



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.

UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2011

(₹ In Lakhs)

Sl. No.	Particulars	Quarter ended December 31, 2011 Unaudited	Quarter ended September 30, 2011 Unaudited	Quarter ended December 31, 2010 Unaudited	Nine months ended December 31, 2011 Unaudited	Nine months ended December 31, 2010 Unaudited	Year ended March 31, 2011 Audited
1.	Income from Operations	160548	147880	119354	441367	349837	477612
2.	Expenditure						
	Employee Cost	96257	88840	83132	269989	246605	329191
	Operating and Administration Expenses	38068	36463	28003	101260	76630	104161
	Depreciation	3578	4163	3290	11067	11145	14986
	Total	137903	129466	114425	382316	334380	448338
3.	Profit from Operations before Other Income, Interest & Exceptional Items (1-2)	22645	18414	4929	59051	15457	29274
4.	Other Income (Refer Note 9)	14589	10265	8539	34480	18537	28369
5.	Profit before Interest & Exceptional Items (3+4)	37234	28679	13468	93531	33994	57643
6.	Interest and Financing Charges	252	196	220	880	680	927
7.	Profit after Interest but before Exceptional Items (5-6)	36982	28483	13248	92651	33314	56716
8.	Exceptional Items (Refer Note 10)	-	-	5327	-	6957	64107
9.	Profit/(Loss) before Tax (7-8)	36982	28483	7921	92651	26357	(7391)
10.	Tax Expense	7550	5320	1330	17040	6520	5370
11.	Profit/(Loss) after Tax (9-10)	29432	23163	6591	75611	19837	(12761)
12.	Paid-up Equity Share Capital (Face Value of ₹2/- per Share)	23536	23535	23530	23536	23530	23531
13.	Reserves excluding Revaluation Reserves						192587
14.	Earnings Per Share (EPS) (Face Value of ₹2/- per Share) (After Exceptional Items)						
	- Basic (in ₹)	2.50*	1.97*	0.56*	6.43*	1.69*	(1.08)
	- Diluted (in ₹)	2.50*	1.97*	0.56*	6.42*	1.68*	(1.08)

Sl. No.	Particulars	Quarter ended December 31, 2011 Unaudited	Quarter ended September 30, 2011 Unaudited	Quarter ended December 31, 2010 Unaudited	Nine months ended December 31, 2011 Unaudited	Nine months ended December 31, 2010 Unaudited	Year ended March 31, 2011 Audited
15.	Public Shareholding #						
	- Number of Shares	604883949	587319677	571896463	604883949	571896463	562652327
	- Percentage of Shareholding	51.40	49.91	48.61	51.40	48.61	47.82
16	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)	42.65	42.65	42.66	42.65	42.66	42.65

* Not annualised

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

- Number of Shares	70051002	87577440	102759244	70051002	102759244	112069686
- Percentage of Shareholding	5.95	7.44	8.73	5.95	8.73	9.53

Notes to the unaudited standalone financial results for the quarter and nine months ended December 31, 2011:

1.

- (a) The unaudited standalone financial results of the Company for the quarter and nine months ended December 31, 2011 have been reviewed by the Audit Committee and were approved by the Board of Directors in its meeting held on February 01, 2012. The Statutory Auditors have carried out a limited review of these financial results.
- (b) The Board in its meeting held on February 1, 2012, co-opted Mr. Ashok Kacker nominated by Ministry of Corporate Affairs, Government of India.

2. During the quarter ended December 31, 2011, the Company allotted 37834 equity shares, of ₹ 2 each, consequent to exercise of stock options by the Associates.

3. Details of investor complaints for the quarter ended December 31, 2011:

Nature	Pending as at	During the quarter		Pending as at
	September 30, 2011	Received	Disposed off	December 31, 2011
Dividend related	-	10	10	-
Others	-	6	6	-
Total	-	16	16	-

4. Status of American Depository Shares (ADSs)

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

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

Accordingly, in August 2011 the Company entered into a supplemental agreement with the depository bank, Citibank, N.A., to terminate the Deposit Agreement. As a result of the termination, the ADS program is expected to be wound down by March 2012 in accordance with the supplemental Deposit Agreement. During the transition period the holders of ADSs will be able to surrender their ADSs in exchange for corresponding equity shares in the Company, subject to applicable regulatory restrictions of India, the US and jurisdictions where holders reside. After trading of ADSs has been terminated, the depository will arrange for the sale (on a commercially reasonable efforts basis) of the equity shares then held on deposit and will hold the net proceeds of such sale (after deduction of applicable fees, taxes and expenses), without liability for interest, in an unsegregated account for the pro rata benefit of holders of ADSs then outstanding.

The Company presently expects the SEC to revoke its registration under the Securities Exchange Act of 1934 after the transition period and related wind-down of the ADS facility described above is completed. This time period assumes that no third party, such as the SEC, acts to reduce this transition period.

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

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 have initiated their investigations and legal proceedings, which are ongoing.

As per the assessment of the Management, based on the forensic investigation carried out and the information available, all identified/required adjustments/disclosures arising from the financial irregularities were made in the financial statements as at March 31, 2009. The Company has not received any further information which requires adjustments to the financial results.

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 results, 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.

- 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 The Company has filed a suit in the City Civil Court Hyderabad, against the past Board of Directors, 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.
- 5.4 Based on the media reports, it has come to the knowledge of the Company that the former statutory auditors have filed a suit in the Ranga Reddy, District Court against the Company seeking damages. The said suit has not yet been served on the Company and therefore it is unable to comment on the same.

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

6.1. 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 ₹ 123040 Lakhs 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 ₹ 123040 Lakhs allegedly given as temporary advances. The legal notices also claim damages/ compensation @18% per annum from date of advance till date of repayment. The Company has not acknowledged any liability to any of the thirty seven companies and has replied to the legal notices stating that the claims are legally untenable.

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

The thirty seven companies have filed recovery claims before the City Civil Court, Secunderabad against the Company that are currently pending disposal and in five of these cases, the Company has obtained interim stay orders from the Hon’ble High Court of Andhra Pradesh.

The amount of alleged advances aggregating to ₹ 123040 Lakhs (As at March 31, 2011 - ₹ 123040 Lakhs) has been presented separately in the Balance Sheet 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, the Management at this point of time, is not in a position to predict the ultimate outcome of the legal proceedings.

6.2. Claims from Upaid Systems Limited (Upaid)

In connection with the lawsuit filed by Upaid in the United States District Court for the Eastern District of Texas (the "Texas Action"), the Company deposited USD 70 Million (equivalent to ₹ 32739 Lakhs) during FY2009-10 into an escrow account pursuant to the Settlement Agreement.

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

In January 2012, Upaid and the Company executed a Supplemental Settlement Agreement to clarify certain provisions of the Settlement Agreement and in accordance therewith, the Company shall, in discharge of all payment obligations to Upaid, remit in two installments an amount aggregating USD 59 Million and applicable interest, subject to deduction of applicable withholding taxes in India.

Out of the amount deposited in escrow, a part remittance has been made and consequently, the Texas Action was dismissed by an order dated January 17, 2012. On final dismissal of the other actions related to this matter in US Courts, the Company shall remit the final payment from the escrow account.

6.3. Aberdeen action (USA)

On November 13, 2009, a trustee of two trusts that are assignees of the claims of twenty investors who had invested in the Company's ADS and common stock, filed a complaint against the Company, its former auditors and others (the "Action") on grounds substantially similar to those contained in the Class Action Complaint (Refer Note 7). 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.

6.4. Aberdeen notice (UK)

Aberdeen Asset Management PLC (“AAM”) and certain non-US claimant-funds which had invested in the Company's common stock and/or ADSs have given notice of potential proceedings against the Company (the “Aberdeen Notice”) before a number of possible Courts, including the Commercial Court in London, UK and/or the Courts of Luxembourg, on grounds substantially similar to those contained in the Aberdeen Action currently pending in the United States, discussed in Note 6.3.

AAM had initially quantified the alleged losses at around US\$ 283 Million. However, since then, the list of claimant-funds has undergone significant change and the losses allegedly sustained by them have not been specified.

The Company has appropriately responded to the Aberdeen Notice reserving its position and would defend itself appropriately against any claims or proceedings that may ultimately be initiated.

6.5. Income tax matters :

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

The Company had filed various petitions before CBDT requesting for stay of demands for Financial Years FY 2002-03 to FY 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 July 11, 2011 disposed off 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. As on the date of the Statement, the hearing has taken place and the Company is awaiting the Order.

6.5.2. Appointment of Special Auditor and re-assessment proceedings

FY 2001-02 and FY 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 disposal.

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

FY 2002-03 and FY 2007-08:

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

6.5.3. Provision for tax

The Company is carrying a total amount of ₹ 51107 Lakhs (net of payments) [As at March 31, 2011: ₹ 38034 Lakhs (net of payments)] towards provision for taxation. Considering the effects of financial irregularities, status of disputed tax demands and the appeals / claims pending before the various authorities, the consequent significant uncertainties regarding the outcome of these matters and the significant uncertainties in determining the tax liability, the Company has been professionally advised that it is not appropriate to make adjustments to the provisions pertaining to prior years at this stage.

7. **Class action complaint**

Subsequent to the letter by the erstwhile Chairman (Refer Note 5), 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.

During FY 2010-11 the Class action complaint was settled for USD125 Million (which was deposited into the Initial Escrow Account in April 2011) subject to the determination of the applicability of withholding tax by the Authority for Advance Rulings (AAR), and 25% of any net recovery that the Company may in the future obtain against any of the former auditors. The USDC granted final approval to the Settlement Agreement in September 2011. The settlement 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.

8. **Hedge accounting**

Forward contracts in the nature of derivatives which were used to hedge the Company's risks associated with foreign currency fluctuations relating to certain firm commitments and forecast transactions were marked to market as at the Balance Sheet date and provision for losses, if any, was dealt with in the Profit and Loss Account and unrealised gains, if any, on such derivatives were not recognised in the Profit and Loss Account upto March 31, 2011.

With effect from April 1, 2011, the Company has applied the hedge accounting principles set out in Accounting Standard 30 “Financial Instruments: Recognition and Measurement” (AS 30) in respect of such forward exchange contracts used to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and highly probable forecast transactions. Accordingly, in respect of all such contracts outstanding as on December 31, 2011, that were designated and effective as hedges of future cash flows, loss aggregating ₹ 9420 Lakhs (Net) has been recognized directly in the Hedging Reserve Account.

Consequent to the above change, loss amounting to ₹ 6875 Lakhs for the quarter ended December 31, 2011 (₹ 9764 Lakhs for the nine months ended December 31, 2011), which would have been recognized in the Profit and Loss Account had the Company followed its earlier policy of providing for the losses on such outstanding forward contracts in the nature of derivatives which were marked to market, has not been recognised in the Profit and Loss Account for the quarter and nine months ended December 31, 2011.

9. Other income includes:

Particulars	(₹ In Lakhs)					
	Quarter ended December 31, 2011 Unaudited	Quarter ended September 30, 2011 Unaudited	Quarter ended December 31, 2010 Unaudited	Nine months ended December 31, 2011 Unaudited	Nine months ended December 31, 2010 Unaudited	Year ended March 31, 2011 Audited
Gain / (Loss) on Exchange Fluctuations (Net)	6008	3806	1300	12011	3555	5110

10. Exceptional items

The exceptional items (expenditure) are stated as under:

Particulars	(₹ In Lakhs)					
	Quarter ended December 31, 2011 Unaudited	Quarter ended September 30, 2011 Unaudited	Quarter ended December 31, 2010 Unaudited	Nine months ended December 31, 2011 Unaudited	Nine months ended December 31, 2010 Unaudited	Year ended March 31, 2011 Audited
Expenses related to forensic investigation and litigation support	-	-	124	-	1754	2004
Class action settlement consideration	-	-	-	-	-	56900
Provision for impairment losses in subsidiaries	-	-	5203	-	5203	5203
Total	-	-	5327	-	6957	64107

11. Segment Reporting

Segment information has been presented in the Unaudited Consolidated Financial Results for the quarter and nine months ended December 31, 2011 as permitted by Accounting Standard (AS 17) on Segment Reporting as notified under Companies (Accounting Standards) Rules, 2006.

12. Previous period figures

Previous period figures have been regrouped, wherever necessary.

13. Qualifications in the limited review report

The qualifications made by the Auditors in their limited review report for the quarter ended December 31, 2011 are set out as under. These qualifications were also made in the Auditors' Report for the year ended March 31, 2011 and in their limited review report for the quarter and half year ended September 30, 2011.

- 13.1. Inability to comment on any adjustments/disclosures which may become necessary as a result of further findings of the ongoing investigations/proceedings by the regulatory authorities and the consequent impact, if any, on the financial results.
- 13.2. Inability to comment on the accounting treatment/disclosure of the unexplained amounts aggregating ₹ 113932 Lakhs accounted under "Unexplained Differences Suspense Account (Net)" which was fully provided in the financial results for the year ended March 31, 2009.
- 13.3. Inability to determine whether any adjustments/disclosure will be required in respect of the alleged advances amounting to ₹ 123040 Lakhs (net) and in respect of the non-accounting of any damages / compensation / interest in the financial results.
- 13.4. Inability to comment on the consequential impact, if any, in relation to a lawsuit (the "Aberdeen Action", USA) filed by certain investors in United States of America, the outcome of which is not determinable at this stage.
- 13.5. Inability to comment on the adequacy or otherwise of the provision for taxation pertaining to prior years and consequential impact, if any, due to uncertainties regarding the outcome of tax disputes and tax demands pending before various authorities.

14. Responses to Auditors' qualifications

- 14.1. With regard to the Auditors' qualification in Note 13.1 above, refer to assessment of the Management in Note 5.1.
- 14.2. With regard to the Auditors' qualification in Note 13.2 above, refer to Note 5.2 which specifies the nature, amount and accounting treatment for the same.
- 14.3. With regard to the Auditors' qualification in Note 13.3 above, refer Note 6.1 for details.
- 14.4. With regard to the Auditors' qualification in Note 13.4 above, based on legal advice, the Company is contesting the above lawsuit, the outcome of which is not determinable at this stage. Also refer to Note 6.3.
- 14.5. With regard to the Auditors' qualification in Note 13.5, refer Note 6.5 for details.

For and on behalf of the Board of Directors

Place: Hyderabad
Date: February 01, 2012

Vineet Nayyar
Chairman