

SATYAM COMPUTER SERVICES LTD
Form SC14D9C
June 09, 2009

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

**SCHEDULE 14D-9
(RULE 14d-101)**

**SOLICITATION/RECOMMENDATION STATEMENT UNDER SECTION 14(d)(4)
OF THE SECURITIES EXCHANGE ACT OF 1934**

**Satyam Computer Services Limited
(Name of Subject Company)**

**Satyam Computer Services Limited
(Names of Persons Filing Statement)**

**Equity shares, par value Rs. 2.0 per share
(Title of Class of Securities)**

CUSIP Number for Equity Shares: Y7530Q141;

**CUSIP Number for American Depositary Shares: 804098101
(CUSIP Number of Class of Securities)**

Mr. G. Jayaraman

Company Secretary

Satyam Infocity

Unit 12, Plot No. 35/36

Hi-tech City layout, Survey No. 64, Madhapur

Hyderabad 500 081

Andhra Pradesh, India

+(91) 40 3063 6363

**(Name, address, and telephone numbers of person authorized to receive
notices and communications on behalf of the persons filing statement)**

Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Set forth below is the form of a letter filed by Satyam Computer Services Limited (the **Company**) with the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited (the **Indian Stock Exchanges**) on June 9, 2009 and furnished to the Securities and Exchange Commission on Form 6-K on June 9, 2009.

Additional Information

This Schedule 14D-9 relates to the planned cash tender offer by Venturbay Consultants Private Limited, a subsidiary of Tech Mahindra Limited, to acquire a minimum of 20% of the share capital of the Company, as required by the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (the **Public Offer**). At the time the Public Offer is commenced, the Company intends to file with the Securities and Exchange Commission (**SEC**) a Solicitation/Recommendation statement on Schedule 14D-9 (**Schedule 14D-9**) with respect to the Public Offer. Investors, Company's shareholders and holders of the Company's American Depositary Shares are strongly encouraged to read the Schedule 14D-9 when it becomes available because it will contain important information. Documents filed with the SEC will be available for no charge on the SEC's website at www.sec.gov, or on the Company's website at www.satyam.com and will also be available without charge by sending an e-mail to Investorservices@satyam.com, attention: Mr. G. Jayaraman, Company Secretary.

Form of letter to the Indian Stock Exchanges

[On Satyam Letterhead]

SCSL/SSU SEC/II/7/

Date: June 9, 2009

The Listing Department

[BSE/NSE]

[Address]

Dear Sir,

Sub.: Disclosure of information provided to selected bidders

In connection with the bid process followed by Satyam Computer Services Limited (the **Company**) to select a strategic investor, the Company had provided to selected bidders, including Venturbay Consultants Private Limited (the **Acquirer**) and Tech Mahindra Limited (the **Person Acting in Concert** or **PAC**), access to certain non-public information to facilitate price discovery as the publicly available information about the Company was tainted.

In accordance with the Securities and Exchange Board of India's (the **SEBI**) in-principle approval dated March 3, 2009, such information was provided to selected bidders subject to execution of: (i) a non-disclosure and non-solicitation agreement which, among other things, required bidders to keep confidential all information received from the Company during the bid process and to not solicit employees or clients of the Company based on such information, and (ii) a standstill agreement which, among other things, required bidders to not deal in the securities of the Company until six (6) months from the date of the public announcement of the public offer (the **Public Offer**) under the SEBI's (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (the **Takeover Regulations**). We understand that certain antifraud rules and regulations of the United States Securities and Exchange Commission apply in connection with the Public Offer, including Section 14(e) of the Securities and Exchange Act of 1934 as well as Rule 10b-5 promulgated under that act. In general, it is unlawful for any person to make any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, or to engage in any fraudulent, deceptive, or manipulative acts or practices, in connection with any tender offer. In the context of selected bidders, including the Acquirer and the PAC, having been provided information on the Company, it is possible that such information may be deemed to be material, in which case it may be unlawful for the Acquirer and PAC to undertake the Public Offer without first publicly disclosing this information. It is for this reason, in abundance of caution and in the interest of having the fullest compliance with laws that the Acquirer and the PAC intend to disclose certain information, as provided to selected bidders, including the Acquirer and the PAC (**Information**) in their letter of offer.

As a matter of good corporate governance and in the interest of full disclosure, the Company also deems it fit to disclose the Information publicly at this time. Accordingly, the Information is being enclosed herewith and may also

be accessed on the Company's website at <http://www.satyam.com/investors/q30809.asp>.

The Information was not prepared with a view toward public disclosure or compliance with the Company's listing agreement with stock exchanges, the published guidelines of the Securities and Exchange Board of India or the U.S. Securities and Exchange Commission or the guidelines established by the American Institute of Certified Public Accountants. This information is not necessarily in

compliance with either Indian generally accepted accounting principles or United States generally accepted accounting principles.

The Information has been prepared by the Company with data collected using the Company's internal management information systems (**Internal MIS**), which may not be adequate and books of accounts, making certain management estimations, assumptions and approximations. Given (i) the pendency of the restatement of the Company's financial statements, and (ii) the fact that the Company's present board of directors and audit committee are still reviewing the effectiveness of the Company's internal controls, the Company's internal control over financial reporting may not be effective. Further, the Company may not have access to all books of accounts needed to prepare financial information. Hence, the estimations, assumptions and approximations used by the Company's management are their best efforts. These factors should be viewed in light of Price Waterhouse's statement to the Company on January 13, 2009 and the resignation letter of B. Ramalinga Raju, the former Chairman of the board of directors of Company, Price Waterhouse's audit reports and opinions in relation to Company's financial statements from the quarter ended June 30, 2000 until the quarter ended September 30, 2008 should no longer be relied upon. Therefore, there are no audit reports for or reviews of the Company's annual or quarterly financial statements from the quarter ended June 30, 2000 to date. No assurance can be given as to the date when audit reports for restated financial statements will be available. Further, the Information has not been audited, reviewed or examined by an independent auditor or otherwise verified. There can be no assurance that the Information is accurate. Actual (final and/or audited) results of financial condition, results of operations and cash flows may be materially different from the Information.

None of the Company, its affiliates, advisors or representatives are making any representations or warranties, express or implied, as to the accuracy or completeness of the Information, or as to the reasonableness of any assumptions on which such Information may be based, and neither the Company, its affiliates, advisors or representatives will have any liability with respect to any use or reliance upon any of such Information. In

addition, none of the Company, its affiliates, advisors or representatives undertakes any obligation to update or otherwise reconcile or revise this Information to reflect circumstances after the date this Information was generated or provided to selected bidders or to reflect the occurrence of future events that may result in the Information being in error.

The Information is being disclosed only because it was made available by the Company to selected bidders, including the Acquirer and PAC. The disclosure of the Information shall not be deemed to be any acknowledgement or admission by the Company as to the materiality or relevance of any of this Information.

Please acknowledge receipt of the same.

Thanking you

Yours faithfully

For Satyam Computer Services Limited

/s/ G Jayaraman

G Jayaraman

Company Secretary

Encl.: As above.

In connection with the bid process followed by the Satyam Computer Services Limited (the **Company**) to select a strategic investor, the Company had provided to selected bidders, including Venturbay Consultants Private Limited (the **Acquirer**) and Tech Mahindra Limited (the **Person Acting in Concert** or **PAC**), access to certain non-public information to facilitate price discovery as the publicly available information about the Company was tainted. In accordance with the Securities and Exchange Board of India's (the **SEBI**) in-principle approval dated March 3, 2009, such information was provided to selected bidders subject to execution of: (i) a non-disclosure and non-solicitation agreement which, among other things, required bidders to keep confidential all information received from the Company during the bid process and to not solicit employees or clients of the Company based on such information, and (ii) a standstill agreement which, among other things, required bidders to not deal in the securities of the Company until six (6) months from the date of the public announcement of the public offer (the **Public Offer**) under the SEBI's (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (the **Takeover Regulations**). We understand that certain antifraud rules and regulations of the United States Securities and Exchange Commission apply in connection with the Public Offer, including Section 14(e) of the Securities and Exchange Act of 1934 as well as Rule 10b-5 promulgated under that act. In general, it is unlawful for any person to make any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, or to engage in any fraudulent, deceptive, or manipulative acts or practices, in connection with any tender offer. In the context of selected bidders, including the Acquirer and the PAC, having been provided information on the Company, it is possible that such information may be deemed to be material, in which case it may be unlawful for the Acquirer and PAC to undertake the Public Offer without first publicly disclosing this information. It is for this reason, in abundance of caution and in the interest of having the fullest compliance with laws that the Acquirer and the PAC intend to disclose certain information, as provided to selected bidders, including the Acquirer and the PAC (**Information**) in their letter of offer. As a matter of good corporate governance and in the interest of full disclosure, the Company also deems it fit to disclose the Information publicly at this time. Accordingly, the Information is being provided herewith. The Information was not prepared with a view toward public disclosure or compliance with the Company's listing agreement with stock exchanges, the published guidelines of the Securities and Exchange Board of India or the U.S. Securities and Exchange Commission or the guidelines established by the American Institute of Certified Public Accountants. This information is not necessarily in compliance with either Indian generally accepted accounting principles or United States generally accepted accounting principles. The Information has been prepared by the Company with data collected using the Company's internal management information systems (**Internal MIS**), which may not be adequate and books of accounts, making certain management estimations, assumptions and approximations. However, in light of Price Waterhouse's statement to Company on January 13, 2009 and the resignation letter of B. Ramalinga Raju, the former Chairman of the board of directors of Company, Price Waterhouse's audit reports and opinions in relation to Company's financial statements from the quarter

ended June 30, 2000 until the quarter ended September 30, 2008 should no longer be relied upon and, therefore, there are no audit reports for Company from the quarter ended June 30, 2000 onwards. **Accordingly, the Information is not reliable.**

Further, the Information has not been audited, reviewed or examined by an independent auditor or otherwise verified. There can be no assurance that any such Information is accurate, and the actual (final and/or audited) results may be materially higher or lower than projected.

None of the Company, its affiliates, advisors or representatives are making any representations or warranties, express or implied, as to the accuracy or completeness of the Information, or as to the reasonableness of any assumptions on which such Information may be based, and neither the Company, its affiliates, advisors or representatives will have any liability with respect to any use or reliance upon any of such Information. In

addition, none of the Company, its affiliates, advisors or representatives undertakes any obligation to update or otherwise reconcile or revise this Information to reflect circumstances after the date this Information was generated or provided to selected bidders or to reflect the occurrence of future events that may result in the Information being in error.

The Information is being disclosed only because it was made available by the Company to selected bidders, including the Acquirer and PAC. The disclosure of the Information shall not be deemed to be any acknowledgement or admission by the Company as to the materiality or relevance of any of this Information..

Unless otherwise specified, translation of amounts for the convenience of the reader has been made in this section from Indian rupee amounts into United States dollars at the rate of Rs. 50 per US\$1.00

**1. Satyam
Computer
Services
Limited (stand
alone) profit
and loss
account for
quarter ended
December 31,
2008**

Draft and unaudited

Sl. No.	Particulars	Rs. In Crores Quarter Ended December 31, 2008
1	Income from services	
	Exports	2194.00
	Domestic	100.00
	Total	2294.00
2	Other income	(88.00)
3	Total income	2,206.00
4	Personnel expenses	1509.00
5	Operating and Administration expenses	421.00
6	Total expenditure	1930.00
7	Profit before interest, depreciation/amortization and taxation (PBIDT)	276.00
8	PBIDT margin	12.51%
9	Operating profit (PBIDT without other income)	364.00
10	Operating profit margin	15.87%
11	Financial expenses	8.00
12	Depreciation/amortization	66.00
13	Profit before taxation [7-(11+12)]	202.00
14	Provision for taxation	21.00
15	Profit after taxation (PAT)	181.00

Notes:

1. Revenue taken is sales for the quarter invoiced and unbilled.
2. In the absence of identified Provision for Doubtful Debts we have provided same amount as was

provided in the
quarter ended
September 30,
2008 for quarter
ended
December 31,
2008.

3. Other Income includes realized as well as unrealized forex gain/loss. Gain/Loss pertaining to inflated assets/liabilities (Refer Confession statement of former Chairman) has not been eliminated pending completion of forensic audit activities and restatement of accounts.

 4. Conversion for US\$ to Rs. is based on prevailing conversion rate on the transaction date.
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Schedules forming part of the Profit and Loss Account for the Quarter Ended December 31, 2008

	Quarter Ended December 31, 2008
12. Other Income	
Interest on deposits Gross	
Interest on advances Gross	
Income From Investments Subsi	5.00
Profit on sale of current investments Trade	
Gain / (Loss) on exchange fluctuations	(94.00)
Profit on sale of long term investments	
Provision no longer required written back	
Miscellaneous income	1.00
	(88.00)
13. Personnel Expenses	
Salaries and bonus	1,362.00
Contribution to provident and other funds	127.00
Staff welfare expenses	2.00
Employee stock compensation expense	18.00
	1,509.00*
* includes bench cost of Rs. 120 cr	
14. Operating and Administration Expenses	
Rent	57.00
Rates and taxes	2.00
Insurance	3.00
Traveling and conveyance	99.00
Communication	31.00
Printing and stationery	1.00
Power and fuel	15.00
Advertising	
Marketing expenses	23.00

	Quarter Ended December 31, 2008
Repairs and maintenance	
Buildings	1.00
Machinery	11.00
Others	13.00
Security services	2.00
Legal and professional charges	108.00
Provision for doubtful debts and advances	21.00
Doubtful Advances Written off	
Loss on sale of Fixed Assets (net)	1.00
Fringe Benefit Tax-India	
Directors sitting fees	
Auditors remuneration	
Donations and contributions	
Subscriptions	3.00
Training and development	1.00
Research and development	
Software charges	10.00
Managerial remuneration	
Salaries	1.00
Commission	1.00
Contribution to P.F.	
Others	
Visa charges	9.00
Miscellaneous expenses	8.00
	421.00
15. Financial Expenses	
Other finance charges	8.00

**2. Satyam
Computer
Services
Limited (stand
alone) profit
and loss
account for the
month ended
January 31,
2009**

P&L January, 2009

Draft and unaudited

**Rs. In Crores
Month ended January
31,
2009**

Sl.No.	Particulars	
1	Income from services	
	Exports	661.00
	Domestic	20.00
	Total	681.00
2	Other income	(34.00)
3	Total income	647.00
4	Personnel expenses	504.00
5	Operating and administration expenses	116.00
6	Total expenditure	620.00
7	Profit before interest, depreciation/amortization and taxation (PBIDT)	27.00
8	PBIDT margin	4.17%
9	Operating profit (PBIDT without other income)	61.00
10	Operating profit margin	8.96%
11	Financial expenses	2.00
12	Depreciation/amortization	21.00
13	Profit before taxation [7-(11+12)]	4.00
14	Provision for taxation	
15	Profit after taxation (PAT)	4.00

Notes:

1. Revenue taken is sales for the month invoiced and unbilled.
2. In the absence of identified Provision for Doubtful Debts we have provided prorated amount as was

provided in Sep
08 quarter
prorate.

3. Mark to market loss for January 2009 and February 2009 is provided on estimation basis.
4. Provision for income taxes will be made on quarterly basis, and hence not provided in Jan and Feb P&L.
5. Depreciation is normally accounted on quarterly basis. However depreciation for Jan 09 & Feb 09 is computed and provided.
6. Other Income includes realized as well as unrealized forex gain/loss. Gain/Loss pertaining to inflated assets/liabilities (Refer Confession statement of former Chairman) has not been eliminated pending completion of forensic audit activities and restatement of

accounts.

Schedules forming part of the Profit and Loss Account**Month ended January 31,
2009**

12. Other Income	
Interest on deposits Gross	
Interest on advances Gross	
Income From Investments Subsi	
Profit on sale of current investments Trade	
Gain / (Loss) on exchange fluctuations	(34.00)
Profit on sale of long term investments	
Provision no longer required written back	
Miscellaneous income	
	(34.00)
13. Personnel Expenses	
Salaries and bonus	457.00
Contribution to provident and other funds	46.00
Staff welfare expenses	1.00
Employee stock compensation expense	
	504.00
* includes bench cost of Rs. 42 cr	
14. Operating and Administration Expenses	
Rent	16.00
Rates and taxes	1.00
Insurance	1.00
Traveling and conveyance	22.00
Communication	6.00
Printing and stationery	
Power and fuel	3.00
Advertising	1.00
Marketing expenses	3.00
Repairs and maintenance	
Buildings	
Machinery	6.00
Others	5.00
Security services	2.00
Legal and professional charges	34.00
Provision for doubtful debts and advances	7.00
Doubtful Advances Written off	
Loss on sale of Fixed Assets (net)	
Fringe Benefit Tax-India	
Directors sitting fees	
Auditors remuneration	
Donations and contributions	
Subscriptions	
Training and development	1.00
Research and development	

Software charges	4.00
Managerial remuneration	
Salaries	
Commission	
Contribution to P.F.	
Others	
Visa charges	2.00
Miscellaneous expenses	2.00
	116.00

**3. Satyam
Computer
Services
Limited (stand
alone) profit
and loss
account for the
month ended
February 28,
2009**

P&L February, 2009

Draft & unaudited

		Rs. In Crores
		The month ended
		February 28, 2009
Sl. No.	Particulars	
1	Income from services	
	Exports	654.00
	Domestic	22.00
	Total	676.00
2	Other income	(39.00)
3	Total income	637.00
4	Personnel expenses	456.00
5	Operating and administration expenses	102.00
6	Total expenditure	558.00
7	Profit before interest, depreciation/amortization and taxation (PBIDT)	79.00
8	PBIDT margin	12.40%
9	Operating profit (PBIDT without other income)	118.00
10	Operating profit margin	17.46%
11	Financial expenses	4.00
12	Depreciation/amortization	21.00
13	Profit before taxation [7-(11+12)]	54.00
14	Provision for taxation	2.00
15	Profit after taxation (PAT)	52.00

Notes:

1. Revenue taken is sales for the month invoiced and unbilled.
2. In the absence of identified Provision for Doubtful Debts we have provided prorated amount as was provided in Sep

08 quarter
prorate.

3. Mark to market loss for Jan 09 & Feb 09 is provided on estimation basis.
 4. Provision for income taxes will be made on quarterly basis, and hence not provided in Jan and Feb P&L.
 5. Depreciation is normally accounted on quarterly basis. However depreciation for Jan 09 & Feb 09 is computed and provided.
 6. Other Income includes realized as well as unrealized forex gain/loss. Gain/Loss pertaining to inflated assets/liabilities (Refer Confession statement of former Chairman) has not been eliminated pending completion of forensic audit activities and restatement of accounts.
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Schedules forming part of the Profit and Loss Account for the month ended February 28, 2009

12.	Other Income	
	Interest on deposits Gross	
	Interest on advances Gross	
	Income From Investments Subsi	
	Profit on sale of current investments Trade	
	Gain / (Loss) on exchange fluctuations	(39.00)
	Profit on sale of long term investments	
	Provision no longer required written back	
	Miscellaneous income	
		(39.00)
13.	Personnel Expenses	
	Salaries and bonus	420.00
	Contribution to provident and other funds	35.00
	Staff welfare expenses	1.00
	Employee stock compensation expense	
		456.00
14.	Operating and Administration Expenses	
	Rent	19.00
	Rates and taxes	1.00
	Insurance	1.00
	Travelling and conveyance	14.00
	Communication	5.00
	Printing and stationery	
	Power and fuel	4.00
	Advertising	
	Marketing expenses	1.00
	Repairs and maintenance	
	Buildings	
	Machinery	2.00
	Others	5.00
	Security services	1.00
	Legal and professional charges	32.00
	Provision for doubtful debts and advances	7.00
	Doubtful Advances Written off	
	Loss on sale of Fixed Assets (net)	
	Fringe Benefit Tax-India	
	Directors sitting fees	
	Auditors remuneration	
	Donations and contributions	
	Subscriptions	1.00
	Training and development	
	Research and development	
	Software charges	5.00
	Managerial remuneration	
	Salaries	
	Commission	

Contribution to P.F.	
Others	
Visa charges	2.00
Miscellaneous expenses	2.00
	102.00

4. Satyam Computer Services Limited (consolidated incl. subsidiaries) profit and loss account for quarter ended December 31, 2008

Consolidated Profit and Loss Account for Quarter Ending December 31, 2008- DRAFT AND UNAUDITED

	Dec-08	Dec-08	Dec-08	Dec-08	Dec-08	Dec-08	Dec-08	Dec-08	Dec-08	Dec-08	Dec-08	Dec-08	Dec-08	Dec-08
		Satyam Computer Services Technology BPO Ltd Inc.	Satyam Computer Services (Shanghai) Co. Ltd.	CitiSoft PLC	Knowledge Dynamics Pte. Ltd	Satyam Computer Services (Egypt) SAE	Satyam Computer Services (Nanjing) Co. Ltd	Global Solutions Ltd.	Bridge Strategy Group LLC	C&S Systems (CA Satyam)	S&V Management Consultants Ltd.	Satyam Venture Engg Services Ltd.	Memo Entries	JV Elimi
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	50%		
2.17	32.29	13.36	16.03	14.74		0.85	1.47	0.64	19.10			6.22		
1.88			0.76	0.91		0.14		0.14	8.93			5.28		(5.28)
4.05	32.29	13.36	16.79	15.65		1.00	1.47	0.78	28.04			11.50		(5.28)
9.96	0.11									1.12	16.42	(0.06)		
	21.22											0.17		(0.17)
9.96	21.33									1.12	16.42	0.10		(0.17)
4.01	53.62	13.36	16.79	15.65		1.00	1.47	0.78	28.04	1.12	16.42	11.60		(5.45)
2.13	32.40	13.36	16.03	14.74		0.85	1.47	0.64	19.10	1.12	16.42	6.15		
1.88	21.22		0.76	0.91		0.14		0.14	8.93			5.45		(5.45)
3.23)	1.86	0.00	(0.01)	1.52		(0.05)	(0.01)	0.02	0.00	0.16	0.88	1.03	0.33	
5.78	55.48	13.36	16.78	17.17		0.95	1.46	0.79	28.04	1.29	17.30	12.63	0.33	(5.45)
3.31	36.35	13.28	14.69	16.03		1.65	3.95	0.46	28.98	0.72	12.04	8.03	(0.40)	(5.45)
										0.63				
1.10	16.48	0.17	4.34	2.60	0.08	0.43	1.03	0.10	1.14	0.63	1.04	3.21	0.88	
3.35	6.28			0.01					0.10	0.00	0.04	0.02		
5.87	5.71		0.36	0.10		0.11	0.59	0.00	0.36	0.01	0.37	0.45		
3.63	64.83	13.45	19.39	18.73	0.08	2.20	5.57	0.56	30.59	1.99	13.49	11.71	0.48	(5.45)
2.14	(9.34)	(0.09)	(2.61)	(1.56)	(0.08)	(1.25)	(4.11)	0.23	(2.55)	(0.70)	3.81	0.92	(0.16)	

5.00	0.02	(0.68)		0.56					(0.86)				
4.50	0.20									0.00		0.02	
3.61)				(1.39)				0.00	(0.02)				
											1.17		
1.25	(9.56)	0.59	(2.61)	(0.72)	(0.08)	1.25	(4.11)	0.23	(1.67)	(0.71)	2.64	0.90	(0.16)
1.25	(9.56)	0.59	(2.61)	(0.72)	(0.08)	(1.25)	(4.11)	0.23	(1.67)	(0.71)	2.64	0.90	(0.16)

Note:

1. Effect of withdrawal of AS 11 is not considered
2. Other income includes realized as well as unrealized forex gain/loss. In case of SCSL, gain or loss pertaining to inflated assets/liabilities (ref: confession statement of former chairman) has not been eliminated pending completion of forensic audit activities and restatement of accounts.
3. Source: Management internal MIS and books of

accounts

4. Revenue taken is sales for the quarter invoiced and unbilled
 5. In the absence of identified Provision for Doubtful Debts we have provided same amount as was provided in Sep 08 quarter for quarter ending Dec 08.
 6. Conversion for US\$ to Rs. is based on prevailing conversion rate on the transaction date for SCSL and based on quarter averages for subsidiaries.
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Schedules forming part of the Consolidated Profit and Loss Account for Quarter ending December 31, 2008, DRAFT AND UNAUDITED

Dec-08	Dec-08	Dec-08	Dec-08	Dec-08	Dec-08	Dec-08	Dec-08	Dec-08	Dec-08	Dec-08	Dec-08	Dec-08	Dec-08	Dec-08	Dec-08
Satyam Computer Services Ltd	SATYAM BPO Ltd	Satyam Technology Inc	Satyam Computer Services (Shanghai) Co. Ltd	CITISOL PLC	Knowledge Dynamics Pte Ltd	Satyam Computer Services (Egypt) SAE Ltd.	Satyam Computer Services (Nanjing) Co. Ltd.	Solution Group Ltd	Bridge LLC	C&S (CA) Satyam	S&V Management Consultants Ltd.	Satyam Venture Engg Services Pvt. Ltd.	Memo entries	JV Elim	IC Ohm
	(0.03)	0.00	0.01	0.02			0.00	0.02	0.00	0.16					
4.72															(4.72)
(93.62)	1.86		(0.01)	1.57		(0.05)	(0.02)				(0.01)	1.02	0.33		
0.67	0.01	()	0.00	(0.07)				0.00			0.89	0.01			
(88.23)	1.88	0.00	(0.01)	1.52		(0.05)	(0.01)	0.02	0.00	0.16	0.88	1.03	0.33		(4.72)
1,362.17	34.04	13.15	14.63	11.04		1.52	3.93	0.46	28.80	0.65	11.53	7.89	(0.40)	(5.45)	(24.11)
126.63	1.66	0.13		0.35		0.12				0.05	0.02	0.12			
2.05	0.66		0.06	4.63		0.01	0.02		0.19	0.02	0.49	0.02			
17.47															
1,508.31	36.35	13.28	14.69	16.03		1.65	3.95	0.46	28.98	0.72	12.04	8.03	(0.40)	(5.45)	(24.11)
										0.05					
										0.63					

										0.05					
										0.63					
	57.19	3.72	0.00	0.48	0.37		0.03	0.07		0.67	0.44	0.61	0.19		
	2.13	0.02		0.85	0.08		0.01	0.06			0.00		0.00		
	3.08	0.18		0.00	0.04			0.00		0.00	0.01	0.08			
	99.16	4.44	0.05	1.81	0.79		0.09	0.14		(3.93)	0.04	1.02	0.73	0.00	
	30.81	2.42	0.00	0.29	0.10		0.07	0.25	0.02	0.35	0.01	0.12	0.04	(0.06)	
	1.14	0.84	0.00	0.02	0.03		0.00	0.03		0.01	0.00	0.08	0.02		
	15.33	0.11		0.08				0.06			0.02	0.07	0.07		
	0.34	0.01			0.26							0.08			
	22.78			0.22	0.17		0.00	0.00		1.62		0.00	1.09		
	0.74				0.00		0.01								
	11.02	1.32					0.03				0.01		0.61		
	13.55	(0.11)		0.01	0.02			0.00	0.00	0.49	0.01	(1.32)			
	1.84			0.04				0.05			0.00				
	108.33	1.75	0.07	0.23	0.41	0.00	0.07	0.14	0.07	0.00	0.05	0.06	0.17	0.94	(9.8)
	21.22				0.02										
	0.75														
	0.02														
	0.09	0.02	0.03	0.07	0.02		0.07				0.01		0.02		
	0.13														
	2.79			0.00	(0.01)			0.00		0.08		0.02			
	0.87	(0.10)		0.00	0.09			(0.02)				0.01	0.09		
	(0.19)									0.14					

9.90	1.09		0.01	0.15			0.00					0.10		
0.76														
0.71														
0.01														
0.16														
8.74			0.03				0.00					0.02		
7.72	0.78	0.02	0.19	0.06	0.08	0.05	0.22	0.00	1.70	0.03	0.01	0.07		
421.10	16.48	0.17	4.34	2.60	0.08	0.43	1.03	0.10	1.14	0.63	1.04	3.21	0.88	(9.8)
	0.11													
	4.27													
	1.89													
8.35	0.01			0.01					0.10	0.00	0.04	0.02		
8.35	6.28			0.01					0.10	0.00	0.04	0.02		

**5. Satyam
Computer
Services
Limited's
subsidiaries
profit and loss
account for the
month ended
January 31,
2009**

Profit and Loss Account for the month of January 2009 Draft and Unaudited Satyam shareholding %	Satyam						
	Nitor Global Solutions Ltd	Computer Services (Egypt) S.A.E	Satyam Computer services (Sanghai) Co. Ltd.	Satyam Computer Services (Nanjing) Co. Ltd.	S&V Management Consultants	C&S System (ITA Satyam)	Satyam BPO Limited
	100%	100%	100%	100%	100%	100%	100%
Income							
Services							
Exports	0.14	0.65	4.70	0.18	5.26	0.10	10.75
Domestic							3.00
Other Income		(0.01)	(0.00)	0.00		0.06	(8.35)
	0.14	0.65	4.69	0.18	5.26	0.16	5.39
Expenditure							
Personnel Expenses	0.09	0.64	4.54	1.25	3.21	0.49	9.91
Cost of Software and Hardware Sold							
Operating and Administration Expenses	0.02	0.10	1.02	0.37	1.11		4.42
Financial Expenses							2.46
Depreciation and Amortization	0.00	0.04	0.10	0.11			1.78
	0.11	0.78	5.67	1.72	4.32	0.49	18.57
Profit before taxation	0.03	(0.13)	(0.97)	(1.55)	0.94	(0.33)	(13.17)

Notes:

1. Revenue taken is sales for the month invoiced and unbilled.
2. In the absence of identified Provision for Doubtful Debts we have

provided prorate amount as was provided in Sep 08 quarter prorate.

3. Mark to market loss for Jan 09 & Feb 09 is provided on estimation basis.
4. Provision for income taxes will be made on quarterly basis, and hence not provided in Jan and Feb P&L.
5. Depreciation is normally accounted on quarterly basis. However depreciation for Jan 09 & Feb 09 is computed and provided.
6. Other Income includes realized as well as unrealized forex gain/loss. Gain/Loss pertaining to inflated assets/liabilities (Refer Confession statement of former Chairman) has not been eliminated pending completion of forensic audit activities and restatement of

accounts.

**6. Satyam
Computer
Services
Limited
subsidiaries
profit and loss
account for the
month ended
February 28,
2009**

Profit and Loss Account for the month of Feb 09 Draft and Unaudited Satyam shareholding % Income Services	Nitor Global Solutions Ltd	Satyam Computer Services (Egypt) S.A.E	Satyam Computer services (Sanghai) Co. Ltd.	Satyam Computer Services (Nanjing) Co. Ltd.	S&V Management Consultants	C&S System (CA Satyam)	Satyam BPO Limited
	100%	100%	100%	100%	100%	100%	100%
Exports	0.10	0.69	4.27	0.30	5.38	0.12	10.17
Domestic							2.40
Other Income		(0.00)	(0.00)	(0.01)		0.06	2.63
	0.10	0.69	4.27	0.28	5.38	0.17	15.20
Expenditure							
Personnel Expenses	0.07	0.85	4.65	1.19	2.94		9.50
Cost of Software and Hardware Sold							
Operating and Administration Expenses	0.02	0.09	1.26	0.31	1.05		3.92
Financial Expenses							2.37
Depreciation and Amortization	0.00	0.04	0.10	0.10			1.55
	0.09	0.98	6.01	1.61	3.99	0.49	17.34
Profit before taxation	0.01	(0.30)	(1.74)	(1.33)	1.39	(0.32)	(2.15)

Notes:

1. Revenue taken is sales for the month invoiced and unbilled.
2. In the absence of identified Provision for Doubtful Debts

we have provided prorate amount as was provided in Sep 08 quarter prorate.

3. Mark to market loss for Jan 09 & Feb 09 is provided on estimation basis.
4. Provision for income taxes will be made on quarterly basis, and hence not provided in Jan and Feb P&L.
5. Depreciation is normally accounted on quarterly basis. However depreciation for Jan 09 & Feb 09 is computed and provided.
6. Other Income includes realized as well as unrealized forex gain/loss. Gain/Loss pertaining to inflated assets/liabilities (Refer Confession statement of former Chairman) has not been eliminated pending completion of forensic audit activities and

restatement of
accounts.

7. A. Cash flow numbers for Satyam Computer Services Limited (stand-alone) for months of January (beginning January 9), February and March 2009

	Jan*	Feb	Mar	Grand total
Balance	143	300	482	143
Collections	736	636	692	2,064
Loans		300	69	369
Payments	579	754	870	2,203
Surplus/deficit	157	182	(109)	230
Closing Balance	300	482	373	373

Rs. In Crores

* January 9
January 31st

B. Bank loan information for Satyam Computer Services Limited (stand-alone) for months of January, February and March 2009

	Existing Loans as of January [1], 2009	New Loans January-March	Total Loans	Repaid Loans (January-March)	Rs. In Crores Balance outstanding (as of March 31, 2009)
Fund based					
Citibank (Export Packing Credit US\$ Loan)	200		200	100	100
IDBI Bank		150	150		150
Bank of Baroda		150	150		150
HDFC Bank		69	69		69
	200	369	569	100	469
Corporate guarantee for Satyam BPO					
BNP Paribas	225		225	56	169
Non fund based (Bank Guarantees)					
Citibank	80		80		80
Bank of Baroda	2		2		2
BNP Paribas	95	7	102		102
	177	7	184		184

Foreign Exchange Exposure

Forward / Option contracts outstanding as of March 31, 2009 was about US\$164 million and the estimated marked to market losses

will be Rs. 110 Crores; marked to market losses paid out in January to March 2009 is Rs. 148 Crores.

Note: The undrawn loan is Rs. 316

**Crores. [IDBI
Bank Rs. 150
Crores; Bank
of Baroda Rs.
150 Crores and
HDFC Rs. 16
Crores.]**

C. Cash outlays information for Satyam Computer Services Limited (stand-alone) for months of January (beginning January 9), February and March 2009

S. no	Cash Outlays Operating cash outlays	Rs. In Crores			
		January 2009* 9th to 31st	February 2009 1st to 28th	March 2009 1st to 31st	Total
1	Employment related				
	Salaries	331.01	308.16	387.29	1,026.46
	Medical Insurance	40.60	24.70	25.87	91.17
	Statutory compliance	35.67	125.40	90.48	251.55
2	Sub contractors	26.30	53.55	24.11	103.95
3	Rent and utilities	7.28	31.47	29.84	68.59
4	Travel and Forex	2.81	40.72	51.12	94.65
5	Other insurance	2.68	1.09	2.42	6.19
6	Other Operating expenses	13.33	45.19	90.67	149.19
7	Subsidiary (operating expenses)	22.88	9.58	12.15	44.61
A	Total Operating Cash outlays	482.56	639.85	713.95	1,836.36
Non Operating Cash outlays					
(i)	Capital expenditures		8.53	44.01	52.54
(ii)	Marked to Market losses on account of foreign exchange contracts settled	47.03	81.86	18.92	147.81
(iii)	Repayment of loans	49.50	4.91	49.45	103.86
(iv)	Deposits and margin money for Bank Guarantees		6.67	2.16	8.83
(v)	Other non operative expenses		12.39	41.55	53.94
B	Total Non operating cash outlays	96.53	114.35	156.09	366.98
(A+B)	TOTAL CASH OUTLAYS	579.09	754.21	870.04	2,203.34

Note: The Loan to Satyam BPO Limited, the Company's wholly-owned subsidiary (**Satyam BPO**), has been re-classified under non-operating expenses.

8. Accounts receivable and collections information for Satyam Computer Services Limited (stand-alone) as of February 28, 2009

Accounts Receivable as of 28 February 2009		Rs in Crores
February invoicing*		690
Not Due**		101
Due in March 2009		533
Total Not due		1,324
0 - 30 dpd***		67
31 - 60 dpd		114
61 - 90 dpd		52
91 - 120 dpd		62
121 - 150 dpd		34
151 - 180 dpd		38
180+ dpd		222
Total Overdue		587
Grand total		1,911

* February 2009 invoicing in progress as on February 2, 2009.

** Invoiced but due after March 2009.

*** dpd days past due date.

	Monthly Collection	
	US\$ in Million	Rs. In Crores
Apr/08	136	680
May/08	125	624
Jun/08	166	829
Jul/08	183	916
Aug/08	169	846
Sep/08	155	775
Oct/08	187	937
Nov/08	156	782
Dec/08	190	952
Jan/09	183	913
Feb/09	134	671
Average Collection per month	162	811

Monthly Collections by Receivables Buckets

Amount in US\$	Against	Against	Against	Unapplied	GRAND
	31 st	Jan 09	Feb 09		
Millions	Dec 08 O/S	Invoices	Invoices	Collections	TOTAL
Collection January 09	170	6	0	6	183
Collection February 09	75	25	7	27	134
Collection March 09 (until 1 st)	15	18	8	11	52
Grand Total	260	49	15	45	369
Amount in Rs. Crores					
Collection January 09	851	28	2	32	913
Collection February 09	376	127	35	133	671
Collection March 09 (until 1 st)	73	90	40	57	260
Grand Total	1,299	245	77	223	1,844

9. The Company's total bank balances as on March 31, 2009, were Rs. 373 Crores or US\$74.6 million. Out of the sanctioned loan limits, as on March 31, 2009 the Company had availed of loans worth Rs. 469 Crores or US\$93.8 million and undrawn fund based limit of loan worth Rs. 316 Crores or US\$63.2 million. In addition, the non fund -based limits availed as on March 31, 2009 stood at Rs. 184 Crores or US\$36.8 million. Further as on March 31, 2009 the outstanding loan of Satyam BPO stood at Rs. 169 Crores or US\$33.8 million.

10. Commitment and contingencies as on March 31, 2009

Commitment and Contingencies as on 31st March 09	Amount
Bank Guarantees	183.88
Contracts pending execution on capital accounts, net of advances	347.53
Claims against the Company not acknowledged as debts (Income tax and Sales tax matters under dispute)	149.23
Contingent consideration payable in respect of acquired subsidiary companies	40.78
Corporate Guarantee	239.31
Forwards and Option Contracts outstanding	837.56
Foreign Currency Exposure that is not Hedged by a derivative instrument or otherwise	
Total	1,798.29

11. Current liabilities as on February 28, 2009

Category of Current			Immediately	Rs. In Crores Considered not immediately payable
S. no.	Liabilities	As on 28.02.09	payable	
1.	Salaries Payable	(234.88)	(234.88)	
2.	Provisions	(315.67)	(315.67)	
3.	Stale Cheques and Advance from Associates	(4.66)	(1.99)	(2.67)
4.	Sales Commission payable	(17.43)	(6.43)	(11.00)
5.	Sundry Creditors Capex	(329.81)	(206.95)	(122.86)
			63.00	(63.00)
6.	Sundry Creditor Opex	(190.61)	(179.61)	(11.00)
7.	Sundry Creditors Subcontractors	(27.97)	(27.97)	
8.	Sundry Creditors Subs & JV	(26.87)	(7.49)	(19.38)
9.	Deferred Consideration for Bridge Investment	(41.88)	(1.40)	(40.48)
10.	Forward Contract Premium Accrued	(269.90)		(269.90)
11.	Advances from Customers	(1.41)	(1.41)	
12.	Un-earned Revenue	(408.06)		(408.06)

13.	Unclaimed Dividend	(77.70)	not yet done This is un-presented dividend cheques. Cash is available in the bank dividend account for the same and hence this shall not be considered for cash projection	(77.70)
14.	Statutory Liabilities	(112.37)	Service Tax Payable 11.92 Crores will be adjusted against input credit	(11.92)
15.	Negative Bank Balances	(54.84)	This is on account of mark to market losses being debited by HDFC and HSBC Bank	(54.84)
	Total	(2,114.06)		(1,021.25)
				(1,092.81)

Salaries Payable

	Rs. Cr
LTA and medical provision	8
Staggered incentive provision	30
Unpaid variable compensation for Q2	3
Variable pay provision (Q3 and Jan & Feb)	41
ELTP recognition liability for Q3 08-09	8
Incentives for 07-08 and 08-09	60
USA proportionate pay period provision	33
Bonus provision	5
OT payable for on-site associates	2
Pay revisions not yet closed	4
Pending full & final settlements	40
	TOTAL
	234

Major provision items	Rs. Cr
sub contractors	78
Strategic consultants	27
Legal advisors & Forensic Auditors	26
Europe and APAC vendor provisions	17
Service Credit / volume discount for customers	16
Corp Services	16
Subsidiary Based	13
Bus and Cab Charges	12
Europe and APAC professional charges	12
Rent	10
USA Vendors	10
Recruitment Professional	8
Employee Insurance	6
Electricity	5
Telephones	4
Housekeeping	2
Visa Charges	2
Purchase of License	2
Circuit Charges	2
Mobile Abroad	1
Travel Fare Overseas	1
	TOTAL
	270
	[covers 85% of the provisions of the total Rs.315.67 Crores]

Breakup of Sundry Creditors CAPEX	Rs. Cr
Balance as per ledger	329
a. Finance lease payable over 5-6 years	123
b. Advance payments due	63
c. Net Sundry Creditors Capex	143

Major Breakdown of Item c. (New Sundry Creditors Capex) (covering 70%)

civil contractors	42
software licenses	30
Computer supply	5
Electrical contractor	5
Government Agency	5
Air conditioning	8
Design generators	4
TOTAL	99

Sundry Creditors Opex Major items (80% coverage)

Rent deposits and rent payable	30	Rs. Cr
Travel vendors	19	
Health insurance	16	
Forex vendors	14	
legal consultants & professional consultants	27	
Software Vendors	18	
Satyam mfg technology	10	
Cab vendors	4	
Media consultants	4	
Link	3	
Visa	2	
TOTAL	147	

Statutory liabilities

PAYE (Pay As You Earn)	9	Rs. Cr
TDS Salaries	19	
PF	14	
VAT	22	
General Sales Tax	10	
Service Tax	14	
Pension Payable	5	
Wage tax	3	
Social security	3	
NI Payable	2	
Others	11	
TOTAL	112	

Major Creditor Categories	Aging						TOTAL
	<30 days	31-60 days	61-90 days	91-180 days	181-365 days	>365 days	
Sundry Creditors							
Opex	26	49	51	33	15	17	191
Sundry Creditors							
Capex	17	21	23	57	12	13	143
Subsidiaries & JVs	1	3	1	1	2	19	27
Sub-contractors	13	8	7				28
TOTAL	57	81	82	91	29	49	389

12. Fixed assets schedule**Rs. In Crores**

DESCRIPTION	GROSS BLOCK			DEPRECIATION / AMORTISATION				NET BLOCK		
	As at 01.04.2008	Addition	Deletion	As at 31.12.2008	As at 01.04.2008	For the period	On Deletion	As at 31.12.2008	As at 31.12.2008	As at 1.03.2008
Land & Land Development										
Freehold*	38.24			38.24					38.24	38.24
Leasehold	8.77			8.77	0.04	0.01		0.05	8.72	8.73
Buildings**	117.22	119.96		237.18	20.95	5.28		26.23	210.95	96.27
Plant and Machinery (Including Computers and Software)	1,007.54	462.53	0.37	1,469.70	832.28	107.99	0.13	940.14	529.56	175.26
Office Equipment	34.03	6.60		40.63	21.05	4.64		25.69	14.94	12.98
Furniture, Fixtures and Interiors***	226.83	221.37		448.20	166.65	37.20		203.85	244.35	60.18
Vehicles	53.90	16.54	5.10	65.34	21.07	8.62	2.89	26.80	38.54	32.83
Total	1,486.53	827.00	5.47	2,308.06	1,062.04	163.74	3.02	1,222.76	1,085.30	424.49
As at 31.1.2007	1,280.40	178.76	6.91	1,452.25	930.45	101.14	5.12	1,026.47	425.78	

* Includes Rs. 12.24 Crores (March 31, 2008-Rs.12.24 Crores) in respect of which deed of conveyance is pending.

** Includes Rs.67.46 Crores (March 31,

2008-Rs.38.85
Crores)
constructed on
leasehold land.

*** Includes Rs.
134.14 Crores
(March 31,2008-
Nil) leasehold
furniture, fixtures
and interiors.

13. As of March 31, 2009, the total value of the Company's outstanding forward and option contracts was US\$ 164 million and the Company's total mark to market losses were estimated at Rs. 110 crores or US\$22 million.

14. Investment in subsidiaries as on December 31, 2008**Satyam Computer Services Limited
Schedules annexed to and forming part of the Balance Sheet****In Rs. Crores
As at 31.12.2008****5. Investments****Long term At Cost****(i) Trade (unquoted)**

Satyam Venture Engineering Services Private Limited 3,544,480 Shares of Rs. 10 each, fully paid up		3.54
Intouch Technologies Limited 833,333 Shares of 20 US cents each, fully paid-up	10.90	
Less: Provision for diminution	10.90	
Medbiquitous Services Inc., 334,000 Shares of A series Preferred Stock of US Dollars .001 each, fully paid up	1.57	
Less: Provision for diminution	1.57	
Avante Global LLC 577,917 class A units representing a total value of US Dollars 540,750	2.54	
Less: Provision for diminution	2.54	
Jasdic Park Company	0.75	
Less: Received on liquidation	0.26	
Less: Provision for diminution	0.49	
Investments in subsidiary companies		12.81
CA Satyam ASP Private Limited 14,337,990 (December 31, 2007 7,168,995 and March 31, 2008 7,168,995) Equity Shares of Rs. 10 each, fully paid-up		12.81
Satyam Technologies Inc. 100,000 Common Stock of 1 US cent each, fully paid-up		20.22
Satyam BPO Limited (formerly known as Nipuna Services Ltd.) 33,104,319 (December 31, 2007 33,032,319 and March 31, 2008 33,104,319)		273.46
Satyam Computer Services (Shanghai) Co. Limited ^{\$\$} (Additional subscription during the period)		43.87
		13.72
Satyam Computer Services (Nanjing) Co. Limited ^{\$\$}		16.52
Nitor Global Solutions Limited (Refer note e (iv) of Schedule 15)(700 A shares of GBP1.00 each fully paid-up, 300		

B shares of GBP1.00 each fully paid-up)		
Satyam Computer Services (Egypt) S.A.E (10,500 Nominal shares of USD 100 each partly paid-up)		1.05
Citisoft Plc (Refer note e (i) of Schedule 15) 11,241,000 Ordinary Shares of 0.01 GBP each, fully paid up		114.63
Knowledge Dynamics Pte Ltd (Refer note e (ii) of Schedule 15) 10,000,000 Ordinary Shares of 0.01 SGD each, fully paid up		19.71
Bridge Strategy Group LLC (Refer note e (v) of Schedule 15) 100 percent ownership interest		108.16
Satyam Computer Services Belgium (18,550 Nominal shares of Euro 10 each fully paid-up)		0.13
Satyam (Europe) Limited 1,000,000 Equity Shares of 1 GBP each, fully paid-up	6.98	
Less: Provision for losses	6.98	
Satyam Japan KK 200 Common Stock of J Yen 50,000 each, fully paid-up	0.42	
Less: Provision for losses	0.42	
Satyam Asia Pte Limited 400,000 Ordinary Shares of 1 Singapore Dollar each, fully paid-up		1.03
Less: Provision for losses		1.03
Dr. Millennium, Inc., 710,000 Common Stock of 1 US Dollar each, fully paid-up		3.09
Less : Received on account of reduction of Share Capital		2.99
Less: Provision for losses		0.10
Vision Compass, Inc. 425,000,000 Common Stock of 1 US Cent each, fully paid-up	89.94	
Less : Provision for diminution	89.94	
Satyam IdeaEdge Technologies Private Limited Less : Provision for diminution		0.01

ii) Non Trade (Unquoted)

National Savings Certificates, VIII Series (Lodged as security with government authorities)

627.82

\$\$ Investment is
not denominated
in number of
shares as per
laws of the
People's
Republic of
China.

15. Acquisition Related Disputes

Caterpillar Inc

On April 21, 2008, Satyam announced its intention to acquire the Market Research and Customer Analytics (**MR&CA**) business unit from Caterpillar Inc., a United States based company (**CAT**), including the related intellectual property, which consists of software, processes and know-how (**IP**). The acquisition was for total consideration of US\$60.0 million, comprising an initial payment of US\$10 million, which Satyam paid to CAT on August 6, 2008, and a US\$50 million promissory note issued by Satyam in favour of CAT on August 6, 2008 (the **Promissory Note**). The transaction was consummated on August 6, 2008. As of November 14, 2008, Satyam had paid total consideration of US\$20 million to CAT, consisting of its initial payment of US\$10 million and payments made under the Promissory Note totaling US\$10 million.

Following the January 7, 2009 resignation letter of Mr. B. Ramalinga Raju, Satyam's former Chairman (the **Resignation Letter**), on January 15, 2009 and January 22, 2009, CAT served legal notice on Satyam notifying the company of the termination of its asset purchase agreement and transition services agreement with CAT, each dated April 21, 2008, and demanding the immediate payment of the unpaid principal balance of US\$40 million due under the Promissory Note. In March 2009, the parties began negotiating to amicably resolve the outstanding issues and the settlement negotiations are at an advanced stage.

Bridge Strategy Group

On January 21, 2008, Satyam announced its intention to acquire 100% of the shares of Bridge Strategy Group LLC (**Bridge**), a Chicago based strategy and general management consulting firm, for total consideration of US\$35.0 million to be paid over 2 1/2 years, comprising initial consideration, deferred non-contingent consideration and contingent consideration. The transaction was consummated on April 4, 2008. An initial payment of US\$19 million was made by Satyam to the sellers on April 4, 2008. Under the terms of the share purchase agreement, the balance payments are to be paid in two stages: US\$8 million in August 2009 as guaranteed payment and US\$8 million in October 2010 as key executive retention payment. In July 2008, the key employees of Bridge were issued RSUs worth US\$6 million.

In response to the Resignation Letter, on February 12, 2009, the sellers, who were all key executives of Bridge, served notice on Satyam claiming that they had a **Good Reason** under the share purchase agreement to leave Bridge and still retain all the rights to receive the full balance of the consideration (i.e., US\$16 million). Subsequent to the Resignation Letter, the key executives have also claimed cash in lieu of their RSUs worth US\$6 million.

Currently negotiations are underway to address the issues raised in the sellers' notice and to persuade the sellers to stay with Bridge for the full retention period.

S&V Management Consultants

On April 21, 2008, Satyam announced its intention to acquire S&V Management Consultants (**S&V**), a Belgium based supply chain management consulting firm for total cash consideration of 22.5 million comprising up-front, deferred guaranteed and deferred retention payments. The transaction was consummated on December 11, 2008. An initial payment of 11.7 million was made by Satyam on December 11, 2008 and a subsequent payment of 3 million was made by Satyam on April 30, 2009. Under the terms of the acquisition agreement, the balance payments are to be paid in two stages: 4 million in Apr 2010 and 4 million in Apr 2011.

In response to the Resignation Letter, on February 9, 2009, the sellers served notices on Satyam asking for guarantees for all future payments owed under the acquisition agreement (i.e., 11 million at that time). The sellers were also asking Satyam to pay approximately 1 million in past due payments, which were supposed to be met from S&V's own business cash flows and reserves, but were delayed due to a delay in the collection of S&V's receivables. Satyam is in the process of paying the 1 million in past due payments.

Venture Global

Satyam Computer Services entered into a joint venture agreement with Venture Global Engineering LLC (**VGE**) to form Satyam Venture Engineering Services Pvt. Ltd (**SVES**) in India. As a result of VGE's breach of the agreement between the parties, Satyam Computer Services filed a request for arbitration, naming VGE as respondent, with the London Court of International Arbitration (**LCIA**), seeking, among other things, to purchase VGE's 50% interest in SVES at the agreed upon book value price of the shares. The LCIA Arbitrator issued an Award on April 3, 2006 in

favour of Satyam Computer Services which it successfully enforced in the United States District Court in Michigan. VGE went in Appeal against this Order by the District Court in Michigan. During the enforcement proceedings in the US, VGE filed a petition challenging the Award before the District Court, Secunderabad and made an appeal to the High Court of Andhra Pradesh, both of which were rejected. Subsequently, in a special leave petition filed by VGE, the Supreme Court of India set aside the orders of the District Court and the High Court and granted an interim stay of the share transfer portion of the Award. The matter has been remanded back to the District Court, Secunderabad for trial on merits. Meanwhile, on 9th April 2009, the United States Sixth Circuit Court of Appeal affirmed the Judgement and Order passed by the District Court in Michigan recognising and enforcing the Award and dismissed VGE's plea to vacate the District Court's order holding VGE in civil contempt. Secunderabad. Satyam believes that this will not have an adverse effect on results of operations, financial position and cash flows.

16. Other Major Disputes

U.S. Class Action Law Suits

Following the Resignation Letter, a number of persons claiming to have purchased the Company's securities in the previous five years filed class action lawsuits against the Company and others, including the Company's former directors, certain former officers and, in some cases, Price Waterhouse, the Company's former statutory auditors, in United States courts alleging violations of the antifraud provisions of the Securities Exchange Act of 1934, as amended (the Class Actions). The Class Actions have been consolidated in the United States District Court for the Southern District of New York (the Court), and are awaiting appointment of a lead plaintiff and lead plaintiff's counsel, and then the filing of a consolidated amended complaint. The Court has convened a conference on May 7, 2009, to consider applications for lead plaintiff and lead plaintiff's counsel. The consolidated amended complaint will likely be filed 45 days after appointment of the lead plaintiff and lead plaintiff's counsel. The Company has not yet been required to reply to the complaints, but anticipates that, in accordance with U.S. procedures, it will vigorously defend itself.

Upaid Litigation

Upaid Systems Limited (Upaid) initially commenced proceedings against the Company in 2007 alleging forgery of the documents necessary for transfer of proper title to its patent under an assignment agreement entered into in 1998 pursuant to which Satyam Enterprise (a subsidiary of the Company) assigned and transferred its rights, title and interests in certain computer software to Upaid. The Company unsuccessfully challenged the jurisdiction of US courts in courts in London. Upaid amended its complaint thrice thereafter, the last being on October 16, 2008. The plaintiff has claimed an award of actual damages exceeding US\$1 billion for fraud and forgery in addition to other punitive damages, fees and costs. The matter is scheduled for trial in the first week of June 2009 in United States District Court for the Eastern District of Texas, Marshall County. The Company is defending this lawsuit.

17. Unacknowledged Claim for Rs. 1230 Crores

The Company has received letters from 37 companies requesting for confirmation of sums allegedly owed by Satyam to them. The aggregate of sums claimed to be owed is Rs. 1230 Crores. The Company has not acknowledged these claims till date. The matter is under investigation by various authorities.

18. Directors & Officers Insurance

A Directors & Officers Liability Policy (D&O Policy) has been purchased by the Company to protect its directors and officers against legal costs incurred by them in defending allegations or suits brought against them for wrongful acts and any awards granted against them, including out of court settlements. The D&O Policy also protects the Company if it is exposed to a Securities Claim as defined under the D&O Policy. The primary policy has been issued by TATA AIG General Insurance Co. Ltd (Tata AIG), along with The New India Assurance Company Ltd and ICICI Lombard General Insurance Company Ltd, forming multiple layers of coverage in excess of the primary policy.

The Company has made claim notifications to TATA AIG regarding receipt of notices from several regulatory authorities and the Class Actions. The Company has also enclosed copies of letters from directors and officers of Satyam giving notice of the likelihood of potential claims against them and requesting coverage under the D&O Policy.

TATA AIG, being the insurer for the primary layer and the excess layers, while expressly reserving its rights under the D&O Policy, has taken a preliminary view and disputed the claim under the D&O Policy, subject to the Company providing additional documentation and information. The Company has replied by way of a letter wherein it has expressly reserved its rights with respect to the D&O Policy and disagreed with a number of statements and positions taken by TATA AIG. It has agreed to provide TATA AIG with all additional information that is required and the same is being prepared.

Certain independent directors of the Company have demanded indemnification for any loss and advancement of fees and expenses associated with cases and other proceedings and investigations that may be instituted against them on the basis of the indemnification agreements entered into by them with the Company. The Company has denied a request for advancement of legal costs as it is prohibited by virtue of Section 201 of the Companies Act, 1956 from indemnifying the former directors until they are adjudged not guilty in any proceedings. A clarification has been issued by the Ministry of Corporate Affairs of India stating that the Company is prohibited from advancing defence costs to its directors and officers who are named in any litigation, regulatory investigation or governmental proceeding in relation to the Company until they are acquitted or proved innocent.

19. Attrition data

The Company refers to its employees as associates. Monthly associate attrition numbers for the Company (stand-alone) are as follows:

Month	Total Attrition (Number of Associates)
January 2008	546
February 2008	501
March 2008	484
April 2008	495
May 2008	455
June 2008	476
July 2008	525
August 2008	505
September 2008	750
October 2008	754
November 2008	694
December 2008	924
January 2009	746
February 2009	1602

Percentage of associate attrition for Satyam BPO for the quarter ended December 31, 2008, and the months ended January 31, 2009 and February 28, 2009 were 13.99%, 2.52% and 3.64%, respectively.

20. As of March 28, 2009, the Company (stand alone) had 41,622 associates. Average numbers of associates for the Company (stand alone) for the three months ended December 31, 2008, and for the months ended January 31, 2009 and February 28, 2009 was 46,115, 45,049 and 44,120, respectively. As of January 17, 2009, the Company's subsidiaries had 4,088 associates, including 2,519 associates at Satyam BPO. As of February 28, 2009, the Company's key subsidiaries (Satyam BPO, Satyam Venture, Satyam China (includes both Satyam Shanghai Co. Ltd. and Satyam Nanjing Co. Ltd.) and Satyam Egypt had 3,828 associates, including 2,517 associates at Satyam BPO.

21. Status of grants / options as at September 30, 2008

	ASOP B As on 30th September 2008	ASOP ADS As on 30th September 2008	RSU As on 30th September 2008
1 Earmarked	58146872	3456383	13000000
2 Granted	55516499	2925425	4638406
3 Ungranted (1-2)	2630373	530958	8361594
4 Exercised	28388738	1235217	420048
5 Cancelled	14335653	478014	316077
6 Available for grant (3 + 5)	16966026	10088972	8677671
7 Options in force (2 - 4-5)	12792108	1212194	3902281
8 Potential number of shares to be issued (6+7)	29758134	2221166	12579952

22. Business impact on Satyam Computer Services Limited (stand-alone) of Resignation Letter post January 7, 2009

Customer Losses as of March 26, 2009

Master Services Agreements with Company Terminated / Expired: 23 customers accounting for US\$70 million in quarter ended December 31, 2008 billings (US\$61 million of this was from 4 customers).

Master Services Agreements with Company Intact / Complete Withdrawal of Business: 19 customers accounting for US\$22 million in quarter ended December 31, 2008 billings (US\$14 million of this was from 2 customers).

Master Services Agreements with Company Intact / Partial Withdrawal of Business: 24 customers withdrew purchase orders of value of US\$91 million spread over the next 12 months.

Customer Wins as of March 26, 2009

The Company had received new business orders from 215 mostly existing customers with contract values totaling US\$380 million.