



Mahindra Satyam

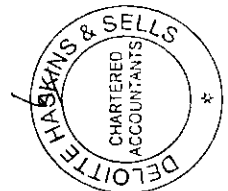
Satyam Computer Services Limited

Regd Office: Mahindra Satyam Infocity, Unit - 12, Plot No. 35 & 36, Hi-tech City Layout,
Survey No. 64, Madhapur, Hyderabad - 500 081.

STATEMENT OF CONSOLIDATED AUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2012

Sl. No.	Particulars	PART I: CONSOLIDATED AUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2012				Year ended	
		Quarter ended December 31, 2012 (Audited)	Quarter ended September 30, 2012 (Unaudited)	Quarter ended December 31, 2011 (Unaudited)	Nine Months ended December 31, 2012 (Audited)	Nine Months ended December 31, 2011 (Unaudited)	March 31, 2012 (Audited)
1	Income from operations	193953	193836	171808	575775	472972	639556
2	Expenses						
	Employee benefits expense (Refer Note 9)	110398	114269	104103	335447	292356	394358
	Operating, administration and other expenses	41713	37838	39896	116007	107375	142802
	Depreciation and amortisation expense	3612	4278	3852	12826	11616	15769
	Total expenses	155723	156385	147851	464280	411347	552929
3	Profit from operations before other income, finance costs and exceptional items (1-2)	38230	37451	23957	111495	61625	86627
4	Other income (Refer Note 10)	11108	34	15127	24531	34623	41890
5	Profit from ordinary activities before finance costs and exceptional items (3+4)	49338	37485	39084	136026	96248	128517
6	Finance costs	326	293	270	931	927	1180
7	Profit from ordinary activities after finance costs but before exceptional items (5-6)	49012	37192	38814	135095	95321	127337
8	Exceptional items (Refer Note 11)	29404	-	-	29404	-	(10940)
9	Profit from ordinary activities before tax (7-8)	19608	37192	38814	105691	95321	138277
10	Tax expense (Refer Note 12)	11230	9253	7901	33744	17940	8515
11	Net Profit from ordinary activities after tax (9-10)	8378	27939	30913	71947	77381	129762
12	Minority Interest	380	146	70	927	196	(844)
13	Net Profit from ordinary activities after tax and after Minority Interest (11-12)	7998	27793	30843	71020	77185	130606
14	Paid-up equity share capital (Face Value of ₹2/- per Share)	23540	23538	23536	23540	23536	23536
15	Reserves excluding Revaluation Reserves						275193
16	Earnings Per Share (EPS) (Face Value of ₹2/- per Share) *						
	- Basic (in ₹)	0.68	2.36	2.62	6.03	6.56	11.10
	- Diluted (in ₹)	0.68	2.36	2.62	6.02	6.55	11.08

* Quarter and Nine Months EPS figures are not annualised



PART II: SELECT INFORMATION FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2012

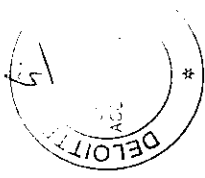
Sl. No.	Particulars	Quarter ended December 31, 2012	Quarter ended September 30, 2012	Quarter ended December 31, 2011	Nine months ended December 31, 2012	Nine months ended December 31, 2011	Year ended March 31, 2012
A	PARTICULARS OF SHAREHOLDING						
1	Public shareholding #	675133061	675036826	604883949	675133061	604883949	674954096
	- Number of shares	57.36	57.36	51.40	57.36	51.40	57.35
	- Percentage of shareholding						
2	Promoters and Promoter group shareholding						
	a) Pledged / encumbered						
	- Number of shares	-	-	-	-	-	-
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	-	-	-	-	-	-
	- Percentage of shares (as a % of the total share capital of the Company)	-	-	-	-	-	-
	b) Non - encumbered						
	- Number of shares	501843740	501843740	501843740	501843740	501843740	501843740
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100	100	100	100	100	100
	- Percentage of shares (as a % of the total share capital of the Company)	42.64	42.64	42.65	42.64	42.65	42.65

Public shareholding excludes underlying shares of American Depository Shares (ADS) *

- Number of shares
- Percentage of shareholding

70051002 70051002
5.95 5.95

* The Securities and Exchange Commission of the United States of America has revoked the registration of the Company's ADS on March 29, 2012



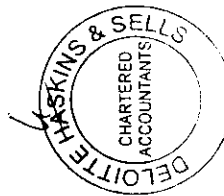
B. INVESTOR COMPLAINTS - FOR THE QUARTER ENDED DECEMBER 31, 2012:

Nature	Pending as at		During the quarter		Pending as at	
	September 30, 2012	December 31, 2012	Received	Disposed	September 30, 2012	December 31, 2012
Dividend related	-	-	11	11	-	-
Others	-	-	11	11	-	-
Total	-	-	22	22	-	-

STANDALONE AUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2012

(₹ in Lakhs)

Sl. No	Particulars	Quarter ended December 31, 2012 (Audited)	Quarter ended September 30, 2012 (Unaudited)	Quarter ended December 31, 2011 (Unaudited)	Nine Months ended December 31, 2012 (Audited)	Nine Months ended December 31, 2011 (Unaudited)	Year ended March 31, 2012 (Audited)
1	Income from operations	178244	178087	160548	530137	441367	596421
2	Profit from ordinary activities after finance costs but before exceptional items	45542	34066	36982	125564	92651	120489
3	Profit from ordinary activities before tax	16138	34066	36982	96160	92651	125671
4	Net Profit from ordinary activities after tax	5089	25176	29432	63521	75611	120280



NOTES:

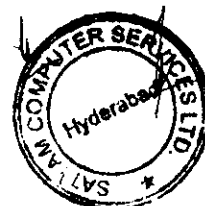
1. The statement of consolidated audited financial results of the Company for the quarter and nine months ended December 31, 2012 has been reviewed by the Audit Committee and was approved by the Board of Directors in their meetings held on January 31, 2013. The Statutory Auditors have carried out an audit of the consolidated financial results for the quarter and nine months ended December 31, 2012.
2.
 - a. The consolidated financial results of Satyam Computer Services Limited ("the Company") and its domestic and foreign subsidiaries for the quarter and nine months ended December 31, 2012 have been prepared in accordance with the Accounting Standard (AS) 21 on Consolidated Financial Statements. All material intra-group balances, intra-group transactions and resulting unrealised profits have been eliminated.
 - b. The consolidated results of the Company for the nine months ended December 31, 2012 include the results of new subsidiaries viz., vCustomer Services LLC and New vC Services Private Limited (including its subsidiary vCustomer Philippines, Inc.) acquired during the quarter ended June 30, 2012 pursuant to the Share Purchase Agreement entered with vCustomer Corporation, Satyam Venture Engineering Services (Shanghai) Company Limited a step down subsidiary of Satyam Venture Engineering Services Private Limited set up during the quarter ended September 30, 2012 and excludes the results of Knowledge Dynamics Pte Ltd (KDPL), an erstwhile subsidiary of the Company whose name was struck-off from the records of Accounting and Corporate Regulatory Authority, Singapore on April 11, 2012.
 - c. One of the subsidiaries of the Company, incorporated three new subsidiaries (step-down subsidiaries of the Company) in Argentina (Mahindra Satyam Servicios DE Informatica S.R.L.), Colombia (Satyam Colombia Servicios DE Informatica SAS) and Peru (Mahindra Satyam Servicios DE Informatica Sociedad Anonima Cerrada). No investments were made in these step down subsidiaries in the current period. Further, as there were no operations in these step down subsidiaries in the current period, these step down subsidiaries have not been considered for the purpose of consolidation.
 - d. In the case of one of the subsidiaries of the Company, at the annual general meeting of the subsidiary held on 29.10.2012, one of the shareholders abstained from voting on the resolution for adoption of the audited financial statements as at and for the year ended March 31, 2012. In terms of Article 66 of the Articles of Association of the Company, the adoption of audited financial statements requires unanimous consent of both the shareholders of the Company. Therefore, the said financials have not been approved by the shareholders. The financial statements as at and for the period ended December 31, 2012 have been drawn up incorporating the opening balances based on the financial statements for the year ended March 31, 2012 which have not been adopted by the shareholders. Adjustments required, if any, will be made in the accounts as and when determined.
 - e. Income from operations of a subsidiary of ₹ 1347 Lakhs and ₹ 5724 Lakhs for the quarter and nine months ended December 31, 2012, respectively, and Loss after tax of ₹ 95 Lakhs for the quarter ended December 31, 2012 and Profit after tax of ₹ 488 Lakhs for the nine months ended December 31, 2012 have not been audited.
3. During the quarter ended December 31, 2012, the Company allotted 96235 equity shares of ₹ 2 each, consequent to the exercise of stock options by the Associates.
4. **Proposed Scheme of Amalgamation and Arrangement**

The Board of Directors of the Company in their meeting held on March 21, 2012 have approved the "Scheme of Amalgamation and Arrangement, under sections 391 to 394 read with sections 78, 100 to 104 and other applicable provisions of the Companies Act, 1956, of Venturbay Consultants Private Limited and Satyam Computer Services Limited and C&S System Technologies Private Limited and Mahindra Logisoft Business Solutions Limited and CanvasM Technologies Limited with Tech Mahindra Limited and their respective shareholders and creditors" ("the Scheme").

Pursuant thereto, the shareholders of Tech Mahindra Limited and Satyam Computer Services Limited approved the Scheme at their meetings held on June 7, 2012 and June 8, 2012, respectively. The Company has filed a Company Petition for the requisite approval before the Hon'ble High Court of Andhra Pradesh ("the Court") on June 27, 2012. The Petition was admitted on July 9, 2012 and is pending disposal. In this connection, the report of the Official Liquidator to be submitted pursuant to the Order dated December 7, 2012 of the Hon'ble High Court of Andhra Pradesh at Hyderabad is awaited.

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

Upon coming into effect of the Scheme and with effect from the Appointed Date i.e. April 1, 2011 (after amalgamation of Venturbay with Tech Mahindra Limited is deemed to have taken effect), and subject to the



provisions of the Scheme, the entire business and whole of the undertaking of the Company as a going concern including but not limited to all the movables and immovable properties, assets, debts, liabilities, duties and obligations of the Company, shall without any further act or deed, but subject to the charges affecting the same, be transferred and/or deemed to be transferred to and vested in Tech Mahindra Limited as a going concern so as to become the assets and liabilities of Tech Mahindra Limited.

The Company has received letters from thirty seven companies (refer Note 5.3) claiming themselves to be "creditors" and requesting inter-alia that the Company convene a meeting of the creditors and be allowed to vote on the resolution considering the proposed merger. The Company has responded to these letters denying the various contentions and allegations and further denying the claim of the thirty seven companies that they are creditors and stating that all relevant issues would be considered by the Court at the time of considering the Scheme. Nearly all these companies have filed an application before the Court objecting to the Scheme and the Company has filed /is in the process of filing its counter affidavit.

On September 28, 2012, the Hon'ble High Court of Judicature at Bombay has approved the Company Petitions filed by Venturbay Consultants Private Limited, C&S System Technologies Private Limited, Mahindra Logisoft Business Solutions Limited, CanvasM Technologies Limited and Tech Mahindra Limited subject to the approval of the Company Petition filed by the Company before the Hon'ble High Court of Andhra Pradesh at Hyderabad.

5. Financial irregularities

- 5.1. 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 Chairman of Securities and Exchange Board of India ("SEBI"), the then Chairman of the Company, Mr. B. Ramalinga Raju ("the erstwhile Chairman") admitted that the Company's Balance Sheet as at September 30, 2008 carried inflated cash and bank balances, non-existent accrued interest, understated liability and overstated debtors position.

Consequently, various regulators/investigating agencies, such as the Central Bureau of Investigation (CBI), Serious Fraud Investigation Office (SFIO) / Registrar of Companies (ROC), SEBI, ED (refer Note 5.3), etc., have initiated their investigations and legal proceedings, which are ongoing.

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

- 5.2. The Company, based on the forensic investigation, accounted ₹113932 Lakhs (net debit) under "Unexplained differences suspense account (net)" during FY 2008-09 due to non-availability of complete information and the same was fully provided for in that year on grounds of prudence. The Company has not received any further information which requires adjustments on this account to the financial results.

5.3. Alleged advances

Consequent to the letter of the erstwhile Chairman, on January 8, 2009, the Company received letters from thirty seven companies requesting confirmation by way of acknowledgement for receipt of certain alleged amounts referred to as "alleged advances". These letters were followed by legal notices from these companies dated August 4/5, 2009, claiming repayment of ₹ 123040 Lakhs allegedly given as temporary advances. The legal notices also claim damages/ compensation @18% per annum from the date of advance till the 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 (PMLA) 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. In furtherance to the investigation by the ED, the Company was served with a provisional attachment order dated October 18, 2012 issued by the Joint Director, Directorate of Enforcement, Hyderabad under Section 5(1) of the PMLA ("the Order"), attaching certain Fixed Deposit accounts of the Company aggregating ₹ 82200 Lakhs for a period of 150 days. This attachment was initiated consequent to the charge sheets filed by the Central Bureau of Investigation (CBI) against the erstwhile promoters of the Company and others and investigation conducted by the ED under the PMLA. As stated in the Order, the investigations of the ED revealed that ₹ 82200 Lakhs constitutes "proceeds of crime" as defined in the PMLA. The Company has challenged the Order in the Hon'ble High Court of Andhra Pradesh consequent to which a stay has been granted by the Court vide its Order dated December 11, 2012 on the aforesaid provisional attachment Order and all proceedings pursuant thereto.

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



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

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

The Company has received legal notices from nearly all of the above companies, calling for payment of the amounts allegedly advanced by them (including interest and damages), failing which they would be constrained to file a petition for winding up the affairs of the Company. In pursuance thereof, one of the aforesaid companies has filed a winding up petition before the Hon'ble High Court of Andhra Pradesh which is pending hearing and disposal. The Company has responded by denying and refuting the claims and the maintainability of the petition.

The amount of alleged advances aggregating to ₹ 123040 Lakhs (As at March 31, 2012 - ₹ 123040 Lakhs) has been presented separately in the Balance Sheet under "Amounts pending investigation suspense account (net)". Since the matter is *sub judice* and the investigation by various Government Agencies is in progress and having regard to all the related developments in this matter, the Management at this point of time, is not in a position to predict the ultimate outcome of the ongoing investigations/ legal proceedings.

5.4. Other matters

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

The former statutory auditors have filed a suit in the Ranga Reddy District Court against the Company and certain former Directors and former employees seeking, inter-alia, damages aggregating ₹ 10000 Lakhs and interest. The matter is pending hearing before the Ranga Reddy District Court and in the opinion of the Management, the claims insofar as they relate to the Company are not tenable. The Company has filed a petition in the Hon'ble High Court of Andhra Pradesh to transfer the said case from the Ranga Reddy District Court to the City Civil Court, Hyderabad, which is pending.

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

6. Commitments and contingencies (Update since the previous announcement under Clause 41)

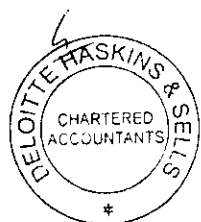
6.1. Income tax matters

6.1.1. Petition before Hon'ble High Court of Andhra Pradesh

The Company had filed various petitions before Central Board of Direct Taxes (CBDT) requesting for stay of demands for the financial years 2002-03 to 2007-08 till the correct quantification of income and taxes payable is done for the respective years. In March 2011, the CBDT rejected the Company's petition and the Company filed a Special Leave Petition before the Hon'ble Supreme Court which directed the Company to file a comprehensive petition/representation before CBDT giving all requisite details/particulars in support of its case for re-quantification/re-assessment of income for the aforesaid years and to submit a Bank Guarantee (BG) for ₹ 61700 Lakhs. Pursuant to the direction by the Hon'ble Supreme Court, the Company submitted the aforesaid BG and also filed a comprehensive petition before the CBDT in April 2011.

The CBDT vide its order dated July 11, 2011 disposed the Company's petition directing it to make its submissions before the Assessing Officer in course of the ongoing proceedings for the aforesaid years and directed the Income Tax Department not to encash the BG furnished by the Company till December 31, 2011. Aggrieved by CBDT's order, the Company filed a writ petition before the Hon'ble High Court of Andhra Pradesh on August 16, 2011. The Hon'ble High Court of Andhra Pradesh vide its order dated December 14, 2011 adjourned the hearing to January 31, 2012 and directed the Income Tax Department not to encash the BG until then. The BG has been subsequently extended upto April 19, 2013.

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



6.1.2. Appointment of Special Auditor and re-assessment proceedings

Financial years 2001-02 and 2006-07:

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

In August, 2011, the Additional Commissioner of Income Tax issued the Draft of Proposed Assessment Orders accompanied with the Draft Notice of demand amounting to ₹ 79603 Lakhs and ₹ 107573 Lakhs for the financial years 2001-02 and 2006-07, respectively, proposing variations to the total income, including variations on account of Transfer Pricing adjustments. The Company has filed its objections to the Draft of Proposed Assessment Orders for the aforesaid years on September 16, 2011 with the Hon'ble Dispute Resolution Panel, Hyderabad, which is pending hearing.

Financial years 2002-03 and 2007-08:

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

The above disputes may result in additional interest/penalty in case of an unfavourable order being finalised.

6.1.3. Provision for tax

The Company is carrying a total amount of ₹ 51363 Lakhs (net of payments) [As at March 31, 2012: ₹ 52279 Lakhs (net of payments)] towards provision for taxation including provisions pertaining to prior years for which the assessments are under dispute. Considering the effects of financial irregularities, status of the disputed tax demands and the appeals / claims pending before the various authorities, the consequent significant uncertainties regarding the outcome of these matters and the significant uncertainties in determining the tax liability, the Company has been professionally advised that it is not appropriate to make adjustments at this stage to the provisions pertaining to prior years for which the assessments are under dispute.

7. Aberdeen action (USA)

On November 13, 2009, a trustee of two trusts that are purported 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") alleging losses suffered by the twenty investors (Claimants) to be over USD 68 Million.

On July 27, 2012, the Company entered into an Agreement of Settlement ("the Settlement") with Aberdeen Claims Administration, Inc., the trustee for the two trusts and the twenty underlying investors.

The obligations incurred pursuant to the Settlement are in full and final disposition of the Action and the appropriate consent order of the Court in the Southern District of New York has been received on July 30, 2012. Under the Settlement, the Company is required to inter-alia deposit in an Escrow Account an amount of USD 12 Million ("Settlement Amount"), which has been done on October 31, 2012.

An amount of ₹ 6673 Lakhs, being the rupee equivalent of the Settlement Amount, has been expensed and disclosed as an Exceptional item with an equivalent amount being reversed from provision for contingencies during the quarter ended June 30, 2012.

8. Aberdeen (UK) complaint

In April 2012, the Company was served with an Amended Claim Form and Amended Particulars of claim dated December 22, 2011, initiating proceedings in the Commercial Court in London ("the English Court") by Aberdeen Asset Management PLC on behalf of 23 "Claimants" who are said to represent 30 funds who had invested in the Company's common stock that traded on the exchanges in India.

On December 12, 2012, the Company entered into a confidential Settlement Agreement ("the Settlement") settling claims brought in the English Court by Aberdeen Global and twenty-two other funds (collectively, the "Claimants") managed by Aberdeen Asset Management PLC ("Aberdeen") and/or its subsidiaries (the "Claims"). The Claims included certain allegations of fraudulent misrepresentations said to have been made by the former management of the Company in London and relied upon by the Claimants' investment manager and/ or communicated in meetings alleged to have taken place in London.



The Claimants have claimed that they have suffered losses of an estimated sum of USD 298 Million and additional consequential losses. By virtue of the Settlement, the Claims have been fully and finally disposed off on the basis of, inter-alia, a payment to be made by the Company of USD 68 Million ("Settlement Amount").

An amount of ₹ 36904 Lakhs, being the rupee equivalent of the Settlement Amount, has been expensed and disclosed as an Exceptional item with an amount of ₹ 7500 Lakhs being reversed from provision for contingencies during the quarter ended December 31, 2012.

9. **Employee benefits expense**

Employee benefits expense for the current quarter and nine months ended December 31, 2012 is net of a credit of ₹ 3355 Lakhs, being the reversal of certain provisions accrued in earlier periods towards employee bonus.

10. **Other income includes:**

(₹ In Lakhs)							
Particulars	Quarter ended December 31, 2012 (Audited)	Quarter ended September 30, 2012 (Unaudited)	Quarter ended December 31, 2011 (Unaudited)	Nine months ended December 31, 2012 (Audited)	Nine months ended December 31, 2011 (Unaudited)	Year ended March 31, 2012 (Audited)	
Gain / (Loss) on Exchange Fluctuations (Net)	3359	(8593)	6639	1417	12270	6387	

11. **Exceptional items (net)**

The exceptional items (income) / expenditure are stated as under:

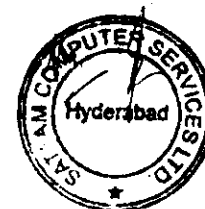
(₹ In Lakhs)							
Particulars	Quarter ended December 31, 2012 Audited	Quarter ended September 30, 2012 Unaudited	Quarter ended December 31, 2011 Unaudited	Nine months ended December 31, 2012 Audited	Nine months ended December 31, 2011 Unaudited	Year ended March 31, 2012 Audited	
Provision for contingencies relating to various disputed matters	-	-	-	-	-	25594	
Disputed matters settled	36904	-	-	43577	-	31126	
Sub-total (A)	36904	-	-	43577	-	56720	
Reversals relating to impairment losses in subsidiaries	-	-	-	-	-	(36534)	
Release from provision for contingencies	(7500)	-	-	(14173)	-	(31126)	
Sub-total (B)	(7500)	-	-	(14173)	-	(67660)	
Total (A)+(B)	29404	-	-	29404	-	(10940)	

12. **Tax expense**

Tax expense comprises current tax and deferred tax.

12.1. **Current tax**

The Company has made provision towards current tax in respect of its domestic operations for the quarter and nine months ended December 31, 2012. Further, the Management has assessed the Company's tax position in respect of its overseas operations taking into account the relevant rules and regulations as applicable in the respective countries. Based on professional advice, it has determined that the provision made currently is adequate.



12.2. **Deferred tax**

Recognition of deferred tax is as permitted by the Accounting Standard (AS) 22 on Accounting for Taxes on Income, taking into account the principles of prudence in respect of certain items.

13. The Company has appointed Link Intime India Private Limited, C-13 Pannalal Silk Mills Compound, LBS Road, Bhandup West, Mumbai 400078 as the Company's Registrar and Share Transfer Agent. While the agreement provides effective date as January 01, 2013, the Depositories have approved the shift effective December 28, 2012.

14. **Previous period figures**

Previous period figures have been regrouped, wherever necessary.

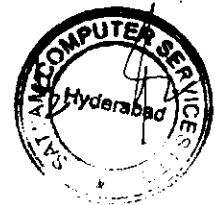
15. **Qualifications in the Auditors' Report**

The qualifications made by the Auditors' in their audit report for the quarter and nine months ended December 31, 2012 are set out as under. These qualifications were also made in the Auditors' report for the year ended March 31, 2012 and half year ended September 30, 2012 and in their limited review reports for the quarters ended June 30, 2012 and September 30, 2012.

- 15.1. In view of the matters described in Note 5.1 to 5.3 above, and in the absence of complete/required information, their inability to comment on the accounting treatment/adjustments/disclosures in respect of the ongoing investigations/legal proceedings, the unexplained amounts aggregating ₹113932 Lakhs accounted under "Unexplained differences suspense account (net)" and the alleged advances amounting to ₹ 123040 Lakhs (net) including the related claims for damages / compensation / interest which may become necessary as a result of further findings of the ongoing investigations/legal proceedings and the consequential impact, if any, on these financial results.
- 15.2. In view of the matters described in Note 6.1 above , their inability to comment on the adequacy or otherwise of the provision for taxation pertaining to prior years for which the assessments are under dispute and the consequential impact, if any, on these financial results.

16. **Responses to Auditors' qualification**

- 16.1. With regard to the Auditors' qualification in Note 15.1 above, refer to the details in Notes 5.1 to 5.3 and 5.5.
- 16.2. With regard to the Auditors' qualification in Note 15.2 above, refer to the details in Note 6.1.



**AUDITORS' REPORT TO
THE BOARD OF DIRECTORS OF
SATYAM COMPUTER SERVICES LIMITED**

**Audit Report on the Consolidated Financial Results for the quarter and nine months ended
December 31, 2012**

- i. We have audited the Consolidated Financial Results of **SATYAM COMPUTER SERVICES LIMITED** ("the Company") and its subsidiaries (hereinafter collectively referred to as "the Group") for the quarter and nine months ended December 31, 2012 reflected under the columns titled "Quarter ended December 31, 2012 (Audited)" and Nine Months ended December 31, 2012 (Audited)" and the related Notes ("the Consolidated Financial Results") included in the accompanying Statement of Consolidated Audited Financial Results for the quarter and nine months ended December 31, 2012 ("the Statement"), being submitted by the Company pursuant to the requirements of Clause 41 of the Listing Agreements with the Stock Exchanges, except for the matters stated in paragraph 11 below.

The Consolidated Financial Results includes the financial results of the following subsidiaries*:

- a) Satyam BPO Limited
- b) Satyam Computer Services (Shanghai) Co. Limited, China
- c) Satyam Computer Services (Nanjing) Co. Limited, China
- d) Nitor Global Solutions Limited, United Kingdom
- e) Satyam Computer Services (Egypt) S.A.E., Egypt
- f) Citisoft Plc., United Kingdom
- g) Citisoft Inc., United States of America
- h) Satyam Technologies Inc., United States of America
- i) Bridge Strategy Group LLC, United States of America
- j) Satyam Computer Services Belgium, BVBA, Belgium
- k) Satyam Venture Engineering Services Private Limited
- l) C&S System Technologies Private Limited
- m) Satyam Servicos De Informatica LTDA, Brazil
- n) vCustomer Services LLC, United States of America (w.e.f. May 9, 2012)
- o) New vC Services Private Limited (w.e.f. May 9, 2012)
- p) vCustomer Philippines Inc., (w.e.f. May 9 2012)
- q) Satyam Venture Engineering Services (Shanghai) Co. Limited, China

* Knowledge Dynamics Pte. Limited, Singapore has been liquidated on April 11, 2012 and has not been considered for the purposes of consolidation (Refer Note 2(b) of the Statement)

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Management's Responsibility for the Statement

2. The Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. These financial results have been prepared by the Management on the basis of separate financial results and other financial information regarding the subsidiaries. Our responsibility is to express an opinion on the aforesaid Consolidated Financial Results based on our audit. These financial results have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (AS) 25, Interim Financial Reporting issued pursuant to the Companies (Accounting Standards) Rules, 2006 and other accounting principles generally accepted in India.

Auditors' Responsibility

3. **Except for the matters discussed in paragraphs 5, 6 and 7 of this report**, we conducted our audit of the Consolidated Financial Results included in the Statement 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 results are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures with respect to the financial results. An audit also includes assessing the accounting principles used and the significant estimates made by the Management. We believe that our audit provides a reasonable basis for our qualified opinion.

Basis for Qualified Opinion

4. The Consolidated Financial Results reflect the (a) Group's share of Revenues of ₹ 14691 Lakhs and ₹ 40355 Lakhs for the quarter and nine months ended December 31, 2012, respectively, and (b) Group's share of Profit after Tax of ₹ 3081 Lakhs and ₹ 6835 Lakhs for the quarter and nine months ended December 31, 2012, respectively, relating to 16 subsidiaries whose results and other financial information have been audited by other auditors. Accordingly, our opinion on the Consolidated Financial Results in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the reports of such other auditors which have been furnished to us.
5. In case of a subsidiary with (a) Revenues of ₹ 1347 Lakhs and ₹ 5724 Lakhs for the nine months ended December 31, 2012, respectively, and (b) Loss after Tax of ₹ 95 Lakhs for the quarter ended December 31, 2012 and Profit after Tax of ₹ 488 Lakhs for the nine months ended December 31, 2012, the figures used for consolidation are based on results prepared by the Management and are not audited by the subsidiary's auditors.

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6. Attention is invited to the following matters:
- a. In respect of the financial irregularities relating to prior years identified consequent to the letter dated January 7, 2009 of the erstwhile Chairman, various regulators/investigating agencies initiated their investigations and legal proceedings, which are ongoing. The forensic accountants had expressed certain reservations and limitations in their investigation process (Refer Note 5.1 of the Statement).
 - b. The Company had, based on the forensic investigation, accounted for the differences aggregating ₹ 113932 Lakhs (net debit) as at March 31, 2009 under "Unexplained differences suspense account (net)" due to non-availability of complete information. These net debit amounts aggregating ₹ 113932 Lakhs had been fully provided for on grounds of prudence in the financial statements for the year ended March 31, 2009 (Refer Note 5.2 of the Statement).
 - c. The alleged advances amounting to ₹ 123040 Lakhs (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 Note 5.3 of the Statement.

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 and in the absence of complete / required information, we are unable to comment on the accounting treatment/ adjustments/disclosures in respect of the ongoing investigations/ legal proceedings, the aforesaid unexplained amounts aggregating ₹ 113932 Lakhs accounted under "Unexplained differences suspense account (net)" and the aforesaid alleged advances amounting to ₹ 123040 Lakhs (net) including the related claims for damages/ compensation/interest which may become necessary as a result of further findings of the ongoing investigations/legal proceedings and the consequential impact, if any, on these financial results.

7. The Company is carrying a total amount of ₹ 51363 Lakhs (net of payments) as at December 31, 2012 [As at March 31, 2012: ₹ 52279 Lakhs (net of payments)] towards provision for taxation including provisions pertaining to prior years for which the assessments are under dispute. Considering the effects of financial irregularities, status of disputed tax demands, appeals/claims pending before the various authorities, the consequent significant uncertainties regarding the outcome of these matters and the significant uncertainties in determining the tax liability, the Company has been professionally advised that it is not appropriate to make adjustments at this stage to the tax provisions pertaining to prior years for which the assessments are under dispute (Refer Note 6.1 of the Statement).

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

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8. We invite attention to the following matters relating to:

- a. claims and contingencies which continue to exist as at December 31, 2012 viz., various demands/disputes raised in respect of the past years by the indirect tax authorities in India (₹ 6400 Lakhs (including penalty and interest)) and certain matters relating to non-compliance with Foreign Exchange Management Act (FEMA), 1999 in respect of realization and repatriation of export proceeds relating to earlier years.

The provision for contingencies as at December 31, 2012, in the opinion of the Management, is adequate, inter alia, to cover any probable losses in respect of the above litigations and claims.

- b. the non-compliances/breaches relating to certain provisions of the Companies Act, 1956 and certain employee stock option guidelines issued by the Securities Exchange Board of India observed in the prior years under the erstwhile Management.

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

9. In the case of one of the subsidiaries of the Company, the other auditors have drawn attention to the possible charge that may arise in respect of the ongoing dispute, which is currently *sub judice*, between the promoters of subsidiary on various issues relating to the shareholders agreement between them, the outcome of which is not determinable at this stage.

Further, the auditors have drawn attention to the fact that the annual financial statements for the year ended March 31, 2012 have not been adopted by the members of that subsidiary in their annual general meeting in the absence of unanimous consent of both the shareholders in terms of the Articles of Association of the Company. The financial statements as at and for the period ended December 31, 2012 have been drawn up incorporating the opening balances based on the financial statements for the year ended March 31, 2012 which have not been adopted by the shareholders. Adjustments required, if any, will be made in the accounts as and when determined (Refer Note 2 (d) of the Statement)

Qualified Opinion

10. Further to our comments in paragraphs 8 and 9, based on our audit of the Consolidated Financial Results included in the Statement conducted as stated in paragraph 3 above and on consideration of the reports of the other auditors of the entities referred to in paragraph 4 above, **except for the consequential effects, if any, of our comments in paragraphs 5 to 7 above, which are not quantifiable**, we are of the opinion that the said Consolidated Financial Results for the quarter and nine months ended December 31, 2012:

- (i) are presented in the Statement in accordance with the requirements of Clause 41 of the Listing Agreements with the Stock Exchanges to the extent applicable;
- (ii) includes the financial results for the quarter and nine months ended December 31, 2012 of the entities listed in paragraph 1 above; and
- (iii) give a true and fair view in conformity with the accounting principles generally accepted in India in case of the net profit and other financial information of the Group for the quarter and nine months ended December 31, 2012.

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Other Reporting Requirements

11. Further, we also report that we have traced the number of shares as well as the percentage of shareholding in respect of the aggregate amount of public shareholding and the number of shares as well as the percentage of shares pledged/encumbered and non-encumbered in respect of the aggregate amount of promoters and promoter group shareholding in terms of Clause 35 of the Listing Agreements and the particulars relating to undisputed investor complaints from the details furnished by the Company.

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



K. Sai Ram
Partner

(Membership No. 022360)

HYDERABAD, January 31, 2013