



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.

PART I: STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2012

(₹ in Lakhs)

Sl. No.	Particulars	Quarter ended June 30, 2012 (Unaudited)	Quarter ended March 31, 2012 (Unaudited) (Refer Note 12)	Quarter ended June 30, 2011 (Unaudited)	Year ended March 31, 2012 (Audited)
1	Income from operations	173806	155054	132939	596421
2	Expenses				
	Employee benefits expense	100637	94883	84461	363542
	Operating, administration and other expenses	35083	32760	27160	135350
	Depreciation and amortisation expense	4588	3869	3326	14936
	Total expenses	140308	131512	114947	513828
3	Profit from operations before other income, finance costs and exceptional items (1-2)	33498	23542	17992	82593
4	Other income (Refer Note 9)	12751	4534	9626	39014
5	Profit from ordinary activities before finance costs and exceptional items (3+4)	46249	28076	27618	121607
6	Finance costs	293	238	432	1118
7	Profit from ordinary activities after finance costs but before exceptional items (5-6)	45956	27838	27186	120489
8	Exceptional items (Refer Note 10)	-	(5182)	-	(5182)
9	Profit from ordinary activities before tax (7-8)	45956	33020	27186	125671
10	Tax expense (Refer Note 11)	12700	(11649)	4170	5391
11	Net Profit from ordinary activities after tax (9-10)	33256	44669	23016	120280
12	Paid-up equity share capital (Face value of ₹ 2/- per share)	23537	23536	23533	23536
13	Reserves excluding Revaluation Reserves				307886
14	Earnings Per Share (EPS) (Face value of ₹ 2/- per share) *				
	-Basic (in ₹)	2.83	3.79	1.96	10.22
	-Diluted (in ₹)	2.82	3.79	1.95	10.21

* Quarter EPS figures are not annualised

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PART II: SELECT INFORMATION FOR THE QUARTER ENDED JUNE 30, 2012

Sl. No.	Particulars	Quarter ended June 30, 2012	Quarter ended March 31, 2012	Quarter ended June 30, 2011	Year ended March 31, 2012
A	PARTICULARS OF SHAREHOLDING				
1	Public shareholding #				
	- Number of shares	674981487	674954096	564222092	674954096
	- Percentage of shareholding	57.36	57.35	47.95	57.35
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
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100	100	100	100
	- Percentage of shares (as a % of the total share capital of the Company)	42.64	42.65	42.65	42.65

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

- Number of shares	-	-	110604486	-
- Percentage of shareholding	-	-	9.40	-

* 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 JUNE 30, 2012:

Nature	Pending as at March 31, 2012	During the quarter		Pending as at June 30, 2012
		Received	Disposed	
Dividend related	-	6	6	-
Others	-	3	3	-
Total	-	9	9	-

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1. The unaudited standalone financial results of the Company for the quarter ended June 30, 2012 have been reviewed by the Audit Committee and were approved by the Board of Directors in its meeting held on August 2, 2012. The Statutory Auditors have carried out a limited review of these financial results.
2. In compliance of the Hon'ble Company Law Board order dated July 17, 2009, the Ministry of Corporate Affairs communicated to the Company that the term of Government Nominee Directors, Mr. T.N. Manoharan and Mr. Ashok Kacker came to an end on July 15, 2012. Subsequently, Mr. T.N. Manoharan and Mr. Ravindra Kulkarni have been co-opted as Additional Directors on the Board with effect from July 18, 2012.
3. During the quarter ended June 30, 2012, the Company allotted 27,391 equity shares of ₹ 2 each, consequent to the exercise of stock options by the Associates.
4. The Company has acquired two new subsidiaries viz., vCustomer Services LLC and New vC Services Private Limited during the quarter ended June 30, 2012 pursuant to the Share Purchase Agreements entered with vCustomer Corporation.

5. **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 the meeting 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 hearing.

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 6.3) 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.

6. **Financial irregularities**

- 6.1. 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 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.

Considerable time has elapsed after the letter, and the Company has not received any further information as a result of the various ongoing investigations against the Company which requires adjustments to the financial results. 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.

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6.2. 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.

6.3. **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 date of advance till date of repayment. The Company has not acknowledged any liability to any of the thirty seven companies and has replied to the legal notices stating that the claims are legally untenable.

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

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

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

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

In July 2012, the Company has received legal notices from two of the above companies, calling upon the Company to pay 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. The Company would be dealing with the matter appropriately.

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 legal proceedings.

6.4. **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 hearing.

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 and in the opinion of the Management, the claims insofar as they relate to the Company are not tenable.

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

7.1. **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 (the "English Action"). The English Action alleges the Claimants' losses to be in excess of USD 150 million and simple interest at 8% p.a. but provides no details.

The Company is currently contesting the jurisdiction of the English Court. Accordingly, in addition to the uncertainty over the claimed losses, it is also uncertain whether the English Court will even continue to exercise jurisdiction over the lawsuit and consequently its outcome is unpredictable.




7.2. Income tax matters

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

The Company had filed various petitions before CBDT requesting for stay of demands for the financial years 2002-03 to 2007-08 till the correct quantification of income and taxes payable is done for the respective years. In March 2011 the CBDT rejected the Company's petition and the Company filed a Special Leave Petition before the Hon'ble Supreme Court which directed the Company to file a comprehensive petition/representation before CBDT giving all requisite details/particulars in support of its case for re-quantification/re-assessment of income for the aforesaid years and to submit a Bank Guarantee (BG) for ₹ 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 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 extended upto October 19, 2012.

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.

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

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

7.2.3. Provision for tax

The Company is carrying a total amount of ₹ 58212 Lakhs (net of payments) [As at March 31, 2012: ₹ 52279 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.

8. 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.

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The obligations incurred pursuant to the Settlement are in full and final disposition of the Action. Under the Settlement, the Company is required to inter-alia deposit in an Escrow Account an amount of USD 12 Million (equivalent to ₹ 6673 Lakhs).

The Settlement itself is subject to the entry of an appropriate consent order by the Court in the Southern District of New York which has not been delivered till date.

The aforesaid amount of ₹ 6673 Lakhs is expensed and disclosed as an Exceptional item with an equivalent amount being reversed from provision for contingencies.

9. Other income includes:

Particulars	(₹ In Lakhs)			
	Quarter ended June 30, 2012 (Unaudited)	Quarter ended March 31, 2012 (Unaudited) (Refer Note 12)	Quarter ended June 30, 2011 (Unaudited)	Year ended March 31, 2012 (Audited)
Gain / (Loss) on Exchange Fluctuations (Net)	5851	(5388)	2197	6623

10. Exceptional items

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

Particulars	(₹ In Lakhs)			
	Quarter ended June 30, 2012 (Unaudited)	Quarter ended March 31, 2012 (Unaudited) (Refer Note 12)	Quarter ended June 30, 2011 (Unaudited)	Year ended March 31, 2012 (Audited)
Provision for contingencies relating to various disputed matters	-	22000	-	22000
Disputed matters settled	6673	31126	-	31126
Sub-total (A)	6673	53126	-	53126
Reversals relating to impairment losses in subsidiaries	-	(27182)	-	(27182)
Release from provision for contingencies	(6673)	(31126)	-	(31126)
Sub-total (B)	(6673)	(58308)	-	(58308)
Total (A)+(B)	-	(5182)	-	(5182)

11. Tax expense

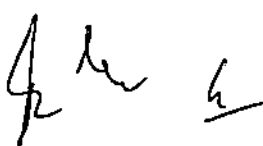
Tax expense comprises current tax and deferred tax.

11.1. Current tax

The Company has made provision towards current tax in respect of its domestic operations for the quarter ended June 30, 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.

11.2. 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.



12. Quarter ended March 31, 2012

The figures of the quarter ended March 31, 2012 are the balancing figures between the audited figures of the full financial year ended March 31, 2012 and the published year to date figures upto the nine months ended December 31, 2011.

13. Segment Reporting

Segment information has been presented in the Unaudited Consolidated Financial Results for the quarter ended June 30, 2012 as permitted by AS 17 on Segment Reporting.

14. Previous period figures

Previous period figures have been regrouped, wherever necessary.

15. Qualifications in the limited review report

The qualifications made by the Auditors in their limited review report for the quarter ended June 30, 2012 are set out as under. These qualifications were also made in the Auditors' report for the year-ended March 31, 2012.

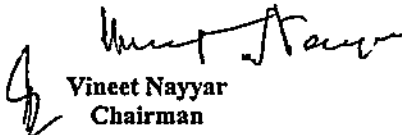
- 15.1. (a) Inability to comment on any adjustments/disclosures which may become necessary as a result of further findings of the ongoing investigations/ legal proceedings by the regulatory authorities and the consequential impact, if any, on the financial results.
- (b) Inability to comment on the accounting 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.
- (c) 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.
- 15.2. Inability to comment on the consequential impact, if any, in relation to the Aberdeen (UK) Complaint, filed by certain investors in the United Kingdom, the outcome of which is not determinable at this stage.
- 15.3. Inability to comment on the adequacy or otherwise of the provision for taxation pertaining to prior years and the consequential impact, if any, due to uncertainties regarding the outcome of the tax disputes and the tax demands pending before various authorities.

16. Responses to Auditors' qualification

- 16.1. (a) With regard to the Auditors' qualification in Note 15.1(a), refer to Note 6.1 for details
- (b) With regard to the Auditors' qualification in Note 15.1(b), refer to Note 6.2 for details
- (c) With regard to the Auditors' qualifications in Note 15.1(c), refer Note 6.3 for details
- 16.2. With regard to the Auditors' qualification in Note 15.2 above, refer Note 7.1 for details
- 16.3. With regard to the Auditors' qualification in Note 15.3 above, refer Note 7.2 for details

For and on behalf of the Board of Directors

Place: Hyderabad
Date: August 2, 2012


Vineet Nayyar
Chairman







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.

PART I: STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2012

(₹ in Lakhs)

Sl. No.	Particulars	Quarter ended June 30, 2012 (Unaudited)	Quarter ended March 31, 2012 (Unaudited) (Refer Note 12)	Quarter ended June 30, 2011 (Unaudited)	Year ended March 31, 2012 (Audited)
1	Income from operations	187986	166584	143393	639556
2	Expenses				
	Employee benefits expense	110780	102041	92496	394358
	Operating, administration and other expenses	36456	35388	29635	142802
	Depreciation and amortisation expense	4936	4153	3803	15769
	Total expenses	152172	141582	125934	552929
3	Profit from operations before other income, finance costs and exceptional items (1-2)	35814	25002	17459	86627
4	Other income (Refer Note 9)	13389	7267	9822	41890
5	Profit from ordinary activities before finance costs and exceptional items (3+4)	49203	32269	27281	128517
6	Finance costs	312	253	453	1180
7	Profit from ordinary activities after finance costs but before exceptional items (5-6)	48891	32016	26828	127337
8	Exceptional items (Refer Note 10)	-	(10940)	-	(10940)
9	Profit from ordinary activities before tax (7-8)	48891	42956	26828	138277
10	Tax expense (Refer Note 11)	13261	(9425)	4255	8515
11	Net Profit from ordinary activities after tax (9-10)	35630	52381	22573	129762
12	Minority interest	401	(1040)	55	(844)
13	Net Profit from ordinary activities after tax and after Minority interest (11-12)	35229	53421	22518	130606
14	Paid-up equity share capital (Face value of ₹2/- per Share)	23537	23536	23533	23536
15	Reserves excluding Revaluation Reserves				275193
16	Earnings Per Share (EPS) (Face value of ₹2/- per Share) *				
	- Basic (in ₹)	2.99	4.54	1.91	11.10
	- Diluted (in ₹)	2.99	4.53	1.91	11.08

* Quarter EPS figures are not annualised

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PART II: SELECT INFORMATION FOR THE QUARTER ENDED JUNE 30, 2012

Sl. No.	Particulars	Quarter ended June 30, 2012	Quarter ended March 31, 2012	Quarter ended June 30, 2011	Year ended March 31, 2012
A	PARTICULARS OF SHAREHOLDING				
1	Public shareholding #				
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	- Percentage of shareholding	57.36	57.35	47.95	57.35
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
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100	100	100	100
	- Percentage of shares (as a % of the total share capital of the Company)	42.64	42.65	42.65	42.65

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

- Number of shares	-	-	110604486	-
- Percentage of shareholding	-	-	9.40	-

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B. INVESTOR COMPLAINTS - FOR THE QUARTER ENDED JUNE 30, 2012:

Nature	Pending as at March 31, 2012	During the quarter		Pending as at June 30, 2012
		Received	Disposed	
Dividend related	-	6	6	-
Others	-	3	3	-
Total	-	9	9	-

STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2012

Sl. No	Particulars	(₹ in Lakhs)			
		Quarter ended June 30, 2012 (Unaudited)	Quarter ended March 31, 2012 (Unaudited) (Refer Note 12)	Quarter ended June 30, 2011 (Unaudited)	Year ended March 31, 2012 (Audited)
1	Income from operations	173806	155054	132939	596421
2	Profit from ordinary activities after finance costs but before exceptional items	45956	27838	27186	120489
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1. The unaudited consolidated financial results of the Company for the quarter ended June 30, 2012 have been reviewed by the Audit Committee and were approved by the Board of Directors in its meeting held on August 2, 2012. The Statutory Auditors have carried out a limited review of these financial results.
2. In compliance of the Hon'ble Company Law Board order dated July 17, 2009, the Ministry of Corporate Affairs communicated to the Company that the term of Government Nominee Directors, Mr. T.N. Manoharan and Mr. Ashok Kacker came to an end on July 15, 2012. Subsequently, Mr. T.N. Manoharan and Mr. Ravindra Kulkarni have been co-opted as Additional Directors on the Board with effect from July 18, 2012.
3. During the quarter ended June 30, 2012, the Company allotted 27,391 equity shares of ₹ 2 each, consequent to the exercise of stock options by the Associates.

4. **Consolidation**

- 4.1 The unaudited financial results of Satyam Computer Services Limited ("the Company") and its domestic and foreign subsidiaries for the quarter ended June 30, 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 unrealized profits have been eliminated.
- 4.2 The consolidated results of the Company for the quarter ended June 30, 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 pursuant to the Share Purchase Agreement entered with vCustomer Corporation and excludes the results of Knowledge Dynamics Pte Ltd, 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.

5. **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 the meeting 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 hearing.

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 6.3) 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.

6. **Financial irregularities**

- 6.1. 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.

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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.

Considerable time has elapsed after the letter, and the Company has not received any further information as a result of the various ongoing investigations against the Company which requires adjustments to the financial results. 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.

- 6.2. 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.

6.3. **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 date of advance till date of repayment. The Company has not acknowledged any liability to any of the thirty seven companies and has replied to the legal notices stating that the claims are legally untenable.

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

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

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

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

In July 2012, the Company has received a legal notice from two of the above companies, calling upon the Company to pay 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. The Company would be dealing with the matter appropriately.

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 legal proceedings.

6.4. **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 hearing.

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 and in the opinion of the Management, the claims insofar as they relate to the Company are not tenable.

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

7.1. 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 (the "English Action"). The English Action alleges the Claimants' losses to be in excess of USD 150 million and simple interest at 8% p.a. but provides no details.

The Company is currently contesting the jurisdiction of the English Court. Accordingly, in addition to the uncertainty over the claimed losses, it is also uncertain whether the English Court will even continue to exercise jurisdiction over the lawsuit and consequently its outcome is unpredictable.

7.2. Income tax matters

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

The Company had filed various petitions before CBDT requesting for stay of demands for the financial years 2002-03 to 2007-08 till the correct quantification of income and taxes payable is done for the respective years. In March 2011 the CBDT rejected the Company's petition and the Company filed a Special Leave Petition before the Hon'ble Supreme Court which directed the Company to file a comprehensive petition/representation before CBDT giving all requisite details/particulars in support of its case for re-quantification/re-assessment of income for the aforesaid years and to submit a Bank Guarantee (BG) for ₹ 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 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 extended upto October 19, 2012.

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.

7.2.2. Appointment of Special Auditor and re-assessment proceedings

Financial years 2001-02 and 2006-07:

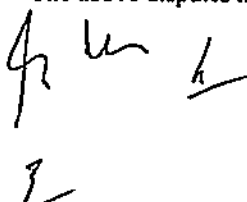
The Assessing Officer had commissioned a special audit which has been challenged by the Company on its validity and terms vide writ petitions filed before the Hon'ble High Court of Andhra Pradesh (the "A.P. High Court"). The said petitions are pending hearing.

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

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

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7.2.3. Provision for tax

The Company is carrying a total amount of ₹ 58212 Lakhs (net of payments) [As at March 31, 2012: ₹ 52279 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.

8. 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. Under the Settlement, the Company is required to inter-alia deposit in an Escrow Account an amount of USD 12 Million (equivalent to ₹ 6673 Lakhs).

The Settlement itself is subject to the entry of an appropriate consent order by the Court in the Southern District of New York which has not been delivered till date.

The aforesaid amount of ₹ 6673 Lakhs is expensed and disclosed as an Exceptional item with an equivalent amount being reversed from provision for contingencies.

9. Other income includes:

Particulars	(₹ In Lakhs)			
	Quarter ended June 30, 2012 (Unaudited)	Quarter ended March 31, 2012 (Unaudited) (Refer Note 12)	Quarter ended June 30, 2011 (Unaudited)	Year ended March 31, 2012 (Audited)
Gain / (Loss) on Exchange Fluctuations (Net)	6651	(5883)	2259	6387

10. Exceptional items

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

Particulars	(₹ In Lakhs)			
	Quarter ended June 30, 2012 (Unaudited)	Quarter ended March 31, 2012 (Unaudited) (Refer Note 12)	Quarter ended June 30, 2011 (Unaudited)	Year ended March 31, 2012 (Audited)
Provision for contingencies relating to various disputed matters	-	25594	-	25594
Disputed matters settled	6673	31126	-	31126
Sub-total (A)	6673	56720	-	56720
Reversals relating to impairment losses in subsidiaries	-	(36534)	-	(36534)
Release from provision for contingencies	(6673)	(31126)	-	(31126)
Sub-total (B)	(6673)	(67660)	-	(67660)
Total (A)+(B)	-	(10940)	-	(10940)

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11. Tax expense

Tax expense comprises current tax and deferred tax.

11.1. Current tax

The Company has made provision towards current tax in respect of its domestic operations for the quarter ended June 30, 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.

11.2. 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.

12. Quarter ended March 31, 2012

The figures of the quarter ended March 31, 2012 are the balancing figures between the audited figures of the full financial year ended March 31, 2012 and the published year to date figures upto the nine months ended December 31, 2011.

13. Previous period figures

Previous period figures have been regrouped, wherever necessary.

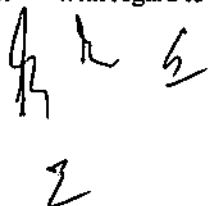
14. Qualifications in the limited review report

The qualifications made by the Auditors in their limited review report for the quarter ended June 30, 2012 are set out as under. These qualifications were also made in the Auditors' report for the year ended March 31, 2012.

- 14.1. (a) Inability to comment on any adjustments/disclosures which may become necessary as a result of further findings of the ongoing investigations/legal proceedings by the regulatory authorities and the consequential impact, if any, on the financial results.
- (b) 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.
- (c) 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.
- 14.2. Inability to comment on the consequential impact, if any, in relation to the Aberdeen (UK) Complaint, filed by certain investors in the United Kingdom, the outcome of which is not determinable at this stage.
- 14.3. Inability to comment on the adequacy or otherwise of the provision for taxation pertaining to prior years and the consequential impact, if any, due to uncertainties regarding the outcome of the tax disputes and the tax demands pending before various authorities.

15. Responses to Auditors' qualification

- 15.1. (a) With regard to the Auditors' qualification in Note 14.1(a), refer to Note 6.1 for details
- (b) With regard to the Auditors' qualification in Note 14.1(b), refer to Note 6.2 for details
- (c) With regard to the Auditors' qualifications in Note 14.1(c), refer Note 6.3 for details
- 15.2. With regard to the Auditors' qualification in Note 14.2 above, refer Note 7.1 for details
- 15.3. With regard to the Auditors' qualification in Note 14.3 above, refer Note 7.2 for details

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16. Segment Reporting

		(₹ in Lakhs)			
Sl. No.	Particulars	Quarter ended June 30, 2012 (Unaudited)	Quarter ended March 31, 2012 (Unaudited) (Refer Note 12)	Quarter ended June 30, 2011 (Unaudited)	Year ended March 31, 2012 (Audited)
1	Segment revenue				
	Information technology services	181953	163489	140735	627482
	BPO	7017	4129	3161	15012
	Unallocated	-	-	-	-
	Total	188970	167618	143896	642494
	Less: Inter segment revenue	984	1034	503	2938
	Net sales / income from operations	187986	166584	143393	639556
2	Segment profit before tax and interest				
	Information technology services	34652	24324	17337	84574
	BPO	1162	1378	122	3080
	Total	35814	25702	17459	87654
	Less : (i) Interest and financing charges	312	253	453	1180
	(ii) Other unallocable expenses & unallocable income	(13389)	(17507)	(9822)	(51803)
	Total Profit before tax	48891	42956	26828	138277
3	Capital employed				
	Information technology services	281334	263410	224354	263410
	BPO	8091	6163	2527	6163
	Unallocated	165564	153697	96392	153697
	Total Capital employed**	454989	423270	323273	423270

** The above excludes adjustments for Amounts pending investigation suspense account (net) amounting to ₹ 123040 Lakhs (Refer Note 6.3)

Notes on Segment Information:

- 1) The Group evaluates operating segments based on the following two business groups:
 - a) 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.
 - b) BPO, providing Business Process Outsourcing services covering HR, Finance & Accounting, Customer Contact (Voice, Mail and Chat) and Transaction Processing (Industry specific offerings).
- 2) Previous period figures have been regrouped, wherever necessary.

For and on behalf of the Board of Directors

Place: Hyderabad
Date: August 2, 2012

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Vineet Nayyar
Vineet Nayyar
Chairman