- Less than one year	106	101
- One to five years	275	244
- Later than five years	-	101
Total	**381**	**446**
Present value of minimum lease payments:		
- Less than one year	98	96
- One to five years	188	230
- Later than five years	-	-
Total	**286**	**326**

27. Earnings Per Share (EPS)

Calculation of EPS (Basic and Diluted)

Particulars	**For the year ended March 31, 2011**	**For the year ended March 31, 2010**
Basic and Diluted EPS		
(Loss) for the year (₹ in Million)	(1,473)	(1,246)
Weighted Average Number of Equity Shares	1,176,401,598	1,093,000,622
Basic and Diluted EPS of ₹ 2 each (₹)	(1.25)	(1.14)

Note:

(i) The weighted average number of equity shares used for Basic EPS and Diluted EPS are the same since the outstanding potential equity shares as at March 31, 2011 and as at March 31, 2010 are anti-dilutive in nature.

(ii) Earnings per share has been computed in accordance with Accounting Standard 20 – Earnings Per Share.

28. Provision for taxation

28.1 Current tax

Company:

No provision has been made in the financial statements towards current tax for the year ended March 31, 2011 towards its domestic operations, since the Company has incurred a tax loss for the year. 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, based on professional advice, has determined that the provision amounting to ₹ 537 Million (March 31, 2010 – ₹ 143 Million) made currently is adequate and no additional provision for current tax for the current year needs to be made in respect of the same.

Part of the Company's operations in India are conducted through Software Technology Parks (STPs). Based on the current statutory provisions Income from STPs is tax exempt for a period of 10 years commencing from the fiscal year in which the unit commences its activities, or upto March 31, 2011, whichever is earlier.

The Company also has operations in Special Economic Zones (SEZs) in India. Income from SEZs are expected to be fully tax exempt for the first five years, 50% exempt for the next five years and 50% exempt for another five years subject to fulfilling certain conditions.

Subsidiaries:

An amount of ₹ 29 Million (Previous Year ₹ 69 Million) has been included under Income Tax – current in respect of the subsidiaries of the Company.

28.2 Deferred tax

Company:

No deferred tax asset has been recognised as at March 31, 2011 and as at March 31, 2010 on account of accumulated business losses and other items in the absence of virtual certainty of realization of such assets.

Subsidiary:

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, 2011**	**As at March 31, 2010**
Deferred Tax (Liability)		
Depreciation	(51)	(38)
Others	(17)	(1)
Total	**(68)**	**(39)**
Deferred Tax Asset		
Provision for doubtful debts and advances	20	-
Unabsorbed losses and depreciation	48	58
Employee benefits	13	7
Total	**81**	**65**

28.3 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, 1961 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.

29. Provisions

29.1 Provision for warranties

The Company provides warranty support to some of its customers as per the terms of the contracts (Refer Note 13.4 of Schedule 18). The details of provision for warranties are as follows:

(₹ in Million)

Particulars	**For the year ended March 31,**	
	2011	**2010**
Opening balance	74	105
Provision made during the year	48	49
Reversal made during the year	(49)	(80)
Amounts utilised during the year	-	-
Closing balance	73	74

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.

29.2 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 5 and Note 16 of Schedule 18. The details of the same are as follows:

(₹ in Million)

Particulars	For the year ended March 31,	
	2011	**2010**
Opening balance	4,750	4,750
Provision made during the year	-	-
Amounts utilised during the year	509	-
Closing balance	**4,241**	**4,750**

Note:

Given the nature of the claims referred to above, it is not possible to estimate the timing / uncertainties relating to the utilisation / reversals from the provision for contingencies.

29.3 Provision other unexplained differences debited / (credited) to the Profit and Loss Account comprises the following:

(₹ in Million)

Particulars	For the year ended March 31,		Note Ref.
	2011	**2010**	
Other Amounts (Net)	(3)	20	Refer Note 8.2 of Schedule 18
Total	**(3)**	**20**	

29.4 Provision for impairment losses in subsidiaries

(₹ in Million)

Particulars	For the year ended March 31,		Note Ref.
	2011	**2010**	
Opening balance	4,623	2,588	
Provision made during the year	488	2,035	See Note below
Amounts utilised during the year	-	-	
Amount reversed during the year	(32)	-	
Closing balance	**5,079**	**4,623**	

Note:

Provision made during the year has been debited to the Profit and Loss Account under Others ₹ 326 Million (Year ended March 31, 2010: ₹ Nil) (Refer Note 20 of Schedule 18) and under Exceptional Items ₹ 162 Million (Year ended March 31, 2010: ₹ 2,035 Million) (Refer Note 34 of Schedule 18).

30. Derivative instruments - Company

The Company, in accordance with its risk management policies and procedures, enters into foreign currency forward contracts and foreign currency option contracts to manage its exposure in foreign exchange rates.

Pursuant to the announcement of the Institute of Chartered Accountants of India (ICAI) in respect of "Accounting for Derivatives", the Company had opted to follow the recognition and measurement principles relating to derivatives as specified in Accounting Standard 30 - "Financial Instruments, Recognition and Measurement", issued by the ICAI, from the year ended March 31, 2008.

The Company has outstanding foreign exchange forward contracts to hedge future cash flows, the fair value of which showed a net gain of ₹ 171 Million as at March 31, 2011 (March 31, 2010 – Net gain of ₹ 243 Million). Since the mark-to-market on certain derivative contracts as at the Balance Sheet date resulted in losses aggregating ₹ 154 Million, the same have been accounted and contracts resulting in gains have been ignored on the grounds of prudence.

(i) The following are the outstanding forward exchange contracts and foreign currency option contracts entered into by the Company as at March 31, 2011:

Foreign exchange forward contracts as at March 31, 2011

Currency	No. of Contracts	Amount in Foreign Currency Million	Amount (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**

Foreign exchange forward contracts as at March 31, 2010

Particulars	Number of contracts	Amount (in Million)
USD (Sell)	134	133
₹ equivalent	134	6,003

(ii) The foreign currency exposures that have not been specifically hedged by a derivative instrument or otherwise are given below:

As at March 31, 2011

(in Million)

Currency	Advances & deposits	Cash and Bank Balances	Creditors & Payables	Debtors and Unbilled revenue	Grand Total
AED	1	2	(2)	-	1
AUD	-	11	(12)	20	19
BRL	1	1	(2)	1	1
CAD	-	4	(3)	10	11
CHF	2	1	(3)	4	4
CNY	-	-	-	7	7
CZK	-	2	(1)	-	1
DKK	-	1	(5)	29	25
EUR	1	8	(11)	34	32
GBP	-	3	(7)	17	13
HKD	-	-	(1)	1	-
HUF	3	4	(12)	-	(5)
JPY	92	311	(378)	471	496
KES	-	1	(12)	-	(11)
KRW	21	233	(52)	70	272
LKR	-	4	-	-	4
MUR	2	-	-	-	2
MYR	5	-	(4)	1	2
NZD	-	1	-	2	3
QAR	10	-	(2)	4	12
SAR	1	3	(1)	-	3
SEK	-	3	(5)	-	(2)
SGD	1	2	(5)	16	14
THB	5	3	(11)	71	68
TWD	-	13	(1)	-	12
USD	9	44	(191)	222	84
XAF	-	-	(4)	-	(4)
ZAR	4	14	(10)	15	23
INR Equivalent	**1,008**	**3,972**	**(11,354)**	**16,456**	**10,082**

As at March 31, 2010

(in Million)

Currency	Advances & deposits	Cash and Bank Balances	Creditors & Payables	Debtors and Unbilled revenue	Grand Total
AED	2	1	(1)	3	5
AUD	1	7	(5)	23	26
BRL	1	1	-	1	3
CAD	0	1	(0)	4	5
CHF	1	2	(2)	4	5
CNY	-	-	-	9	9
CZK	-	2	(2)	-	-
DKK	-	6	(1)	12	17
EUR	18	6	(5)	30	49
GBP	1	3	(5)	17	16
GHC	40	-	-	-	40
HKD	1	-	(1)	-	-
HUF	3	76	(26)	-	53
JPY	111	147	(194)	346	410
KES	6	20	(1)	-	25
KRW	28	309	(43)	73	367
LKR	-	7	-	-	7
MUR	2	1	-	-	3
MYR	11	1	(13)	1	-
NZD	11	-	-	2	13
PHP	-	-	(1)	-	(1)
QAR	7	-	-	1	8
SAR	-	3	-	-	3
SEK	-	3	(3)	-	-
SGD	3	2	(3)	6	8
THB	10	28	(2)	52	88
TTD	1	-	(1)	-	-
TWD	-	12	(1)	-	11
USD	36	25	(49)	215	227
XAF	8	-	(4)	-	4
ZAR	6	3	(7)	23	25
₹ equivalent	**3,740**	**2,531**	**(3,706)**	**14,905**	**17,470**

31. Virtual Pool Program

During the previous year, the "Virtual Pool Program (VPP)" was introduced by the Company to balance the concerns of excess manpower in a humane manner. This was introduced to deal with the reality of 'excess' talent pool - as a result of the various events in the Company. This program enabled the Company to retain talent at a reduced pay for a defined period of time. Extreme care was taken to ensure that the Company did not lose key talent and detailed efforts were adopted to ensure that the experience and skill sets necessary for each customer account / function, was protected. Supporting efforts included structured outplacement programs, financial and career counseling, assistance for higher education etc. The Company also had a "recall" program (based on confirmed need) and eventually brought back 30% of the VPP associates for various roles.

32. Delisting of ADRs from NYSE and trading of ADRs on OTC market.

Effective October 14, 2010, the Company's American Depositary Receipts (ADRs) were delisted from the New York Stock Exchange (NYSE) but continued to trade on the over-the-counter (OTC) market in the US. The ADRs were delisted from the NYSE due to the Company's late SEC filings. ADR holders retained the right to redeem their ADRs and to receive the underlying equity shares, which continue to be listed on the principal Indian stock exchanges. The Company's OTC status for its ADRs was and currently is designated Pink Sheets Current Information. The Company continues to furnish information to investors through the SEC's EDGAR database, available at www.sec.gov., and also makes filings publicly available on www.otcmarkets.com.

33. 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	INR	1.00	895	(4,321)	797	4,224	-	1,118	12	-	12	-	India
Satyam Technologies Inc.	USD	44.54	47	(56)	265	274	425	(0)	0	(0)	-	US	
Satyam Computer Services (Shanghai) Co. Limited	CNY	6.80	546	(1,042)	161	657	-	378	(8)	-	(8)	-	China
Satyam Computer Services (Nanjing) Co. Limited	CNY	6.80	311	(622)	49	360	-	85	(45)	-	(45)	-	China
Nitor Global Solutions Limited	GBP	71.48	0.08	2	5	3	-	-	(1)	(0)	(1)	-	UK
Satyam Computer Services (Egypt) S.A.E	EGP	7.46	10.54	(98)	29	116	-	17	(18)	-	(18)	-	Egypt
Citisoft Plc., UK	GBP	71.48	8	126	259	124	-	397	18	6	12	-	UK
Citisoft Inc, US	USD	44.54	-	61	221	160	-	470	40	14	26	-	US
Knowledge Dynamics Pte Ltd (KDPL), Singapore	SGD	35.35	2.61	8	13	3	-	-	7	-	7	-	Singapore
Satyam Servicos De Informatica LTDA	BRL	27.35	11.66	(14)	9	11	-	-	(2)	-	(2)	-	Brazil
Bridge Strategy Group LLC (Bridge Strategy)	USD	44.54	345.63	(733)	228	615	-	515	(235)	0	(236)	-	US
Satyam Computer Services Belgium, BVBA (Satyam Belgium)	EUR	63.17	125	333	68	292	682	-	(733)	(1)	(732)	-	Belgium
S&V Management Consultants NV (S&V)	EUR	63.17	8	264	451	179	-	615	95	28	68	-	Belgium
Satyam Venture Engineering Services Private Limited (SVES)	INR	1.00	35.44	163	1,021	823	-	807	71	5	65	-	India
C&S System Technologies Private Limited (CA Satyam)	INR	1.00	143.38	(225)	69	150	-	22	(12)	-	(12)	-	India

Note:

1) 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, 2011. Further, there are no operations in this subsidiary during the current year. Hence, it has not been considered for the purpose of consolidation.

34. Exceptional items

The Profit and Loss Account includes the following exceptional items (expenditure):

(₹ in Million)

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Expenses relating to restructuring / right sizing	-	934
Expenses related to forensic investigation and litigation support	201	1,068
Provision for impairment losses in Subsidiaries i.e.		
- Various impairment and other loss provisions	162	2,035
- Goodwill impairment (Refer Note 12.6 of Schedule 18)	358	132
Class Action Settlement Consideration	5,690	-
Total	**6,411**	**4,169**

35. Previous year's financial figures have been recast/restated wherever necessary.

For and on behalf of the Board of Directors

C. Achuthan
Director

Vineet Nayyar
Chairman

C.P.Gurnani
Whole-time Director & CEO

T.N.Manoharan
Director

Place: Hyderabad
Date : May 23, 2011

Ulhas N.Yargop
Director

S.Krishnan
Chief Financial Officer

G.Jayaraman
Company Secretary

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 24th Annual General Meeting of the Company, to be held on Wednesday, August 10, 2011 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. 2			Resolution No. 3		

Signed this ______________________________ day of ______________________________ 2011.

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 24th Annual General Meeting of the Company at Sri Sathya Sai Nigamagamam (Kalyana Mandapam), 8-3-987/2, Srinagar Colony, Hyderabad-500 073 on Wednesday, August 10, 2011 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 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 - 500 081

Mahindra Satyam Infocity SEZ Campus
Plot no. 22, 24, 25, 29 to 33
Hitech City Layout, Survey no.64
Madhapur, Hyderabad - 500 081

Mahindra Satyam Technology Center
Survey No.62/1A, Qutubullapaur Mandal
Bahadurpally Village
Hyderabad - 500 043

Mahindra Satyam Learning World
Special Economic Zone - Developer
Plot Nos. 23 to 34, Hitec City, Madhapur
Hyderabad - 500 081

Satyam Gateway (My Home)
Block 1 & 2, S.No. 79(P) & 64 (P)
Madhapur Village
Serilingampally Mandal and Municipality
R R District
Hyderabad - 500 081

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 - 530 013

Mahindra Satyam Development Center
Plot No. S-1, Maitree Vihar Road
Chandrasekharpur
Bhubaneswar -751 023

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 - 600 018

Marq Square
Chennai-CMS
No. 150-B/1
IT Highway,Old Mahaballipuram Road
Karapakkam Village, Tambaram Taluk
Chennai - 600 096

TEK Towers
No.11 Old Mahabalipuram
Thoriapakkam
Chennai 600 096

Tara Heights
19/A, Tara Heights
Behind SBI Bank
Mumbai, Pune Highway
Near Mariaai Gate Police Chowky
Pune - 411 003

Manikchand Ikon -2
CTS No. 18, Dhole Patil Road
Opp Wadia College
PUNE - 411 001

Manikchand Ikon - Phase II
Groun & 1st Floor, Manikchand Ikon
CTS No. 18 & 18/1, Bund Garden Road
Pune - 411 001

Manikchand Ikon - Phase I
2, 3 & 4th Floors, Manikchand Ikon
CTS No. 18 & 18/1, Bund Garden Road
Pune - 411 001

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California, USA

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No.301, Parsipany
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USA

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Torontao, Ontario
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Room 23102-23104
23202-23204
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Zhangjiang Hi-tech Park
Shanghai. PR China
China

3rd Floor
Animation Building
No. 11 Xinghuo Road
Pukou High-tech Zone
Nanjing. PR China

Regus Times Square
31st /F, Tower one
1 Matheson Bay, Hongkong
China

SAUDI ARABIA
Al Subeaei Commercial Centre
Al Khobar
Saudi Arabia

SINGAPORE
Changi Business Park Avenue 1
Part of #04-02
Ultrro Building
Singapore 486058

BAHRAIN
143 14th Floor
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Diplomatic Area, Manama
Bahrain

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north Klongtoey
Khet wattana
Bangkok Metropolis
Thaukabd, Thailand

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EIB04
Dubai Internet City
Dubai
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Sharq, Kuwait

JORDAN
International Business Village Of
Zahran Plaza
Amman, Jordan

JAPAN
Fujitsu Atsugi Technical Center
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Kanagawa
Tokyo, Japan

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Kaula Lumpur, Malaysia

QATAR
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Italy

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Spain

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113 29 Stockholm
Sweden

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CH - 1209 Geneva
Switzerland

Leutschenbachstrasse 95
8050 Zurich
Switzerland

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Denmark

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United Kingdom

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Level 31
Melbourne for the floors of Level
4 and 8
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
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Level 3
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