



Aerospace



Automotive



Broadcast



Communication



Consumer
Electronics



Defence and
Homeland Security



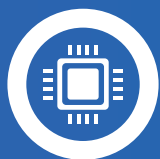
Media and
Entertainment



FMCG



Healthcare

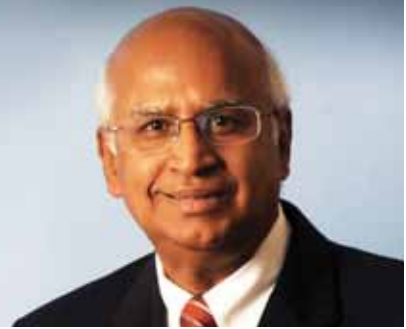


Semiconductor

engineering creativity ... in every aspect



Message from the Chairman



Dear Shareholder,

Your Company has performed well in its chosen business areas in FY 11-12, reporting a 30% growth in total income and 73% growth in PBT as compared to FY 10-11.

This was supported by the performance of all units across geographies and business segments, in an uncertain business environment that was affected by the unfortunate natural disasters in Japan and Thailand and economic uncertainties in Europe.

The Embedded Product Design Division delivered a complete Smart-phone design and prototype based on the latest Android platform for a leading OEM. This project encompassed the integrated design capabilities of Tata Elxsi, covering hardware, system software and innovative applications based on advanced sensors. The Industrial Design division worked jointly to support industrial design of the phone.

Among other projects, the Industrial Design Division also supported the design of a low-cost diagnostic device for affordable healthcare in emerging countries, and packaging design for the Danone range of dairy products in India.

While Visual Computing Labs (VCL) delivered major projects for animation and visual effects for Hollywood and Bollywood feature films this year, it made exciting forays into high-end photorealistic content development and visualization of campuses for corporate and virtual cars for advertising. It also worked with some leading international game developers for game art development.

The Systems Integration Division successfully completed a landmark project for Mazagon Dock Limited, with the turnkey implementation of a state-of-the-art virtual reality facility for ship design.

The Professional Services group inked a strategic deal with Lenovo as their Authorised Service Partner for India for their entire range of products.

The external environment continues to be volatile even as we move into FY 12-13. However, your company looks forward to continuing on its path of growth, building on the experience of dealing with difficult market conditions from the last year and earlier.

As a technology-led design company, we continue to leverage our mature design processes, technology, creative skills, and the talent base developed over the years to deliver value to our customers.

We will also continue to invest in skill development and take appropriate measures in retaining, developing, and attracting the best talent required to deliver higher value to our customers. We also believe that our ongoing investments in R&D and technology development, as well as exploration of new and adjacent markets will help de-risk any downturns in specific industries and markets, and lay the foundation for future business.

Your Company's Board of Directors has recommended a final dividend of Rs. 7 per share, maintaining consistent dividends and returns to our shareholders.

S Ramadorai

Financial Highlights

542.9

Total income (₹ Crs)

34.6

Profit after tax (₹ Crs)

11.11

Earnings per share (₹)

61.65

Book value per share (₹)

7.0

Dividend per share (₹)



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A man with a beard and short hair, wearing a white shirt and a striped tie, is talking on a mobile phone. He is looking slightly to the side with a focused expression.

Embedded Product Design

A close-up, low-angle shot of a clock face, showing the hands and the numbers, with a warm, golden light.

The Embedded Product Design division provides technology consulting, new product development, system integration, and testing services for leading product companies, service providers, and aspiring start-ups. This is backed by an in-depth understanding of technology, a large multi-disciplinary product development team, and mature processes and systems.

It also creates and licenses intellectual property and software components, helping customers create product differentiation and reduce development costs and time-to-market.

It offers solutions across a diverse range of industries including broadcast, industrial and consumer products, transportation, energy, medical technology, and wireless communications and convergence.

Industrial Design

The Industrial Design division helps customers develop winning brands and products, by using design as a strategic tool for business success. Its expertise extends across research & strategy, branding & graphic design, product design, packaging design, UI design, retail design & signage, transportation design, design engineering, and manufacturing support.

An in-depth understanding of consumers and rapidly changing market dynamics, backed by a multi-disciplinary design team, enables it to service a broad spectrum of industries. This includes Automotive, Communications, Consumer products, Healthcare, and Retail.

It has supported the launch of multiple brands and products across the world. It has won several international awards and patents for design and innovation.



Visual Computing Labs

Visual Computing Labs (VCL) is an award-winning digital production studio providing Animation, Visual Effects (VFX), and 3D stereoscopic content for feature films, episodic television, and advertising. It hosts world-class studios in Los Angeles and India and has a creative team that includes Academy Award® winning and BAFTA nominated professionals.

VCL also offers custom content development for visualization and product marketing, and is a leading developer of mobile, online, and console games.

Recent awards include a Golden Lotus and a Silver Lotus at the 56th National awards for exemplary Animation and Visual Effects in feature films, the 2010-11 INFOCOM-ASSOCHAM EME AWARDS, FICCI BAF Awards 2010, and the 10th Indian Telly Awards 2010.





Systems Integration

Systems Integration division implements and integrates complete systems and solutions for High-Performance Computing, CAD/CAM/CAE, Broadcast, Virtual Reality, Storage, and Disaster Recovery.

It addresses the broadcast, manufacturing, government, defence, and education sectors, with an expert team of integration specialists and support engineers located across a wide network of offices. This is backed by strategic partnerships with best-in-class software and technology providers.

The Professional Services Group (PSG) under SI extends maintenance and support services for data mining, facilities management, network management, and storage consultancy and management, in India and overseas.

Board of **Directors**

(as on 7th May, 2012)

Mr. S Ramadorai
Chairman

Mr. P McGoldrick

Mr. P G Mankad

Dr. R Natarajan

Mrs. S Gopinath

Mr. Madhukar Dev
Managing Director

Statutory **Committees**

(Pursuant to the Listing Agreement with the
Stock Exchanges)

Audit Committee

Mrs. S Gopinath
Chairperson

Mr. S Ramadorai
Dr. R Natarajan

Investor Grievance Committee

Mr. P G Mankad
Chairman

Dr. R Natarajan

Mr. G Vaidyanathan
Company Secretary

Registrars & Share Transfer Agents

TSR Darashaw Limited
6-10, Haji Moosa Patrawala Ind. Estate
20, Dr. E. Moses Road, Mahalaxmi
Mumbai - 400 011

Auditors

Deloitte Haskins & Sells
Chartered Accountants

Registered & Corporate Office

ITPB Road Whitefield
Bangalore 560 048 India

NOTICE

Notice is hereby given that the **TWENTY THIRD ANNUAL GENERAL MEETING** of **TATA ELXSI LIMITED** will be held at Devraj Urs Bhavan, (behind Dr. Ambedkar Bhavan), 16 D, Millers Tank Bed Area, Vasanthanagar, Bangalore 560052 on Tuesday 24th July 2012 at 12.30 p.m. to transact the following business:

1. To receive and adopt the Audited Profit and Loss Account for the year ended March 31, 2012 and the Balance Sheet as at that date together with the Cash Flow Statement and the reports of the Directors and Auditors thereon.
2. To declare dividend for the year ended 31st March 2012.
3. To appoint a Director in place of Mr. S. Ramadorai who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Dr. R. Natarajan who retires by rotation and is eligible for reappointment
5. To appoint auditors to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting and to fix their remuneration.

Special Business

6. To consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mrs. Shyamala Gopinath who was appointed as an Additional Director of the Company, with effect from 18th August, 2011, who holds office up to this Annual General Meeting, pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act") and is eligible for re-appointment and in respect of whom the Company has received a notice in writing from a member u/s 257 of the Act, proposing her candidature to the office of Directorship of the Company, be and is hereby appointed as Director of the Company whose terms of office will be determined by retirement by rotation".
7. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:
"RESOLVED that pursuant to the Provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act"), a sum not exceeding 1% per annum of the net profits of the Company calculated in accordance with the provisions of Sections 198, 349, and 350 of the Act, be and is hereby approved for payment to and distribution amongst the Directors of the Company, or some, or any of them (other than the Managing Director and Whole-time Directors, if any) in such amounts or proportions and in such a manner and in all respects as may be directed by the Board of Directors of the Company and that such payments and distribution shall be made in respect of the profits of the Company for each year of the period of five years, commencing from 1st April 2011".

By Order of the Board
For **Tata Elxsi Limited**
G Vaidyanathan
Company Secretary

Mumbai, May 07, 2012

Registered Office:
ITPB Road, Whitefield,
Bangalore 560 048.

NOTES:

- a) The relevant details of the persons seeking re-appointment/appointment as Director under Item Nos. 3, 4, and 6 above, pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchanges is annexed hereto.
- b) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
- c) Members desirous of getting any information in respect of Accounts of the Company are requested to send their queries in writing to the Company at the Registered Office, so as to reach at least 7 days before the date of the Meeting, so that the required information can be made available at the Meeting.
- d) Members / Proxies attending the Meeting are requested to bring their copy of the Annual Report for reference at the Meeting as also the Attendance Slip duly filled in for attending the Meeting.
- e) Register of Members and Transfer Books of the Company will be closed from 17th July, 2012 to 24th July, 2012 (both dates inclusive) for the purpose of determining the shareholders entitled to the payment of Dividend declared at the Annual General Meeting on 24th July, 2012 for the year ended March 31, 2012.

Dividend on shares, when declared, will be paid only to those members whose names are registered as such in the Register of Members of the Company, after giving effect to valid share transfers in physical form lodged with the Company, on or before 16th July, 2012 and to the Beneficial Holders as per the Beneficiary List as on 16th July, 2012 provided by the NSDL and CDSL.

- f) Members holding shares in electronic form may please note that as per the regulations of National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd. (CDSL), the Company is obliged to print the bank details on the dividend warrants as furnished by these Depositories to the Company and the Company cannot entertain any request for deletion / change of bank details already printed on dividend warrants as per information received from the concerned Depositories. In this regard, Members should contact their Depository Participant (DP) and furnish particulars of any changes desired by them.
- g) **Members who have not received their dividend paid by the Company in respect of earlier years, are requested to check with the Company's Registrars & Transfer Agents i.e. M/s. TSR Darashaw Ltd., 6-10 Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011. Members are requested to note that in terms of Section 205C of the Companies Act, 1956 any dividend unpaid / unclaimed for a period of 7 years from the date these first became due for payment, is to be transferred to the Central Government to the credit of the Investor Education & Protection Fund. Thereafter, no claim shall be entertained by the company in respect of the dividend transferred to the Fund.**

Members who have not yet encashed their dividends for the financial year ended 31st March 2005 onwards are being individually intimated and are requested to make their claims to the Company's Registrars & Transfer Agents accordingly, without delay. It may be noted that the unclaimed dividend for the financial year ended 31st March 2005 and 31st March 2006 are due for transfer to the Investor Education & Protection Fund on 27th August, 2012 and 2nd September, 2013 respectively.

- h) **In support of the "Green Initiative", Members are requested to register their email address with the Company for receipt of Notices, Annual Report etc., electronically. The email may be sent to investors-update@tataelxsi.com quoting their Folio No./DP, or Client ID, as the case may be.**

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

The following Explanatory Statement, pursuant to Section 173 (2) of the Companies Act, 1956, ('the Act') sets out all material facts relating to the business mentioned at Item Nos. 6 & 7 of the accompanying Notice:

Item No. 6

The Board of Directors, on the recommendation of the Nomination committee, had appointed Mrs. Shyamala Gopinath as an Additional Director of your Company, with effect from 18th August, 2011, pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 151 of the Articles of Association of the Company. Accordingly, in terms of the said Article and Section, Mrs. Gopinath holds office upto the date of this Annual General Meeting and being eligible, is proposed to be appointed at this Annual General Meeting as a Director liable to retire by rotation.

Mrs. Gopinath, aged 63 years, is a Master of Commerce and a Certified Associate of Indian Institute of Bankers. Mrs. Gopinath has more than 39 years experience in financial sector policy formulation in different capacities at the Reserve Bank of India. She retired as Deputy Governor of Reserve Bank of India. She has vast experience in guiding and influencing the national policies, in the diverse areas of financial sector regulation and supervision, development and regulation of financial markets, capital account management, management of government borrowings, forex reserves management, RBI accounts and payment and settlement systems. During 2001-03, she has worked as Senior Financial sector Expert in the then Monetary Affairs and Exchange Department of the IMF (Financial Institutions Division). She was also a member of Financial Sector Assessment Program (FSAP) missions to Tanzania and Nigeria and foreign exchange and reserve management to Turkey and Kosovo. In 2009, she represented India at the G20 as the Central Bank Deputy. She was the sole representative of the Reserve Bank at the Uruguay Round/WTO negotiations earlier in her career.

Mrs. Gopinath is also in the Board of Indian Oil Corporation Ltd., Gas Authority of (India) Limited, and National Stock Exchange Ltd.

Your Board considers that in view of the experience and expertise possessed by Mrs. Gopinath, it would be in the interest of your Company to appoint Mrs. Gopinath as a Director on the Board of your Company.

Notice and deposit as required under Section 257 of the Companies Act, 1956 has been received from a member proposing the candidature of Mrs. S. Gopinath as a Director of your Company.

None of the Directors, except Mrs. S. Gopinath, is concerned or interested in Item No. 6 of the Notice.

Item No. 7

In view of the valuable services being rendered by the Directors to the Company and the increased responsibilities they are required to shoulder, the members had at the Seventeenth Annual General Meeting held on 28th July, 2006, approved payment of commission, not exceeding 1% per annum of the net profits of the Company, calculated in accordance to the provisions of the Companies Act, 1956, to the Non-Executive Directors of the Company for a period of five years commencing from 1st April 2006, to be distributed amongst some or all of the Directors, in accordance with the directions given by the Board.

Consequent to the expiry of the said period of five years on 31st March 2011, it is proposed to extend payment of such commission by another five years commencing from 1st April 2011.

All the Non-Executive Directors of the Company may be deemed to be concerned or interested in the resolution under item no. 7 of the notice, to the extent of the remuneration that may be received by them.

By Order of the Board
For **TATA ELXSI LIMITED**
G Vaidyanathan
Company Secretary

Mumbai, May 07, 2012

Registered Office:

ITPB Road, Whitefield,
Bangalore 560 048.

ANNEXURE

Information pursuant to Clause 49 of the Listing Agreement regarding appointment of a new Director or reappointment of a Director

Name of the Director	Mr. S. Ramadorai	Dr. R. Natarajan	Mrs. Shyamala Gopinath
Date of Birth	6th October, 1944	9th January, 1941	20th June, 1949
Date of appointment	26th June, 1995	24th January, 2006	18th August, 2011
Specialised Expertise	Information Technology & General Management	General Management	General Management
Qualifications	B.Sc. (Physics), B.E. (Electronics Telecommunications), M.S (Computer Science)	B.E., M.E., Ph.D., M.A.Sc	M.Com, Associate of Indian Institute of Banking
Directorships of other companies* as at 31st March 2012	Tata Consultancy Services Ltd.	IP Rings Ltd.	Indian Oil Corporation Ltd.
	Tata Industries Ltd.		Gas Authority of (India) Ltd.
	Tata Technologies Ltd.		National Stock Exchange Ltd.
	CMC Ltd.		
	Hindustan Unilever Ltd.		
	Piramal Healthcare Ltd.		
	Tata Teleservices (Maharashtra) Ltd.		
	Computational Research Laboratories Ltd.		
	Tata Communications Ltd.		
	Tata Advanced Systems Ltd.		
	Asian Paints Ltd.		
	Bombay Stock Exchange Ltd.		
	Tata Lockheed Martin Aerostructures Ltd.		
	Tata Aerospace Systems Ltd.		
Chairmanship/Membership of other Committees** as at 31st March 2012	Chairman - Audit Committee		
	Tata Technologies Ltd.		
	Tata Advanced Systems Ltd.		
	Computational Research Laboratories Ltd.		
	Member - Audit Committee		
	Hindustan Unilever Ltd.		
	Tata Teleservices (Maharashtra) Ltd.		
	Bombay Stock Exchange Ltd.		
	Chairman - Shareholders / Investors Grievance Committee		
	Bombay Stock Exchange Ltd.		
	Member - Shareholders / Investors Grievance Committee		
	Tata Consultancy Services Ltd.		
No. of shares held in the Company as on 31st March 2012	1000	NIL	NIL

* Excludes private/foreign companies

** Only Audit and Shareholders/Investors Grievance Committee considered

DIRECTORS' REPORT TO THE MEMBERS

1. Your Directors present the Twenty-Third Annual Report, together with the Audited Statements of Accounts of your Company for the year ended March 31, 2012.

2. **Financial Highlights:**

During the financial year 2011-12, the operations of your Company resulted in the following:

(₹ Crores)

	Unconsolidated		Consolidated	
	2011-12	2010-11	2011-12	2010-11
Sales and Service	514.46	411.01	538.71	415.91
Other income	6.12	3.86	4.20	3.86
Total Income	520.58	414.87	542.91	419.77
Profit before financial expenses and depreciation	73.20	50.20	78.21	51.05
Less : Financial expenses	2.33	1.88	2.33	1.88
Depreciation	20.52	17.20	20.52	17.20
Profit for the year	50.35	31.12	55.36	31.97
Less : Provision for Income tax	16.40	(0.61)	16.65	(0.55)
Share of loss from associate Company	-	-	4.12	-
Profit after tax	33.95	31.73	34.59	32.52
Add: Profit brought forward	107.47	105.99	109.40	107.13
Balance available for appropriation which has been appropriated as under:	141.42	137.72	143.98	139.65
Proposed dividend.	21.80	21.80	21.80	21.80
Dividend tax thereon net of reversal thereof.	3.54	3.45	3.54	3.45
Transfer to General Reserve	5.00	5.00	5.00	5.00
Balance of profit carried to Balance Sheet	111.08	107.47	113.64	109.40
Total appropriations	141.42	137.72	143.98	139.65

3. **Dividend:**

Your Directors recommend for your approval a dividend of 70% (₹ 7.00 per share) [previous year 70% (₹ 7.00 per share)] for the year ended 31st March 2012, involving an outgo of ₹ 21.80 crores (previous year ₹ 21.80 crores). Additionally, dividend distribution tax will involve an outlay of ₹ 3.54 crores (previous year ₹ 3.45 crores), involving a payout ratio of 73%.

4. **Review of Operations:**

The total income (consolidated) during the year under review was ₹ 542.91 crores, as against ₹ 419.77 crores in the previous year, registering an overall increase of 30%. NASSCOM, the premier trade body for Indian IT-ITES industry, had projected a growth of 16% from exports for IT and ITES firms in FY 2012 and your Company grew more than the industry average, supported strongly by volume growth, and partly by rupee depreciation. The Profit after tax was ₹ 34.59 crores, as against ₹ 32.52 crores in the previous year.

NASSCOM has forecasted that exports from India's information technology sector will grow more slowly for the financial year ending March 31, 2013 and has forecasted a guidance of 11-14% for the likely growth in FY 2013. Your Company is well prepared to continue the growth momentum, despite the volatile environment, leveraging its niche portfolio and global presence.

More details are set out in the attached Management Discussion and Analysis Statement.

A business-wise analysis of your Company's two main segments viz. Software Development & Services, and Systems Integration & Support follows hereunder:

Software Development & Services:

The businesses constituting this segment are Embedded Product Design, Industrial Design, and Visual Computing Labs. Business in this segment registered an increase of 27% to ₹ 454.25 crores during FY12 from ₹ 358.20 crores in FY11. The segment's profit increased from ₹ 36.81 crores to ₹ 55.69 crores, mainly on account of increased business volume.

DIRECTORS' REPORT TO THE MEMBERS (Contd.)**Embedded Product Design:**

The Embedded Product Design division provides technology consulting, new product development, system integration, and testing services for the broadcast, industrial and consumer electronics, transportation, wireless communications, and convergence industries. It also creates and licenses intellectual property and software components, helping customers create product differentiation, and reduce development costs and time-to-market.

Apart from the recessionary trends in Europe, the outlook for Japan is still weak, and has potential implications for business from the semiconductor, consumer electronics, and automotive industries. Your company is taking adequate steps to overcome these risks, by focusing on key customers in these geographies, to ensure revenue protection and diversifying into new geographies.

Your Company is incubating a medical electronics practice by leveraging its existing medical device customer base from the industrial design division and embedded systems expertise of the Embedded Product Design division.

Medical device engineering and R&D services is expected to grow steadily over the next few years. Your Company plans to target and grow services for this industry, in order to address the growing demand for medical devices from emerging markets and convergence of medical products with communications and information technology.

Industrial Design:

The Industrial Design division helps customers develop winning brands and products by using design as a strategic tool for business success. Its expertise extends across consumer insight, branding, product design, packaging design, transportation design, visual design, design engineering, and manufacturing support.

This division has worked with prestigious FMCG brands in packaging design. It has developed award-winning designs in the food, beverage, personal and home care segments, for leading brands in India and Overseas.

Apart from executing several projects for interior and exterior styling of vehicles, it has also developed cutting edge products for the consumer electronics and healthcare industry.

Visual Computing Labs:

Visual Computing Labs offers Animation, Visual Effects (VFX), and 3D stereoscopic content for feature films, episodic television and advertising. It also offers custom content development for visualization and product marketing, and is a leading provider of engineering and animation services for mobile, online and console games.

During the year, your Company continued its efforts to provide strong sales thrust from the overseas VFX studio, that was set up at Santa Monica near Hollywood, and to improve collaboration with Indian operations.

Your Company entered into a Joint Venture Agreement with M/s A Squared Entertainment, LLC, USA (A2E) on September 30, 2011 to create, develop, and distribute original brands, including animated entertainment, digital gaming, and originally designed consumer products. The new Company, M/s A Squared Elxsi Entertainment (A2E2), LLC, has been incorporated at Delaware, USA.

During the year, A2E2 completed its first IP "Martha & Friends", an animated series featuring a 10-year old Martha Stewart. Your Company contributed significantly to the development of this IP. Other forthcoming projects of the joint venture include "Secret Millionaire's Club", an animated series featuring billionaire Warren Buffett.

During the year, the Joint Venture has incurred significant efforts, because of projects under development and expects to monetize those brands / IPs developed in the next fiscal year.

Both partners of the JV - Tata Elxsi and A2E, will be assigned equity capital in the new company. Allocation of units to the two partners is pending completion of all due formalities associated with the allocation of units. Therefore, your Company for the purpose of consolidation for this fiscal year is taking only its share of loss in A2E2.

Systems Integration & Support:

During the year, the segment turnover and profit were ₹ 84.45 crores and ₹ 8.40 crores respectively, compared to ₹57.71 crores and ₹ 6.77 crores respectively during 2010-11.

This business has improved its turnover significantly by 46%, while focusing on a solutions centric approach that includes more of software and services to better protect margins.

DIRECTORS' REPORT TO THE MEMBERS (Contd.)

5. Finance:

Interest cost was ₹ 2.33 crores as against ₹ 1.88 crores in the previous year. Borrowings as at the year end was ₹ 34.16 crores, compared to ₹ 25.43 crores in the previous year.

6. Directors:

Mr. S. Ramadorai and Dr. R. Natarajan retire by rotation and being eligible, offer themselves for reappointment.

Mrs. Shyamala Gopinath, who has been appointed as an Additional Director with effect from 18th August 2011, holds office up to the conclusion of the ensuing Annual General Meeting. The Company has received a notice from a member u/s 257 of the Companies Act, 1956 proposing Mrs. S. Gopinath to the office of Directorship whose terms of office will be determined by retirement by rotation.

In accordance with the Guidelines on Composition of Board adopted by your Company's Board of Directors, Mr. H.H. Malgham stepped down from your Company's Board effective 23rd July 2011 on attaining the maximum age permissible for Directors under the guidelines. Mr. Malgham was the Chairman of the Audit and Remuneration Committees. He was also the member of the Executive and Investors Grievance Committees. The Directors place on record their appreciation for the valuable contribution made by him during his tenure in the Board and different Committees of the Board.

7. Directors Responsibility Statement:

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors, based on the representations received from the Operating Management, confirm that -

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- (ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that year;
- (iii) they have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) they have prepared the annual accounts on a going concern basis.

8. Personnel:

Your company recognizes the critical importance of its human capital. Capacity addition through the induction of fresh engineers and lateral hires are driven by the annual business planning exercise. Capacity addition is continuously monitored and changed depending on business demand. Your company takes significant initiatives to increase efficiency through training, leadership development, and other measures.

9. Disclosure of Particulars:

Information required under Section 217(2A) of the Companies Act, 1956 and the Rules made there under, is provided in Annexure-B forming part of the Report. In terms of Section 219(1) (b) (iv) of the Act, the Report and Accounts are being sent to the Shareholders, excluding the aforesaid Annexure. Any Shareholders interested in obtaining a copy of the same may write to the Company Secretary.

10. Subsidiary Company, Statement under Section 212 of the Companies Act, 1956 and Consolidated Financial Statements:

The Company's wholly owned subsidiary, Tata Elxsi (Singapore) Pte. Ltd. recorded a turnover of ₹ 26.54 crores and Profits before Tax of ₹ 2.82 crores during the year 2011-12, as against the previous year's turnover of ₹ 4.90 crores and Profit before tax of ₹ 0.85 crores. The Board of Directors of your Company has given their consent for not attaching to its Balance Sheet, the documents relating to its subsidiary specified in Section 212 (1) of the Companies Act, 1956 in terms of the General Circular no. 2/2011 of the MCA.

In terms of the said circular, a statement in one page containing specified financial details of the subsidiary Company, is to be included in the consolidated annual financial statements of the parent Company. The annual accounts of the subsidiary and the related detailed information will be made available to the holding and subsidiary Companies investors seeking such information at any point of time. The annual accounts of the subsidiary will also be kept available for inspection by any investor at the head office of the parent and subsidiary Company respectively.

As required pursuant to the Accounting Standards of the Institute of Chartered Accountants of India and the Listing Agreement with the Stock Exchanges, the stand-alone annual accounts of your Company, along with the consolidated financial statements of your Company and the subsidiary Company made up to 31st March 2012, are also presented.

11. Corporate Governance:

Pursuant to Clause 49 of the Listing Agreement, the Corporate Governance Report, the Management Discussion & Analysis Statement, and the Auditors' Certificate regarding Compliance of Conditions of Corporate Governance are part of this Annual Report.

12. Voluntary Delisting of Company's Equity Shares

During the year under review your Company applied for voluntary delisting of its equity shares from Bangalore Stock Exchange and Delhi Stock Exchange in terms of the SEBI (Delisting of Securities) Regulation, 2009. The Bangalore Stock Exchange, vide its letter no. 03/2011/476 dated 15th November, 2011, delisted the Company's Equity shares from their stock exchange with effect from 15th November, 2011. The delisting of Company's equity Shares from Delhi Stock Exchange is yet to happen. The Company's equity shares continue to be listed with Bombay Stock Exchange (BSE) & National Stock Exchange (NSE) and are being actively traded in these exchanges.

13. Acknowledgements:

The Directors wish to thank the Company's employees, customers, partners, suppliers, and above all, its shareholders and investors for their continued support and co-operation.

On behalf of the Board of Directors

S. RAMADORAI

Chairman

Mumbai, May 07, 2012

ANNEXURE “A” TO DIRECTOR’S REPORT

Particulars pursuant to Section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

1. Conservation of Energy

Your Company is in a knowledge intensive industry, and does not operate industrial machinery, production facilities, or other such energy intensive operations. However, as a responsible corporate citizen, it continues to pursue and adopt appropriate energy conservation measures.

Energy conservation programs adopted by your Company are:

- (i) Continuous education and awareness programs among all employees on energy conservation measures that can be adopted at individual levels, to help conserve power and energy.
- (ii) Continuous monitoring of energy consumption. This covers optimization of space utilization, using technology to monitor and control power consumption of air conditioning and other related equipment, use of energy efficient light bulbs, using technology for switching off computer monitors, motion sensors for lighting controls, etc.
- (iii) Initiatives such as provision of company mass transport and car pooling for employees commuting to work.
- (iv) Rain-water harvesting and using recycled water for gardening.
- (v) Regular reviews of energy requirements and consumption patterns, with action plans on effective utilization of power, during peak and non-peak seasons, including purchase/use of energy saving devices based on techno-commercial evaluation.

Your Company will continue to monitor and control overall energy expenses, in relation to the growth in the scale of operations.

2. Technology Absorption

a. Research & Development

Your company’s key services are directed towards software and electronic system development for industries such as wireless, multimedia, automotive, networking, consumer electronics, and broadcast. Your Company devotes a certain portion of its human capital in developing expertise in emerging technologies, through technology partnerships, subscription and active participation in technology forums, trade shows, technology training, and in-house R&D projects. These help in enabling new technology familiarity for the engineering teams, as part of the continuous training and human resource development.

b. Benefits derived out of the above R&D

Internal IP programs facilitate your Company to train and enable expertise development in a larger pool of people, than those directly engaged with customers on specific projects. This allows the Company to scale its delivery capability and capacity in a short period of time, and also showcase technology and engineering capability, relevant to customer needs, without violating confidentiality of work being executed for customers in the same area.

Further, certain programs are focused on creating Intellectual Property (IP), which have the potential to be commercialized and generate licensing revenue streams.

Your Company leveraged its R&D expertise, especially in the broadband wireless technology area e.g. WiMax, LTE and Multimedia (audio & video codec’s) and developed advanced reference designs and software as part of R&D projects. During the year, your Company developed a ready-to-deploy Android-based Hybrid Set Top Box and such R&D initiatives resulted in bringing out innovative product solutions to address the market requirement. Some of the reference designs/ IPs have been successfully licensed to some customers, enabling revenues from licensing and additional revenues from related services in helping these customers integrate and customize the design to suit their specifications.

Future plan of action

During the year, your Company invested 3.1% of revenue in developing intellectual properties, through in-house R&D projects. Your Company intends to continue investment in technology IP development, especially those related to wireless and multimedia. It aims to grow revenues through IP licensing and related services to licensees for adaption and integration of the licensed technology to suit their specifications.

Expenditure on R & D during the year

- i. Capital : ₹ 3.90 crores
- ii. Recurring : ₹ 12.80 crores
- iii. Total : ₹ 16.70 crores
- iv. Total R & D expenditure as a percentage total turnover : 3.1%

3. Technology absorption, adaptation and innovation

Your Company continues to track trends and latest developments in various technology areas, including those related to wireless, multimedia, and networking, and semiconductor, aerospace, and automotive related technologies. It also actively participates in relevant standards bodies and forums. This helps increase the knowledge base within the Company, and enhances the ability of the Company to undertake larger and more complex projects which are of higher value.

Your Company also undertakes continuous quality improvement programs, training programs, deployment and use of tools and technologies for monitoring projects, etc., to help increase efficiencies and productivity.

4. Foreign Exchange earnings and outgo

Your Company's services segment and also the agency business with overseas principals in the Systems Integration segment ensure a continued export thrust. The particulars of foreign exchange expenditure and earnings are given in Item Nos. 23.6 and 23.7 of notes forming part of the financial statements (Page no. 49).

Affirmation regarding Compliance with the Code of Conduct

The Company has adopted a Code of Conduct for all its employees, including the Managing Director. In addition, the Company has adopted a Code of Conduct for its Non-Executive Directors. Both these Codes are available on the Company's Website (www.tataelxsi.com) .

I hereby confirm that all Board members and Senior Management personnel have affirmed compliance with the Code of Conduct applicable to them in respect of the year ended 31st March, 2012.

Mumbai, May 07, 2012

Madhukar Dev
Managing Director

COMPLIANCE REPORT ON CORPORATE GOVERNANCE

Mandatory Requirements:

- 1. A brief statement on the Company's philosophy on code of governance.** Your Company believes in conducting its affairs with the highest levels of integrity, with proper authorisations, accountability and transparency. The business operations of your Company are conducted not to benefit any particular interest group but for the benefit of all stakeholders.
- 2. Board of Directors**

The Board comprises with members having varied skills, experience and knowledge. The maximum number of members the Board can have, in terms of the Articles of Association of the Company is 12. The Board has a mix of both Independent and Non-independent directors where Independent directors constitute more than half the strength of the Board. The Chairman of the Company is Non-Executive. None of the Directors on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49 of the Listing Agreement with Stock Exchanges), across all the companies in which they are Directors. Necessary disclosures regarding Committee positions have been made by the Directors.

Four Board Meetings were held during the year 2011-12 and the gap between two meetings did not exceed four months. The dates on which the Board Meetings held were 27th April 2011, 22nd July 2011, 28th October 2011 and 16th January 2012.

The names and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the last Annual General Meeting, as also the number of Directorships held by them in other companies are given below:

Name	Category	No. of Board Meetings attended during 2011-12	Whether attended AGM held on 22nd July 2011	No. of Chairmanships/Directorships in other Boards/ Committees* of Companies**			
				Chairman of the Board	Chairman of the Committee	Member of the Board	Member of the Committee
Mr. S Ramadorai	Not Independent / Non-executive	4	Yes	7	4	7	4
Mr. P.G. Mankad	Independent / Non-executive	4	Yes	1	1	9	7
Mr. P McGoldrick	Independent / Non-executive	4	Yes	-	-	1	-
Dr. R. Natarajan	Independent / Non-executive	3	Yes	-	-	1	-
Mrs. Shyamala Gopinath+	Independent / Non-executive	2	N.A	-	-	3	-
Mr. Madhukar Dev	Not Independent / Managing Director	4	Yes	-	-	-	-

* Only Audit and Investor Grievance Committees considered

** Excludes private/foreign/non-profit companies

+ Mrs. S. Gopinath was appointed as an Additional Director w.e.f. 18th August, 2011

Mr. H. H. Malgham stepped down as Director w.e.f. 23rd July, 2011.

The information as required under Annexure I to Clause 49 is being made available to the Board.

3. Audit Committee

The terms of reference of the Audit Committee mandated by the statutory and regulatory requirements, which are also in line with the mandate given by your Board of Directors, are:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

COMPLIANCE REPORT ON CORPORATE GOVERNANCE (Contd.)

- d. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (2AA) of section 217 of the Companies Act, 1956;
 - ii. Changes, if any, in accounting policies and practices and reasons for the same;
 - iii. Major accounting entries involving estimates based on the exercise of judgment by management;
 - iv. Significant adjustments made in the financial statements arising out of audit findings;
 - v. Compliance with listing and other legal requirements relating to financial statements;
 - vi. Disclosure of any related party transactions; and
 - vii. Qualifications in the draft audit report;
- e. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- f. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- g. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage, and frequency of internal audit;
- h. Discussion with internal auditors, any significant findings and follow up there on;
- i. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity, or a failure of internal control systems of a material nature and reporting the matter to the Board;
- j. Discussion with statutory auditors before the audit commences, about the nature and scope of audit, as well as post-audit discussion to ascertain any area of concern;
- k. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends), and creditors;
- l. To review the functioning of the Whistle Blower mechanism;
- m. Carrying out any other function, as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee reviewed the reports of the internal auditors, the reports of the statutory auditors arising out of the quarterly, half-yearly, and annual audit of the accounts; considered significant financial issues affecting the Company and held discussions with the internal and statutory auditors and the Company Management during the year.

Six Audit Committee Meetings were held during the year 2011-12. The dates on which the Audit Committee Meetings were held were 27th April 2011, 21st July 2011, 22nd July 2011, 28th October 2011, 16th January 2012, and 8th March 2012. Due to pre-commitment Dr. Natarajan did not attend the meeting held on 27th April, 2011. The Board co-opted Mr. P. McGoldrick to attend the 27th April, 2011 meeting, in order to have requisite quorum in terms of the listing agreement.

The composition, names of the members, chairperson, particulars of the Meetings, and attendance of the members during the year are as follows:

Sl.No.	Names of Members	Category	No. of Meetings attended during the year 2011-12
1	Mrs. Shyamala Gopinath* Chairperson	Independent/Non-executive	3
2	Mr. S Ramadorai	Not Independent / Non-executive	4
3	Dr. R. Natarajan	Independent / Non-executive	5
4	Mr. Patrick McGoldrick	Independent / Non-executive	1
5	Mr. H.H. Malgham** (Chairman up to 22nd July, 2011)	Independent / Non-executive	3

* Mrs. Shyamala Gopinath was appointed as the Chairperson and Member of the Audit Committee w.e.f. 18th August 2011.

** Mr. H H Malgham stepped down from the Committee w.e.f. 23rd July, 2011.

Mr. H.H. Malgham, the then Chairman of the Audit Committee, was present at the 22nd AGM held on 22nd July, 2011.

COMPLIANCE REPORT ON CORPORATE GOVERNANCE (Contd.)

4. Remuneration Committee

The terms of reference mandated by your Board are:

- To decide the policy on specific remuneration packages for Managing/ Executive Directors, including pension rights and any compensation payments;
- To approve the terms of any Employee Stock Option Scheme or Plan, as may be issued from time to time by the Company;

All Non-Executive Directors of your Company receive sitting fees for each meeting of the Board or Committee thereof attended by them. The net profits of the Company, not exceeding 1%, are distributable, as commission, amongst the Non-Executive Directors considering the special services and efforts rendered.

Other than sitting fees and commission on the net profits of the Company, no other remuneration is payable to the Non-Executive Directors for 2011-12.

One Remuneration Committee Meeting was held on 27th April 2011 during the year 2011-12.

The composition, names of the members, chairperson, particulars of the Meetings, and attendance of the members during the year are as follows:

Sl.No	Names of Members	Category	No. of Meetings attended during the year 2011-12
1	Mr. H.H. Malgham* (Chairman up to 22nd July, 2012)	Independent/Non-executive	1
2	Mr. S. Ramadorai	Not Independent / Non-executive	1
3	Dr. R. Natarajan (Chairman w.e.f 7th May, 2012)	Independent / Non-executive	-
4	Mrs.Shyamala Gopinath**	Independent / Non-executive	-

* Mr. H H Malgham stepped down from the Committee w.e.f. 23rd July, 2011

** Mrs. Shyamala Gopinath was appointed as a Member of the Remuneration Committee w.e.f. 18th August, 2011

Details of Remuneration for the year ended 31st March, 2012

Non-executive Directors (NEDs):

Sl.No	Name of the Non-executive Director	Sitting Fees ₹	Commission* ₹
1	Mr. S Ramadorai	1,80,000	12,00,000
2	Mr. P.G. Mankad	1,35,000	7,00,000
3	Mr. P McGoldrick	75,000	4,50,000
4	Dr. R. Natarajan	1,65,000	9,00,000
5	Mrs. Shyamala Gopinath	75,000	5,50,000
6	Mr. H H Malgham (Stepped down w.e.f 23rd July, 2011)	1,35,000	12,00,000

* The Commission payable to the NEDs is subject to the approval of payment of commission to NEDs for a period of 5 years commencing 1st April, 2011, by the shareholders, as also the approval of the annual accounts, at the forthcoming Annual General Meeting.

Managing Director:

Name	Basic Salary ₹	Commission* ₹	Contribution to Provident & other Funds ₹	Other Allowances & Perquisites ₹	Total ₹
Mr. Madhukar Dev	33,00,000	60,00,000	9,73,500	46,20,000	1,48,93,500

* Subject to approval of the annual accounts at the forthcoming Annual General Meeting.

The service of Managing Director may be terminated by either party giving other party six month's notice or the Company paying six months salary in lieu thereof.

COMPLIANCE REPORT ON CORPORATE GOVERNANCE (Contd.)**5. Shareholders / Investors Grievances Committee**

The terms of reference mandated by your Board, which is also in line with the statutory and regulatory requirements, are:

- Redressing of Shareholders and Investors complaints;
- To ensure expeditious share transfers;
- To review status of legal cases involving the investors where the Company has been made a party.

Three Investor Grievance Committee Meetings were held during the year 2011-12. The dates on which the Investor Grievance Committee Meetings held were 27th April 2011, 22nd July 2011, and 16th January 2012.

The composition, names of the members, chairperson, particulars of the Meetings and attendance of the members during the year are as follows:

Sl.No.	Names of Members	Category	No. of Meetings attended during the year 2011-12
1	Mr. P.G. Mankad, Chairman	Independent / Non-executive	3
2	Mr. H H Malgham*	Independent / Non-executive	2
3	Dr. R. Natarajan**	Independent / Non-executive	1

* Mr. H H Malgham stepped down from the Committee w.e.f. 23rd July, 2011

** Dr. R. Natarajan was nominated as a Member of the Committee w.e.f 18th August, 2011

Name, designation & address of the Compliance Officer:

Mr. G. Vaidyanathan
Company Secretary
Tata Elxsi Ltd.,
ITPB Road, Whitefield, Bangalore – 560 048.
Phone : +91-80-22979316
Fax : +91-80-28411474
E-mail : gvnathan@tataelxsi.co.in

Details of complaints received and redressed during 2011-12 :

Opening Balance	Received during the year	Resolved during the year	Closing Balance
-	16	13	3

Complaints/correspondence are usually dealt with within 10 days of receipt and are completely resolved, except in cases where litigation is involved.

Share transfer lodgements are processed within 20 days and returned, except in cases where litigation is involved.

The following persons can also be contacted in case of investor grievances:

- a. Ms. Mary Alles (email:mary@tataelxsi.co.in);
Phone: +91-080-22979789; Fax: +91-080-22979770
- b. TSR Darashaw Ltd. (email: csg-unit@tsrdarashaw.com);
Phone: +91-022-66568484; Fax: +91-022-66568494

COMPLIANCE REPORT ON CORPORATE GOVERNANCE (Contd.)

6. General Body Meetings

Particulars about the last three Annual General Meetings (AGM's) of the Company are:

Sl.No	AGM Particulars	Date	Venue	Time
1	22nd AGM in respect of the year 2010-11	22nd July, 2011	Good Shepherd Auditorium 25, Museum Road, opp. St. Joseph P.U College Bangalore	12.00 p.m.
2	21st AGM in respect of the year 2009-10	26th July, 2010	Dr. B.R Ambedkar Bhavan, Millers Road, Vasanth Nagar, Bangalore	11.30 a.m.
3	20th AGM in respect of the year 2008-09	7th September, 2009	St. John's Auditorium, Koramangala, Bangalore	11.00 a.m.

No item of business, which required the members' approval through postal ballot, was transacted during 2011-12.

As required under clause 49(G) (i) of the listing agreement, particulars of the Directors seeking appointment/reappointment are given in the Annexure to the Notice.

7. Disclosures

- There are no materially significant related party transactions during the year that have potential conflict with the interests of the Company at large;
- There has been no non-compliance or penalties, or strictures imposed on your Company by any of the Stock Exchanges or SEBI, or any statutory authority on any matter related to capital markets during the last three years;
- Your Company has adopted a Whistle Blower Policy which is permanently posted on the Company's intranet. All issues raised under the Whistle Blower Policy are directly reported to the Chairman/Chairperson of the Company's Audit Committee and no personnel have been denied access to the Audit Committee.
- The Company has complied with all the mandatory requirements and most of the non-mandatory requirements specified in the revised Clause 49 of the Listing Agreement.

8. Means of Communication

- Your Company uses several modes for communicating with its external stakeholders, such as announcements and press releases in newspapers, circular letters and other reports to the members, posting information on its Website (www.tataelxsi.com), intimation to the Stock Exchanges, responding to analyst's queries etc.
- Your Company's quarterly results are disseminated through all the modes mentioned above. Financial Express (English daily) and Sanjevani (vernacular daily) are usually the papers in which the quarterly results are published.
- Your Company's Management Discussion & Analysis of the Business for the year ended 31st March, 2012 forms a part of this Annual Report and is given under the Section so captioned.

9. General Shareholders Information

Sl.No	Salient Items of Interest	Particulars
i.	AGM Date, Time, and Venue	Tuesday, 24th July, 2012 at Devraj Urs Bhavan, (behind Dr. Ambedkar Bhavan), 16D, Millers Tank Bed Area, Vasanthanagar, Bangalore 560052 at 12.30 p.m.
ii.	Financial Calendar	7th May, 2012 – Q4 & FY12 Results 24th July, 2012 – Q1 Results & AGM Oct, 2012 – Q2 Results Jan, 2013 – Q3 Results
iii.	Date of Book Closure	17th July, 2012 to 24th July, 2012 (both days inclusive)
iv.	Dividend Payment Date	On and after 25th July, 2012

COMPLIANCE REPORT ON CORPORATE GOVERNANCE (Contd.)

v.	Listing on Stock Exchanges	Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001, India Tel. : +91-22-22721234 Fax : +91-22-22722041 The National Stock Exchange of India Limited Exchange Plaza Plot No.C/1, G Block Bandra-Kurla Complex Bandra (East) Mumbai-400 051, India Tel. : +91-22-26598100 Fax : +91-22-26598237 The Delhi Stock Exchange Association Limited (Applied for Delisting) DSE House, 3/1 ASAF Ali Road, New Delhi-110 002, India Tel. : +91-11-46470000 Fax: +91-11-46470053
vi.	Stock Code	Bombay Stock Exchange Ltd.: 500408 National Stock Exchange Ltd.: TATAELXSI
vii.	Registrar & Share Transfer Agents	TSR Darashaw Limited, 6-10, Haji Moosa Patrawala Ind. Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400 011
viii.	Share Transfer System	Shares lodged in physical form with the Company / its Registrars & Share Transfer Agents are processed and returned, duly transferred within 20 days normally, except in cases where litigation is involved. In respect of shares held in dematerialized mode, the transfer takes place instantaneously between the transferor, transferee, and the Depository Participant through electronic debit/credit of the accounts involved.
ix.	Dematerialisation of shares and liquidity	2,93,83,933 shares were held in dematerialized mode, as at March 31, 2012. The Company's equity shares are actively traded on BSE and NSE.
x.	Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity	There are no outstanding instruments and hence there will be no dilution of the equity.
xi.	Plant Locations	Your Company's software development centers are located at the following addresses: a. ITPB Road, Whitefield, Bangalore – 560 048; b. Brigade Tech Park, Block-B 134/1, 134/2, Pattandur Agrahara Village, Whitefield Road, K.R. Puram, Bangalore – 560 066; c. 171/2, Phase-2, Maruthi Industrial Estate, ITPB Road, Whitefield, Bangalore – 560 066; d. Neyyar, Plot No. 23-28, Technopark Campus, Kariyavattom, Trivandrum – 695 581; e. "Gayatri" Technopark, 1st floor, Kariyavattom, Trivandrum – 695 581; f. "Leela Infopark" 5th Floor, Plot No.2, Technopark Campus, Trivandrum – 695 581; g. Alpha – 1&2 Building, GIGA Space, IT Park, 198/1B, Viman Nagar, Pune - 411 014; h. Boston House, Suren Road, Andheri(East), Mumbai – 400 093; i. 4th Floor, IITM Research Park, Kanagam Road, Taramani, Chennai – 600 113;
xii.	Address for correspondence	ITPB Road, Whitefield, Bangalore – 560 048

COMPLIANCE REPORT ON CORPORATE GOVERNANCE (Contd.)

Market Price Data: High/Low during each month of 2011-12 on the following exchanges:

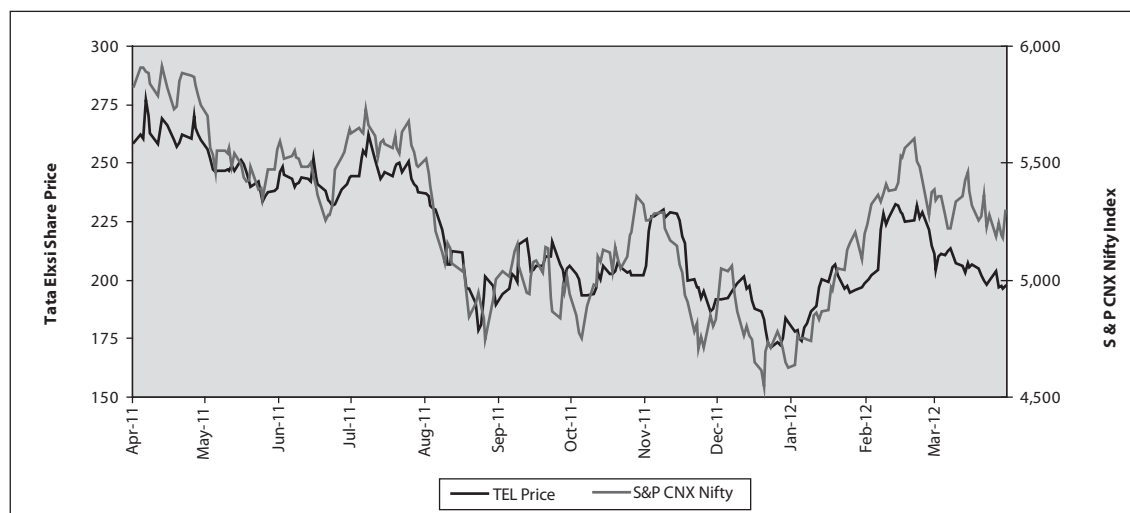
Month	BSE			NSE		
	High ₹	Low ₹	Vol (No. of shares)	High ₹	Low ₹	Vol (No. of shares)
April 2011	281.35	254.60	17,43,417	281.35	251.10	38,75,570
May 2011	261.40	232.25	4,61,775	261.35	232.00	11,04,897
June 2011	257.20	229.10	4,01,422	256.50	229.05	12,26,554
July 2011	264.00	234.00	5,81,495	263.90	234.80	15,47,560
August 2011	239.60	171.80	3,65,454	239.75	169.95	8,59,122
September 2011	222.00	191.90	4,82,559	222.35	191.50	11,01,665
October 2011	230.60	191.00	6,70,839	231.00	191.00	14,08,575
November 2011	236.00	184.70	4,62,867	236.40	182.10	9,16,735
December 2011	208.40	167.10	2,63,832	208.90	165.10	6,37,967
January 2012	211.50	172.90	6,19,657	211.45	172.80	13,29,874
February 2012	238.75	199.55	9,78,912	238.90	198.50	19,88,870
March 2012	221.40	193.10	3,61,872	221.75	191.20	11,06,470

Distribution of Shareholding as on March 31, 2012

Range of Shares	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1 - 500	53,452	95.70	70,03,680	22.49
501 - 1000	1,640	2.92	13,23,586	4.25
1001- 2000	616	1.10	9,39,186	3.02
2001 - 3000	193	0.34	4,95,609	1.59
3001 - 4000	85	0.15	3,13,053	1.01
4001 - 5000	56	0.10	2,66,070	0.85
5001 - 10000	97	0.17	7,11,124	2.28
Over 10,000	87	0.15	2,00,85,912	64.51
Total	56,226	100.00	3,11,38,220	100.00

Categories of Shareholding as on March 31, 2012

Category	No. of Shareholders	No. of Shares held	% of Shareholding
Individuals	54,798	1,36,46,707	43.83
NRI's	490	1,71,840	0.55
Companies	735	19,29,443	6.20
Tata Group	4	1,40,47,632	45.11
Mutual Funds, FI's, FII's	12	11,72,582	3.76
Clearing Member/Clearing House	187	1,70,016	0.55
Total	56,226	3,11,38,220	100.00

Tata Elxsi Share Price Vs. S&P CNX Nifty Index

Auditors' Certificate on Compliance of Conditions of Corporate Governance as per Clause 49 of the Listing Agreement with the Stock Exchanges

To the Members of TATA ELXSI LIMITED

We have examined the compliance of conditions of Corporate Governance by **TATA ELXSI LIMITED** (the Company), for the year ended on March 31, 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with the said stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion of the financial statements of the company.

In our opinion and to the best of our information, and according to the explanations given to us, and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above-mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company, nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 0080725)

V. Balaji
Partner
(Membership No.203685)

Place: Mumbai

Date: May 07, 2012

MANAGEMENT DISCUSSION & ANALYSIS (MDA) STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

1. Business Analysis

Your Company's operations are broadly broken up into two business segments i.e. Software Development & Services and Systems Integration & Support.

Software Development and Services:

This business segment registered an increase of 27% from ₹ 358.20 crores during FY11 to ₹ 454.25 crores in FY12. The profit of this segment registered an increase of 51% from ₹ 36.81 crores during FY11 to ₹ 55.69 crores in FY12. This was due to increased volume growth and improved margins.

This business segment is broken up into three distinct business groups:

Embedded Product Design:

The Embedded Product Design division provides technology consulting, new product development, system integration and testing services for leading product companies, service providers, and aspiring start-ups. This is backed by an in-depth understanding of technology, a large multi-disciplinary product development team, and mature processes and systems.

It also creates and licenses intellectual property and software components, helping customers create product differentiation and reduce development costs and time-to-market.

It offers solutions across a diverse range of industries including broadcast, consumer electronics, convergence, medical devices, transportation, and wireless communications.

To take advantage of the emerging embedded systems engineering market opportunity, your Company is focusing on building vertical centric capabilities in segments with high growth potential. This is also expected to help drive large share of business from key customers in these segments.

Your Company derives revenues from Japan for its embedded product design services, especially in the consumer electronics, telecom and automotive electronics segments. Despite the compounding effects of Tsunami, floods in Thailand and weak overseas recovery, your Company has managed to show moderate volume growth from Japan during the year and is working to continue the same growth momentum in the next year.

A brief overview of the key industry segments addressed is detailed below:

Broadcast and Consumer Electronics:

Tata Elxsi provides turn-key product engineering services for the broadcast and consumer electronics markets. These include "full-life cycle" embedded product design services including hardware, software, and enclosure design of various products in the broadcast and consumer electronics industry. These "full-life cycle" services play continues to make your Company the preferred service provider for leading broadcast and consumer electronics OEMs.

This division works with leading product companies developing digital television products, set-top boxes, e-book readers, tablets, media players, digital still, and video cameras. Your Company works with leading product companies to successfully develop and deploy these products in various geographies in compliance with different standards and service provider requirements.

The broadcast digitization mandate within various countries creates increased demand for development and deployment of set-top boxes. There is also increased adoption of mobile internet devices such as tablets and Over-the-top (OTT) content from the internet on TV. This requires specific engineering and development for both OEMs and operators, and your Company is positioned well to capitalize the continuing growth from these segments.

Your Company continues to engage with broadcast service providers across the world in the development of value-added applications that enhance the consumer experience of their services, and helping them reduce development and testing costs associated with service deployment.

Communications:

Tata Elxsi works with wire-line & wireless communications product companies for product engineering. Your Company is among the leading third-party software IP providers for 3GPP LTE and Mobile WiMAX standards, for both commercial and special applications such as public safety and defence.

MANAGEMENT DISCUSSION & ANALYSIS (MDA) STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

The telecom market is migrating to the latest technologies for broadband wireless access, especially for LTE (Long Term Evolution) standards. While WiMax continues to be deployed in certain parts of the world, most operators are now adopting LTE as the preferred standard for broadband wireless.

Your Company has continued to invest in developing software IPR for LTE during the year. This resulted in new customer wins and licensing deals with telecom equipment vendors.

During the year, your Company saw its customers showcasing their LTE solutions, based on our IPR, in leading industry events such as the Femto World Congress in London and Mobile World Congress in Barcelona. Your Company also demonstrated its IP and solutions through direct participation in these leading industry events.

Transportation:

Your Company offers electronics, software development, and full system services for automotive industry. Focus areas in automotive electronics include Powertrain, Body Electronics, Safety, Driver Assistance, and In-vehicle Infotainment. Your Company also provides software based on the AUTOSAR standards and the multimedia components for in-car entertainment. Our partnerships with GENIVI, AUTOSAR, and Artop enable us to support customers in developing solutions for next-generation automotive electronics.

The industry is witnessing an increasing demand for more fuel-efficient vehicles, convergence, and networked connectivity within vehicles. Due to the demand for such increased functionality, there is an increasing relevance of embedded systems in vehicles and your Company is well poised to take advantage of this addressable opportunity.

Due to regulatory pressure for stringent emission and safer transport from various governments across the world, the demand for intelligent electronics is expected to increase substantially. Tata Elxsi is engaging with leading OEMs and systems suppliers in the development of next-generation hybrid engine technologies, active, and passive safety systems in the vehicle.

Industrial Design:

The Industrial Design division helps customers develop winning brands and products by using design as a strategic tool for business success. Its expertise extends across consumer insight, branding, product design, packaging design, transportation design, visual design, design engineering, and manufacturing support.

An in-depth understanding of consumers and rapidly changing market dynamics, backed by a multi-disciplinary design team, enables it to service a broad spectrum of industries. This includes automotive, communications, consumer products, healthcare, and retail.

It has supported the launch of leading brands and products across the world. It has won several international awards and patents for design and innovation.

During the year, the division has worked on some challenging projects that have enabled it to create a better business advantage for its customers through design. It helped develop a low cost x-ray machine for emerging markets, for a leading healthcare player, integrating key constraints posed by the product environment and cost. For one of the world's leading consumer durables company, it has worked on the complete development of a luxury promotional bus that was deployed to showcase the new range of products. After successfully executing the signage system design for Bangalore Metro, the division has also executed the signage design for one of India's leading airports.

Visual Computing Labs

Visual Computing Labs is an award-winning digital production studio providing Animation, Visual Effects (VFX), and 3D stereoscopic content for feature films, episodic television and television, commercials. It hosts world-class studios in Los Angeles and India and has a creative team that includes national and international award winning professionals.

It also offers custom content development for visualization and product marketing, and is a leading provider of engineering and animation services for mobile, online and console games.

VCL is seeing more traction overseas and your Company continues to execute projects for major Hollywood studios and smaller independent film producers. During the year, your Company executed key master service agreements with leading game developers and publishers. During the year, VCL division was felicitated with two awards at the prestigious FICCI Frames BAF AWARDS – 2012. VCL won the Best Animated Ad Film for Samsung Wave II Game TVC (TV Commercials) and the "Special Jury Award" in the VFX in a Commercial category for Panasonic 'Econavi' AC TVC at FICCI BAF AWARDS 2012. VCL's projects were also nominated at the International Animation Awards 2011, Anifest India 2011, and CGTantra Community Awards 2011.

MANAGEMENT DISCUSSION & ANALYSIS (MDA) STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

During the year, your Company entered into a Joint Venture Agreement with M/s A Squared Entertainment LLC, USA to create, develop and distribute original brands targeted at children entertainment. The Joint Venture reflects the company's efforts to expand its business beyond its traditional work-for-hire model and enhance its participation across the value chain.

Systems Integration and Support

This business segment registered an increase of 46 % from ₹ 57.71 crores during FY11 to ₹ 84.45 crores in FY12. The profit of this segment registered an increase of 24 % from ₹ 6.77 crores during FY11 to ₹ 8.40 crores in FY12.

This segment comprises of the Systems Integration, Customer Support, and Professional Services Group businesses.

The Systems Integration division implements and integrates complete systems and solutions for High-Performance Computing, CAD/CAM/CAE, Broadcast, Virtual Reality, Storage and Disaster Recovery. It addresses the broadcast, manufacturing, government, defense, and education sectors, with an expert team of integration specialists and support engineers, located across a wide network of offices. This is backed by strategic partnerships with best-in-class software and technology providers.

The Professional Services group offers storage, network, and infrastructure management services for the Indian and overseas markets.

During the year, the Professional Services group won a Pan-India support contract, from one of the world's leading personal computing companies, and expects to fully operationalize this over the next financial year.

2. Internal Controls systems and their adequacy:

Your Company has put in place adequate internal control systems, commensurate to the size and scale of its operations. The Company has ensured a two-level Audit System with in-house Internal Auditors conducting regular and periodic audits of specific processes and controls, and a quarterly audit of internal controls in different areas of operation by an external firm, Ernst & Young. Significant observations made by the in-house and external internal auditors are presented to the Audit Committee for their recommendations. The status of the implementation of the observation and recommendations are also presented to the Audit Committee periodically.

The Company has implemented a new ERP package, which helps in the integrations of all functionalities of the Organisation, streamlining of business process and also ensures that the integrity of data is protected.

3. Financial Analysis:

The following are relevant financial performance details, on consolidated basis, with respect to the operational performance of the Company:

Salient Consolidated Financial Data Expenditure Analysis Relating to Profit & Loss Account

	2011-12	2010-11	Change over
	₹ crores	₹ crores	previous year %
Sales and services	538.71	415.91	29.53
Other income	4.20	3.86	8.81
Total Revenues	542.91	419.77	29.34
Cost of sales	71.72	53.66	33.66
Personnel expenses	278.07	216.71	28.31
Financial expenses	2.33	1.88	23.94
Depreciation/ Amortisation	20.52	17.20	19.30
Other expenses	114.91	98.35	16.84
Total Expenditure	487.55	387.80	25.72
Profit before tax for the year	55.36	31.97	73.16
Tax	16.65	(0.55)	-
Profit after tax for the year	38.71	32.52	19.03
Share of loss from associated Company	4.12	-	-
Net profit for the year	34.59	32.52	6.37

Percentage to Income

	2011-12	2010-11
	%	%
Sales and services	99.23	99.08
Other income	0.77	0.92
Total Revenues	100.00	100.00
Cost of sales	13.21	12.78
Personnel expenses	51.22	51.63
Financial expenses	0.43	0.45
Depreciation/ Amortisation	3.78	4.10
Other expenses	21.17	23.43
Total Expenditure	89.80	92.38
Profit before tax for the year	10.20	7.62
Tax	3.07	(0.13)
Profit after tax for the year	7.13	7.75
Share of loss from associated Company	0.76	-
Net profit for the year	6.37	7.75

MANAGEMENT DISCUSSION & ANALYSIS (MDA) STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)
Analysis:
a. Overheads:

	2011-12	2010-11	Variance %	Remarks
Items	₹ crores	₹ crores		
Operating lease rentals	14.00	11.94	17.3	Increase in rent for leased premises
Overseas travel	18.90	16.06	17.7	Increase in onsite assignment
Consultant fees for software development	25.95	10.63	144.1	Additional consultants for meeting project requirement
Legal and professional charges	8.24	5.92	39.2	Increase on account of growth initiatives
Provision for doubtful debts/ advances	4.86	16.25	(70.1)	

b. Significant Ratio Analysis

Sl.No.	Particulars	Unit	31.03.12	31.03.11
1	Earning before interest, depreciation and tax/Sales	%	14.4	12.2
2	Profit before taxes/Sales	%	10.2	7.6
3	Profit after taxes/Sales	%	7.1	7.8
4	Current Ratio	No. of Times	1.32	1.34
5	Debt Equity Ratio	Ratio	0.18:1	0.14:1
6	Earning per share	₹	11.11	10.44

4. Human Resources:

Your Company recognizes the critical importance of its human capital and has multiple initiatives to contain attrition through effective employee engagement. Your Company will continue these measures to increase retention. Your Company also plans to increase manpower through fresh and lateral hires, as required to enable the targeted revenue growth.

5. Quality Initiatives:

Your Company has instituted very strong quality processes in the execution of its software projects. Your Company's EPD division is certified for ISO 9001:2008. Your Company's Transportation Business Unit has been assessed at Level 5 Automotive SPICE model, one of the very few companies in the world to achieve this distinction. Your Company has sound information security management processes. Your Company's development centers in Bangalore, Trivandrum, Mumbai, Pune, and Chennai have been certified for ISO 27001. Your Company has implemented several practices in line with the Tata Business Excellence Model (TBEM). During the year, Your Company participated in the TBEM assessment and has been assessed at a higher score band, thereby signifying improved performance.

Auditors' Report

TO THE MEMBERS OF TATA ELXSI LIMITED

1. We have audited the attached Balance Sheet of **TATA ELXSI LIMITED** ("the Company") as at March 31, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (iii) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (v) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
 - (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on March 31, 2012 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

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

V. Balaji
Partner
(Membership No. 203685)

Place: Mumbai

Date: May 07, 2012

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- (i) Having regard to the nature of the Company's business/activities/results, clauses iii (b) to (d), (f) & (g), v, vi, viii, xii, xiii, xiv, xvi, xix and xx of CARO are not applicable.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventory:
 - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (vi) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (vii) According to the information and explanations given to us in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2012 for a period of more than six months from the date they became payable.
 - (c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on March 31, 2012 on account of disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rs. in lakhs)
Sales Tax Act	Sales Tax	Commissioner of Sales Tax, Appeals	Financial Year 2003-04	0.11
Wealth Tax Act	Wealth Tax	Commissioner of Wealth Tax, Appeals	Financial Years 1993-94 to 1998-99	25.89
Income Tax Act	Income Tax	Commissioner of Income Tax, Appeals	Financial year 2004-05	87.68

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rs. in lakhs)
Income Tax Act	Income Tax	Commissioner of Income Tax, Appeals	Financial Year 2005-06	5.40
Income Tax Act	Income Tax	Commissioner of Income Tax, Appeals	Financial Year 2006-07	27.13
Income Tax Act	Income Tax	Deputy Commissioner of Income Tax	Financial Year 2007-08	274.41
Income Tax Act	Income Tax	Deputy Commissioner of Income Tax	Financial Year 2008-09	34.66
Income Tax Act	Income Tax	Deputy Commissioner of Income Tax	Financial Year 2009-10	22.46
Income Tax Act	Income Tax	Deputy Commissioner of Income Tax	Financial Year 2010-11	17.67

- (viii) The Company does not have accumulated losses at the end of the financial year and has not incurred cash loss during the financial year and the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and financial institutions. The Company has not issued any debentures.
- (x) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not prima facie prejudicial to the interests of the Company.
- (xi) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long- term investment.
- (xii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- (xiii) To the best of our knowledge and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

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

V. Balaji
Partner
(Membership No. 203685)

Place: Mumbai

Date: May 07, 2012

Balance Sheet as at 31 March, 2012

	Note	As at 31 March, 2012	Rs. lakhs As at 31 March, 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	3,113.82	3,113.82
Reserves and surplus	4	15,793.48	14,932.14
		18,907.30	18,045.96
Non Current liabilities			
Long-term provisions	5	688.74	686.35
Deferred tax liabilities (Net)	24.7	372.00	150.00
		1,060.74	836.35
Current liabilities			
Short-term borrowings	6	3,415.60	2,543.16
Trade payables	7	4,777.67	3,997.22
Other current liabilities	8	2,223.65	1,866.52
Short-term provisions	9	2,601.27	2,551.89
		13,018.19	10,958.79
Total		32,986.23	29,841.10
ASSETS			
Non current assets			
Fixed assets	10		
Tangible assets		7,672.32	7,271.11
Intangible assets		2,315.12	1,805.04
Capital work-in progress		105.97	419.61
Intangible assets under development		940.15	763.92
		11,033.56	10,259.68
Non-current Investments	11	28.67	28.67
Long-term loans and advances	12	5,054.43	4,989.53
		16,116.66	15,277.88
Current assets			
Inventories	13	2.13	57.11
Trade receivables	14	12,354.11	10,414.63
Cash and cash equivalents	15	2,355.09	2,022.25
Short-term loans and advances	16	1,033.02	1,147.47
Other current assets	17	1,125.22	921.76
		16,869.57	14,563.22
Total		32,986.23	29,841.10

Corporate information and significant accounting policies
See the accompanying notes forming part of the financial statements

1 & 2

In terms of our report attached

For and on behalf of the Board of Directors

For **Deloitte Haskins & Sells**
Chartered Accountants

V. Balaji
Partner

S. Ramadorai
Shyamala Gopinath
Madhukar Dev
Sudha Madhavan
G. Vaidyanathan

Chairman
Director
Managing Director
Chief Financial Officer
Company Secretary

Mumbai, May 07, 2012

Mumbai, May 07, 2012

Statement of Profit and Loss for the year ended 31 March, 2012

			Rs. lakhs
	Note	For the year ended 31 March, 2012	For the year ended 31 March, 2011
REVENUE			
Revenue from operations	18	51,445.84	41,101.16
Other income	19	612.46	386.34
Total		52,058.30	41,487.50
EXPENSES			
Purchases	20	5,010.58	5,026.32
Changes in inventories of stock-in-trade	20A	54.98	(50.87)
Employee benefits expenses	21	27,807.29	21,670.28
Finance costs		232.63	188.26
Depreciation/ amortisation expense	10	2,051.92	1,720.47
Other expenses	22	11,866.34	9,821.09
Total		47,023.74	38,375.55
Profit before tax for the year		5,034.56	3,111.95
Tax Expense			
i) Current tax		(1,290.62)	(1,096.00)
ii) MAT credit entitlement		-	786.00
iii) Overseas tax of prior years		(127.38)	-
iv) Net current tax expense		(1,418.00)	(310.00)
v) Deferred tax		(222.00)	371.50
Total		(1,640.00)	61.50
Net Profit for the year		3,394.56	3,173.45
Earnings per equity share of Rs.10/- each			
Basic and diluted		10.90	10.19
Corporate information and significant accounting policies	1 & 2		
See the accompanying notes forming part of the financial statements			

In terms of our report attached

For and on behalf of the Board of Directors

For **Deloitte Haskins & Sells**
Chartered Accountants

V. Balaji
Partner

S. Ramadorai
Shyamala Gopinath
Madhukar Dev
Sudha Madhavan
G. Vaidyanathan

Chairman
Director
Managing Director
Chief Financial Officer
Company Secretary

Mumbai, May 07, 2012

Mumbai, May 07, 2012

Cash Flow Statement for the year ended 31 March, 2012

	Rs. lakhs	
	For the year ended 31 March, 2012	For the year ended 31 March, 2011
A. Cash flows from operating activities		
Net Profit before tax	5,034.56	3,111.95
Adjustment for:		
Depreciation and amortisation	2,051.92	1,720.47
Interest income	(3.25)	(33.41)
Dividend received from subsidiary	(191.96)	-
Finance costs	232.63	188.26
Provision for diminution in value of investment	411.75	-
Provision for doubtful debts/advances	486.25	1,625.00
Liabilities / provisions no longer required, written back	(25.44)	(65.04)
Loss/(Profit) on sale of assets	33.14	1.22
Unrealised exchange loss/(gains)	162.71	67.88
Operating profit before working capital changes	8,192.31	6,616.33
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Deposits as Margin Money or Security against commitments	(7.20)	-
Inventories	54.98	(50.87)
Trade receivables	(2,223.49)	(152.31)
Short-term loans and advances	146.68	(13.29)
Long-term loans and advances	1.74	(60.76)
Other current assets	(203.46)	152.44
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	667.48	1,239.78
Other current liabilities	308.88	539.77
Short-term provisions	49.44	(51.14)
Long-term provisions	2.39	(19.83)
Cash generated from operations	6,989.75	8,200.12
Income tax paid	(1,373.66)	(1,027.10)
Net cash flow from / (used in) operating activities	5,616.09	7,173.02
B. Cash flows from investing activities		
Purchase of fixed assets/ capital advances	(2,873.06)	(2,908.40)
Proceeds of sale of fixed assets	54.85	7.44
Dividend received from subsidiary	191.96	-
Share application money in A Squared Elxsi Entertainment LLC, USA	(518.30)	-
Interest received	3.25	33.41
Net cash flow from / (used in) investing activities	(3,141.30)	(2,867.55)
C. Cash flows from financing activities		
Short term borrowings availed/ (re-paid) (net)	443.46	(853.77)
Interest paid	(232.63)	(188.26)
Dividend paid	(2,176.59)	(2,164.71)
Tax on dividend paid	(353.60)	(362.02)
Net cash flow from / (used in) financing activities	(2,319.36)	(3,568.76)
Net increase/(decrease) in cash and cash equivalents	155.43	736.71
Cash and cash equivalents as at beginning of the year	2,022.25	1,343.02
Exchange gain/(loss) on restatement of foreign currency cash and cash equivalents	170.21	(57.48)
Cash and cash equivalents as at end of the year	2,347.89	2,022.25
Reconciliation of cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents as per Balance Sheet (Refer Note 15)	2,355.09	2,022.25
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements	7.20	-
Cash and cash equivalents at the end of the year comprises:	2,347.89	2,022.25
(a) Cash on hand	1.05	0.90
(b) Cheques on hand	89.45	15.91
(c) Balances with banks		
i) in current accounts	1,806.82	1,353.38
ii) in EEFC accounts	211.66	416.24
iii) in earmarked accounts-Unpaid dividend accounts	238.91	235.82
	2,347.89	2,022.25

Corporate information and significant accounting policies

See the accompanying notes forming part of the financial statements

1&2

In terms of our report attached

For and on behalf of the Board of Directors

 For **Deloitte Haskins & Sells**
Chartered Accountants

V. Balaji
Partner

S. Ramadorai
Shyamala Gopinath
Madhukar Dev
Sudha Madhavan
G. Vaidyanathan
Chairman
Director
Managing Director
Chief Financial Officer
Company Secretary

Mumbai, May 07, 2012

Mumbai, May 07, 2012

Notes forming part of the financial statements

1 Corporate information

Tata Elxsi Limited was incorporated in 1989. The Company provides product design and engineering services to the consumer electronics, communications & transportation industries and systems integration and support services for enterprise customers. It also provides digital content creation for media and entertainment industry.

The company is headquartered in Bangalore, and operates through delivery centers in Bangalore, Chennai, Coimbatore, Pune, Mumbai and Tiruvananthapuram.

Its sales operations are located in multiple cities in India, and in multiple international locations including Dubai, France, Germany, Japan, UK and USA.

2 Significant Accounting Policies

2.1 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialised.

2.3 Inventories

Components and spares are valued at lower of cost and net realizable value. Cost is determined on the basis of specific identification method.

Computer systems and software, components and spares intended for customer support are written off over the effective life of the systems maintained, as estimated by Management.

2.4 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.5 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.6 Depreciation and amortisation

Depreciation has been provided on the straight-line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under:

Leasehold land is amortised over the duration of the lease

Assets costing less than Rs.5,000 each are fully depreciated in the year of capitalisation

Intangible assets are amortised over their estimated useful life as follows:

In-house Technical Know-How – 3 years.

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

Notes forming part of the financial statements

2.7 Revenue recognition

Sale of goods

Income from sales of goods is recognised upon passage of risks and rewards of ownership to the goods, which generally coincide with the despatch. Sales exclude taxes and levies.

Income from services

- a) Income from services is recognized upon rendering of the services. Income from maintenance contracts relating to the year is recognized when the contracts are entered into on a time proportionate basis. The income excludes taxes and levies.
- b) Revenue from software development on fixed price, fixed time frame contracts is recognised as per the proportionate completion method. On time and materials contracts, revenue is recognised as the related services are rendered.
- c) In respect of orders procured, for which sales are effected directly to the customers by the vendors, the Company accounts only for the commission, installation and other charges to which it is entitled.

2.8 Other income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

2.9 Tangible fixed assets

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately in the Balance Sheet.

Capital work-in-progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

2.10 Intangible Assets.

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

Refer note 2.18 for accounting for research and development expenses.

2.11 Foreign currency transactions and translations

Initial recognition

Transactions in foreign currencies entered into by the Company and its integral foreign operations are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement of foreign currency monetary items at the Balance Sheet date

Foreign currency monetary items (other than derivative contracts) of the Company and its net investment in non-integral foreign operations outstanding at the Balance Sheet date are restated at the year-end rates.

In the case of integral operations, assets and liabilities (other than non-monetary items), are translated at the exchange rate prevailing on the Balance Sheet date. Non-monetary items are carried at historical cost. Revenue and expenses are translated at the average exchange rates prevailing during the year. Exchange differences arising out of these translations are charged to the Statement of Profit and Loss.

Notes forming part of the financial statements

Accounting of forward contracts

Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the Balance Sheet date. Refer Note 2.22 for accounting for forward exchange contracts relating to firm commitments and highly probable forecast transactions.

2.12 Investments

Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

2.13 Employee benefits

Employee benefits include contribution to provident fund, superannuation fund, gratuity fund and compensated absences.

Defined contribution plans

The Company's contribution to provident fund and superannuation fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made.

Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under :

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

2.14 Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Notes forming part of the financial statements

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

2.15 Leases

Assets leased by the Company in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

2.16 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post - tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.17 Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961 and Foreign Tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

Current and deferred tax relating to items in equity are recognised in equity and not in the Statement of Profit and Loss.

2.18 Research and development expenses

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technological feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Tangible Fixed Assets and

Notes forming part of the financial statements

Intangible Assets.

2.19 Impairment of assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

2.20 Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

2.21 Provision for warranty

As per the terms of the contracts, the Company provides post-contract services / warranty support to some of its customers. The Company accounts for the post-contract support / provision for warranty on the basis of the information available with the Management duly taking into account the current and past technical estimates.

2.22 Derivative contracts

The Company enters into derivative contracts in the nature of foreign currency options, forward contracts with an intention to hedge its existing assets and liabilities, firm commitments and highly probable transactions. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for Foreign Currency Transactions and Translations.

All other derivative contracts are marked-to-market and losses are recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

2.23 Insurance claims / Claims with ECGC

Insurance claims and claims with ECGC are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

Notes forming part of the financial statements

	Rs. lakhs
	As at 31 March, 2012
	As at 31 March, 2011
3 SHARE CAPITAL	
Authorised :	
35,000,000 equity shares of Rs. 10/- each with voting rights	<u>3,500.00</u>
Issued :	
31,165,620 equity shares of Rs. 10/- each with voting rights	<u>3,116.56</u>
Subscribed and fully paid up :	
31,138,220 equity shares of Rs.10/-each, with voting rights	<u>3,113.82</u>
Total	<u><u>3,113.82</u></u>

Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

	Opening Balance	Closing Balance
Equity shares with voting rights		
Year ended 31 March, 2012		
- Number of shares	<u>31,138,220</u>	<u>31,138,220</u>
- Amount in Rs. Lakhs	<u>3,113.82</u>	<u>3,113.82</u>
Year ended 31 March, 2011		
- Number of shares	31,138,220	31,138,220
- Amount in Rs. Lakhs	<u>3,113.82</u>	<u>3,113.82</u>

Details of shares held by each shareholder holding more than 5% shares:

	As at 31 March, 2012		As at 31 March, 2011
Class of shares / Name of share holder	Number of shares held	% of holding in that class of shares	Number of shares held
			% of holding in that class of shares
Equity shares with voting rights			
Tata Sons Limited	13,147,632	42.22%	13,147,632
Life Insurance Corporation of India	2,023,599	6.50%	2,193,990

The Company has only one class of Equity Share, having a par value of Rs.10/-. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, as on date no such preferential amounts exists. The distribution will be in proportion to number of equity shares held by the shareholders.

4 RESERVES AND SURPLUS

Capital reserve:		
Subsidy received from Kerala State Government	25.00	25.00
General reserve:		
Opening balance	4,159.82	3,659.82
Add: Transferred from surplus in Statement of Profit and Loss	<u>500.00</u>	<u>500.00</u>
	4,659.82	4,159.82
Surplus in Statement of Profit and Loss		
Opening balance	10,747.32	10,598.73
Add: Net Profit for the year	3,394.56	3,173.45
Balance available for appropriation	14,141.88	13,772.18
Less:		
- Dividend proposed to be distributed to Equity Shareholders (Rs. 7/- per share) (previous year: Rs. 7/- per share)	2,179.68	2,179.68
- Dividend tax net of reversal thereof	353.54	345.18
- Transfer to general reserve	<u>500.00</u>	<u>500.00</u>
Closing balance	<u>11,108.66</u>	<u>10,747.32</u>
Total	<u><u>15,793.48</u></u>	<u><u>14,932.14</u></u>

Notes forming part of the financial statements

Rs. lakhs

	As at 31 March, 2012	As at 31 March, 2011
5 LONG-TERM PROVISIONS		
Provision for compensated absences	318.38	315.99
Provision for taxation (Net of advance tax)	370.36	370.36
Total	688.74	686.35
6 SHORT-TERM BORROWINGS		
Working capital loans from banks - Secured, payable on demand	2,765.60	2,543.16
Secured by hypothecation of stocks of raw materials, finished goods, consumable stores, book debts etc.; pari passu charge on immovable property at Karnataka and other movable properties		
Loan from a Bank (unsecured)	650.00	-
Total	3,415.60	2,543.16
7 TRADE PAYABLES		
Trade payables		
-Acceptances	75.53	50.49
-Other than Acceptances (Refer Note 23.2)	4,702.14	3,946.73
Total	4,777.67	3,997.22
8 OTHER CURRENT LIABILITIES		
Advance from customers	278.21	379.27
Unpaid dividend [Will be transferred to Investor Education and Protection Fund when due]	238.91	235.82
Unearned revenue	724.90	267.13
Other payables	46.58	43.46
Statutory Remittances (Contributions to PF and ESIC, Withholding Taxes, VAT, Service Tax, etc.)	651.64	647.98
Payables on purchase of fixed assets	64.01	18.86
Provision for gratuity (Refer Note 24.1.b)	219.40	274.00
Total	2,223.65	1,866.52
9 SHORT-TERM PROVISIONS		
a) Provision for employee benefits:		
Provision for compensated absences	51.53	3.85
b) Provision others:		
Provision for warranty (Refer Note 24.9)	16.52	14.76
Provision for proposed equity dividend	2,179.68	2,179.68
Provision for tax on proposed equity dividend	353.54	353.60
Total	2,601.27	2,551.89

	Rs. lakhs									
DESCRIPTION	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	As at April 1, 2011	Additions	Sale/ Adjustment	As at March 31, 2012	Up to March 31, 2011	For the year	Sale/ Adjustment	Up to March 31, 2012	As at March 31, 2012	As at March 31, 2011
a. Tangible Fixed Assets										
Land - Freehold	49.06	-	-	49.06	-	-	-	-	49.06	49.06
Land - Leasehold	85.01	-	-	85.01	17.19	2.27	-	19.46	65.55	67.82
Buildings	2,151.60	7.76	-	2,159.36	374.61	71.97	-	446.58	1,712.78	1,776.99
Improvements to leasehold premises	383.29	226.54	(13.94)	595.89	337.98	93.70	(13.32)	418.36	177.53	45.31
Plant and machinery	13.20	-	-	13.20	6.34	0.71	-	7.05	6.15	6.86
Computer equipment	6,154.79	1,347.44	(1.31)	7,500.92	3,808.46	857.69	(0.77)	4,665.38	2,835.54	2,346.33
Furniture and fixtures	1,442.21	82.84	(111.15)	1,413.90	614.81	93.02	(62.98)	644.85	769.05	827.40
Office equipment	699.01	41.50	(14.04)	726.47	200.23	35.40	(3.06)	232.57	493.90	498.78
Electrical installations	1,419.43	11.99	(28.95)	1,402.47	397.08	67.57	(7.56)	457.09	945.38	1,022.35
Airconditioners	812.72	0.94	(8.04)	805.62	202.22	38.72	(1.75)	239.19	566.43	610.50
Vehicles	43.43	38.31	-	81.74	23.72	7.07	-	30.79	50.95	19.71
TOTAL	13,253.75	1,757.32	(177.43)	14,833.64	5,982.64	1,268.12	(89.44)	7,161.32	7,672.32	7,271.11
Previous year	12,288.18	1,020.86	(55.29)	13,253.75	4,752.82	1,276.45	(46.63)	5,982.64	7,271.11	7,535.36
b. Intangible Assets										
Intangibles - Software	3,500.71	529.96	-	4,030.67	1,695.67	529.16	-	2,224.83	1,805.84	1,805.04
Technical Know-how	-	763.92	-	763.92	-	254.64	-	254.64	509.28	-
TOTAL	3,500.71	1,293.88	-	4,794.59	1,695.67	783.80	-	2,479.47	2,315.12	1,805.04
Previous year	2,717.52	783.19	-	3,500.71	1,251.65	444.02	-	1,695.67	1,805.04	1,465.87

Notes forming part of the financial statements

		As at 31 March, 2012	Rs. lakhs As at 31 March, 2011
11 NON-CURRENT INVESTMENTS			
Long Term, Trade - Investment (at cost) in 100,000 fully paid equity shares (Unquoted) of Tata Elxsi (Singapore) Pte Ltd - a wholly owned subsidiary		<u>28.67</u>	<u>28.67</u>
Total		<u>28.67</u>	<u>28.67</u>
12 LONG-TERM LOANS AND ADVANCES			
(Unsecured, considered good)			
Capital Advances		4.43	-
Deposits		1,268.65	1,270.39
Tax deducted at source/Advance tax paid (Net of provision for tax)		1,494.05	1,112.39
MAT credit entitlement			
Opening balance	2,606.75		1,820.75
Availed / (Utilized) during the year	(426.00)	2,180.75	<u>786.00</u>
Share Application money in A Squared Elxsi Entertainment LLC, USA (Refer Note 24.4.c)	518.30		
Less: Provision for diminution in value	411.75	106.55	-
Total		<u>5,054.43</u>	<u>4,989.53</u>
13 INVENTORIES			
(lower of cost or net realisable value)			
Components and spares - for trading		2.13	57.11
Total		<u>2.13</u>	<u>57.11</u>
14 TRADE RECEIVABLES (UNSECURED)			
a) Trade receivables outstanding for a period exceeding six months from the date they were due for payment			
Considered good		308.35	1,825.74
Considered doubtful		1,787.93	<u>2,501.70</u>
		2,096.28	4,327.44
Less: Provision for doubtful trade receivables		1,787.93	<u>2,501.70</u>
		308.35	1,825.74
b) Other Trade Receivables (Considered good)		12,045.76	8,588.89
Total		<u>12,354.11</u>	<u>10,414.63</u>
15 CASH AND CASH EQUIVALENTS			
Cash on hand		1.05	0.90
Cheques on hand		89.45	15.91
Balances with banks			
i) in current accounts	1,806.82		1,353.38
ii) in EEFC accounts	211.66		416.24
iii) in earmarked accounts			
- Unpaid dividend accounts	238.91		235.82
- Balances held as margin money or security against commitments	7.20		-
Total		<u>2,264.59</u>	<u>2,005.44</u>
		<u>2,355.09</u>	<u>2,022.25</u>
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is		2,347.89	2,022.25

Notes forming part of the financial statements

	As at 31 March, 2012	Rs. lakhs As at 31 March, 2011
16 SHORT-TERM LOANS AND ADVANCES		
(Unsecured and considered good)		
a) Loans and advances to employees	142.95	185.23
b) Prepaid Expenses	255.72	204.32
c) Claims Receivable	329.12	140.80
d) Advance to suppliers	293.61	609.01
e) Deposits	11.62	8.11
Total	1,033.02	1,147.47
17 OTHER CURRENT ASSETS		
Unbilled revenue	1,125.22	921.76
Total	1,125.22	921.76
	For the year ended 31 March, 2012	For the year ended 31 March, 2011
18 REVENUE FROM OPERATIONS		
Sale of traded goods (Refer note (i) below)	2,880.67	2,820.63
Rendering of services (Refer note (ii) below)	48,565.17	38,280.53
Total	51,445.84	41,101.16
(i) Sale of traded goods include sales of computers, networking and storage systems.		
(ii) Rendering of services comprises:		
(a) Product Design	42,269.11	33,813.68
(b) Graphics Animation and Gaming	3,156.37	2,006.17
(c) System Integration and Support	3,139.69	2,460.68
	48,565.17	38,280.53
19 OTHER INCOME		
Interest from:		
- Banks	3.25	29.97
- Others	-	3.44
Dividend income from long term investment - Subsidiary	191.96	-
Net gain on foreign currency transactions and translation	380.87	281.57
Miscellaneous income	36.38	71.36
Total	612.46	386.34
20 PURCHASES		
Purchase of traded goods	2,252.13	2,259.22
Spares, consumables and others	2,758.45	2,767.10
Total	5,010.58	5,026.32
20A CHANGES IN INVENTORIES OF STOCK-IN-TRADE		
Inventories at the end of the year:		
Stock-in-trade	2.13	57.11
Inventories at the beginning of the year:		
Stock-in-trade	57.11	6.24
Net (increase) / decrease	54.98	(50.87)
21 EMPLOYEE BENEFITS EXPENSE		
Salaries	26,208.88	20,404.06
Contribution to provident and other funds	809.62	671.79
Staff welfare expenses	788.79	594.43
Total	27,807.29	21,670.28

Notes forming part of the financial statements

		Rs. lakhs
	For the year ended 31 March, 2012	For the year ended 31 March, 2011
22 OTHER EXPENSES		
Operating lease rentals (Refer Note 24.5)	1,399.87	1193.81
Rates and taxes	102.07	105.82
Power and fuel	737.39	642.14
Repairs and maintenance: Building	159.50	22.19
: Plant and machinery	265.47	262.16
: Others	234.64	199.20
Telephone, datalink, courier and postage	659.14	554.50
Inland travel and conveyance	719.99	703.86
Overseas travel	1,890.04	1,605.80
Advertisement and sales promotion expenses	310.20	302.23
Commission on sales	73.38	59.74
Hire charges	65.62	86.68
Printing and stationery	86.04	99.48
Motor vehicle expenses	292.08	172.80
Recruitment	106.01	66.50
Training	161.22	128.29
Consultant fees for software development	2,595.17	1,062.68
Legal and professional charges	824.87	591.50
Secretarial charges	5.85	10.60
Insurance	100.56	114.96
Loss on sale of assets (net)	33.14	1.22
Bank and other charges	47.00	42.77
Commission to non-executive directors	50.00	30.00
Auditors' remuneration (Refer Note (i) below)	35.25	21.82
Bad debts/advances written off	1,200.02	
Less: Amount transferred from provision for doubtful debts	1,200.02	-
Provision for doubtful debts/ advances	486.25	1,625.00
Provision for diminution in value of investment	411.75	-
Provision for warranty (net) (Refer Note 24.9)	1.76	14.76
General expenses	12.08	100.58
Total	11,866.34	9,821.09
Note (i): Payments to the auditors comprises:		
As auditors - statutory audit	29.25	18.00
Company law matters	0.75	0.75
Reimbursement of expenses	1.40	1.03
Service Tax	3.85	2.04
Total	35.25	21.82

Notes forming part of the financial statements

Rs. lakhs

As at 31 March, 2012 As at 31 March, 2011

23.1 Contingent liabilities and commitments (to the extent not provided for)

(i) Contingent liabilities

(a) Claims against the Company not acknowledged as debt

1. Disputed demands for Income Tax aggregates .	1,038.12	1,040.69
2. Disputed demands for Wealth Tax aggregates.	25.89	25.89
3. Disputed amount of Sales Tax aggregates.	656.83	656.83
4. Service tax matters.	842.26	193.61
5. Amount not recognised as debts.	292.44	-

(b) Guarantees- Guarantees given to a Housing Finance Company for housing loans availed by employees during their employment with the company

104.96 122.87

(c) Guarantee given to a bank for a loan to be secured by A Squared Elxsi Entertainment LLC, USA(A2E2)

1,594.50 -

(d) Loan drawn by A2E2 against the above guarantee

1,024.38 -

(ii) Capital Commitments :

Estimated amount of contracts remaining to be executed on capital account and not provided for :

Tangible assets	198.30	215.10
Intangible assets	141.50	37.51

23.2 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	3.39	1.87
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	1.71	1.03
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	1.03	-
(iv) The amount of interest due and payable for the year	1.71	
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	1.71	1.03
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

Notes forming part of the financial statements

23.3 Disclosure as per Clause 32 of the Listing Agreements with the Stock Exchanges

Loans and advances in the nature of loans given to subsidiaries, associates and others and investment in shares of the Company by such parties:

Name of the party	Relationship	Amount outstanding as at 31 March, 2012	Rs. lakhs
			Maximum balance outstanding during the year
Tata Elxsi (Singapore)Pte Ltd Investments	Subsidiary	28.67 (28.67)	28.67 (28.67)
A Squared Elxsi Entertainment LLC, USA [Refer Note 24.4.c)	Proposed subsidiary	1,024.38 (Nil)	1,024.38 (Nil)

Note: Figures in bracket relate to the previous year.

23.4 Details on derivatives instruments and unhedged foreign currency exposures

- I. The following derivative positions are open as at 31 March, 2012. These transactions have been undertaken to act as economic hedges for the Company's exposures to various risks in foreign exchange markets and may / may not qualify or be designated as hedging instruments. The accounting for these transactions is stated in Notes 2.11 and 2.22
- (a) Forward exchange contracts and options [being derivative instruments], which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables.
- (i) Outstanding forward exchange contracts entered into by the Company as on 31 March, 2012

Currency	Amount	Buy / Sell	Amount
USD	16 lakhs (Nil)	Sell	Rs. 826.08 lakhs (Nil)
GBP	5 lakhs (Nil)	Sell	Rs. 394.95 lakhs (Nil)
JPY	200 lakhs (Nil)	Sell	Rs.134.90 lakhs (Nil)
EURO	1 lakh (Nil)	Sell	Rs. 66 lakhs (Nil)

Note: Figures in brackets relate to the previous year

- (ii) Outstanding option contracts entered into by the Company as on 31 March, 2012

Currency	Amount	Buy / Sell	Amount
JPY	- (1200 lakhs)	- Sell	- (Sell@ Rs. 659.40 lakhs)
USD	- (15 lakhs)	- Sell	- (Sell@ Rs. 673.50 lakhs)
EURO	- (7.5 lakhs)	- Sell	- (Sell@ Rs. 469.13 lakhs)
GBP	- (5.0 lakhs)	- Sell	- (Sell@ Rs. 384.40 lakhs)

Note: Figures in brackets relate to the previous year

Notes forming part of the financial statements

II. The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

As at 31 March, 2012			As at 31 March, 2011		
Receivable in foreign currency lakhs		Receivable Rs. lakhs	Receivable in foreign currency lakhs		Receivable Rs. lakhs
Euro	15.68	1,072.10	Euro	3.04	192.31
GBP	34.56	2,826.96	GBP	29.27	2,102.03
USD	63.77	3,266.16	USD	92.76	4,148.25
JPY	2,898.51	1,809.41	JPY	1,348.82	729.99
ZAR	7.23	55.18	ZAR	5.03	33.30
KRW	20.46	0.91	KRW	20.44	0.82

Amount payable in foreign currency on account of purchase of goods and services

As at 31 March, 2012			As at 31 March, 2011		
Payable in foreign currency lakhs		Payable Rs. lakhs	Payable in foreign currency lakhs		Payable Rs. lakhs
Euro	0.56	38.25	Euro	1.61	101.87
GBP	0.29	23.42	GBP	0.80	57.59
USD	20.66	1,058.20	USD	7.25	323.84
JPY	2.98	1.86	-	-	-
ZAR	0.05	0.35	-	-	-

23.5 Value of imports calculated on CIF basis :

	For the year ended 31 March, 2012	Rs.lakhs For the year ended 31 March, 2011
Computer systems, peripherals, software etc.,	1,864.63	1,487.46
Capital goods	905.97	495.51
	2,770.60	1,982.97

23.6 Expenditure in foreign currency:

Overseas Office expenses	8,561.48	7,054.08
Foreign Travel	1,269.77	1,023.69
Other expenditure	592.88	660.69
	10,424.13	8,738.46

23.7 Earnings in foreign currency:

Service Income	40,058.80	31,203.59
Sale to domestic customer in foreign currency	355.37	965.53
Sales and Support	414.52	15.79
Dividend	191.96	-
	41,020.65	32,184.91

24.1 Employee benefit plans

24.1.a Defined contribution plans

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 471.93 lakhs (Year ended 31 March, 2011 Rs. 415.99 lakhs) for Provident Fund contributions and Rs.197.99 lakhs (Year ended 31 March, 2011 Rs. 150.95 lakhs) for Superannuation Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

Notes forming part of the financial statements

24.1.b Defined benefit plans

The Company offers gratuity to its employees under defined benefit plans

The following table sets out the funded status of the defined benefit schemes and the amount recognised in the financial statements:

Particulars	Rs. lakhs	
	Year ended 31 March, 2012	Year ended 31 March, 2011
Components of employer expense		
Current service cost	118.06	115.13
Interest cost	44.21	46.95
Expected return on plan assets	(22.29)	(25.73)
Curtailment cost / (credit)	-	-
Settlement cost / (credit)	-	-
Past service cost	-	-
Actuarial losses/(gains)	(12.56)	(31.34)
Total expense recognised in the Statement of Profit and Loss	127.42	105.01
Actual contribution and benefit payments for year		
Actual benefit payments	70.00	86.04
Actual contributions	182.02	160.00
Net asset / (liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	(664.89)	(552.64)
Fair value of plan assets	445.49	278.64
Funded status [Surplus / (Deficit)]	-	-
Unrecognised past service costs	-	-
Net asset / (liability) recognised in the Balance Sheet	(219.40)	(274.00)
Change in defined benefit obligations (DBO) during the year		
Present value of DBO at beginning of the year	552.64	533.67
Current service cost	118.06	115.13
Interest cost	44.21	46.95
Curtailment cost / (credit)	-	-
Settlement cost / (credit)	-	-
Plan amendments	-	-
Acquisitions	-	-
Actuarial (gains) / losses	19.98	(57.07)
Past service cost	-	-
Benefits paid	(70.00)	(86.04)
Present value of DBO at the end of the year	664.89	552.64
Change in fair value of assets during the year		
Plan assets at beginning of the year	278.64	204.68
Acquisition adjustment	-	-
Expected return on plan assets	22.29	25.73

Notes forming part of the financial statements

Particulars	Rs. lakhs	
	Year ended 31 March, 2012	Year ended 31 March, 2011
Actual company contributions	182.02	160.00
Actuarial gain / (loss)	32.54	(25.73)
Benefits paid	(70.00)	(86.04)
Plan assets at the end of the year	445.49	278.64
Actual return on plan assets	54.83	25.73
Planned asset are insurer managed funds (Life Insurance Corporation of India) Category of such assets is not disclosed as such information is not available from the insurer who manages the funds.		
	LIC- Mortality (1994-96)Table	
	21-30 years 10%	
	31-40 years 5%	
	41-50 years 3%	
	51 & above -2%	
Particulars	Rs. lakhs	
	Year ended 31 March, 2012	Year ended 31 March, 2011
Actuarial assumptions:		
Discount rate	8.50%	8.00%
Expected return on plan assets	8.60%	8.00%
Salary escalation	5.00%	5.00%
Attrition	10% if <5 yrs ;else 8%	10% if <5 yrs ;else 8%
Estimates of amount of contribution in the immediate next year (Rs. lakhs)	167.98	163.61

24.2 Experience adjustments

Gratuity	Rs. lakhs				
	2011-12	2010- 11	2009-10	2008-09	2007-08
Present value of DBO	664.89	(552.64)	(533.67)	(467.06)	(410.69)
Fair value of plan assets	445.49	278.64	204.68	179.86	142.13
Funded status [Surplus / (Deficit)]	(219.40)	(274.00)	(328.99)	(287.20)	(268.56)
Experience (gain) / loss adjustments on plan liabilities	42.82	(57.07)	(5.23)	(53.12)	2.22
Experience gain / (loss) adjustments on plan assets	32.54	(25.73)	0.96	(2.20)	(0.38)

Notes forming part of the financial statements

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Actuarial assumptions for long-term compensated absences		
Discount rate	8.50%	8.00%
Expected return on plan assets	8.60%	8.00%
Salary escalation	5.00%	5.00%
Attrition	10% if <5 yrs ;else 8%	10% if <5 yrs ;else 8%

24.3 Segment information

The Company has identified business segments as its primary segment and geographic segments as its secondary segment. Business segments are primarily System Integration & Support and Software Development & Services. Revenues and expenses directly attributable to segments are reported under each reportable segment. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable. Fixed assets that are used interchangeably amongst segments are not allocated to primary and secondary segments. Geographical revenues are allocated based on the location of the customer. Geographic segments of the Company are India, Europe, US, Japan and Others

Rs. lakhs

Particulars	For the year ended 31 March, 2012		
	Business segments		Total
	System Integration & Support	Software Development & Services	
Revenue	6,020.36	45,425.48	51,445.84
	(5,281.31)	(35,819.85)	(41,101.16)
Segment result	558.15	5,569.28	6,127.43
	(591.44)	(3,680.68)	(4,272.12)
Unallocable expenses (net)			232.63
			(188.26)
Operating income			5,894.80
			(4,083.86)
Other expenses (net)			860.24
			(971.91)
Profit before taxes			5,034.56
			(3,111.95)
Tax expense			1,640.00
			(-61.50)
Net profit for the year			3,394.56
			(3,173.45)

Segment asset include all assets relating to the segment and consist principally of fixed assets, receivables, other current assets and non-current assets.

Segment liabilities include all liabilities relating to the segment and consist principally of trade payables on other operating liabilities.

Notes forming part of the financial statements

Particulars	Rs. lakhs		
	For the year ended 31 March, 2012		
	Business segments		Total
	System Integration & Support	Software Development & Services	
Segment assets	5,470.99	11,335.00	16,805.99
	(2,567.69)	(13,161.15)	(15,728.84)
Unallocable assets			14,686.20
			(14,112.26)
Total assets			31,492.19
			(29,841.10)
Segment liabilities	2,064.31	3,433.38	5,497.69
	(1,427.40)	(1,976.54)	(3,403.94)
Unallocable liabilities			4,423.29
			(8,241.20)
Total liabilities			9,920.98
			(11,645.14)
<u>Other information</u>			
Capital expenditure (unallocable)			3,051.20
			(1,804.05)
Depreciation and amortisation (unallocable)			2,051.92
			(1,720.47)
Provision for doubtful debts			486.25
			(1,625.00)
Provision in diminution in value of investment			411.75
			(-)

The geographic segments individually contributing 10 percent or more of the Company's revenues and segment assets are shown separately:

Geographic Segment	Rs. lakhs		
	Revenues For the year ended 31 March, 2012	Segment assets as at 31 March, 2012	Capital expenditure incurred as at 31 March, 2012
India	11,421.99	13,672.32	2,201.29
	(9,897.57)	(12,993.77)	(1,534.03)
US	15,711.57	3,798.48	768.26
	(13,059.10)	(3,062.08)	(266.93)
Europe	17,713.27	4,193.46	26.32
	(11,706.57)	(3,352.73)	(0.42)
Japan	5,224.12	1,499.86	55.33
	(5,009.53)	(114.59)	(2.67)
Others	1,374.89	223.55	-
	(1,428.39)	(1,151.14)	-
Total	51,445.84	23,387.67	3,051.20
	(41,101.16)	(20,674.31)	(1,804.05)

Note: Figures in bracket relates to the previous year

Segment revenue in India comprises revenue from System Integration and software development and services. Segment revenue outside India predominantly comprises revenue from software development and services. Segment assets include all assets relating to the segment and consist principally of Fixed assets, Receivables, Inventory, Other Current and Non-Current Assets. Assets located outside India primarily relate to Trade Receivables.

Notes forming part of the financial statements

24.4 Related party transactions

24.4.a Details of related parties:

Description of relationship	Names of related parties
Company with Significant Influence	Tata Sons Ltd.
Subsidiary	Tata Elxsi (Singapore) Pte Ltd.
Entity on which the Company has significant influence	A Squared Elxsi Entertainment LLC, USA
Key Management Personnel (KMP)	Mr. Madhukar Dev- Managing Director

Note: Related parties have been identified by the Management.

24.4.b Details of related party transactions during the year ended 31 March, 2012 and balances outstanding as at 31 March, 2012:

Rs. lakhs

Particulars	Company with Significant Influence	Subsidiaries	Entity on which the Company has significant influence	KMP	Total
Rendering of services		229.00 (Nil)	473.78 (Nil)		702.78 (Nil)
Reimbursement of expenses		27.46 (4.99)	(Nil)		27.46 (4.99)
Dividend received		191.96 (Nil)			191.96 (Nil)
Receiving of services- Brand fee and other Services	147.55 (131.63)				147.55 (131.63)
Managerial remuneration and commission				148.94 (130.85)	148.94 (130.85)
Guarantees and collaterals			1,024.38 (Nil)		1024.38 (Nil)
Share application money			518.30 (Nil)		518.30 (Nil)
Balances outstanding at the end of the year					
i) Trade receivables		27.46 (2.19)			27.46 (2.19)
ii) Trade payable	129.58 (113.44)			60.00 (50.00)	189.58 (163.44)

Note: Figures in bracket relates to the previous year

24.4.c Investment in A Squared Elxsi Entertainment LLC, USA

The Company has entered into a Joint Venture Agreement with A Squared Entertainment LLC, USA ("A2") for carrying on business in the field of animated content development, development of related characters/intellectual property, and licensing thereof to merchandising companies, pursuant to which A Squared Elxsi Entertainment LLC, USA ("A2E2") has been incorporated to carry on the activities of the joint venture. The Company has remitted USD 1,000,001 as Share Application Money to A2E2, against which shares are yet to be allotted as at March 31, 2012. The JV Partner, A2 is in the process of completing its obligation under the agreement, on completion of which and issuance of equity to both the parties, A2E2 will become a subsidiary of the Company.

Notes forming part of the financial statements

		Rs. lakhs	
24.5	Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
	Details of leasing arrangements		
	The Company has entered into operating lease arrangements for certain facilities and office premises. Some of these leases are non-cancellable and are for a period of one to three years and may be renewed based on mutual agreement of the parties. These lease agreements provide for an increase in the lease payments by up to 5 % every year.		
	Future minimum lease payments :		
	not later than one year	198.35	289.94
	later than one year and not later than five years	90.03	159.40
	later than five years	Nil	Nil
	Lease payments recognised in the Statement of Profit and Loss	1,399.87	1,193.81
24.6	Particulars		
	Earnings per share		
	Basic		
	Net profit for the year from continuing operations attributable to the equity shareholders (Rs. lakhs)	3,394.56	3,173.45
	Weighted average number of equity shares	31,138,220	31,138,220
	Par value per share (Rs.)	10.00	10.00
	Earnings per share - Basic and diluted (Rs.)	10.90	10.19
24.7	Particulars		
	Deferred tax (liability) / asset		
	Tax effect of items constituting deferred tax liability		
	On difference between book balance and tax balance of fixed assets	(1,305.18)	(1,198.98)
	Tax effect of items constituting deferred tax liability	(1,305.18)	(1,198.98)
	Tax effect of items constituting deferred tax assets		
	Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961, etc.	933.18	1,048.98
	Tax effect of items constituting deferred tax assets	933.18	1,048.98
	Net deferred tax (liability) / asset	(372.00)	(150.00)

Notes forming part of the financial statements

		Rs. lakhs	
24.8	Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
	Details of expenditure recognised as employee benefit expenses and other expenses in note 21 and 22 respectively are net of the following expenses that have been capitalised as part of intangible assets/intangible assets under development.		
	a) Employee benefit expenses	743.77	558.26
	b) Other expenses	165.15	205.45
		908.92	763.71

24.9 Details of provisions

The Company has made provision for various contractual obligations and disputed liabilities based on its assessment of the amount it estimates to incur to meet such obligations, details of which are given below:

Particulars	As at 1 April, 2011	Additions	Utilisation	Reversal (withdrawn as no longer required)	Rs. lakhs
					As at 31 March, 2012
Provision for warranty	14.76	12.54	10.78	(Nil)	16.52
	(Nil)	(14.76)	(Nil)	(Nil)	(14.76)

Note: - Figures in brackets relate to the previous year.

Of the above, the following amounts are expected to be incurred within a year:

Particulars	As at 31 March, 2012	As at 31 March, 2011
Provision for warranty	16.52	14.76

- 25** The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

S. Ramadorai
Shyamala Gopinath
Madhukar Dev
Sudha Madhavan
G. Vaidyanathan

Mumbai, May 07, 2012

Chairman
Director
Managing Director
Chief Financial Officer
Company Secretary

AUDITORS' REPORT

TO THE MEMBERS OF TATA ELXSI LIMITED

1. We have audited the attached Consolidated Balance Sheet of **TATA ELXSI LIMITED** ("the Company") and its subsidiary (the Company and its subsidiary constitute "the Group") as at March 31, 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. The Consolidated Financial Statements include investments in associates accounted on the equity method in accordance with Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements). These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) and Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006.
4. Based on our audit, and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2012;
 - (ii) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
 - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

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

V. Balaji
Partner
(Membership No. 203685)

Place: Mumbai

Date: May 07, 2012

Consolidated Balance Sheet as at 31 March, 2012

			Rs. lakhs
	Note	As at 31 March, 2012	As at 31 March, 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	3,113.82	3,113.82
Reserves and surplus	4	16,084.14	15,122.89
		19,197.96	18,236.71
Non Current liabilities			
Long-term provisions	5	688.74	686.35
Deferred tax liabilities (Net)	23.6	372.00	150.00
		1,060.74	836.35
Current liabilities			
Short-term borrowings	6	3,415.60	2,543.16
Trade payables	7	4,969.02	4,102.94
Other current liabilities	8	2,217.20	1,896.48
Short-term provisions	9	2,601.27	2,551.89
		13,203.09	11,094.47
Total		33,461.79	30,167.53
ASSETS			
Non current assets			
Fixed assets	10		
Tangible assets		7,672.32	7,271.11
Intangible assets		2,315.12	1,805.04
Capital work-in-progress		105.97	419.61
Intangible assets under development		940.15	763.92
		11,033.56	10,259.68
Long-term loans and advances	11	5,025.17	4,980.07
		16,058.73	15,239.75
Current assets			
Inventories	12	2.13	57.11
Trade receivables	13	12,565.54	10,721.92
Cash and cash equivalents	14	2,671.74	2,079.59
Short-term loans and advances	15	1,038.43	1,147.40
Other current assets	16	1,125.22	921.76
		17,403.06	14,927.78
Total		33,461.79	30,167.53

Corporate information and significant accounting policies

1 & 2

See the accompanying notes forming part of the financial statements

In terms of our report attached

For and on behalf of the Board of Directors

 For **Deloitte Haskins & Sells**
Chartered Accountants

V. Balaji
Partner

Mumbai, May 07, 2012

S. Ramadorai
Shyamala Gopinath
Madhukar Dev
Sudha Madhavan
G. Vaidyanathan

Mumbai, May 07, 2012

Chairman
Director
Managing Director
Chief Financial Officer
Company Secretary

Consolidated Statement of Profit and Loss for the year ended 31 March, 2012

		Rs. lakhs	
		For the year ended 31 March, 2012	For the year ended 31 March, 2011
	Note		
REVENUE			
Revenue from operations	17	53,870.74	41,591.12
Other income	18	420.50	386.34
Total		54,291.24	41,977.46
EXPENSES			
Purchases	19	7,117.34	5,417.14
Changes in inventories of stock-in-trade	19A	54.98	(50.87)
Employee benefits expenses	20	27,807.29	21,670.28
Finance costs		232.63	188.26
Depreciation/ amortisation expense	10	2,051.92	1,720.47
Other expenses	21	11,491.00	9,834.96
Total		48,755.16	38,780.24
Profit before tax for the year		5,536.08	3,197.22
Tax Expense			
i) Current tax		(1,316.20)	(1,103.05)
ii) MAT credit entitlement		-	786.00
iii) Overseas tax of prior years		(127.38)	-
iv) Net current tax expense		(1,443.58)	(317.05)
v) Deferred tax		(222.00)	371.50
vi) Total		(1,665.58)	54.45
Profit after tax for the year		3,870.50	3,251.67
Share of loss from an Associate Company		411.75	-
Net Profit for the year		3,458.75	3,251.67
Earnings per equity share of Rs.10/- each			
Basic and diluted		11.11	10.44
Corporate information and significant accounting policies	1 & 2		
See the accompanying notes forming part of the financial statements			

In terms of our report attached

For and on behalf of the Board of Directors

For **Deloitte Haskins & Sells**
Chartered Accountants

V. Balaji
Partner

S. Ramadorai
Shyamala Gopinath
Madhukar Dev
Sudha Madhavan
G. Vaidyanathan

Chairman
Director
Managing Director
Chief Financial Officer
Company Secretary

Mumbai, May 07, 2012

Mumbai, May 07, 2012

Consolidated Cash Flow Statement for the year ended 31 March, 2012

	Rs. lakhs	
	For the year ended 31 March, 2012	For the year ended 31 March, 2011
A. Cash flows from operating activities		
Net Profit before tax	5,536.08	3,197.22
Adjustment for:		
Depreciation and amortisation	2,051.92	1,720.47
Interest income	(3.25)	(33.41)
Finance costs	232.63	188.26
Provision for doubtful debts/advances	486.25	1,625.00
Liabilities / provisions no longer required, written back	(25.44)	(65.04)
Loss/(Profit) on sale of assets	33.14	1.22
Unrealised exchange loss/(gains)	162.71	67.88
Operating profit before working capital changes	8,474.04	6,701.60
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Deposits as Margin Money or Security against commitments	(7.20)	-
Inventories	54.98	(50.87)
Trade receivables	(2,127.63)	591.90
Short-term loans and advances	141.20	(9.51)
Long-term loans and advances	0.74	(60.76)
Other current assets	(203.46)	152.44
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	788.82	322.87
Other current liabilities	272.48	605.05
Short-term provisions	49.44	(51.14)
Long-term provisions	2.39	(19.83)
Cash generated from operations	7,445.80	8,181.75
Income tax paid	(1,378.44)	(1,036.87)
Net cash flow from / (used in) from operating activities	6,067.36	7,144.88
B. Cash flows from investing activities		
Purchase of fixed assets/ capital advances	(2,873.06)	(2,908.40)
Proceeds of sale of fixed assets	54.85	7.44
Share application money in A Squared Elxsi Entertainment LLC, USA	(518.30)	-
Interest received	3.25	33.41
Net cash flow from / (used in) investing activities	(3,333.26)	(2,867.55)
C. Cash flows from financing activities		
Short term borrowings availed/(re-paid) (net)	443.46	(853.77)
Interest paid	(232.63)	(188.26)
Dividend paid	(2,176.59)	(2,164.71)
Tax on dividend paid	(353.60)	(362.02)
Net cash flow from / (used in) financing activities	(2,319.36)	(3,568.76)
Net increase/(decrease) in cash and cash equivalents	414.74	708.57
Cash and cash equivalents as at beginning of the year	2,079.59	1,428.50
Exchange gain/(loss) on restatement of foreign currency cash and cash equivalents	170.21	(57.48)
Cash and cash equivalents as at end of the year	2,664.54	2,079.59
Reconciliation of cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents as per Balance Sheet (Refer Note 14)	2,671.74	2,079.59
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements	7.20	-
Cash and cash equivalents at the end of the year comprises:	2,664.54	2,079.59
(a) Cash on hand	1.05	0.90
(b) Cheques on hand	89.45	15.91
(c) Balances with banks		
i) in current accounts	2123.47	1,410.72
ii) in EEFC accounts	211.66	416.24
iii) in earmarked accounts		
-Unpaid dividends account	238.91	235.82
	2,664.54	2,079.59

Corporate information and significant accounting policies
See the accompanying notes forming part of the financial statements

1 & 2

In terms of our report attached

For and on behalf of the Board of Directors

For **Deloitte Haskins & Sells**
Chartered Accountants

V. Balaji
Partner

S. Ramadorai
Shyamala Gopinath
Madhukar Dev
Sudha Madhavan
G. Vaidyanathan

Chairman
Director
Managing Director
Chief Financial Officer
Company Secretary

Mumbai, May 07, 2012

Mumbai, May 07, 2012

Notes forming part of the consolidated financial statements

1 Corporate information

Tata Elxsi Limited was incorporated in 1989. The Company provides product design and engineering services to the consumer electronics, communications, and transportation industries and systems integration and support services for enterprise customers. It also provides digital content creation for media and entertainment industry.

The company is headquartered in Bangalore, and operates through delivery centers in Bangalore, Chennai, Coimbatore, Pune, Mumbai, and Tiruvananthapuram.

Its sales operations are located in multiple cities in India, and in multiple international locations including Dubai, France, Germany, Japan, UK, and USA.

2 Significant Accounting Policies

2.1 Basis of accounting and preparation of financial statements

The condensed consolidated financial statements of Tata Elxsi Limited and its subsidiary are prepared under the historical cost convention on the accrual basis of accounting and comply with the accounting standards applicable in India.

Following Companies are considered in the consolidated financial statements:

Name of the Entity	Country of Incorporation	% of share holding
Tata Elxsi (Singapore) Pte Ltd	Singapore	100%

Principles of consolidation

The financial statements of the subsidiary company used in the consolidation are drawn up to the same reporting date as of the Company.

The consolidated financial statements have been prepared on the following basis:

The financial statements of the Company and its subsidiary company have been combined on a line-by-line basis by adding together like items of assets, liabilities, income, and expenses. Inter-company balances and transactions and unrealised profits or losses have been fully eliminated.

Minority interest is not computed as it is a wholly owned subsidiary.

The Company has entered into a Joint Venture Agreement with A Squared Entertainment Inc LLC, USA ("A2") for carrying on business in the field of animated content development, development of related characters/intellectual property, and licensing thereof to merchandising companies, pursuant to which A Squared Elxsi Entertainment LLC, USA ("A2E2") has been incorporated to carry on the activities of the Joint Venture. The Company has remitted USD 1,000,001 as Share Application Money to A2E2, against which shares are yet to be allotted as at 31 March, 2012. The JV Partner, A2 is in the process of completing its obligation under the agreement, on completion of which and issuance of equity to both the parties, A2E2 will become a subsidiary of the Company. As at 31st March, 2012, for the purpose of presenting the consolidated results, A2E2 has been considered as an associate.

2.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialised.

2.3 Inventories

Components and spares are valued at lower of cost and net realizable value. Cost is determined on the basis of specific identification method.

Computer systems and software, components and spares intended for customer support are written off over the effective life of the systems maintained, as estimated by Management.

Notes forming part of the consolidated financial statements

2.4 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.5 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing, and financing activities of the Company are segregated based on the available information.

2.6 Depreciation and amortisation

Depreciation has been provided on the straight-line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956, except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under:

Leasehold land is amortised over the duration of the lease

Assets costing less than Rs. 5,000 each are fully depreciated in the year of capitalisation

Intangible assets are amortised over their estimated useful life as follows:

In-house Technical Know-How – 3 years.

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

2.7 Revenue recognition

Sale of goods

Income from sales of goods is recognised upon passage of risks and rewards of ownership to the goods, which generally coincide with the despatch. Sales exclude taxes and levies

Income from services

- Income from services is recognized upon rendering of the services. Income from maintenance contracts relating to the year is recognized when the contracts are entered into on a time proportionate basis.
- Revenue from software development on fixed price, fixed time frame contracts is recognised as per the proportionate completion method. On time and materials contracts, revenue is recognised as the related services are rendered.
- In respect of orders procured, for which sales are effected directly to the customers by the vendors, the Company accounts only for the commission, installation and other charges to which it is entitled.

2.8 Other income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

2.9 Tangible fixed assets

Fixed assets, are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately in the Balance Sheet.

Capital work-in-progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

2.10 Intangible assets.

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties, and other taxes (other than those subsequently recoverable from the

Notes forming part of the consolidated financial statements

taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

Refer Note 2.16 for accounting for Research and Development Expenses.

2.11 Foreign currency transactions and translations

Initial recognition

Transactions in foreign currencies entered into by the Company and its integral foreign operations are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement of foreign currency monetary items at the Balance Sheet date

Foreign currency monetary items (other than derivative contracts) of the Company and its net investment in non-integral foreign operations outstanding at the Balance Sheet date are restated at the year-end rates.

In the case of integral operations, assets and liabilities (other than non-monetary items), are translated at the exchange rate prevailing on the Balance Sheet date. Non-monetary items are carried at historical cost. Revenue and expenses are translated at the average exchange rates prevailing during the year. Exchange differences arising out of these translations are charged to the Statement of Profit and Loss.

Treatment of exchange differences

Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company and its integral foreign operations are recognised as income or expense in the Statement of Profit and Loss. The exchange differences on restatement / settlement of loans to non-integral foreign operations that are considered as net investment in such operations are accumulated in a "Foreign currency translation reserve" until disposal / recovery of the net investment.

Accounting of forward contracts

Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the Balance Sheet date. Refer Notes 2.20 for accounting for forward exchange contracts relating to firm commitments and highly probable forecast transactions.

Employee benefits

Employee benefits include contribution to provident fund, superannuation fund, gratuity fund and compensated absences.

Defined contribution plans

The Company's contribution to provident fund and superannuation fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made.

Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under :

Notes forming part of the consolidated financial statements

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

2.12 Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

2.13 Leases

Assets leased by the Company in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

2.14 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.15 Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961 and Foreign tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Notes forming part of the consolidated financial statements

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

Current and deferred tax relating to items in equity are recognised in equity and not in the Statement of Profit and Loss.

2.16 Research and development expenses

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technological feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Tangible Fixed Assets and Intangible Assets.

2.17 Impairment of assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

2.18 Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

2.19 Provision for warranty

As per the terms of the contracts, the Company provides post-contract services / warranty support to some of its customers. The Company accounts for the post-contract support / provision for warranty on the basis of the information available with the Management duly taking into account the current and past technical estimates.

2.20 Derivative contracts

The Company enters into derivative contracts in the nature of foreign currency options, forward contracts with an intention to hedge its existing assets and liabilities, firm commitments and highly probable transactions. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for Foreign Currency Transactions and Translations.

All other derivative contracts are marked-to-market and losses are recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

2.21 Insurance claims / Claims with ECGC

Insurance claims and claims with ECGC are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

Notes forming part of the consolidated financial statements

	As at 31 March, 2012	Rs. lakhs As at 31 March, 2011
3 SHARE CAPITAL		
Authorised :		
35,000,000 equity shares of Rs. 10/- each with voting rights	<u>3,500.00</u>	<u>3,500.00</u>
Issued :		
31,165,620 equity shares of Rs. 10/- each with voting rights	<u>3,116.56</u>	<u>3,116.56</u>
Subscribed and fully paid up :		
31,138,220 equity shares of Rs.10/-each, with voting rights	<u>3,113.82</u>	<u>3,113.82</u>
Total	<u>3,113.82</u>	<u>3,113.82</u>

Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Equity shares with voting rights	Opening Balance	Closing Balance
Year ended 31 March, 2012		
- Number of shares	31,138,220	31,138,220
- Amount in Rs. Lakhs	<u>3,113.82</u>	<u>3,113.82</u>
Year ended 31 March, 2011		
- Number of shares	31,138,220	31,138,220
- Amount in Rs. Lakhs	<u>3,113.82</u>	<u>3,113.82</u>

Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of share holder	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares held	% of holding in that class of shares	Number of shares held	% of holding in that class of shares
Equity shares with voting rights				
Tata Sons Limited	13,147,632	42.22%	13,147,632	42.22%
Life Insurance Corporation of India	2,023,599	6.50%	2,193,990	7.05%

The Company has only one class of Equity Share, having a par value of Rs.10/-. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amount. However, as on date no such preferential amounts exists. The distribution will be in proportion to number of equity shares held by the shareholders.

Notes forming part of the consolidated financial statements

	As at 31 March, 2012	Rs. lakhs As at 31 March, 2011
4 RESERVES AND SURPLUS		
Capital reserve:		
Subsidy received from Kerala State Government	25.00	25.00
General reserve:		
Opening balance	4,159.82	3,659.82
Add: Transferred from surplus in Statement of Profit and Loss	500.00	500.00
	4,659.82	4,159.82
Foreign exchange translation reserve	34.46	(1.26)
Surplus in Statement of Profit and Loss		
Opening balance	10,939.33	10,712.52
Add: Net Profit for the year	3,458.75	3,251.67
Balance available for appropriation	14,398.08	13,964.19
Less:		
- Dividend Proposed to be distributed to Equity Shareholders (Rs.7/- per share) (previous year Rs.7/- per share)	2,179.68	2,179.68
- Dividend tax net of reversal thereof	353.54	345.18
- Transfer to general reserve	500.00	500.00
Closing balance	11,364.86	10,939.33
Total	16,084.14	15,122.89
5 LONG-TERM PROVISIONS		
Provision for compensated absences	318.38	315.99
Provision for taxation (Net of advance tax)	370.36	370.36
Total	688.74	686.35
6 SHORT TERM BORROWINGS		
Working capital loans from banks - Secured, payable on demand	2,765.60	2,543.16
Secured by hypothecation of stocks of raw materials, finished goods, consumable stores, book debts etc.; pari passu charge on immovable property at Karnataka and other movable properties		
Loan from a Bank (unsecured)	650.00	-
Total	3,415.60	2,543.16
7 TRADE PAYABLES		
Trade payables		
-Acceptances	75.53	50.49
-Other than Acceptances (Refer Note 22.2)	4,893.49	4,052.45
Total	4,969.02	4,102.94

Notes forming part of the consolidated financial statements

	As at 31 March, 2012	Rs. lakhs As at 31 March, 2011
8 OTHER CURRENT LIABILITIES		
Advance from customers	278.21	409.23
Unpaid dividend [Will be transferred to Investor Education and Protection Fund when due]	238.91	235.82
Unearned revenue	724.90	267.13
Other Payables	46.58	43.46
Statutory Remittances (Contributions to PF and ESIC, Withholding Taxes, VAT, Service Tax, etc.)	645.19	647.98
Payables on purchase of fixed assets	64.01	18.86
Provision for gratuity (Refer Note 23.1.b)	219.40	274.00
Total	2,217.20	1,896.48
9 SHORT-TERM PROVISIONS		
a) Provision for employee benefits:		
Provision for compensated absences	51.53	3.85
b) Provision others:		
Provision for warranty (Refer Note 23.8)	16.52	14.76
Provision for proposed equity dividend	2,179.68	2,179.68
Provision for tax on proposed dividend	353.54	353.60
Total	2,601.27	2,551.89

10 FIXED ASSETS

	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
DESCRIPTION	As at April 1, 2011	Additions	Sale/ Adjustment	As at March 31, 2012	Up to March 31, 2011	For the year	Sale/ Adjustment	Up to March 31, 2012	As at March 31, 2012	As at March 31, 2011
a. Tangible Fixed Assets										
Land - Freehold	49.06	-	-	49.06	-	-	-	-	49.06	49.06
Land - Leasehold	85.01	-	-	85.01	17.19	2.27	-	19.46	65.55	67.82
Buildings	2,151.60	7.76	-	2,159.36	374.61	71.97	-	446.58	1,712.78	1,776.99
Improvements to leasehold premises	383.29	226.54	(13.94)	595.89	337.98	93.70	(13.32)	418.36	177.53	45.31
Plant and machinery	13.20	-	-	13.20	6.34	0.71	-	7.05	6.15	6.86
Computer equipment	6,154.79	1,347.44	(1.31)	7,500.92	3,808.46	857.69	(0.77)	4,665.38	2,835.54	2,346.33
Furniture and fixtures	1,442.21	82.84	(111.15)	1,413.90	614.81	93.02	(62.98)	644.85	769.05	827.40
Office equipment	699.01	41.50	(14.04)	726.47	200.23	35.40	(3.06)	232.57	493.90	498.78
Electrical installations	1,419.43	11.99	(28.95)	1,402.47	397.08	67.57	(7.56)	457.09	945.38	1,022.35
Airconditioners	812.72	0.94	(8.04)	805.62	202.22	38.72	(1.75)	239.19	566.43	610.50
Vehicles	43.43	38.31	-	81.74	23.72	7.07	-	30.79	50.95	19.71
TOTAL	13,253.75	1,757.32	(177.43)	14,833.64	5,982.64	1,268.12	(89.44)	7,161.32	7,672.32	7,271.11
Previous year	12,288.18	1,020.86	(55.29)	13,253.75	4,752.82	1,276.45	(46.63)	5,982.64	7,271.11	7,535.36
b. Intangible Assets										
Intangibles - Software	3,500.71	529.96	-	4,030.67	1,695.67	529.16	-	2,224.83	1,805.84	1,805.04
Technical Know-how	-	763.92	-	763.92	-	254.64	-	254.64	509.28	-
TOTAL	3,500.71	1,293.88	-	4,794.59	1,695.67	783.80	-	2,479.47	2,315.12	1,805.04
Previous year	2,717.52	783.19	-	3,500.71	1,251.65	444.02	-	1,695.67	1,805.04	1,465.87

Notes forming part of the consolidated financial statements

		As at 31 March, 2012	Rs. lakhs As at 31 March, 2011
11 LONG-TERM LOANS AND ADVANCES			
(Unsecured, considered good)			
Capital Advances		4.43	-
Deposits		1,268.65	1,269.39
Tax deducted at source/Advance tax paid (Net of provision for tax)		1,464.79	1,103.93
MAT credit entitlement			
Opening balance	2,606.75		1,820.75
Availed / (Utilized) during the year	(426.00)	2,180.75	786.00
Share Application money in A Squared Elxsi Entertainment LLC, USA (Refer Note 24)	518.30		-
Less: Provision for diminution in value	411.75	106.55	-
Total		5,025.17	4,980.07
12 INVENTORIES			
(lower of cost or net realisable value)			
Components and spares - for trading		2.13	57.11
Total		2.13	57.11
13 TRADE RECEIVABLES (Unsecured)			
a) Trade receivables outstanding for a period exceeding six months from the date they were due for payment			
Considered good		439.98	1,825.74
Considered doubtful		1,787.93	2,501.70
		2,227.91	4,327.44
Less: Provision for doubtful trade receivables		1,787.93	2,501.70
		439.98	1,825.74
b) Other trade Receivables (Considered good)		12,125.56	8,896.18
Total		12,565.54	10,721.92
14 CASH AND CASH EQUIVALENTS			
Cash on hand		1.05	0.90
Cheques on hand		89.45	15.91
Balances with banks			
i) in current accounts	2,123.47		1,410.72
ii) in EEFC accounts	211.66		416.24
iii) in earmarked accounts			
- Unpaid dividend accounts	238.91		235.82
- Balances held as margin money or security against commitments	7.20		-
		2,581.24	2,062.78
Total		2,671.74	2,079.59
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is		2,664.54	2,079.59

Notes forming part of the consolidated financial statements

	As at 31 March, 2012	Rs. lakhs As at 31 March, 2011
15 SHORT-TERM LOANS AND ADVANCES (Unsecured and considered good)		
a) Loans and advances to employees	142.95	185.23
b) Prepaid Expenses	256.44	205.59
c) Claims Receivable	329.12	140.81
d) Advance to suppliers	298.30	606.66
e) Deposits	11.62	9.11
Total	<u>1,038.43</u>	<u>1,147.40</u>
16 OTHER CURRENT ASSETS		
Unbilled revenue	1,125.22	921.76
Total	<u>1,125.22</u>	<u>921.76</u>
	For the year ended 31 March, 2012	Rs. lakhs For the year ended 31 March, 2011
17 REVENUE FROM OPERATIONS		
Sale of traded goods (Refer note (i) below)	5,305.57	3,310.59
Rendering of services (Refer note (ii) below)	48,565.17	38,280.53
Total	<u>53,870.74</u>	<u>41,591.12</u>
(i) Sale of traded goods include sales of computers, networking and storage systems.		
(ii) Rendering of services comprises:		
(a) Product Design	42,269.11	33,813.68
(b) Graphics Animation and Gaming	3,156.37	2,006.17
(c) System Integration and Support	3,139.69	2,460.68
	<u>48,565.17</u>	<u>38,280.53</u>
18 OTHER INCOME		
Interest from:		
- banks	3.25	29.97
- others	-	3.44
Net gain on foreign currency transactions and translation	380.87	281.57
Miscellaneous income	36.38	71.36
Total	<u>420.50</u>	<u>386.34</u>
19 PURCHASES		
Purchase of traded goods	4,358.89	2,259.22
Spares, consumables and others	2,758.45	3,157.92
Total	<u>7,117.34</u>	<u>5,417.14</u>
19A CHANGES IN INVENTORIES OF STOCK-IN-TRADE		
Inventories at the end of the year:		
Stock-in-trade	2.13	57.11
Inventories at the beginning of the year:		
Stock-in-trade	57.11	6.24
Net (increase) / decrease	<u>54.98</u>	<u>(50.87)</u>

Notes forming part of the consolidated financial statements

	For the year ended 31 March, 2012	Rs. lakhs For the year ended 31 March, 2011
20 EMPLOYEE BENEFITS EXPENSE		
Salaries	26,208.88	20,404.06
Contribution to provident and other funds	809.62	671.79
Staff welfare expenses	788.79	594.43
Total	27,807.29	21,670.28
21 OTHER EXPENSES		
Operating lease rentals (Refer Note 23.4)	1,399.87	1193.81
Rates and taxes	102.07	106.35
Power and fuel	737.39	642.14
Repairs and maintenance : Building	159.50	22.19
: Plant and machinery	265.47	262.16
: Others	234.64	199.20
Telephone, datalink, courier and postage	659.25	554.50
Inland travel and conveyance	719.99	703.86
Overseas travel	1,890.04	1,605.80
Advertisement and sales promotion expenses	310.20	302.23
Commission on sales	73.38	59.74
Hire charges	65.62	86.68
Printing and stationery	86.04	99.48
Motor vehicle expenses	292.08	172.80
Recruitment	106.01	66.50
Training	161.22	128.29
Consultant fees for software development	2,595.17	1,062.68
Legal and professional charges	834.41	599.30
Secretarial charges	5.85	10.60
Insurance	101.22	114.96
Loss on sale of assets (net)	33.14	1.22
Bank and other charges	70.75	46.63
Commission to non-executive directors	50.00	30.00
Auditors' remuneration (Refer Note (i) below)	37.56	23.50
Bad debts/advances written off	1,200.02	-
Less: Amount transferred from provision for doubtful debts	1,200.02	-
Provision for doubtful debts/ advances	486.25	1,625.00
Provision for warranty (net) (Refer Note 23.8)	1.76	14.76
General expenses	12.12	100.58
Total	11,491.00	9,834.96
Note (i): Payments to the auditors comprises:		
As auditors - statutory audit	31.56	19.68
Company law matters	0.75	0.75
Reimbursement of expenses	1.40	1.03
Service Tax	3.85	2.04
Total	37.56	23.50

Notes forming part of the consolidated financial statements

	As at 31 March, 2012	Rs. lakhs As at 31 March, 2011
22.1 Contingent liabilities and commitments (to the extent not provided for)		
(i) Contingent liabilities		
(a) Claims against the Company not acknowledged as debt		
1. Disputed demands for Income tax aggregates	1,038.12	1,040.69
2. Disputed demands for Wealth tax aggregates	25.89	25.89
3. Disputed amount of Sales tax aggregates	656.83	656.83
4. Service tax matters	842.26	193.61
5. Amount not recognised as debts	292.44	-
(b) Guarantees : Guarantees given to Housing Finance Company for housing loans availed by employees during their employment with the company	104.96	122.87
(c) Guarantee given to a bank for loan to be secured by A squared Elxsi Entertainment LLC, USA(A2E2)	1,594.50	-
(d) Loan drawn by A2E2 against the above guarantee	1,024.38	-
(ii) Capital Commitments :		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for		
Tangible assets	198.30	215.10
Intangible assets	141.50	37.51

22.2 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars

(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	3.39	1.87
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	1.71	1.03
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	1.03	
(iv) The amount of interest due and payable for the year	1.71	
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	1.71	1.03
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

Notes forming part of the consolidated financial statements

22.3 Disclosure as per Clause 32 of the Listing Agreements with the Stock Exchanges

Loans and advances in the nature of loans given to subsidiaries, associates and others and investment in shares of the Company by such parties:

Rs. lakhs			
Name of the party	Relationship	Amount outstanding as at 31 March, 2012	Maximum balance outstanding during the year
A Squared Elxsi Entertainment LLC, USA (Refer Note 24.4.c)	Proposed Subsidiary	1,024.38 (Nil)	1,024.38 (Nil)

Note: Figures in bracket relate to the previous year.

22.4 Details on derivatives instruments and unhedged foreign currency exposures

- I. The following derivative positions are open as at 31 March, 2012. These transactions have been undertaken to act as economic hedges for the Company's exposures to various risks in foreign exchange markets and may / may not qualify or be designated as hedging instruments. The accounting for these transactions is stated in Notes 2.11 and 2.20
 - (a) Forward exchange contracts and options [being derivative instruments], which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables.
 - (i) Outstanding forward exchange contracts entered into by the Company as on 31 March, 2012

Currency	Amount	Buy / Sell	Amount
USD	16 lakhs (Nil)	Sell	Rs. 826.08 lakhs (Nil)
GBP	5 lakhs (Nil)	Sell	Rs. 394.95 lakhs (Nil)
JPY	200 lakhs (Nil)	Sell	Rs. 134.90 lakhs (Nil)
EURO	1 lakh (Nil)	Sell	Rs. 66 lakhs (Nil)

Note: Figures in brackets relate to the previous year

- (ii) Outstanding option contracts entered into by the Company as on 31 March, 2012

Currency	Amount	Buy / Sell	Amount
JPY	- (1200 lakhs)	- Sell	- (Sell@ Rs. 659.40 lakhs)
USD	- (15 lakhs)	- Sell	- (Sell@ Rs. 673.50 lakhs)
EURO	- (7.5 lakhs)	- Sell	- (Sell@ Rs. 469.13 lakhs)
GBP	- (5.0 lakhs)	- Sell	- (Sell@ Rs. 384.40 lakhs)

Note: Figures in brackets relate to the previous year

Notes forming part of the consolidated financial statements

(iii). The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

As at 31 March, 2012			As at 31 March, 2011		
Receivable in foreign currency lakhs		Receivable Rs. lakhs	Receivable in foreign currency lakhs		Receivable Rs. lakhs
Euro	15.68	1,072.10	Euro	3.04	192.31
GBP	34.56	2,826.96	GBP	29.27	2,102.03
USD	68.43	3,505.04	USD	100.87	4,511.04
JPY	2,898.51	1,809.41	JPY	1,348.80	729.99
ZAR	7.23	55.18	ZAR	5.03	33.30
KRW	20.46	0.91	KRW	20.44	0.82

(iv). Amount payable in foreign currency on account of purchase of goods and services

As at 31 March, 2012			As at 31 March, 2011		
Payable in foreign currency lakhs		Payable Rs. lakhs	Payable in foreign currency lakhs		Payable Rs. lakhs
Euro	0.56	38.25	Euro	1.61	101.87
GBP	0.29	23.42	GBP	0.80	57.59
USD	25.36	1,298.93	USD	7.25	323.84
JPY	2.98	1.86	-	-	-
ZAR	0.05	0.35	-	-	-

23.1 Employee benefit plans

23.1.a Defined contribution plans

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 471.93 lakhs (Year ended 31 March, 2011 Rs.415.99 lakhs) for Provident Fund contributions and Rs. 197.99 lakhs (Year ended 31 March, 2011 Rs. 150.95 lakhs) for Superannuation Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

23.1.b Defined benefit plans

The Company offers gratuity to its employees under defined benefit plans.

The following table sets out the funded status of the defined benefit schemes and the amount recognised in the financial statements:

Particulars	Rs. lakhs	
	Year ended 31 March, 2012	Year ended 31 March, 2011
Components of employer expense		
Current service cost	118.06	115.13
Interest cost	44.21	46.95
Expected return on plan assets	(22.29)	(25.73)
Curtailment cost / (credit)	-	-
Settlement cost / (credit)	-	-

Notes forming part of the consolidated financial statements

Particulars	Rs. lakhs	
	Year ended 31 March, 2012	Year ended 31 March, 2011
Past service cost	-	-
Actuarial losses/(gains)	(12.56)	(31.34)
Total expense recognised in the Statement of Profit and Loss	127.42	105.85
Actual contribution and benefit payments for year		
Actual benefit payments	70.00	86.04
Actual contributions	182.02	160.00
Net asset / (liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	(664.89)	(552.64)
Fair value of plan assets	445.49	278.64
Funded status [Surplus / (Deficit)]	-	-
Unrecognised past service costs	-	-
Net asset / (liability) recognised in the Balance Sheet	(219.40)	(274.00)
Change in defined benefit obligations (DBO) during the year		
Present value of DBO at beginning of the year	552.64	533.67
Current service cost	118.06	115.13
Interest cost	44.21	46.95
Curtailment cost / (credit)	-	-
Settlement cost / (credit)	-	-
Plan amendments	-	-
Acquisitions	-	-
Actuarial (gains) / losses	19.98	(57.07)
Past service cost	-	-
Benefits paid	(70.00)	(86.04)
Present value of DBO at the end of the year	664.89	552.64
Change in fair value of assets during the year		
Plan assets at beginning of the year	278.64	204.68
Acquisition adjustment	-	-
Expected return on plan assets	22.29	25.73
Actual company contributions	182.02	160.00
Actuarial gain / (loss)	32.54	(25.73)
Benefits paid	(70.00)	(86.04)
Plan assets at the end of the year	445.49	278.64
Actual return on plan assets	54.83	25.73
Planned asset are insurer managed funds (Life Insurance Corporation of India)	LIC- Mortality (1994-96)Table	
Category of such assets is not disclosed as such information is not available from the insurer who manages the funds.	21-30 years 10%	
	31-40 years 5%	
	41-50 years 3%	
	51 & above -2%	

Notes forming part of the consolidated financial statements

Particulars	Year ended 31 March, 2012	Year ended 31 March, 2011
Actuarial assumptions:		
Discount rate	8.50%	8.00%
Expected return on plan assets	8.60%	8.00%
Salary escalation	5.00%	5.00%
Attrition	10% if <5 yrs ;else 8%	10% if <5 yrs ;else 8%
Estimate of amount of contribution in the immediate next year (Rs. lakhs)	167.98	163.61

Experience adjustments

	Rs. lakhs				
Gratuity	2011-12	2010- 11	2009-10	2008-09	2007-08
Present value of DBO	664.89	(552.64)	(533.67)	(467.06)	(410.69)
Fair value of plan assets	445.49	278.64	204.68	179.86	142.13
Funded status [Surplus / (Deficit)]	(219.40)	(274.00)	(328.99)	(287.20)	(268.56)
Experience (gain) / loss adjustments on plan liabilities	42.82	(57.07)	(5.23)	(53.12)	2.22
Experience gain / (loss) adjustments on plan assets	32.54	(25.73)	0.96	(2.20)	(0.38)

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Actuarial assumptions for long-term compensated absences		
Discount rate	8.50%	8.00%
Expected return on plan assets	8.60%	8.00%
Salary escalation	5.00%	5.00%
Attrition	10% if <5 yrs; else 8%	10% if <5 yrs; else 8%

23.2 Segment information

The Company has identified business segments as its primary segment and geographic segments as its secondary segment. Business segments are primarily System integration & support and Software Development & Services. Revenues and expenses directly attributable to segments are reported under each reportable segment. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable. Fixed assets that are used interchangeably amongst segments are not allocated to primary and secondary segments. Geographical revenues are allocated based on the location of the customer. Geographic segments of the Company are India, Europe, US, Japan and Others.

Notes forming part of the consolidated financial statements

Particulars	Rs. lakhs		
	For the year ended 31 March, 2012		
	Business segments		Total
	System Integration & Support	Software Development & Services	
Revenue	8,445.25	45,425.49	53,870.74
	(5,771.27)	(35,819.85)	(41,591.12)
Segment result	839.88	5,981.03	6,820.91
	(676.71)	(3,680.68)	(4,357.39)
Unallocable expenses (net)			232.63
			(188.26)
Operating income			6,588.28
			(4,169.13)
Other expenses (net)			1,052.20
			(971.91)
Profit before taxes			5,536.08
			(3,197.22)
Tax expense			1,665.58
			(-54.45)
Profit after taxes			3,870.50
			(3,251.67)
Share of loss from an Associate Company			411.75
			(-)
Net profit for the year			3,458.75
			(3,251.67)

Segment assets include all assets relating to the segment and consists principally of Fixed assets, Receivables, Other current assets and non-current assets.

Segment liabilities include all liabilities relating to the segment and consist principally of Trade payables and other operating liabilities.

Particulars	Rs. lakhs		
	For the year ended 31 March, 2012		
	Business segments		Total
	System Integration & Support	Software Development & Services	
Segment assets	5,975.21	11,335.00	17,310.21
	(2,567.69)	(13,161.15)	(15,728.84)
Unallocable assets			14,657.53
			(14,112.26)
Total assets			31,967.74
			(29,841.10)

Notes forming part of the consolidated financial statements

Rs. lakhs

Particulars	For the year ended 31 March, 2012		
	Business segments		Total
	System Integration & Support	Software Development & Services	
Segment liabilities	2,249.22 (1,563.09)	3,433.38 (1,976.54)	5,682.60 (3,539.63)
Unallocable liabilities			4,423.27 (8,241.19)
Total liabilities			10,105.87 (11,780.82)
Other information			
Capital expenditure (unallocable)			3,051.20 (1,804.05)
Depreciation and amortisation (unallocable)			2,051.92 (1,720.47)
Provision for doubtful debts			486.25 (1,625.00)
Provision for diminution in value of investment			411.75 (-)

The geographic segments individually contributing 10 percent or more of the Company's revenues and segment assets are shown separately:

Rs. lakhs

Geographic Segment	Revenues For the year ended 31 March, 2012	Segment assets as at 31 March, 2012	Capital expenditure incurred as at 31 March, 2012
India	13,846.89 (10,387.53)	14,107.30 (13,609.90)	2,201.29 (1,534.03)
US	15,711.57 (13,059.10)	3,798.48 (3,062.08)	768.26 (266.93)
Europe	17,713.27 (11,706.57)	4,193.46 (3,352.73)	26.32 (0.42)
Japan	5,224.12 (5,009.53)	1,499.86 (114.59)	55.33 (2.67)
Others	1,374.89 (1,428.39)	- (842.31)	- -
Total	53,870.74 (41,591.12)	23,599.10 (20,981.60)	3,051.20 (1,804.05)

Note: Figures in bracket relates to the previous year

Segment revenue in India comprises revenue from System Integration and software development and services. Segment revenue outside India predominantly comprises revenue from software development and services. Segment assets include all assets relating to the segment and consist principally of Fixed assets, Receivables, Inventory, Other Current and Non-Current Assets. Assets located outside India primarily relate to Trade Receivables.

Notes forming part of the consolidated financial statements

23.3 Related party transactions

23.3.a Details of related parties:

Description of relationship	Names of related parties
Company with Significant Influence	Tata Sons Ltd
Key Management Personnel (KMP)	Mr. Madhukar Dev- Managing Director

Note: Related parties have been identified by the Management.

Details of related party transactions during the year ended 31 March, 2012 and balances outstanding as at 31 March, 2012:

23.3.b Particulars	Company with Significant Influence	KMP	Total
			Rs. lakhs
Receiving of services- Brand fee and other Services	147.55 (131.63)		147.55 (131.63)
Managerial remuneration and commission		148.94 (130.85)	148.94 (130.85)
Guarantees and collaterals			
Balances outstanding at the end of the year			
Trade payable	129.58 (113.44)	60.00 (50.00)	189.58 (163.44)

Note: Figures in bracket relates to the previous year

23.4 Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
		Rs. lakhs
Details of leasing arrangements		
The Company has entered into operating lease arrangements for certain facilities and office premises. Some of these leases are non-cancellable and are for a period of one to three years and may be renewed based on mutual agreement of the parties. These lease agreements provide for an increase in the lease payments by up to 5 % every year.		
Future minimum lease payments		
not later than one year	198.35	289.94
later than one year and not later than five years	90.03	159.40
later than five years	Nil	Nil
Lease payments recognised in the Statement of Profit and Loss	1,399.87	1,193.81

23.5 Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Earnings per share		
Basic		
Net profit / (loss) for the year from continuing operations attributable to the equity shareholders (Rs. lakhs)	3,458.75	3,251.67
Weighted average number of equity shares	31,138,220	31,138,220
Par value per share (Rs.)	10.00	10.00
Earnings per share - Basic and diluted (Rs.)	11.11	10.44

Notes forming part of the consolidated financial statements

23.6 Particulars	Rs. lakhs	
	As at 31 March, 2012	As at 31 March, 2011
Deferred tax (liability) / asset		
Tax effect of items constituting deferred tax liability		
On difference between book balance and tax balance of fixed assets	(1,305.18)	(1,198.98)
Tax effect of items constituting deferred tax liability	(1,305.18)	(1,198.98)
Tax effect of items constituting deferred tax assets		
Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961, etc. Mumbai, May 7, 2012	933.18	1,048.98
Tax effect of items constituting deferred tax assets	933.18	1,048.98
Net deferred tax (liability) / asset	(372.00)	(150.00)

23.7 Particulars	Rs. lakhs	
	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Details of research and development expenditure recognised as employee benefit expenses and other expenses in note 20 and 21 respectively are net of the following expenses that have been capitalised as part of intangible assets/intangible assets under development.		
a) Employee benefit expenses	743.77	558.26
b) Other expenses	165.15	205.45
Total	908.92	763.71

23.8 Details of provisions

The Company has made provision for various contractual obligations and disputed liabilities based on its assessment of the amount it estimates to incur to meet such obligations, details of which are given below:

Particulars	Rs. lakhs				
	As at 1 April, 2011	Additions	Utilisation	Reversal (withdrawn as no longer required)	As at 31 March, 2012
Provision for warranty	14.76	12.54	10.78	(Nil)	16.52
	(Nil)	(14.76)	(Nil)	(Nil)	(14.76)

Note: - Figures in brackets relate to the previous year.

Of the above, the following amounts are expected to be incurred within a year:

Particulars	Rs. lakhs	
	As at 31 March, 2012	As at 31 March, 2011
Provision for warranty	16.52	14.76

24 Investment in A Squared Elxsi Entertainment LLC, USA

The Company has entered into a Joint Venture Agreement with A Squared Entertainment LLC, USA ("A2") for carrying on business in the field of animated content development, development of related characters/intellectual property and licensing thereof to merchandising companies, pursuant to which A Squared Elxsi Entertainment LLC, USA ("A2E2") has been incorporated to carry on the

Notes forming part of the consolidated financial statements

activities of the Joint Venture. The Company has remitted USD 1,000,001 as Share Application Money to A2E2 against which shares are yet to be allotted as at March 31, 2012. The JV Partner, A2 is in the process of completing its obligation under the agreement, on completion of which and issuance of equity to both the parties, A2E2 will become a subsidiary of the Company. As at 31 March, 2012, for the purpose of presenting the consolidated results, A2E2 has been considered as an associate.

25 Summary of Information relating to subsidiary is as follows

Subsidiary	Tata Elxsi (Singapore) Pte Ltd	
	2011-12	2010-11
Exchange rate as at March 31,2012	Rs. 51.22	Rs. 44.72
		Rs. lakhs
Issued and Subscribed share capital	28.67	28.67
Reserves	290.66	190.75
Loans	-	-
Total assets	475.56	326.43
Total liabilities	475.56	326.43
Investments		
Long-term	-	-
Current	-	-
Total	-	-
Turnover	2653.98	489.96
Profit/(Loss) before taxation Rs. Lakhs	281.76	85.26
Provision for taxation	25.58	7.05
Profit/(Loss) after taxation	256.18	78.21
Dividend paid	191.96	-

- 26 The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

S. Ramadorai
Shyamala Gopinath
Madhukar Dev
Sudha Madhavan
G. Vaidyanathan

Mumbai, May 07, 2012

Chairman
Director
Managing Director
Chief Financial Officer
Company Secretary

Statement pursuant to Section 212 of the Companies Act, 1956

Rs. lakhs

Subsidiary	Year	Exchange rate as at March 31 Rs./USD	Issued and Subscribed share capital	Reserves	Loans	Total assets	Total liabilities	Investments			Turnover	Profit/(Loss) before taxation	Provision for taxation	Profit/(Loss) after taxation	Dividend
								Long-term	Current	Total					
Tata Elxsi (Singapore) Pte. Ltd	2011-12	51.22	28.67	290.66	-	475.56	475.56	-	-	-	2653.98	281.76	25.58	256.18	191.96
	2010-11	44.72	28.67	190.75	-	326.43	326.43	-	-	-	489.96	85.26	7.05	78.21	-

Significant 3 year highlights (Consolidated)
3 Years Profit and Loss Account

Rs. lakhs

	31.03.2012	31.03.2011	31.03.2010
INCOME			
Sales and services	53,870.74	41,591.12	38,817.25
Other Income	420.50	386.34	94.94
Total	54,291.24	41,977.46	38,912.19
EXPENDITURE			
Cost of sales	7,172.32	5,381.03	4,864.06
Personnel expenses	27,807.29	21,670.28	20,031.89
Administrative and selling expenses	11,491.00	9,834.96	7,122.58
Financial expenses	232.63	188.26	173.88
Depreciation	2,051.92	1,720.47	1,658.26
Total	48,755.16	38,780.24	33,850.67
Profit before Tax for the year	5,536.08	3,197.22	5,061.52
Provision for Tax	(1,665.58)	54.45	179.81
Profit after Tax	3,870.50	3,251.67	4,881.71
Share of loss from an Associate Company	411.75	-	-
Net Profit for the year	3,458.75	3,251.67	4,881.71

Significant Ratio Analysis

S. No.	Particulars	Unit	31.03.2012	31.03.2011	31.03.2010
1	Earnings before interest, depreciation and tax/Sales	%	14.40	12.16	17.72
2	Profit before taxes/Sales	%	10.20	7.62	13.01
3	Profit after taxes/Sales	%	7.13	7.75	12.55
4	Current Ratio	No. of Times	1.78	1.75	2.71
5	Debt Equity Ratio	%	17.79	13.95	19.40
6	Earnings per share	Rs.	11.11	10.44	15.68
7	Dividend per share	Rs.	7.00	7.00	7.00
8	Book Value share	Rs.	61.65	58.57	56.24
9	Return on Net Worth	%	18.02	17.83	27.88
10	Return on Capital Employed	%	15.30	15.65	23.35

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Regd. Office : ITPB Road, Whitefield, Bangalore 560 048

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP IN ALL RESPECTS AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

Regd.FolioNo./Client IDNo.....
DPIDNo.....
Name.....
Address.....

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the Twenty Third Annual General Meeting of the Company.

Venue: Devraj Urs Bhavan, (behind Dr. Ambedkar Bhavan), 16 D, Millers Tank Bed Area, Vasanthanagar, Bangalore 560 052.

Date : Tuesday 24th July, 2012 at 12.30 p.m.

NAME OF THE SHAREHOLDER/PROXY (IN BLOCK LETTERS)

Signature of the Shareholder or Proxy



Regd. Office : ITPB Road, Whitefield, Bangalore 560 048

PROXY

I/We
of in the district of being a Member/Members of
TATA ELXSI LIMITED, hereby appoint of
in the district of or failing him/her of.....
in the district of as my/our proxy to attend and vote for me/us and on my/our
behalf at the Twenty Third Annual General Meeting of the Company to be held on Tuesday, 24th July 2012 at 12.30 p.m. at Devraj
Urs Bhavan, (behind Dr. Ambedkar Bhavan), 16 D, Millers Tank Bed Area, Vasanthanagar, Bangalore 560 052.

Signed this day of 2012

Regd. Folio/Client No. :

DP ID No. :

No. of Shares :

* Strike out whichever is not desired.

Note : The Proxy must be returned so as to reach the Registered Office of the Company, not less than FORTY EIGHT HOURS before the time of holding the Meeting.

Signature

Affix
Revenue
Stamp
of Re. 1.00

TATA ELXSI

AGM 2011-12

Address:

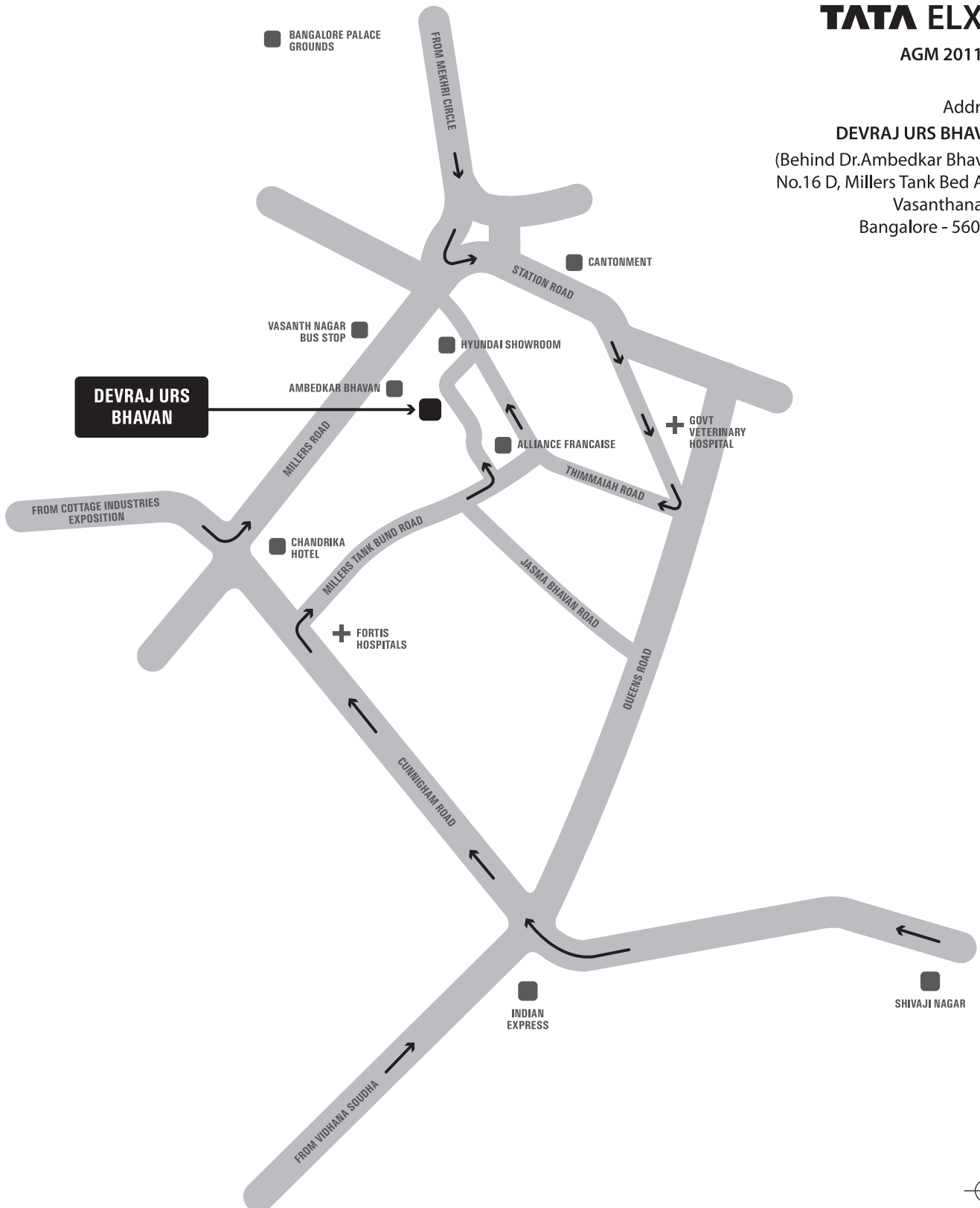
DEVRAJ URS BHAVAN

(Behind Dr.Ambedkar Bhavan)

No.16 D, Millers Tank Bed Area

Vasanthanagar

Bangalore - 560052



Aerospace



Automotive



Broadcast



Communication



Consumer
Electronics



Defence and
Homeland Security



Media and
Entertainment



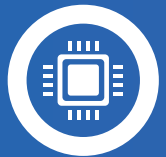
FMCG



Healthcare



Semiconductor



engineering creativity ... in every aspect



ITPB Road Whitefield Bangalore 560 048 India

Tel +91 80 2297 9123

Fax +91 80 2841 1474

e-mail info@tataelxsi.com

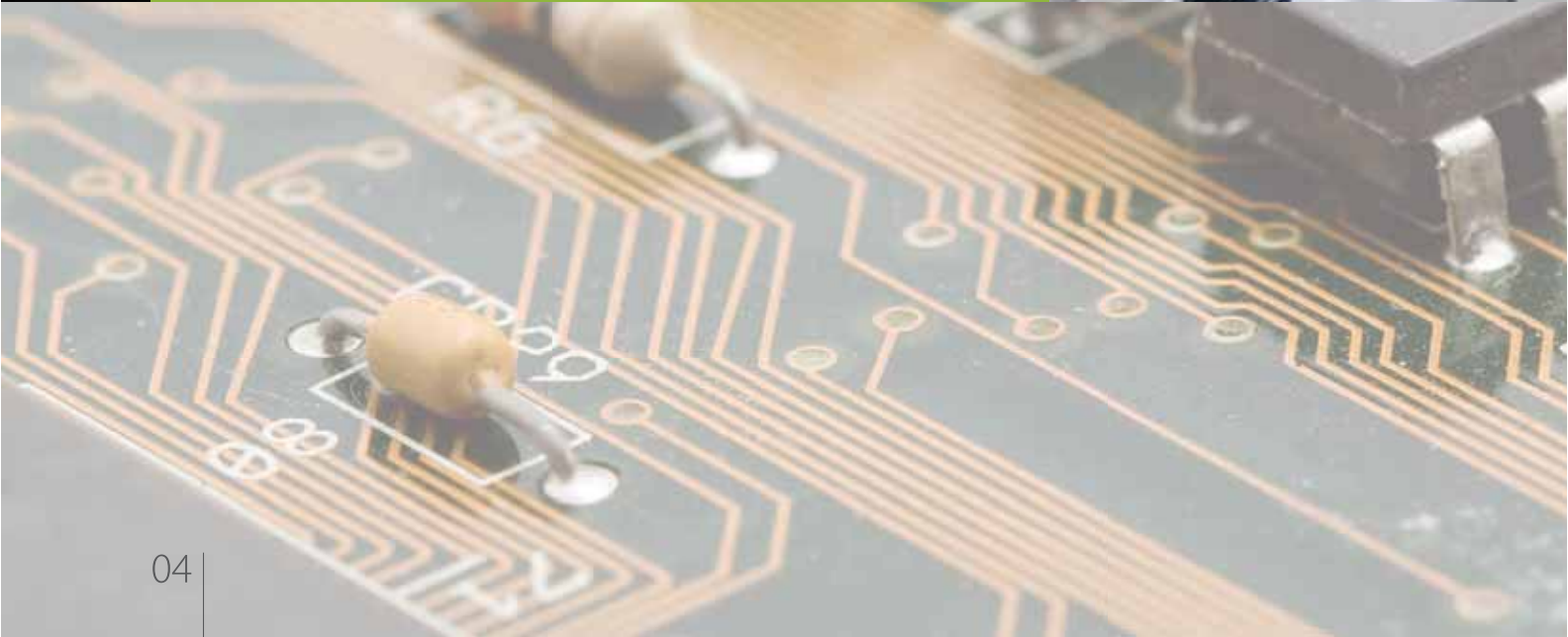
www.tataelxsi.com

Embedded Product Design

The Embedded Product Design division provides technology consulting, new product development, system integration, and testing services for leading product companies, service providers, and aspiring start-ups. This is backed by an in-depth understanding of technology, a large multi-disciplinary product development team, and mature processes and systems.

It also creates and licenses intellectual property and software components, helping customers create product differentiation and reduce development costs and time-to-market.

It offers solutions across a diverse range of industries including broadcast, industrial and consumer products, transportation, energy, medical technology, and wireless communications and convergence.



Industrial Design

The Industrial Design division helps customers develop winning brands and products, by using design as a strategic tool for business success. Its expertise extends across research & strategy, branding & graphic design, product design, packaging design, UI design, retail design & signage, transportation design, design engineering, and manufacturing support.

An in-depth understanding of consumers and rapidly changing market dynamics, backed by a multi-disciplinary design team, enables it to service a broad spectrum of industries. This includes Automotive, Communications, Consumer products, Healthcare, and Retail.

It has supported the launch of multiple brands and products across the world. It has won several international awards and patents for design and innovation.



Visual Computing Labs

Visual Computing Labs (VCL) is an award-winning digital production studio providing Animation, Visual Effects (VFX), and 3D stereoscopic content for feature films, episodic television, and advertising. It hosts world-class studios in Los Angeles and India and has a creative team that includes Academy Award® winning and BAFTA nominated professionals.

VCL also offers custom content development for visualization and product marketing, and is a leading developer of mobile, online, and console games.

Recent awards include a Golden Lotus and a Silver Lotus at the 56th National awards for exemplary Animation and Visual Effects in feature films, the 2010-11 INFOCOM-ASSOCHAM EME AWARDS, FICCI BAF Awards 2010, and the 10th Indian Telly Awards 2010.



NOTICE

Notice is hereby given that the **TWENTY THIRD ANNUAL GENERAL MEETING** of **TATA ELXSI LIMITED** will be held at Devraj Urs Bhavan, (behind Dr. Ambedkar Bhavan), 16 D, Millers Tank Bed Area, Vasanthanagar, Bangalore 560052 on Tuesday 24th July 2012 at 12.30 p.m. to transact the following business:

1. To receive and adopt the Audited Profit and Loss Account for the year ended March 31, 2012 and the Balance Sheet as at that date together with the Cash Flow Statement and the reports of the Directors and Auditors thereon.
2. To declare dividend for the year ended 31st March 2012.
3. To appoint a Director in place of Mr. S. Ramadorai who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Dr. R. Natarajan who retires by rotation and is eligible for reappointment
5. To appoint auditors to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting and to fix their remuneration.

Special Business

6. To consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mrs. Shyamala Gopinath who was appointed as an Additional Director of the Company, with effect from 18th August, 2011, who holds office up to this Annual General Meeting, pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act") and is eligible for re-appointment and in respect of whom the Company has received a notice in writing from a member u/s 257 of the Act, proposing her candidature to the office of Directorship of the Company, be and is hereby appointed as Director of the Company whose terms of office will be determined by retirement by rotation".
7. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:
"RESOLVED that pursuant to the Provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act"), a sum not exceeding 1% per annum of the net profits of the Company calculated in accordance with the provisions of Sections 198, 349, and 350 of the Act, be and is hereby approved for payment to and distribution amongst the Directors of the Company, or some, or any of them (other than the Managing Director and Whole-time Directors, if any) in such amounts or proportions and in such a manner and in all respects as may be directed by the Board of Directors of the Company and that such payments and distribution shall be made in respect of the profits of the Company for each year of the period of five years, commencing from 1st April 2011".

By Order of the Board
For **Tata Elxsi Limited**
G Vaidyanathan
Company Secretary

Mumbai, May 07, 2012

Registered Office:
ITPB Road, Whitefield,
Bangalore 560 048.

NOTES:

- a) The relevant details of the persons seeking re-appointment/appointment as Director under Item Nos. 3, 4, and 6 above, pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchanges is annexed hereto.
- b) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
- c) Members desirous of getting any information in respect of Accounts of the Company are requested to send their queries in writing to the Company at the Registered Office, so as to reach at least 7 days before the date of the Meeting, so that the required information can be made available at the Meeting.
- d) Members / Proxies attending the Meeting are requested to bring their copy of the Annual Report for reference at the Meeting as also the Attendance Slip duly filled in for attending the Meeting.
- e) Register of Members and Transfer Books of the Company will be closed from 17th July, 2012 to 24th July, 2012 (both dates inclusive) for the purpose of determining the shareholders entitled to the payment of Dividend declared at the Annual General Meeting on 24th July, 2012 for the year ended March 31, 2012.

Dividend on shares, when declared, will be paid only to those members whose names are registered as such in the Register of Members of the Company, after giving effect to valid share transfers in physical form lodged with the Company, on or before 16th July, 2012 and to the Beneficial Holders as per the Beneficiary List as on 16th July, 2012 provided by the NSDL and CDSL.

- f) Members holding shares in electronic form may please note that as per the regulations of National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd. (CDSL), the Company is obliged to print the bank details on the dividend warrants as furnished by these Depositories to the Company and the Company cannot entertain any request for deletion / change of bank details already printed on dividend warrants as per information received from the concerned Depositories. In this regard, Members should contact their Depository Participant (DP) and furnish particulars of any changes desired by them.
- g) **Members who have not received their dividend paid by the Company in respect of earlier years, are requested to check with the Company's Registrars & Transfer Agents i.e. M/s. TSR Darashaw Ltd., 6-10 Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011. Members are requested to note that in terms of Section 205C of the Companies Act, 1956 any dividend unpaid / unclaimed for a period of 7 years from the date these first became due for payment, is to be transferred to the Central Government to the credit of the Investor Education & Protection Fund. Thereafter, no claim shall be entertained by the company in respect of the dividend transferred to the Fund.**

Members who have not yet encashed their dividends for the financial year ended 31st March 2005 onwards are being individually intimated and are requested to make their claims to the Company's Registrars & Transfer Agents accordingly, without delay. It may be noted that the unclaimed dividend for the financial year ended 31st March 2005 and 31st March 2006 are due for transfer to the Investor Education & Protection Fund on 27th August, 2012 and 2nd September, 2013 respectively.

- h) **In support of the "Green Initiative", Members are requested to register their email address with the Company for receipt of Notices, Annual Report etc., electronically. The email may be sent to investors-update@tataelxsi.com quoting their Folio No./DP, or Client ID, as the case may be.**

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

The following Explanatory Statement, pursuant to Section 173 (2) of the Companies Act, 1956, ('the Act') sets out all material facts relating to the business mentioned at Item Nos. 6 & 7 of the accompanying Notice:

Item No. 6

The Board of Directors, on the recommendation of the Nomination committee, had appointed Mrs. Shyamala Gopinath as an Additional Director of your Company, with effect from 18th August, 2011, pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 151 of the Articles of Association of the Company. Accordingly, in terms of the said Article and Section, Mrs. Gopinath holds office upto the date of this Annual General Meeting and being eligible, is proposed to be appointed at this Annual General Meeting as a Director liable to retire by rotation.

Mrs. Gopinath, aged 63 years, is a Master of Commerce and a Certified Associate of Indian Institute of Bankers. Mrs. Gopinath has more than 39 years experience in financial sector policy formulation in different capacities at the Reserve Bank of India. She retired as Deputy Governor of Reserve Bank of India. She has vast experience in guiding and influencing the national policies, in the diverse areas of financial sector regulation and supervision, development and regulation of financial markets, capital account management, management of government borrowings, forex reserves management, RBI accounts and payment and settlement systems. During 2001-03, she has worked as Senior Financial sector Expert in the then Monetary Affairs and Exchange Department of the IMF (Financial Institutions Division). She was also a member of Financial Sector Assessment Program (FSAP) missions to Tanzania and Nigeria and foreign exchange and reserve management to Turkey and Kosovo. In 2009, she represented India at the G20 as the Central Bank Deputy. She was the sole representative of the Reserve Bank at the Uruguay Round/WTO negotiations earlier in her career.

Mrs. Gopinath is also in the Board of Indian Oil Corporation Ltd., Gas Authority of (India) Limited, and National Stock Exchange Ltd.

Your Board considers that in view of the experience and expertise possessed by Mrs. Gopinath, it would be in the interest of your Company to appoint Mrs. Gopinath as a Director on the Board of your Company.

Notice and deposit as required under Section 257 of the Companies Act, 1956 has been received from a member proposing the candidature of Mrs. S. Gopinath as a Director of your Company.

None of the Directors, except Mrs. S. Gopinath, is concerned or interested in Item No. 6 of the Notice.

Item No. 7

In view of the valuable services being rendered by the Directors to the Company and the increased responsibilities they are required to shoulder, the members had at the Seventeenth Annual General Meeting held on 28th July, 2006, approved payment of commission, not exceeding 1% per annum of the net profits of the Company, calculated in accordance to the provisions of the Companies Act, 1956, to the Non-Executive Directors of the Company for a period of five years commencing from 1st April 2006, to be distributed amongst some or all of the Directors, in accordance with the directions given by the Board.

Consequent to the expiry of the said period of five years on 31st March 2011, it is proposed to extend payment of such commission by another five years commencing from 1st April 2011.

All the Non-Executive Directors of the Company may be deemed to be concerned or interested in the resolution under item no. 7 of the notice, to the extent of the remuneration that may be received by them.

By Order of the Board
For **TATA ELXSI LIMITED**
G Vaidyanathan
Company Secretary

Mumbai, May 07, 2012

Registered Office:

ITPB Road, Whitefield,
Bangalore 560 048.

ANNEXURE

Information pursuant to Clause 49 of the Listing Agreement regarding appointment of a new Director or reappointment of a Director

Name of the Director	Mr. S. Ramadorai	Dr. R. Natarajan	Mrs. Shyamala Gopinath
Date of Birth	6th October, 1944	9th January, 1941	20th June, 1949
Date of appointment	26th June, 1995	24th January, 2006	18th August, 2011
Specialised Expertise	Information Technology & General Management	General Management	General Management
Qualifications	B.Sc. (Physics), B.E. (Electronics Telecommunications), M.S (Computer Science)	B.E., M.E., Ph.D., M.A.Sc	M.Com, Associate of Indian Institute of Banking
Directorships of other companies* as at 31st March 2012	Tata Consultancy Services Ltd.	IP Rings Ltd.	Indian Oil Corporation Ltd.
	Tata Industries Ltd.		Gas Authority of (India) Ltd.
	Tata Technologies Ltd.		National Stock Exchange Ltd.
	CMC Ltd.		
	Hindustan Unilever Ltd.		
	Piramal Healthcare Ltd.		
	Tata Teleservices (Maharashtra) Ltd.		
	Computational Research Laboratories Ltd.		
	Tata Communications Ltd.		
	Tata Advanced Systems Ltd.		
	Asian Paints Ltd.		
	Bombay Stock Exchange Ltd.		
	Tata Lockheed Martin Aerostructures Ltd.		
	Tata Aerospace Systems Ltd.		
Chairmanship/Membership of other Committees** as at 31st March 2012	Chairman - Audit Committee		
	Tata Technologies Ltd.		
	Tata Advanced Systems Ltd.		
	Computational Research Laboratories Ltd.		
	Member - Audit Committee		
	Hindustan Unilever Ltd.		
	Tata Teleservices (Maharashtra) Ltd.		
	Bombay Stock Exchange Ltd.		
	Chairman - Shareholders / Investors Grievance Committee		
	Bombay Stock Exchange Ltd.		
	Member - Shareholders / Investors Grievance Committee		
	Tata Consultancy Services Ltd.		
No. of shares held in the Company as on 31st March 2012	1000	NIL	NIL

* Excludes private/foreign companies

** Only Audit and Shareholders/Investors Grievance Committee considered

DIRECTORS' REPORT TO THE MEMBERS

1. Your Directors present the Twenty-Third Annual Report, together with the Audited Statements of Accounts of your Company for the year ended March 31, 2012.

2. **Financial Highlights:**

During the financial year 2011-12, the operations of your Company resulted in the following:

(₹ Crores)

	Unconsolidated		Consolidated	
	2011-12	2010-11	2011-12	2010-11
Sales and Service	514.46	411.01	538.71	415.91
Other income	6.12	3.86	4.20	3.86
Total Income	520.58	414.87	542.91	419.77
Profit before financial expenses and depreciation	73.20	50.20	78.21	51.05
Less : Financial expenses	2.33	1.88	2.33	1.88
Depreciation	20.52	17.20	20.52	17.20
Profit for the year	50.35	31.12	55.36	31.97
Less : Provision for Income tax	16.40	(0.61)	16.65	(0.55)
Share of loss from associate Company	-	-	4.12	-
Profit after tax	33.95	31.73	34.59	32.52
Add: Profit brought forward	107.47	105.99	109.40	107.13
Balance available for appropriation which has been appropriated as under:	141.42	137.72	143.98	139.65
Proposed dividend.	21.80	21.80	21.80	21.80
Dividend tax thereon net of reversal thereof.	3.54	3.45	3.54	3.45
Transfer to General Reserve	5.00	5.00	5.00	5.00
Balance of profit carried to Balance Sheet	111.08	107.47	113.64	109.40
Total appropriations	141.42	137.72	143.98	139.65

3. **Dividend:**

Your Directors recommend for your approval a dividend of 70% (₹ 7.00 per share) [previous year 70% (₹ 7.00 per share)] for the year ended 31st March 2012, involving an outgo of ₹ 21.80 crores (previous year ₹ 21.80 crores). Additionally, dividend distribution tax will involve an outlay of ₹ 3.54 crores (previous year ₹ 3.45 crores), involving a payout ratio of 73%.

4. **Review of Operations:**

The total income (consolidated) during the year under review was ₹ 542.91 crores, as against ₹ 419.77 crores in the previous year, registering an overall increase of 30%. NASSCOM, the premier trade body for Indian IT-ITES industry, had projected a growth of 16% from exports for IT and ITES firms in FY 2012 and your Company grew more than the industry average, supported strongly by volume growth, and partly by rupee depreciation. The Profit after tax was ₹ 34.59 crores, as against ₹ 32.52 crores in the previous year.

NASSCOM has forecasted that exports from India's information technology sector will grow more slowly for the financial year ending March 31, 2013 and has forecasted a guidance of 11-14% for the likely growth in FY 2013. Your Company is well prepared to continue the growth momentum, despite the volatile environment, leveraging its niche portfolio and global presence.

More details are set out in the attached Management Discussion and Analysis Statement.

A business-wise analysis of your Company's two main segments viz. Software Development & Services, and Systems Integration & Support follows hereunder:

Software Development & Services:

The businesses constituting this segment are Embedded Product Design, Industrial Design, and Visual Computing Labs. Business in this segment registered an increase of 27% to ₹ 454.25 crores during FY12 from ₹ 358.20 crores in FY11. The segment's profit increased from ₹ 36.81 crores to ₹ 55.69 crores, mainly on account of increased business volume.

DIRECTORS' REPORT TO THE MEMBERS (Contd.)**Embedded Product Design:**

The Embedded Product Design division provides technology consulting, new product development, system integration, and testing services for the broadcast, industrial and consumer electronics, transportation, wireless communications, and convergence industries. It also creates and licenses intellectual property and software components, helping customers create product differentiation, and reduce development costs and time-to-market.

Apart from the recessionary trends in Europe, the outlook for Japan is still weak, and has potential implications for business from the semiconductor, consumer electronics, and automotive industries. Your company is taking adequate steps to overcome these risks, by focusing on key customers in these geographies, to ensure revenue protection and diversifying into new geographies.

Your Company is incubating a medical electronics practice by leveraging its existing medical device customer base from the industrial design division and embedded systems expertise of the Embedded Product Design division.

Medical device engineering and R&D services is expected to grow steadily over the next few years. Your Company plans to target and grow services for this industry, in order to address the growing demand for medical devices from emerging markets and convergence of medical products with communications and information technology.

Industrial Design:

The Industrial Design division helps customers develop winning brands and products by using design as a strategic tool for business success. Its expertise extends across consumer insight, branding, product design, packaging design, transportation design, visual design, design engineering, and manufacturing support.

This division has worked with prestigious FMCG brands in packaging design. It has developed award-winning designs in the food, beverage, personal and home care segments, for leading brands in India and Overseas.

Apart from executing several projects for interior and exterior styling of vehicles, it has also developed cutting edge products for the consumer electronics and healthcare industry.

Visual Computing Labs:

Visual Computing Labs offers Animation, Visual Effects (VFX), and 3D stereoscopic content for feature films, episodic television and advertising. It also offers custom content development for visualization and product marketing, and is a leading provider of engineering and animation services for mobile, online and console games.

During the year, your Company continued its efforts to provide strong sales thrust from the overseas VFX studio, that was set up at Santa Monica near Hollywood, and to improve collaboration with Indian operations.

Your Company entered into a Joint Venture Agreement with M/s A Squared Entertainment, LLC, USA (A2E) on September 30, 2011 to create, develop, and distribute original brands, including animated entertainment, digital gaming, and originally designed consumer products. The new Company, M/s A Squared Elxsi Entertainment (A2E2), LLC, has been incorporated at Delaware, USA.

During the year, A2E2 completed its first IP "Martha & Friends", an animated series featuring a 10-year old Martha Stewart. Your Company contributed significantly to the development of this IP. Other forthcoming projects of the joint venture include "Secret Millionaire's Club", an animated series featuring billionaire Warren Buffett.

During the year, the Joint Venture has incurred significant efforts, because of projects under development and expects to monetize those brands / IPs developed in the next fiscal year.

Both partners of the JV - Tata Elxsi and A2E, will be assigned equity capital in the new company. Allocation of units to the two partners is pending completion of all due formalities associated with the allocation of units. Therefore, your Company for the purpose of consolidation for this fiscal year is taking only its share of loss in A2E2.

Systems Integration & Support:

During the year, the segment turnover and profit were ₹ 84.45 crores and ₹ 8.40 crores respectively, compared to ₹57.71 crores and ₹ 6.77 crores respectively during 2010-11.

This business has improved its turnover significantly by 46%, while focusing on a solutions centric approach that includes more of software and services to better protect margins.

DIRECTORS' REPORT TO THE MEMBERS (Contd.)

5. Finance:

Interest cost was ₹ 2.33 crores as against ₹ 1.88 crores in the previous year. Borrowings as at the year end was ₹ 34.16 crores, compared to ₹ 25.43 crores in the previous year.

6. Directors:

Mr. S. Ramadorai and Dr. R. Natarajan retire by rotation and being eligible, offer themselves for reappointment.

Mrs. Shyamala Gopinath, who has been appointed as an Additional Director with effect from 18th August 2011, holds office up to the conclusion of the ensuing Annual General Meeting. The Company has received a notice from a member u/s 257 of the Companies Act, 1956 proposing Mrs. S. Gopinath to the office of Directorship whose terms of office will be determined by retirement by rotation.

In accordance with the Guidelines on Composition of Board adopted by your Company's Board of Directors, Mr. H.H. Malgham stepped down from your Company's Board effective 23rd July 2011 on attaining the maximum age permissible for Directors under the guidelines. Mr. Malgham was the Chairman of the Audit and Remuneration Committees. He was also the member of the Executive and Investors Grievance Committees. The Directors place on record their appreciation for the valuable contribution made by him during his tenure in the Board and different Committees of the Board.

7. Directors Responsibility Statement:

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors, based on the representations received from the Operating Management, confirm that -

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- (ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that year;
- (iii) they have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) they have prepared the annual accounts on a going concern basis.

8. Personnel:

Your company recognizes the critical importance of its human capital. Capacity addition through the induction of fresh engineers and lateral hires are driven by the annual business planning exercise. Capacity addition is continuously monitored and changed depending on business demand. Your company takes significant initiatives to increase efficiency through training, leadership development, and other measures.

9. Disclosure of Particulars:

Information required under Section 217(2A) of the Companies Act, 1956 and the Rules made there under, is provided in Annexure-B forming part of the Report. In terms of Section 219(1) (b) (iv) of the Act, the Report and Accounts are being sent to the Shareholders, excluding the aforesaid Annexure. Any Shareholders interested in obtaining a copy of the same may write to the Company Secretary.

10. Subsidiary Company, Statement under Section 212 of the Companies Act, 1956 and Consolidated Financial Statements:

The Company's wholly owned subsidiary, Tata Elxsi (Singapore) Pte. Ltd. recorded a turnover of ₹ 26.54 crores and Profits before Tax of ₹ 2.82 crores during the year 2011-12, as against the previous year's turnover of ₹ 4.90 crores and Profit before tax of ₹ 0.85 crores. The Board of Directors of your Company has given their consent for not attaching to its Balance Sheet, the documents relating to its subsidiary specified in Section 212 (1) of the Companies Act, 1956 in terms of the General Circular no. 2/2011 of the MCA.

In terms of the said circular, a statement in one page containing specified financial details of the subsidiary Company, is to be included in the consolidated annual financial statements of the parent Company. The annual accounts of the subsidiary and the related detailed information will be made available to the holding and subsidiary Companies investors seeking such information at any point of time. The annual accounts of the subsidiary will also be kept available for inspection by any investor at the head office of the parent and subsidiary Company respectively.

As required pursuant to the Accounting Standards of the Institute of Chartered Accountants of India and the Listing Agreement with the Stock Exchanges, the stand-alone annual accounts of your Company, along with the consolidated financial statements of your Company and the subsidiary Company made up to 31st March 2012, are also presented.

11. Corporate Governance:

Pursuant to Clause 49 of the Listing Agreement, the Corporate Governance Report, the Management Discussion & Analysis Statement, and the Auditors' Certificate regarding Compliance of Conditions of Corporate Governance are part of this Annual Report.

12. Voluntary Delisting of Company's Equity Shares

During the year under review your Company applied for voluntary delisting of its equity shares from Bangalore Stock Exchange and Delhi Stock Exchange in terms of the SEBI (Delisting of Securities) Regulation, 2009. The Bangalore Stock Exchange, vide its letter no. 03/2011/476 dated 15th November, 2011, delisted the Company's Equity shares from their stock exchange with effect from 15th November, 2011. The delisting of Company's equity Shares from Delhi Stock Exchange is yet to happen. The Company's equity shares continue to be listed with Bombay Stock Exchange (BSE) & National Stock Exchange (NSE) and are being actively traded in these exchanges.

13. Acknowledgements:

The Directors wish to thank the Company's employees, customers, partners, suppliers, and above all, its shareholders and investors for their continued support and co-operation.

On behalf of the Board of Directors

S. RAMADORAI

Chairman

Mumbai, May 07, 2012

ANNEXURE “A” TO DIRECTOR’S REPORT

Particulars pursuant to Section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

1. Conservation of Energy

Your Company is in a knowledge intensive industry, and does not operate industrial machinery, production facilities, or other such energy intensive operations. However, as a responsible corporate citizen, it continues to pursue and adopt appropriate energy conservation measures.

Energy conservation programs adopted by your Company are:

- (i) Continuous education and awareness programs among all employees on energy conservation measures that can be adopted at individual levels, to help conserve power and energy.
- (ii) Continuous monitoring of energy consumption. This covers optimization of space utilization, using technology to monitor and control power consumption of air conditioning and other related equipment, use of energy efficient light bulbs, using technology for switching off computer monitors, motion sensors for lighting controls, etc.
- (iii) Initiatives such as provision of company mass transport and car pooling for employees commuting to work.
- (iv) Rain-water harvesting and using recycled water for gardening.
- (v) Regular reviews of energy requirements and consumption patterns, with action plans on effective utilization of power, during peak and non-peak seasons, including purchase/use of energy saving devices based on techno-commercial evaluation.

Your Company will continue to monitor and control overall energy expenses, in relation to the growth in the scale of operations.

2. Technology Absorption

a. Research & Development

Your company's key services are directed towards software and electronic system development for industries such as wireless, multimedia, automotive, networking, consumer electronics, and broadcast. Your Company devotes a certain portion of its human capital in developing expertise in emerging technologies, through technology partnerships, subscription and active participation in technology forums, trade shows, technology training, and in-house R&D projects. These help in enabling new technology familiarity for the engineering teams, as part of the continuous training and human resource development.

b. Benefits derived out of the above R&D

Internal IP programs facilitate your Company to train and enable expertise development in a larger pool of people, than those directly engaged with customers on specific projects. This allows the Company to scale its delivery capability and capacity in a short period of time, and also showcase technology and engineering capability, relevant to customer needs, without violating confidentiality of work being executed for customers in the same area.

Further, certain programs are focused on creating Intellectual Property (IP), which have the potential to be commercialized and generate licensing revenue streams.

Your Company leveraged its R&D expertise, especially in the broadband wireless technology area e.g. WiMax, LTE and Multimedia (audio & video codec's) and developed advanced reference designs and software as part of R&D projects. During the year, your Company developed a ready-to-deploy Android-based Hybrid Set Top Box and such R&D initiatives resulted in bringing out innovative product solutions to address the market requirement. Some of the reference designs/ IPs have been successfully licensed to some customers, enabling revenues from licensing and additional revenues from related services in helping these customers integrate and customize the design to suit their specifications.

Future plan of action

During the year, your Company invested 3.1% of revenue in developing intellectual properties, through in-house R&D projects. Your Company intends to continue investment in technology IP development, especially those related to wireless and multimedia. It aims to grow revenues through IP licensing and related services to licensees for adaption and integration of the licensed technology to suit their specifications.

Expenditure on R & D during the year

- i. Capital : ₹ 3.90 crores
- ii. Recurring : ₹ 12.80 crores
- iii. Total : ₹ 16.70 crores
- iv. Total R & D expenditure as a percentage total turnover : 3.1%

3. Technology absorption, adaptation and innovation

Your Company continues to track trends and latest developments in various technology areas, including those related to wireless, multimedia, and networking, and semiconductor, aerospace, and automotive related technologies. It also actively participates in relevant standards bodies and forums. This helps increase the knowledge base within the Company, and enhances the ability of the Company to undertake larger and more complex projects which are of higher value.

Your Company also undertakes continuous quality improvement programs, training programs, deployment and use of tools and technologies for monitoring projects, etc., to help increase efficiencies and productivity.

4. Foreign Exchange earnings and outgo

Your Company's services segment and also the agency business with overseas principals in the Systems Integration segment ensure a continued export thrust. The particulars of foreign exchange expenditure and earnings are given in Item Nos. 23.6 and 23.7 of notes forming part of the financial statements (Page no. 49).

Affirmation regarding Compliance with the Code of Conduct

The Company has adopted a Code of Conduct for all its employees, including the Managing Director. In addition, the Company has adopted a Code of Conduct for its Non-Executive Directors. Both these Codes are available on the Company's Website (www.tataelxsi.com) .

I hereby confirm that all Board members and Senior Management personnel have affirmed compliance with the Code of Conduct applicable to them in respect of the year ended 31st March, 2012.

Mumbai, May 07, 2012

Madhukar Dev
Managing Director

COMPLIANCE REPORT ON CORPORATE GOVERNANCE

Mandatory Requirements:

1. A brief statement on the Company's philosophy on code of governance. Your Company believes in conducting its affairs with the highest levels of integrity, with proper authorisations, accountability and transparency. The business operations of your Company are conducted not to benefit any particular interest group but for the benefit of all stakeholders.

2. Board of Directors

The Board comprises with members having varied skills, experience and knowledge. The maximum number of members the Board can have, in terms of the Articles of Association of the Company is 12. The Board has a mix of both Independent and Non-independent directors where Independent directors constitute more than half the strength of the Board. The Chairman of the Company is Non-Executive. None of the Directors on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49 of the Listing Agreement with Stock Exchanges), across all the companies in which they are Directors. Necessary disclosures regarding Committee positions have been made by the Directors.

Four Board Meetings were held during the year 2011-12 and the gap between two meetings did not exceed four months. The dates on which the Board Meetings held were 27th April 2011, 22nd July 2011, 28th October 2011 and 16th January 2012.

The names and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the last Annual General Meeting, as also the number of Directorships held by them in other companies are given below:

Name	Category	No. of Board Meetings attended during 2011-12	Whether attended AGM held on 22nd July 2011	No. of Chairmanships/Directorships in other Boards/ Committees* of Companies**			
				Chairman of the Board	Chairman of the Committee	Member of the Board	Member of the Committee
Mr. S Ramadorai	Not Independent / Non-executive	4	Yes	7	4	7	4
Mr. P.G. Mankad	Independent / Non-executive	4	Yes	1	1	9	7
Mr. P McGoldrick	Independent / Non-executive	4	Yes	-	-	1	-
Dr. R. Natarajan	Independent / Non-executive	3	Yes	-	-	1	-
Mrs. Shyamala Gopinath+	Independent / Non-executive	2	N.A	-	-	3	-
Mr. Madhukar Dev	Not Independent / Managing Director	4	Yes	-	-	-	-

* Only Audit and Investor Grievance Committees considered

** Excludes private/foreign/non-profit companies

+ Mrs. S. Gopinath was appointed as an Additional Director w.e.f. 18th August, 2011

Mr. H. H. Malgham stepped down as Director w.e.f. 23rd July, 2011.

The information as required under Annexure I to Clause 49 is being made available to the Board.

3. Audit Committee

The terms of reference of the Audit Committee mandated by the statutory and regulatory requirements, which are also in line with the mandate given by your Board of Directors, are:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

COMPLIANCE REPORT ON CORPORATE GOVERNANCE (Contd.)

- d. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (2AA) of section 217 of the Companies Act, 1956;
 - ii. Changes, if any, in accounting policies and practices and reasons for the same;
 - iii. Major accounting entries involving estimates based on the exercise of judgment by management;
 - iv. Significant adjustments made in the financial statements arising out of audit findings;
 - v. Compliance with listing and other legal requirements relating to financial statements;
 - vi. Disclosure of any related party transactions; and
 - vii. Qualifications in the draft audit report;
- e. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- f. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- g. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage, and frequency of internal audit;
- h. Discussion with internal auditors, any significant findings and follow up there on;
- i. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity, or a failure of internal control systems of a material nature and reporting the matter to the Board;
- j. Discussion with statutory auditors before the audit commences, about the nature and scope of audit, as well as post-audit discussion to ascertain any area of concern;
- k. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends), and creditors;
- l. To review the functioning of the Whistle Blower mechanism;
- m. Carrying out any other function, as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee reviewed the reports of the internal auditors, the reports of the statutory auditors arising out of the quarterly, half-yearly, and annual audit of the accounts; considered significant financial issues affecting the Company and held discussions with the internal and statutory auditors and the Company Management during the year.

Six Audit Committee Meetings were held during the year 2011-12. The dates on which the Audit Committee Meetings were held were 27th April 2011, 21st July 2011, 22nd July 2011, 28th October 2011, 16th January 2012, and 8th March 2012. Due to pre-commitment Dr. Natarajan did not attend the meeting held on 27th April, 2011. The Board co-opted Mr. P. McGoldrick to attend the 27th April, 2011 meeting, in order to have requisite quorum in terms of the listing agreement.

The composition, names of the members, chairperson, particulars of the Meetings, and attendance of the members during the year are as follows:

Sl.No.	Names of Members	Category	No. of Meetings attended during the year 2011-12
1	Mrs. Shyamala Gopinath* Chairperson	Independent/Non-executive	3
2	Mr. S Ramadorai	Not Independent / Non-executive	4
3	Dr. R. Natarajan	Independent / Non-executive	5
4	Mr. Patrick McGoldrick	Independent / Non-executive	1
5	Mr. H.H. Malgham** (Chairman up to 22nd July, 2011)	Independent / Non-executive	3

* Mrs. Shyamala Gopinath was appointed as the Chairperson and Member of the Audit Committee w.e.f. 18th August 2011.

** Mr. H H Malgham stepped down from the Committee w.e.f. 23rd July, 2011.

Mr. H.H. Malgham, the then Chairman of the Audit Committee, was present at the 22nd AGM held on 22nd July, 2011.

COMPLIANCE REPORT ON CORPORATE GOVERNANCE (Contd.)

4. Remuneration Committee

The terms of reference mandated by your Board are:

- To decide the policy on specific remuneration packages for Managing/ Executive Directors, including pension rights and any compensation payments;
- To approve the terms of any Employee Stock Option Scheme or Plan, as may be issued from time to time by the Company;

All Non-Executive Directors of your Company receive sitting fees for each meeting of the Board or Committee thereof attended by them. The net profits of the Company, not exceeding 1%, are distributable, as commission, amongst the Non-Executive Directors considering the special services and efforts rendered.

Other than sitting fees and commission on the net profits of the Company, no other remuneration is payable to the Non-Executive Directors for 2011-12.

One Remuneration Committee Meeting was held on 27th April 2011 during the year 2011-12.

The composition, names of the members, chairperson, particulars of the Meetings, and attendance of the members during the year are as follows:

Sl.No	Names of Members	Category	No. of Meetings attended during the year 2011-12
1	Mr. H.H. Malgham* (Chairman up to 22nd July, 2012)	Independent/Non-executive	1
2	Mr. S. Ramadorai	Not Independent / Non-executive	1
3	Dr. R. Natarajan (Chairman w.e.f 7th May, 2012)	Independent / Non-executive	-
4	Mrs.Shyamala Gopinath**	Independent / Non-executive	-

* Mr. H H Malgham stepped down from the Committee w.e.f. 23rd July, 2011

** Mrs. Shyamala Gopinath was appointed as a Member of the Remuneration Committee w.e.f. 18th August, 2011

Details of Remuneration for the year ended 31st March, 2012

Non-executive Directors (NEDs):

Sl.No	Name of the Non-executive Director	Sitting Fees ₹	Commission* ₹
1	Mr. S Ramadorai	1,80,000	12,00,000
2	Mr. P.G. Mankad	1,35,000	7,00,000
3	Mr. P McGoldrick	75,000	4,50,000
4	Dr. R. Natarajan	1,65,000	9,00,000
5	Mrs. Shyamala Gopinath	75,000	5,50,000
6	Mr. H H Malgham (Stepped down w.e.f 23rd July, 2011)	1,35,000	12,00,000

* The Commission payable to the NEDs is subject to the approval of payment of commission to NEDs for a period of 5 years commencing 1st April, 2011, by the shareholders, as also the approval of the annual accounts, at the forthcoming Annual General Meeting.

Managing Director:

Name	Basic Salary ₹	Commission* ₹	Contribution to Provident & other Funds ₹	Other Allowances & Perquisites ₹	Total ₹
Mr. Madhukar Dev	33,00,000	60,00,000	9,73,500	46,20,000	1,48,93,500

* Subject to approval of the annual accounts at the forthcoming Annual General Meeting.

The service of Managing Director may be terminated by either party giving other party six month's notice or the Company paying six months salary in lieu thereof.

COMPLIANCE REPORT ON CORPORATE GOVERNANCE (Contd.)**5. Shareholders / Investors Grievances Committee**

The terms of reference mandated by your Board, which is also in line with the statutory and regulatory requirements, are:

- Redressing of Shareholders and Investors complaints;
- To ensure expeditious share transfers;
- To review status of legal cases involving the investors where the Company has been made a party.

Three Investor Grievance Committee Meetings were held during the year 2011-12. The dates on which the Investor Grievance Committee Meetings held were 27th April 2011, 22nd July 2011, and 16th January 2012.

The composition, names of the members, chairperson, particulars of the Meetings and attendance of the members during the year are as follows:

Sl.No.	Names of Members	Category	No. of Meetings attended during the year 2011-12
1	Mr. P.G. Mankad, Chairman	Independent / Non-executive	3
2	Mr. H H Malgham*	Independent / Non-executive	2
3	Dr. R. Natarajan**	Independent / Non-executive	1

* Mr. H H Malgham stepped down from the Committee w.e.f. 23rd July, 2011

** Dr. R. Natarajan was nominated as a Member of the Committee w.e.f 18th August, 2011

Name, designation & address of the Compliance Officer:

Mr. G. Vaidyanathan
Company Secretary
Tata Elxsi Ltd.,
ITPB Road, Whitefield, Bangalore – 560 048.
Phone : +91-80-22979316
Fax : +91-80-28411474
E-mail : gvnathan@tataelxsi.co.in

Details of complaints received and redressed during 2011-12 :

Opening Balance	Received during the year	Resolved during the year	Closing Balance
-	16	13	3

Complaints/correspondence are usually dealt with within 10 days of receipt and are completely resolved, except in cases where litigation is involved.

Share transfer lodgements are processed within 20 days and returned, except in cases where litigation is involved.

The following persons can also be contacted in case of investor grievances:

- a. Ms. Mary Alles (email:mary@tataelxsi.co.in);
Phone: +91-080-22979789; Fax: +91-080-22979770
- b. TSR Darashaw Ltd. (email: csg-unit@tsrdarashaw.com);
Phone: +91-022-66568484; Fax: +91-022-66568494

COMPLIANCE REPORT ON CORPORATE GOVERNANCE (Contd.)

6. General Body Meetings

Particulars about the last three Annual General Meetings (AGM's) of the Company are:

Sl.No	AGM Particulars	Date	Venue	Time
1	22nd AGM in respect of the year 2010-11	22nd July, 2011	Good Shepherd Auditorium 25, Museum Road, opp. St. Joseph P.U College Bangalore	12.00 p.m.
2	21st AGM in respect of the year 2009-10	26th July, 2010	Dr. B.R Ambedkar Bhavan, Millers Road, Vasanth Nagar, Bangalore	11.30 a.m.
3	20th AGM in respect of the year 2008-09	7th September, 2009	St. John's Auditorium, Koramangala, Bangalore	11.00 a.m.

No item of business, which required the members' approval through postal ballot, was transacted during 2011-12.

As required under clause 49(G) (i) of the listing agreement, particulars of the Directors seeking appointment/reappointment are given in the Annexure to the Notice.

7. Disclosures

- There are no materially significant related party transactions during the year that have potential conflict with the interests of the Company at large;
- There has been no non-compliance or penalties, or strictures imposed on your Company by any of the Stock Exchanges or SEBI, or any statutory authority on any matter related to capital markets during the last three years;
- Your Company has adopted a Whistle Blower Policy which is permanently posted on the Company's intranet. All issues raised under the Whistle Blower Policy are directly reported to the Chairman/Chairperson of the Company's Audit Committee and no personnel have been denied access to the Audit Committee.
- The Company has complied with all the mandatory requirements and most of the non-mandatory requirements specified in the revised Clause 49 of the Listing Agreement.

8. Means of Communication

- Your Company uses several modes for communicating with its external stakeholders, such as announcements and press releases in newspapers, circular letters and other reports to the members, posting information on its Website (www.tataelxsi.com), intimation to the Stock Exchanges, responding to analyst's queries etc.
- Your Company's quarterly results are disseminated through all the modes mentioned above. Financial Express (English daily) and Sanjevani (vernacular daily) are usually the papers in which the quarterly results are published.
- Your Company's Management Discussion & Analysis of the Business for the year ended 31st March, 2012 forms a part of this Annual Report and is given under the Section so captioned.

9. General Shareholders Information

Sl.No	Salient Items of Interest	Particulars
i.	AGM Date, Time, and Venue	Tuesday, 24th July, 2012 at Devraj Urs Bhavan, (behind Dr. Ambedkar Bhavan), 16D, Millers Tank Bed Area, Vasanthanagar, Bangalore 560052 at 12.30 p.m.
ii.	Financial Calendar	7th May, 2012 – Q4 & FY12 Results 24th July, 2012 – Q1 Results & AGM Oct, 2012 – Q2 Results Jan, 2013 – Q3 Results
iii.	Date of Book Closure	17th July, 2012 to 24th July, 2012 (both days inclusive)
iv.	Dividend Payment Date	On and after 25th July, 2012

COMPLIANCE REPORT ON CORPORATE GOVERNANCE (Contd.)

v.	Listing on Stock Exchanges	Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001, India Tel. : +91-22-22721234 Fax : +91-22-22722041 The National Stock Exchange of India Limited Exchange Plaza Plot No.C/1, G Block Bandra-Kurla Complex Bandra (East) Mumbai-400 051, India Tel. : +91-22-26598100 Fax : +91-22-26598237 The Delhi Stock Exchange Association Limited (Applied for Delisting) DSE House, 3/1 ASAF Ali Road, New Delhi-110 002, India Tel. : +91-11-46470000 Fax: +91-11-46470053
vi.	Stock Code	Bombay Stock Exchange Ltd.: 500408 National Stock Exchange Ltd.: TATAELXSI
vii.	Registrar & Share Transfer Agents	TSR Darashaw Limited, 6-10, Haji Moosa Patrawala Ind. Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400 011
viii.	Share Transfer System	Shares lodged in physical form with the Company / its Registrars & Share Transfer Agents are processed and returned, duly transferred within 20 days normally, except in cases where litigation is involved. In respect of shares held in dematerialized mode, the transfer takes place instantaneously between the transferor, transferee, and the Depository Participant through electronic debit/credit of the accounts involved.
ix.	Dematerialisation of shares and liquidity	2,93,83,933 shares were held in dematerialized mode, as at March 31, 2012. The Company's equity shares are actively traded on BSE and NSE.
x.	Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity	There are no outstanding instruments and hence there will be no dilution of the equity.
xi.	Plant Locations	Your Company's software development centers are located at the following addresses: a. ITPB Road, Whitefield, Bangalore – 560 048; b. Brigade Tech Park, Block-B 134/1, 134/2, Pattandur Agrahara Village, Whitefield Road, K.R. Puram, Bangalore – 560 066; c. 171/2, Phase-2, Maruthi Industrial Estate, ITPB Road, Whitefield, Bangalore – 560 066; d. Neyyar, Plot No. 23-28, Technopark Campus, Kariyavattom, Trivandrum – 695 581; e. "Gayatri" Technopark, 1st floor, Kariyavattom, Trivandrum – 695 581; f. "Leela Infopark" 5th Floor, Plot No.2, Technopark Campus, Trivandrum – 695 581; g. Alpha – 1&2 Building, GIGA Space, IT Park, 198/1B, Viman Nagar, Pune - 411 014; h. Boston House, Suren Road, Andheri(East), Mumbai – 400 093; i. 4th Floor, IITM Research Park, Kanagam Road, Taramani, Chennai – 600 113;
xii.	Address for correspondence	ITPB Road, Whitefield, Bangalore – 560 048

COMPLIANCE REPORT ON CORPORATE GOVERNANCE (Contd.)

Market Price Data: High/Low during each month of 2011-12 on the following exchanges:

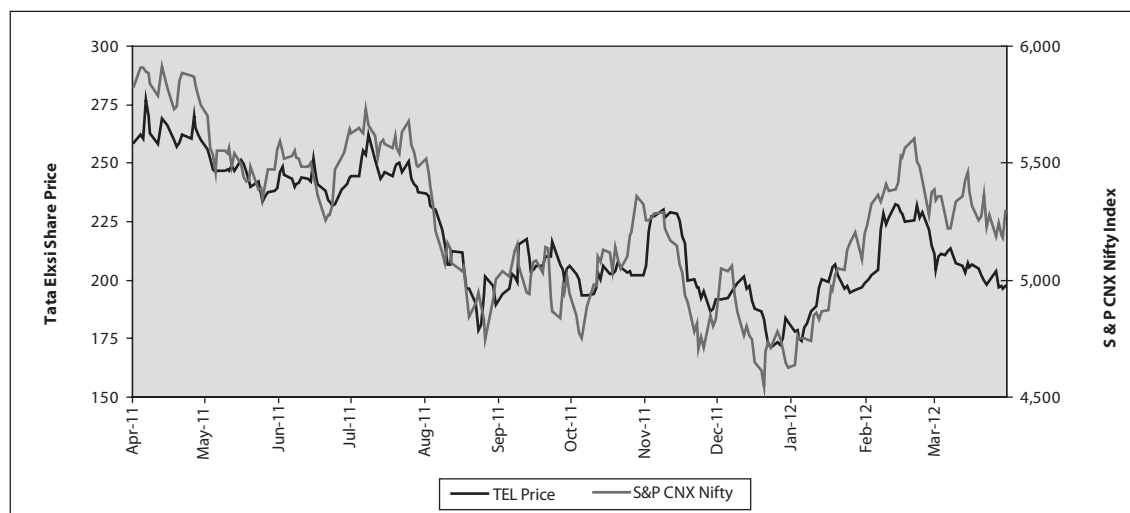
Month	BSE			NSE		
	High ₹	Low ₹	Vol (No. of shares)	High ₹	Low ₹	Vol (No. of shares)
April 2011	281.35	254.60	17,43,417	281.35	251.10	38,75,570
May 2011	261.40	232.25	4,61,775	261.35	232.00	11,04,897
June 2011	257.20	229.10	4,01,422	256.50	229.05	12,26,554
July 2011	264.00	234.00	5,81,495	263.90	234.80	15,47,560
August 2011	239.60	171.80	3,65,454	239.75	169.95	8,59,122
September 2011	222.00	191.90	4,82,559	222.35	191.50	11,01,665
October 2011	230.60	191.00	6,70,839	231.00	191.00	14,08,575
November 2011	236.00	184.70	4,62,867	236.40	182.10	9,16,735
December 2011	208.40	167.10	2,63,832	208.90	165.10	6,37,967
January 2012	211.50	172.90	6,19,657	211.45	172.80	13,29,874
February 2012	238.75	199.55	9,78,912	238.90	198.50	19,88,870
March 2012	221.40	193.10	3,61,872	221.75	191.20	11,06,470

Distribution of Shareholding as on March 31, 2012

Range of Shares	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1 - 500	53,452	95.70	70,03,680	22.49
501 - 1000	1,640	2.92	13,23,586	4.25
1001- 2000	616	1.10	9,39,186	3.02
2001 - 3000	193	0.34	4,95,609	1.59
3001 - 4000	85	0.15	3,13,053	1.01
4001 - 5000	56	0.10	2,66,070	0.85
5001 - 10000	97	0.17	7,11,124	2.28
Over 10,000	87	0.15	2,00,85,912	64.51
Total	56,226	100.00	3,11,38,220	100.00

Categories of Shareholding as on March 31, 2012

Category	No. of Shareholders	No. of Shares held	% of Shareholding
Individuals	54,798	1,36,46,707	43.83
NRI's	490	1,71,840	0.55
Companies	735	19,29,443	6.20
Tata Group	4	1,40,47,632	45.11
Mutual Funds, FI's, FII's	12	11,72,582	3.76
Clearing Member/Clearing House	187	1,70,016	0.55
Total	56,226	3,11,38,220	100.00

Tata Elxsi Share Price Vs. S&P CNX Nifty Index

Auditors' Certificate on Compliance of Conditions of Corporate Governance as per Clause 49 of the Listing Agreement with the Stock Exchanges

To the Members of TATA ELXSI LIMITED

We have examined the compliance of conditions of Corporate Governance by **TATA ELXSI LIMITED** (the Company), for the year ended on March 31, 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with the said stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion of the financial statements of the company.

In our opinion and to the best of our information, and according to the explanations given to us, and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above-mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company, nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 0080725)

V. Balaji
Partner
(Membership No.203685)

Place: Mumbai

Date: May 07, 2012

MANAGEMENT DISCUSSION & ANALYSIS (MDA) STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

1. Business Analysis

Your Company's operations are broadly broken up into two business segments i.e. Software Development & Services and Systems Integration & Support.

Software Development and Services:

This business segment registered an increase of 27% from ₹ 358.20 crores during FY11 to ₹ 454.25 crores in FY12. The profit of this segment registered an increase of 51% from ₹ 36.81 crores during FY11 to ₹ 55.69 crores in FY12. This was due to increased volume growth and improved margins.

This business segment is broken up into three distinct business groups:

Embedded Product Design:

The Embedded Product Design division provides technology consulting, new product development, system integration and testing services for leading product companies, service providers, and aspiring start-ups. This is backed by an in-depth understanding of technology, a large multi-disciplinary product development team, and mature processes and systems.

It also creates and licenses intellectual property and software components, helping customers create product differentiation and reduce development costs and time-to-market.

It offers solutions across a diverse range of industries including broadcast, consumer electronics, convergence, medical devices, transportation, and wireless communications.

To take advantage of the emerging embedded systems engineering market opportunity, your Company is focusing on building vertical centric capabilities in segments with high growth potential. This is also expected to help drive large share of business from key customers in these segments.

Your Company derives revenues from Japan for its embedded product design services, especially in the consumer electronics, telecom and automotive electronics segments. Despite the compounding effects of Tsunami, floods in Thailand and weak overseas recovery, your Company has managed to show moderate volume growth from Japan during the year and is working to continue the same growth momentum in the next year.

A brief overview of the key industry segments addressed is detailed below:

Broadcast and Consumer Electronics:

Tata Elxsi provides turn-key product engineering services for the broadcast and consumer electronics markets. These include "full-life cycle" embedded product design services including hardware, software, and enclosure design of various products in the broadcast and consumer electronics industry. These "full-life cycle" services play continues to make your Company the preferred service provider for leading broadcast and consumer electronics OEMs.

This division works with leading product companies developing digital television products, set-top boxes, e-book readers, tablets, media players, digital still, and video cameras. Your Company works with leading product companies to successfully develop and deploy these products in various geographies in compliance with different standards and service provider requirements.

The broadcast digitization mandate within various countries creates increased demand for development and deployment of set-top boxes. There is also increased adoption of mobile internet devices such as tablets and Over-the-top (OTT) content from the internet on TV. This requires specific engineering and development for both OEMs and operators, and your Company is positioned well to capitalize the continuing growth from these segments.

Your Company continues to engage with broadcast service providers across the world in the development of value-added applications that enhance the consumer experience of their services, and helping them reduce development and testing costs associated with service deployment.

Communications:

Tata Elxsi works with wire-line & wireless communications product companies for product engineering. Your Company is among the leading third-party software IP providers for 3GPP LTE and Mobile WiMAX standards, for both commercial and special applications such as public safety and defence.

MANAGEMENT DISCUSSION & ANALYSIS (MDA) STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

The telecom market is migrating to the latest technologies for broadband wireless access, especially for LTE (Long Term Evolution) standards. While WiMax continues to be deployed in certain parts of the world, most operators are now adopting LTE as the preferred standard for broadband wireless.

Your Company has continued to invest in developing software IPR for LTE during the year. This resulted in new customer wins and licensing deals with telecom equipment vendors.

During the year, your Company saw its customers showcasing their LTE solutions, based on our IPR, in leading industry events such as the Femto World Congress in London and Mobile World Congress in Barcelona. Your Company also demonstrated its IP and solutions through direct participation in these leading industry events.

Transportation:

Your Company offers electronics, software development, and full system services for automotive industry. Focus areas in automotive electronics include Powertrain, Body Electronics, Safety, Driver Assistance, and In-vehicle Infotainment. Your Company also provides software based on the AUTOSAR standards and the multimedia components for in-car entertainment. Our partnerships with GENIVI, AUTOSAR, and Artop enable us to support customers in developing solutions for next-generation automotive electronics.

The industry is witnessing an increasing demand for more fuel-efficient vehicles, convergence, and networked connectivity within vehicles. Due to the demand for such increased functionality, there is an increasing relevance of embedded systems in vehicles and your Company is well poised to take advantage of this addressable opportunity.

Due to regulatory pressure for stringent emission and safer transport from various governments across the world, the demand for intelligent electronics is expected to increase substantially. Tata Elxsi is engaging with leading OEMs and systems suppliers in the development of next-generation hybrid engine technologies, active, and passive safety systems in the vehicle.

Industrial Design:

The Industrial Design division helps customers develop winning brands and products by using design as a strategic tool for business success. Its expertise extends across consumer insight, branding, product design, packaging design, transportation design, visual design, design engineering, and manufacturing support.

An in-depth understanding of consumers and rapidly changing market dynamics, backed by a multi-disciplinary design team, enables it to service a broad spectrum of industries. This includes automotive, communications, consumer products, healthcare, and retail.

It has supported the launch of leading brands and products across the world. It has won several international awards and patents for design and innovation.

During the year, the division has worked on some challenging projects that have enabled it to create a better business advantage for its customers through design. It helped develop a low cost x-ray machine for emerging markets, for a leading healthcare player, integrating key constraints posed by the product environment and cost. For one of the world's leading consumer durables company, it has worked on the complete development of a luxury promotional bus that was deployed to showcase the new range of products. After successfully executing the signage system design for Bangalore Metro, the division has also executed the signage design for one of India's leading airports.

Visual Computing Labs

Visual Computing Labs is an award-winning digital production studio providing Animation, Visual Effects (VFX), and 3D stereoscopic content for feature films, episodic television and television, commercials. It hosts world-class studios in Los Angeles and India and has a creative team that includes national and international award winning professionals.

It also offers custom content development for visualization and product marketing, and is a leading provider of engineering and animation services for mobile, online and console games.

VCL is seeing more traction overseas and your Company continues to execute projects for major Hollywood studios and smaller independent film producers. During the year, your Company executed key master service agreements with leading game developers and publishers. During the year, VCL division was felicitated with two awards at the prestigious FICCI Frames BAF AWARDS – 2012. VCL won the Best Animated Ad Film for Samsung Wave II Game TVC (TV Commercials) and the "Special Jury Award" in the VFX in a Commercial category for Panasonic 'Econavi' AC TVC at FICCI BAF AWARDS 2012. VCL's projects were also nominated at the International Animation Awards 2011, Anifest India 2011, and CGTantra Community Awards 2011.

MANAGEMENT DISCUSSION & ANALYSIS (MDA) STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

During the year, your Company entered into a Joint Venture Agreement with M/s A Squared Entertainment LLC, USA to create, develop and distribute original brands targeted at children entertainment. The Joint Venture reflects the company's efforts to expand its business beyond its traditional work-for-hire model and enhance its participation across the value chain.

Systems Integration and Support

This business segment registered an increase of 46 % from ₹ 57.71 crores during FY11 to ₹ 84.45 crores in FY12. The profit of this segment registered an increase of 24 % from ₹ 6.77 crores during FY11 to ₹ 8.40 crores in FY12.

This segment comprises of the Systems Integration, Customer Support, and Professional Services Group businesses.

The Systems Integration division implements and integrates complete systems and solutions for High-Performance Computing, CAD/CAM/CAE, Broadcast, Virtual Reality, Storage and Disaster Recovery. It addresses the broadcast, manufacturing, government, defense, and education sectors, with an expert team of integration specialists and support engineers, located across a wide network of offices. This is backed by strategic partnerships with best-in-class software and technology providers.

The Professional Services group offers storage, network, and infrastructure management services for the Indian and overseas markets.

During the year, the Professional Services group won a Pan-India support contract, from one of the world's leading personal computing companies, and expects to fully operationalize this over the next financial year.

2. Internal Controls systems and their adequacy:

Your Company has put in place adequate internal control systems, commensurate to the size and scale of its operations. The Company has ensured a two-level Audit System with in-house Internal Auditors conducting regular and periodic audits of specific processes and controls, and a quarterly audit of internal controls in different areas of operation by an external firm, Ernst & Young. Significant observations made by the in-house and external internal auditors are presented to the Audit Committee for their recommendations. The status of the implementation of the observation and recommendations are also presented to the Audit Committee periodically.

The Company has implemented a new ERP package, which helps in the integrations of all functionalities of the Organisation, streamlining of business process and also ensures that the integrity of data is protected.

3. Financial Analysis:

The following are relevant financial performance details, on consolidated basis, with respect to the operational performance of the Company:

Salient Consolidated Financial Data Expenditure Analysis Relating to Profit & Loss Account

	2011-12	2010-11	Change over
	₹ crores	₹ crores	previous year %
Sales and services	538.71	415.91	29.53
Other income	4.20	3.86	8.81
Total Revenues	542.91	419.77	29.34
Cost of sales	71.72	53.66	33.66
Personnel expenses	278.07	216.71	28.31
Financial expenses	2.33	1.88	23.94
Depreciation/ Amortisation	20.52	17.20	19.30
Other expenses	114.91	98.35	16.84
Total Expenditure	487.55	387.80	25.72
Profit before tax for the year	55.36	31.97	73.16
Tax	16.65	(0.55)	-
Profit after tax for the year	38.71	32.52	19.03
Share of loss from associated Company	4.12	-	-
Net profit for the year	34.59	32.52	6.37

Percentage to Income

	2011-12	2010-11
	%	%
Sales and services	99.23	99.08
Other income	0.77	0.92
Total Revenues	100.00	100.00
Cost of sales	13.21	12.78
Personnel expenses	51.22	51.63
Financial expenses	0.43	0.45
Depreciation/ Amortisation	3.78	4.10
Other expenses	21.17	23.43
Total Expenditure	89.80	92.38
Profit before tax for the year	10.20	7.62
Tax	3.07	(0.13)
Profit after tax for the year	7.13	7.75
Share of loss from associated Company	0.76	-
Net profit for the year	6.37	7.75

MANAGEMENT DISCUSSION & ANALYSIS (MDA) STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)
Analysis:
a. Overheads:

	2011-12	2010-11	Variance %	Remarks
Items	₹ crores	₹ crores		
Operating lease rentals	14.00	11.94	17.3	Increase in rent for leased premises
Overseas travel	18.90	16.06	17.7	Increase in onsite assignment
Consultant fees for software development	25.95	10.63	144.1	Additional consultants for meeting project requirement
Legal and professional charges	8.24	5.92	39.2	Increase on account of growth initiatives
Provision for doubtful debts/ advances	4.86	16.25	(70.1)	

b. Significant Ratio Analysis

Sl.No.	Particulars	Unit	31.03.12	31.03.11
1	Earning before interest, depreciation and tax/Sales	%	14.4	12.2
2	Profit before taxes/Sales	%	10.2	7.6
3	Profit after taxes/Sales	%	7.1	7.8
4	Current Ratio	No. of Times	1.32	1.34
5	Debt Equity Ratio	Ratio	0.18:1	0.14:1
6	Earning per share	₹	11.11	10.44

4. Human Resources:

Your Company recognizes the critical importance of its human capital and has multiple initiatives to contain attrition through effective employee engagement. Your Company will continue these measures to increase retention. Your Company also plans to increase manpower through fresh and lateral hires, as required to enable the targeted revenue growth.

5. Quality Initiatives:

Your Company has instituted very strong quality processes in the execution of its software projects. Your Company's EPD division is certified for ISO 9001:2008. Your Company's Transportation Business Unit has been assessed at Level 5 Automotive SPICE model, one of the very few companies in the world to achieve this distinction. Your Company has sound information security management processes. Your Company's development centers in Bangalore, Trivandrum, Mumbai, Pune, and Chennai have been certified for ISO 27001. Your Company has implemented several practices in line with the Tata Business Excellence Model (TBEM). During the year, Your Company participated in the TBEM assessment and has been assessed at a higher score band, thereby signifying improved performance.

Auditors' Report

TO THE MEMBERS OF TATA ELXSI LIMITED

1. We have audited the attached Balance Sheet of **TATA ELXSI LIMITED** ("the Company") as at March 31, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (iii) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (v) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
 - (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on March 31, 2012 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

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

V. Balaji
Partner
(Membership No. 203685)

Place: Mumbai

Date: May 07, 2012

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- (i) Having regard to the nature of the Company's business/activities/results, clauses iii (b) to (d), (f) & (g), v, vi, viii, xii, xiii, xiv, xvi, xix and xx of CARO are not applicable.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventory:
 - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (vi) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (vii) According to the information and explanations given to us in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2012 for a period of more than six months from the date they became payable.
 - (c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on March 31, 2012 on account of disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rs. in lakhs)
Sales Tax Act	Sales Tax	Commissioner of Sales Tax, Appeals	Financial Year 2003-04	0.11
Wealth Tax Act	Wealth Tax	Commissioner of Wealth Tax, Appeals	Financial Years 1993-94 to 1998-99	25.89
Income Tax Act	Income Tax	Commissioner of Income Tax, Appeals	Financial year 2004-05	87.68

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rs. in lakhs)
Income Tax Act	Income Tax	Commissioner of Income Tax, Appeals	Financial Year 2005-06	5.40
Income Tax Act	Income Tax	Commissioner of Income Tax, Appeals	Financial Year 2006-07	27.13
Income Tax Act	Income Tax	Deputy Commissioner of Income Tax	Financial Year 2007-08	274.41
Income Tax Act	Income Tax	Deputy Commissioner of Income Tax	Financial Year 2008-09	34.66
Income Tax Act	Income Tax	Deputy Commissioner of Income Tax	Financial Year 2009-10	22.46
Income Tax Act	Income Tax	Deputy Commissioner of Income Tax	Financial Year 2010-11	17.67

- (viii) The Company does not have accumulated losses at the end of the financial year and has not incurred cash loss during the financial year and the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and financial institutions. The Company has not issued any debentures.
- (x) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not prima facie prejudicial to the interests of the Company.
- (xi) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long- term investment.
- (xii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- (xiii) To the best of our knowledge and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

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

V. Balaji
Partner
(Membership No. 203685)

Place: Mumbai

Date: May 07, 2012

Balance Sheet as at 31 March, 2012

	Note	As at 31 March, 2012	Rs. lakhs As at 31 March, 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	3,113.82	3,113.82
Reserves and surplus	4	15,793.48	14,932.14
		18,907.30	18,045.96
Non Current liabilities			
Long-term provisions	5	688.74	686.35
Deferred tax liabilities (Net)	24.7	372.00	150.00
		1,060.74	836.35
Current liabilities			
Short-term borrowings	6	3,415.60	2,543.16
Trade payables	7	4,777.67	3,997.22
Other current liabilities	8	2,223.65	1,866.52
Short-term provisions	9	2,601.27	2,551.89
		13,018.19	10,958.79
Total		32,986.23	29,841.10
ASSETS			
Non current assets			
Fixed assets	10		
Tangible assets		7,672.32	7,271.11
Intangible assets		2,315.12	1,805.04
Capital work-in progress		105.97	419.61
Intangible assets under development		940.15	763.92
		11,033.56	10,259.68
Non-current Investments	11	28.67	28.67
Long-term loans and advances	12	5,054.43	4,989.53
		16,116.66	15,277.88
Current assets			
Inventories	13	2.13	57.11
Trade receivables	14	12,354.11	10,414.63
Cash and cash equivalents	15	2,355.09	2,022.25
Short-term loans and advances	16	1,033.02	1,147.47
Other current assets	17	1,125.22	921.76
		16,869.57	14,563.22
Total		32,986.23	29,841.10

Corporate information and significant accounting policies
See the accompanying notes forming part of the financial statements

1 & 2

In terms of our report attached

For and on behalf of the Board of Directors

For **Deloitte Haskins & Sells**
Chartered Accountants

V. Balaji
Partner

Mumbai, May 07, 2012

S. Ramadorai
Shyamala Gopinath
Madhukar Dev
Sudha Madhavan
G. Vaidyanathan

Mumbai, May 07, 2012

Chairman
Director
Managing Director
Chief Financial Officer
Company Secretary

Statement of Profit and Loss for the year ended 31 March, 2012

			Rs. lakhs
	Note	For the year ended 31 March, 2012	For the year ended 31 March, 2011
REVENUE			
Revenue from operations	18	51,445.84	41,101.16
Other income	19	612.46	386.34
Total		52,058.30	41,487.50
EXPENSES			
Purchases	20	5,010.58	5,026.32
Changes in inventories of stock-in-trade	20A	54.98	(50.87)
Employee benefits expenses	21	27,807.29	21,670.28
Finance costs		232.63	188.26
Depreciation/ amortisation expense	10	2,051.92	1,720.47
Other expenses	22	11,866.34	9,821.09
Total		47,023.74	38,375.55
Profit before tax for the year		5,034.56	3,111.95
Tax Expense			
i) Current tax		(1,290.62)	(1,096.00)
ii) MAT credit entitlement		-	786.00
iii) Overseas tax of prior years		(127.38)	-
iv) Net current tax expense		(1,418.00)	(310.00)
v) Deferred tax		(222.00)	371.50
Total		(1,640.00)	61.50
Net Profit for the year		3,394.56	3,173.45
Earnings per equity share of Rs.10/- each			
Basic and diluted		10.90	10.19
Corporate information and significant accounting policies	1 & 2		
See the accompanying notes forming part of the financial statements			

In terms of our report attached

For and on behalf of the Board of Directors

For **Deloitte Haskins & Sells**
Chartered Accountants

V. Balaji
Partner

S. Ramadorai
Shyamala Gopinath
Madhukar Dev
Sudha Madhavan
G. Vaidyanathan

Chairman
Director
Managing Director
Chief Financial Officer
Company Secretary

Mumbai, May 07, 2012

Mumbai, May 07, 2012

Cash Flow Statement for the year ended 31 March, 2012

	Rs. lakhs	
	For the year ended 31 March, 2012	For the year ended 31 March, 2011
A. Cash flows from operating activities		
Net Profit before tax	5,034.56	3,111.95
Adjustment for:		
Depreciation and amortisation	2,051.92	1,720.47
Interest income	(3.25)	(33.41)
Dividend received from subsidiary	(191.96)	-
Finance costs	232.63	188.26
Provision for diminution in value of investment	411.75	-
Provision for doubtful debts/advances	486.25	1,625.00
Liabilities / provisions no longer required, written back	(25.44)	(65.04)
Loss/(Profit) on sale of assets	33.14	1.22
Unrealised exchange loss/(gains)	162.71	67.88
Operating profit before working capital changes	8,192.31	6,616.33
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Deposits as Margin Money or Security against commitments	(7.20)	-
Inventories	54.98	(50.87)
Trade receivables	(2,223.49)	(152.31)
Short-term loans and advances	146.68	(13.29)
Long-term loans and advances	1.74	(60.76)
Other current assets	(203.46)	152.44
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	667.48	1,239.78
Other current liabilities	308.88	539.77
Short-term provisions	49.44	(51.14)
Long-term provisions	2.39	(19.83)
Cash generated from operations	6,989.75	8,200.12
Income tax paid	(1,373.66)	(1,027.10)
Net cash flow from / (used in) operating activities	5,616.09	7,173.02
B. Cash flows from investing activities		
Purchase of fixed assets/ capital advances	(2,873.06)	(2,908.40)
Proceeds of sale of fixed assets	54.85	7.44
Dividend received from subsidiary	191.96	-
Share application money in A Squared Elxsi Entertainment LLC, USA	(518.30)	-
Interest received	3.25	33.41
Net cash flow from / (used in) investing activities	(3,141.30)	(2,867.55)
C. Cash flows from financing activities		
Short term borrowings availed/ (re-paid) (net)	443.46	(853.77)
Interest paid	(232.63)	(188.26)
Dividend paid	(2,176.59)	(2,164.71)
Tax on dividend paid	(353.60)	(362.02)
Net cash flow from / (used in) financing activities	(2,319.36)	(3,568.76)
Net increase/(decrease) in cash and cash equivalents	155.43	736.71
Cash and cash equivalents as at beginning of the year	2,022.25	1,343.02
Exchange gain/(loss) on restatement of foreign currency cash and cash equivalents	170.21	(57.48)
Cash and cash equivalents as at end of the year	2,347.89	2,022.25
Reconciliation of cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents as per Balance Sheet (Refer Note 15)	2,355.09	2,022.25
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements	7.20	-
Cash and cash equivalents at the end of the year comprises:	2,347.89	2,022.25
(a) Cash on hand	1.05	0.90
(b) Cheques on hand	89.45	15.91
(c) Balances with banks		
i) in current accounts	1,806.82	1,353.38
ii) in EEFC accounts	211.66	416.24
iii) in earmarked accounts-Unpaid dividend accounts	238.91	235.82
	2,347.89	2,022.25

Corporate information and significant accounting policies

See the accompanying notes forming part of the financial statements

1&2

In terms of our report attached

For and on behalf of the Board of Directors

 For **Deloitte Haskins & Sells**
Chartered Accountants

V. Balaji
Partner

S. Ramadorai
Shyamala Gopinath
Madhukar Dev
Sudha Madhavan
G. Vaidyanathan
Chairman
Director
Managing Director
Chief Financial Officer
Company Secretary

Mumbai, May 07, 2012

Mumbai, May 07, 2012

Notes forming part of the financial statements

1 Corporate information

Tata Elxsi Limited was incorporated in 1989. The Company provides product design and engineering services to the consumer electronics, communications & transportation industries and systems integration and support services for enterprise customers. It also provides digital content creation for media and entertainment industry.

The company is headquartered in Bangalore, and operates through delivery centers in Bangalore, Chennai, Coimbatore, Pune, Mumbai and Tiruvananthapuram.

Its sales operations are located in multiple cities in India, and in multiple international locations including Dubai, France, Germany, Japan, UK and USA.

2 Significant Accounting Policies

2.1 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialised.

2.3 Inventories

Components and spares are valued at lower of cost and net realizable value. Cost is determined on the basis of specific identification method.

Computer systems and software, components and spares intended for customer support are written off over the effective life of the systems maintained, as estimated by Management.

2.4 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.5 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.6 Depreciation and amortisation

Depreciation has been provided on the straight-line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under:

Leasehold land is amortised over the duration of the lease

Assets costing less than Rs.5,000 each are fully depreciated in the year of capitalisation

Intangible assets are amortised over their estimated useful life as follows:

In-house Technical Know-How – 3 years.

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

Notes forming part of the financial statements

2.7 Revenue recognition

Sale of goods

Income from sales of goods is recognised upon passage of risks and rewards of ownership to the goods, which generally coincide with the despatch. Sales exclude taxes and levies.

Income from services

- a) Income from services is recognized upon rendering of the services. Income from maintenance contracts relating to the year is recognized when the contracts are entered into on a time proportionate basis. The income excludes taxes and levies.
- b) Revenue from software development on fixed price, fixed time frame contracts is recognised as per the proportionate completion method. On time and materials contracts, revenue is recognised as the related services are rendered.
- c) In respect of orders procured, for which sales are effected directly to the customers by the vendors, the Company accounts only for the commission, installation and other charges to which it is entitled.

2.8 Other income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

2.9 Tangible fixed assets

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately in the Balance Sheet.

Capital work-in-progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

2.10 Intangible Assets.

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

Refer note 2.18 for accounting for research and development expenses.

2.11 Foreign currency transactions and translations

Initial recognition

Transactions in foreign currencies entered into by the Company and its integral foreign operations are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement of foreign currency monetary items at the Balance Sheet date

Foreign currency monetary items (other than derivative contracts) of the Company and its net investment in non-integral foreign operations outstanding at the Balance Sheet date are restated at the year-end rates.

In the case of integral operations, assets and liabilities (other than non-monetary items), are translated at the exchange rate prevailing on the Balance Sheet date. Non-monetary items are carried at historical cost. Revenue and expenses are translated at the average exchange rates prevailing during the year. Exchange differences arising out of these translations are charged to the Statement of Profit and Loss.

Notes forming part of the financial statements

Accounting of forward contracts

Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the Balance Sheet date. Refer Note 2.22 for accounting for forward exchange contracts relating to firm commitments and highly probable forecast transactions.

2.12 Investments

Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

2.13 Employee benefits

Employee benefits include contribution to provident fund, superannuation fund, gratuity fund and compensated absences.

Defined contribution plans

The Company's contribution to provident fund and superannuation fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made.

Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under :

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

2.14 Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Notes forming part of the financial statements

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

2.15 Leases

Assets leased by the Company in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

2.16 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post - tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.17 Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961 and Foreign Tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

Current and deferred tax relating to items in equity are recognised in equity and not in the Statement of Profit and Loss.

2.18 Research and development expenses

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technological feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Tangible Fixed Assets and

Notes forming part of the financial statements

Intangible Assets.

2.19 Impairment of assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

2.20 Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

2.21 Provision for warranty

As per the terms of the contracts, the Company provides post-contract services / warranty support to some of its customers. The Company accounts for the post-contract support / provision for warranty on the basis of the information available with the Management duly taking into account the current and past technical estimates.

2.22 Derivative contracts

The Company enters into derivative contracts in the nature of foreign currency options, forward contracts with an intention to hedge its existing assets and liabilities, firm commitments and highly probable transactions. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for Foreign Currency Transactions and Translations.

All other derivative contracts are marked-to-market and losses are recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

2.23 Insurance claims / Claims with ECGC

Insurance claims and claims with ECGC are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

Notes forming part of the financial statements

	Rs. lakhs
	As at
	31 March, 2012
	As at
	31 March, 2011
3 SHARE CAPITAL	
Authorised :	
35,000,000 equity shares of Rs. 10/- each with voting rights	<u>3,500.00</u>
Issued :	
31,165,620 equity shares of Rs. 10/- each with voting rights	<u>3,116.56</u>
Subscribed and fully paid up :	
31,138,220 equity shares of Rs.10/-each, with voting rights	<u>3,113.82</u>
Total	<u><u>3,113.82</u></u>

Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

	Opening Balance	Closing Balance
Equity shares with voting rights		
Year ended 31 March, 2012		
- Number of shares	<u>31,138,220</u>	<u>31,138,220</u>
- Amount in Rs. Lakhs	<u>3,113.82</u>	<u>3,113.82</u>
Year ended 31 March, 2011		
- Number of shares	31,138,220	31,138,220
- Amount in Rs. Lakhs	<u>3,113.82</u>	<u>3,113.82</u>

Details of shares held by each shareholder holding more than 5% shares:

	As at 31 March, 2012		As at 31 March, 2011
Class of shares / Name of share holder	Number of shares held	% of holding in that class of shares	Number of shares held
			% of holding in that class of shares
Equity shares with voting rights			
Tata Sons Limited	13,147,632	42.22%	13,147,632
Life Insurance Corporation of India	2,023,599	6.50%	2,193,990

The Company has only one class of Equity Share, having a par value of Rs.10/-. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, as on date no such preferential amounts exists. The distribution will be in proportion to number of equity shares held by the shareholders.

4 RESERVES AND SURPLUS

Capital reserve:		
Subsidy received from Kerala State Government	25.00	25.00
General reserve:		
Opening balance	4,159.82	3,659.82
Add: Transferred from surplus in Statement of Profit and Loss	<u>500.00</u>	<u>500.00</u>
	4,659.82	4,159.82
Surplus in Statement of Profit and Loss		
Opening balance	10,747.32	10,598.73
Add: Net Profit for the year	3,394.56	3,173.45
Balance available for appropriation	14,141.88	13,772.18
Less:		
- Dividend proposed to be distributed to Equity Shareholders (Rs. 7/- per share) (previous year: Rs. 7/- per share)	2,179.68	2,179.68
- Dividend tax net of reversal thereof	353.54	345.18
- Transfer to general reserve	<u>500.00</u>	<u>500.00</u>
Closing balance	<u>11,108.66</u>	<u>10,747.32</u>
Total	<u><u>15,793.48</u></u>	<u><u>14,932.14</u></u>

Notes forming part of the financial statements

Rs. lakhs

	As at 31 March, 2012	As at 31 March, 2011
5 LONG-TERM PROVISIONS		
Provision for compensated absences	318.38	315.99
Provision for taxation (Net of advance tax)	370.36	370.36
Total	688.74	686.35
6 SHORT-TERM BORROWINGS		
Working capital loans from banks - Secured, payable on demand	2,765.60	2,543.16
Secured by hypothecation of stocks of raw materials, finished goods, consumable stores, book debts etc.; pari passu charge on immovable property at Karnataka and other movable properties		
Loan from a Bank (unsecured)	650.00	-
Total	3,415.60	2,543.16
7 TRADE PAYABLES		
Trade payables		
-Acceptances	75.53	50.49
-Other than Acceptances (Refer Note 23.2)	4,702.14	3,946.73
Total	4,777.67	3,997.22
8 OTHER CURRENT LIABILITIES		
Advance from customers	278.21	379.27
Unpaid dividend [Will be transferred to Investor Education and Protection Fund when due]	238.91	235.82
Unearned revenue	724.90	267.13
Other payables	46.58	43.46
Statutory Remittances (Contributions to PF and ESIC, Withholding Taxes, VAT, Service Tax, etc.)	651.64	647.98
Payables on purchase of fixed assets	64.01	18.86
Provision for gratuity (Refer Note 24.1.b)	219.40	274.00
Total	2,223.65	1,866.52
9 SHORT-TERM PROVISIONS		
a) Provision for employee benefits:		
Provision for compensated absences	51.53	3.85
b) Provision others:		
Provision for warranty (Refer Note 24.9)	16.52	14.76
Provision for proposed equity dividend	2,179.68	2,179.68
Provision for tax on proposed equity dividend	353.54	353.60
Total	2,601.27	2,551.89

	Rs. lakhs									
DESCRIPTION	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	As at April 1, 2011	Additions	Sale/ Adjustment	As at March 31, 2012	Up to March 31, 2011	For the year	Sale/ Adjustment	Up to March 31, 2012	As at March 31, 2012	As at March 31, 2011
a. Tangible Fixed Assets										
Land - Freehold	49.06	-	-	49.06	-	-	-	-	49.06	49.06
Land - Leasehold	85.01	-	-	85.01	17.19	2.27	-	19.46	65.55	67.82
Buildings	2,151.60	7.76	-	2,159.36	374.61	71.97	-	446.58	1,712.78	1,776.99
Improvements to leasehold premises	383.29	226.54	(13.94)	595.89	337.98	93.70	(13.32)	418.36	177.53	45.31
Plant and machinery	13.20	-	-	13.20	6.34	0.71	-	7.05	6.15	6.86
Computer equipment	6,154.79	1,347.44	(1.31)	7,500.92	3,808.46	857.69	(0.77)	4,665.38	2,835.54	2,346.33
Furniture and fixtures	1,442.21	82.84	(111.15)	1,413.90	614.81	93.02	(62.98)	644.85	769.05	827.40
Office equipment	699.01	41.50	(14.04)	726.47	200.23	35.40	(3.06)	232.57	493.90	498.78
Electrical installations	1,419.43	11.99	(28.95)	1,402.47	397.08	67.57	(7.56)	457.09	945.38	1,022.35
Airconditioners	812.72	0.94	(8.04)	805.62	202.22	38.72	(1.75)	239.19	566.43	610.50
Vehicles	43.43	38.31	-	81.74	23.72	7.07	-	30.79	50.95	19.71
TOTAL	13,253.75	1,757.32	(177.43)	14,833.64	5,982.64	1,268.12	(89.44)	7,161.32	7,672.32	7,271.11
Previous year	12,288.18	1,020.86	(55.29)	13,253.75	4,752.82	1,276.45	(46.63)	5,982.64	7,271.11	7,535.36
b. Intangible Assets										
Intangibles - Software	3,500.71	529.96	-	4,030.67	1,695.67	529.16	-	2,224.83	1,805.84	1,805.04
Technical Know-how	-	763.92	-	763.92	-	254.64	-	254.64	509.28	-
TOTAL	3,500.71	1,293.88	-	4,794.59	1,695.67	783.80	-	2,479.47	2,315.12	1,805.04
Previous year	2,717.52	783.19	-	3,500.71	1,251.65	444.02	-	1,695.67	1,805.04	1,465.87

Notes forming part of the financial statements

		Rs. lakhs
	As at 31 March, 2012	As at 31 March, 2011
11 NON-CURRENT INVESTMENTS		
Long Term, Trade - Investment (at cost) in 100,000 fully paid equity shares (Unquoted) of Tata Elxsi (Singapore) Pte Ltd - a wholly owned subsidiary	<u>28.67</u>	<u>28.67</u>
Total	<u>28.67</u>	<u>28.67</u>
12 LONG-TERM LOANS AND ADVANCES		
(Unsecured, considered good)		
Capital Advances	4.43	-
Deposits	1,268.65	1,270.39
Tax deducted at source/Advance tax paid (Net of provision for tax)	1,494.05	1,112.39
MAT credit entitlement		
Opening balance	2,606.75	1,820.75
Availed / (Utilized) during the year	(426.00)	786.00
Share Application money in A Squared Elxsi Entertainment LLC, USA (Refer Note 24.4.c)	518.30	
Less: Provision for diminution in value	<u>411.75</u>	<u>-</u>
Total	<u>5,054.43</u>	<u>4,989.53</u>
13 INVENTORIES		
(lower of cost or net realisable value)		
Components and spares - for trading	2.13	57.11
Total	<u>2.13</u>	<u>57.11</u>
14 TRADE RECEIVABLES (UNSECURED)		
a) Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Considered good	308.35	1,825.74
Considered doubtful	<u>1,787.93</u>	<u>2,501.70</u>
	2,096.28	4,327.44
Less: Provision for doubtful trade receivables	<u>1,787.93</u>	<u>2,501.70</u>
	308.35	1,825.74
b) Other Trade Receivables (Considered good)	12,045.76	8,588.89
Total	<u>12,354.11</u>	<u>10,414.63</u>
15 CASH AND CASH EQUIVALENTS		
Cash on hand	1.05	0.90
Cheques on hand	89.45	15.91
Balances with banks		
i) in current accounts	1,806.82	1,353.38
ii) in EEFC accounts	211.66	416.24
iii) in earmarked accounts		
- Unpaid dividend accounts	238.91	235.82
- Balances held as margin money or security against commitments	<u>7.20</u>	<u>-</u>
Total	<u>2,264.59</u>	<u>2,005.44</u>
	<u>2,355.09</u>	<u>2,022.25</u>
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is	2,347.89	2,022.25

Notes forming part of the financial statements

	As at 31 March, 2012	Rs. lakhs As at 31 March, 2011
16 SHORT-TERM LOANS AND ADVANCES		
(Unsecured and considered good)		
a) Loans and advances to employees	142.95	185.23
b) Prepaid Expenses	255.72	204.32
c) Claims Receivable	329.12	140.80
d) Advance to suppliers	293.61	609.01
e) Deposits	11.62	8.11
Total	1,033.02	1,147.47
17 OTHER CURRENT ASSETS		
Unbilled revenue	1,125.22	921.76
Total	1,125.22	921.76
	For the year ended 31 March, 2012	For the year ended 31 March, 2011
18 REVENUE FROM OPERATIONS		
Sale of traded goods (Refer note (i) below)	2,880.67	2,820.63
Rendering of services (Refer note (ii) below)	48,565.17	38,280.53
Total	51,445.84	41,101.16
(i) Sale of traded goods include sales of computers, networking and storage systems.		
(ii) Rendering of services comprises:		
(a) Product Design	42,269.11	33,813.68
(b) Graphics Animation and Gaming	3,156.37	2,006.17
(c) System Integration and Support	3,139.69	2,460.68
	48,565.17	38,280.53
19 OTHER INCOME		
Interest from:		
- Banks	3.25	29.97
- Others	-	3.44
Dividend income from long term investment - Subsidiary	191.96	-
Net gain on foreign currency transactions and translation	380.87	281.57
Miscellaneous income	36.38	71.36
Total	612.46	386.34
20 PURCHASES		
Purchase of traded goods	2,252.13	2,259.22
Spares, consumables and others	2,758.45	2,767.10
Total	5,010.58	5,026.32
20A CHANGES IN INVENTORIES OF STOCK-IN-TRADE		
Inventories at the end of the year:		
Stock-in-trade	2.13	57.11
Inventories at the beginning of the year:		
Stock-in-trade	57.11	6.24
Net (increase) / decrease	54.98	(50.87)
21 EMPLOYEE BENEFITS EXPENSE		
Salaries	26,208.88	20,404.06
Contribution to provident and other funds	809.62	671.79
Staff welfare expenses	788.79	594.43
Total	27,807.29	21,670.28

Notes forming part of the financial statements

		Rs. lakhs
	For the year ended 31 March, 2012	For the year ended 31 March, 2011
22 OTHER EXPENSES		
Operating lease rentals (Refer Note 24.5)	1,399.87	1193.81
Rates and taxes	102.07	105.82
Power and fuel	737.39	642.14
Repairs and maintenance : Building	159.50	22.19
: Plant and machinery	265.47	262.16
: Others	234.64	199.20
Telephone, datalink, courier and postage	659.14	554.50
Inland travel and conveyance	719.99	703.86
Overseas travel	1,890.04	1,605.80
Advertisement and sales promotion expenses	310.20	302.23
Commission on sales	73.38	59.74
Hire charges	65.62	86.68
Printing and stationery	86.04	99.48
Motor vehicle expenses	292.08	172.80
Recruitment	106.01	66.50
Training	161.22	128.29
Consultant fees for software development	2,595.17	1,062.68
Legal and professional charges	824.87	591.50
Secretarial charges	5.85	10.60
Insurance	100.56	114.96
Loss on sale of assets (net)	33.14	1.22
Bank and other charges	47.00	42.77
Commission to non-executive directors	50.00	30.00
Auditors' remuneration (Refer Note (i) below)	35.25	21.82
Bad debts/advances written off	1,200.02	
Less: Amount transferred from provision for doubtful debts	1,200.02	-
Provision for doubtful debts/ advances	486.25	1,625.00
Provision for diminution in value of investment	411.75	-
Provision for warranty (net) (Refer Note 24.9)	1.76	14.76
General expenses	12.08	100.58
Total	11,866.34	9,821.09
Note (i): Payments to the auditors comprises:		
As auditors - statutory audit	29.25	18.00
Company law matters	0.75	0.75
Reimbursement of expenses	1.40	1.03
Service Tax	3.85	2.04
Total	35.25	21.82

Notes forming part of the financial statements

Rs. lakhs

As at 31 March, 2012 As at 31 March, 2011

23.1 Contingent liabilities and commitments (to the extent not provided for)

(i) Contingent liabilities

(a) Claims against the Company not acknowledged as debt

1. Disputed demands for Income Tax aggregates .	1,038.12	1,040.69
2. Disputed demands for Wealth Tax aggregates.	25.89	25.89
3. Disputed amount of Sales Tax aggregates.	656.83	656.83
4. Service tax matters.	842.26	193.61
5. Amount not recognised as debts.	292.44	-

(b) Guarantees- Guarantees given to a Housing Finance Company for housing loans availed by employees during their employment with the company

104.96 122.87

(c) Guarantee given to a bank for a loan to be secured by A Squared Elxsi Entertainment LLC, USA(A2E2)

1,594.50 -

(d) Loan drawn by A2E2 against the above guarantee

1,024.38 -

(ii) Capital Commitments :

Estimated amount of contracts remaining to be executed on capital account and not provided for :

Tangible assets	198.30	215.10
Intangible assets	141.50	37.51

23.2 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	3.39	1.87
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	1.71	1.03
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	1.03	-
(iv) The amount of interest due and payable for the year	1.71	
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	1.71	1.03
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

Notes forming part of the financial statements

23.3 Disclosure as per Clause 32 of the Listing Agreements with the Stock Exchanges

Loans and advances in the nature of loans given to subsidiaries, associates and others and investment in shares of the Company by such parties:

Name of the party	Relationship	Amount outstanding as at 31 March, 2012	Rs. lakhs
			Maximum balance outstanding during the year
Tata Elxsi (Singapore)Pte Ltd Investments	Subsidiary	28.67 (28.67)	28.67 (28.67)
A Squared Elxsi Entertainment LLC, USA [Refer Note 24.4.c)	Proposed subsidiary	1,024.38 (Nil)	1,024.38 (Nil)

Note: Figures in bracket relate to the previous year.

23.4 Details on derivatives instruments and unhedged foreign currency exposures

- I. The following derivative positions are open as at 31 March, 2012. These transactions have been undertaken to act as economic hedges for the Company's exposures to various risks in foreign exchange markets and may / may not qualify or be designated as hedging instruments. The accounting for these transactions is stated in Notes 2.11 and 2.22
- (a) Forward exchange contracts and options [being derivative instruments], which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables.
- (i) Outstanding forward exchange contracts entered into by the Company as on 31 March, 2012

Currency	Amount	Buy / Sell	Amount
USD	16 lakhs (Nil)	Sell	Rs. 826.08 lakhs (Nil)
GBP	5 lakhs (Nil)	Sell	Rs. 394.95 lakhs (Nil)
JPY	200 lakhs (Nil)	Sell	Rs.134.90 lakhs (Nil)
EURO	1 lakh (Nil)	Sell	Rs. 66 lakhs (Nil)

Note: Figures in brackets relate to the previous year

- (ii) Outstanding option contracts entered into by the Company as on 31 March, 2012

Currency	Amount	Buy / Sell	Amount
JPY	- (1200 lakhs)	- Sell	- (Sell@ Rs. 659.40 lakhs)
USD	- (15 lakhs)	- Sell	- (Sell@ Rs. 673.50 lakhs)
EURO	- (7.5 lakhs)	- Sell	- (Sell@ Rs. 469.13 lakhs)
GBP	- (5.0 lakhs)	- Sell	- (Sell@ Rs. 384.40 lakhs)

Note: Figures in brackets relate to the previous year

Notes forming part of the financial statements

II. The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

As at 31 March, 2012			As at 31 March, 2011		
Receivable in foreign currency lakhs		Receivable Rs. lakhs	Receivable in foreign currency lakhs		Receivable Rs. lakhs
Euro	15.68	1,072.10	Euro	3.04	192.31
GBP	34.56	2,826.96	GBP	29.27	2,102.03
USD	63.77	3,266.16	USD	92.76	4,148.25
JPY	2,898.51	1,809.41	JPY	1,348.82	729.99
ZAR	7.23	55.18	ZAR	5.03	33.30
KRW	20.46	0.91	KRW	20.44	0.82

Amount payable in foreign currency on account of purchase of goods and services

As at 31 March, 2012			As at 31 March, 2011		
Payable in foreign currency lakhs		Payable Rs. lakhs	Payable in foreign currency lakhs		Payable Rs. lakhs
Euro	0.56	38.25	Euro	1.61	101.87
GBP	0.29	23.42	GBP	0.80	57.59
USD	20.66	1,058.20	USD	7.25	323.84
JPY	2.98	1.86	-	-	-
ZAR	0.05	0.35	-	-	-

23.5 Value of imports calculated on CIF basis :

	For the year ended 31 March, 2012	Rs.lakhs For the year ended 31 March, 2011
Computer systems, peripherals, software etc.,	1,864.63	1,487.46
Capital goods	905.97	495.51
	2,770.60	1,982.97

23.6 Expenditure in foreign currency:

Overseas Office expenses	8,561.48	7,054.08
Foreign Travel	1,269.77	1,023.69
Other expenditure	592.88	660.69
	10,424.13	8,738.46

23.7 Earnings in foreign currency:

Service Income	40,058.80	31,203.59
Sale to domestic customer in foreign currency	355.37	965.53
Sales and Support	414.52	15.79
Dividend	191.96	-
	41,020.65	32,184.91

24.1 Employee benefit plans

24.1.a Defined contribution plans

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 471.93 lakhs (Year ended 31 March, 2011 Rs. 415.99 lakhs) for Provident Fund contributions and Rs.197.99 lakhs (Year ended 31 March, 2011 Rs. 150.95 lakhs) for Superannuation Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

Notes forming part of the financial statements

24.1.b Defined benefit plans

The Company offers gratuity to its employees under defined benefit plans

The following table sets out the funded status of the defined benefit schemes and the amount recognised in the financial statements:

Particulars	Rs. lakhs	
	Year ended 31 March, 2012	Year ended 31 March, 2011
Components of employer expense		
Current service cost	118.06	115.13
Interest cost	44.21	46.95
Expected return on plan assets	(22.29)	(25.73)
Curtailment cost / (credit)	-	-
Settlement cost / (credit)	-	-
Past service cost	-	-
Actuarial losses/(gains)	(12.56)	(31.34)
Total expense recognised in the Statement of Profit and Loss	127.42	105.01
Actual contribution and benefit payments for year		
Actual benefit payments	70.00	86.04
Actual contributions	182.02	160.00
Net asset / (liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	(664.89)	(552.64)
Fair value of plan assets	445.49	278.64
Funded status [Surplus / (Deficit)]	-	-
Unrecognised past service costs	-	-
Net asset / (liability) recognised in the Balance Sheet	(219.40)	(274.00)
Change in defined benefit obligations (DBO) during the year		
Present value of DBO at beginning of the year	552.64	533.67
Current service cost	118.06	115.13
Interest cost	44.21	46.95
Curtailment cost / (credit)	-	-
Settlement cost / (credit)	-	-
Plan amendments	-	-
Acquisitions	-	-
Actuarial (gains) / losses	19.98	(57.07)
Past service cost	-	-
Benefits paid	(70.00)	(86.04)
Present value of DBO at the end of the year	664.89	552.64
Change in fair value of assets during the year		
Plan assets at beginning of the year	278.64	204.68
Acquisition adjustment	-	-
Expected return on plan assets	22.29	25.73

Notes forming part of the financial statements

Particulars	Rs. lakhs	
	Year ended 31 March, 2012	Year ended 31 March, 2011
Actual company contributions	182.02	160.00
Actuarial gain / (loss)	32.54	(25.73)
Benefits paid	(70.00)	(86.04)
Plan assets at the end of the year	445.49	278.64
Actual return on plan assets	54.83	25.73
Planned asset are insurer managed funds (Life Insurance Corporation of India) Category of such assets is not disclosed as such information is not available from the insurer who manages the funds.		
	LIC- Mortality (1994-96)Table	
	21-30 years 10%	
	31-40 years 5%	
	41-50 years 3%	
	51 & above -2%	
Particulars	Rs. lakhs	
	Year ended 31 March, 2012	Year ended 31 March, 2011
Actuarial assumptions:		
Discount rate	8.50%	8.00%
Expected return on plan assets	8.60%	8.00%
Salary escalation	5.00%	5.00%
Attrition	10% if <5 yrs ;else 8%	10% if <5 yrs ;else 8%
Estimates of amount of contribution in the immediate next year (Rs. lakhs)	167.98	163.61

24.2 Experience adjustments

Gratuity	Rs. lakhs				
	2011-12	2010- 11	2009-10	2008-09	2007-08
Present value of DBO	664.89	(552.64)	(533.67)	(467.06)	(410.69)
Fair value of plan assets	445.49	278.64	204.68	179.86	142.13
Funded status [Surplus / (Deficit)]	(219.40)	(274.00)	(328.99)	(287.20)	(268.56)
Experience (gain) / loss adjustments on plan liabilities	42.82	(57.07)	(5.23)	(53.12)	2.22
Experience gain / (loss) adjustments on plan assets	32.54	(25.73)	0.96	(2.20)	(0.38)

Notes forming part of the financial statements

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Actuarial assumptions for long-term compensated absences		
Discount rate	8.50%	8.00%
Expected return on plan assets	8.60%	8.00%
Salary escalation	5.00%	5.00%
Attrition	10% if <5 yrs ;else 8%	10% if <5 yrs ;else 8%

24.3 Segment information

The Company has identified business segments as its primary segment and geographic segments as its secondary segment. Business segments are primarily System Integration & Support and Software Development & Services. Revenues and expenses directly attributable to segments are reported under each reportable segment. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable. Fixed assets that are used interchangeably amongst segments are not allocated to primary and secondary segments. Geographical revenues are allocated based on the location of the customer. Geographic segments of the Company are India, Europe, US, Japan and Others

Rs. lakhs

Particulars	For the year ended 31 March, 2012		
	Business segments		Total
	System Integration & Support	Software Development & Services	
Revenue	6,020.36	45,425.48	51,445.84
	(5,281.31)	(35,819.85)	(41,101.16)
Segment result	558.15	5,569.28	6,127.43
	(591.44)	(3,680.68)	(4,272.12)
Unallocable expenses (net)			232.63
			(188.26)
Operating income			5,894.80
			(4,083.86)
Other expenses (net)			860.24
			(971.91)
Profit before taxes			5,034.56
			(3,111.95)
Tax expense			1,640.00
			(-61.50)
Net profit for the year			3,394.56
			(3,173.45)

Segment asset include all assets relating to the segment and consist principally of fixed assets, receivables, other current assets and non-current assets.

Segment liabilities include all liabilities relating to the segment and consist principally of trade payables on other operating liabilities.

Notes forming part of the financial statements

Particulars	Rs. lakhs		
	For the year ended 31 March, 2012		
	Business segments		Total
	System Integration & Support	Software Development & Services	
Segment assets	5,470.99	11,335.00	16,805.99
	(2,567.69)	(13,161.15)	(15,728.84)
Unallocable assets			14,686.20
			(14,112.26)
Total assets			31,492.19
			(29,841.10)
Segment liabilities	2,064.31	3,433.38	5,497.69
	(1,427.40)	(1,976.54)	(3,403.94)
Unallocable liabilities			4,423.29
			(8,241.20)
Total liabilities			9,920.98
			(11,645.14)
<u>Other information</u>			
Capital expenditure (unallocable)			3,051.20
			(1,804.05)
Depreciation and amortisation (unallocable)			2,051.92
			(1,720.47)
Provision for doubtful debts			486.25
			(1,625.00)
Provision in diminution in value of investment			411.75
			(-)

The geographic segments individually contributing 10 percent or more of the Company's revenues and segment assets are shown separately:

Geographic Segment	Rs. lakhs		
	Revenues For the year ended 31 March, 2012	Segment assets as at 31 March, 2012	Capital expenditure incurred as at 31 March, 2012
India	11,421.99	13,672.32	2,201.29
	(9,897.57)	(12,993.77)	(1,534.03)
US	15,711.57	3,798.48	768.26
	(13,059.10)	(3,062.08)	(266.93)
Europe	17,713.27	4,193.46	26.32
	(11,706.57)	(3,352.73)	(0.42)
Japan	5,224.12	1,499.86	55.33
	(5,009.53)	(114.59)	(2.67)
Others	1,374.89	223.55	-
	(1,428.39)	(1,151.14)	-
Total	51,445.84	23,387.67	3,051.20
	(41,101.16)	(20,674.31)	(1,804.05)

Note: Figures in bracket relates to the previous year

Segment revenue in India comprises revenue from System Integration and software development and services. Segment revenue outside India predominantly comprises revenue from software development and services. Segment assets include all assets relating to the segment and consist principally of Fixed assets, Receivables, Inventory, Other Current and Non-Current Assets. Assets located outside India primarily relate to Trade Receivables.

Notes forming part of the financial statements

24.4 Related party transactions

24.4.a Details of related parties:

Description of relationship	Names of related parties
Company with Significant Influence	Tata Sons Ltd.
Subsidiary	Tata Elxsi (Singapore) Pte Ltd.
Entity on which the Company has significant influence	A Squared Elxsi Entertainment LLC, USA
Key Management Personnel (KMP)	Mr. Madhukar Dev- Managing Director

Note: Related parties have been identified by the Management.

24.4.b Details of related party transactions during the year ended 31 March, 2012 and balances outstanding as at 31 March, 2012:

Rs. lakhs

Particulars	Company with Significant Influence	Subsidiaries	Entity on which the Company has significant influence	KMP	Total
Rendering of services		229.00 (Nil)	473.78 (Nil)		702.78 (Nil)
Reimbursement of expenses		27.46 (4.99)	(Nil)		27.46 (4.99)
Dividend received		191.96 (Nil)			191.96 (Nil)
Receiving of services- Brand fee and other Services	147.55 (131.63)				147.55 (131.63)
Managerial remuneration and commission				148.94 (130.85)	148.94 (130.85)
Guarantees and collaterals			1,024.38 (Nil)		1024.38 (Nil)
Share application money			518.30 (Nil)		518.30 (Nil)
Balances outstanding at the end of the year					
i) Trade receivables		27.46 (2.19)			27.46 (2.19)
ii) Trade payable	129.58 (113.44)			60.00 (50.00)	189.58 (163.44)

Note: Figures in bracket relates to the previous year

24.4.c Investment in A Squared Elxsi Entertainment LLC, USA

The Company has entered into a Joint Venture Agreement with A Squared Entertainment LLC, USA ("A2") for carrying on business in the field of animated content development, development of related characters/intellectual property, and licensing thereof to merchandising companies, pursuant to which A Squared Elxsi Entertainment LLC, USA ("A2E2") has been incorporated to carry on the activities of the joint venture. The Company has remitted USD 1,000,001 as Share Application Money to A2E2, against which shares are yet to be allotted as at March 31, 2012. The JV Partner, A2 is in the process of completing its obligation under the agreement, on completion of which and issuance of equity to both the parties, A2E2 will become a subsidiary of the Company.

Notes forming part of the financial statements

		Rs. lakhs	
24.5	Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
	Details of leasing arrangements		
	The Company has entered into operating lease arrangements for certain facilities and office premises. Some of these leases are non-cancellable and are for a period of one to three years and may be renewed based on mutual agreement of the parties. These lease agreements provide for an increase in the lease payments by up to 5 % every year.		
	Future minimum lease payments :		
	not later than one year	198.35	289.94
	later than one year and not later than five years	90.03	159.40
	later than five years	Nil	Nil
	Lease payments recognised in the Statement of Profit and Loss	1,399.87	1,193.81
24.6	Particulars		
	Earnings per share		
	Basic		
	Net profit for the year from continuing operations attributable to the equity shareholders (Rs. lakhs)	3,394.56	3,173.45
	Weighted average number of equity shares	31,138,220	31,138,220
	Par value per share (Rs.)	10.00	10.00
	Earnings per share - Basic and diluted (Rs.)	10.90	10.19
24.7	Particulars		
	Deferred tax (liability) / asset		
	Tax effect of items constituting deferred tax liability		
	On difference between book balance and tax balance of fixed assets	(1,305.18)	(1198.98)
	Tax effect of items constituting deferred tax liability	(1,305.18)	(1,198.98)
	Tax effect of items constituting deferred tax assets		
	Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961, etc.	933.18	1048.98
	Tax effect of items constituting deferred tax assets	933.18	1,048.98
	Net deferred tax (liability) / asset	(372.00)	(150.00)

Notes forming part of the financial statements

		Rs. lakhs
24.8 Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Details of expenditure recognised as employee benefit expenses and other expenses in note 21 and 22 respectively are net of the following expenses that have been capitalised as part of intangible assets/intangible assets under development.		
a) Employee benefit expenses	743.77	558.26
b) Other expenses	165.15	205.45
	908.92	763.71

24.9 Details of provisions

The Company has made provision for various contractual obligations and disputed liabilities based on its assessment of the amount it estimates to incur to meet such obligations, details of which are given below:

						Rs. lakhs
Particulars	As at 1 April, 2011	Additions	Utilisation	Reversal (withdrawn as no longer required)	As at 31 March, 2012	
Provision for warranty	14.76	12.54	10.78	(Nil)		16.52
	(Nil)	(14.76)	(Nil)	(Nil)		(14.76)

Note: - Figures in brackets relate to the previous year.

Of the above, the following amounts are expected to be incurred within a year:

Particulars	As at 31 March, 2012	As at 31 March, 2011
Provision for warranty	16.52	14.76

- 25 The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

S. Ramadorai
Shyamala Gopinath
Madhukar Dev
Sudha Madhavan
G. Vaidyanathan

Mumbai, May 07, 2012

Chairman
Director
Managing Director
Chief Financial Officer
Company Secretary

AUDITORS' REPORT

TO THE MEMBERS OF TATA ELXSI LIMITED

1. We have audited the attached Consolidated Balance Sheet of **TATA ELXSI LIMITED** ("the Company") and its subsidiary (the Company and its subsidiary constitute "the Group") as at March 31, 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. The Consolidated Financial Statements include investments in associates accounted on the equity method in accordance with Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements). These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) and Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006.
4. Based on our audit, and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2012;
 - (ii) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
 - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

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

V. Balaji
Partner
(Membership No. 203685)

Place: Mumbai

Date: May 07, 2012

Consolidated Balance Sheet as at 31 March, 2012

			Rs. lakhs
	Note	As at 31 March, 2012	As at 31 March, 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	3,113.82	3,113.82
Reserves and surplus	4	16,084.14	15,122.89
		19,197.96	18,236.71
Non Current liabilities			
Long-term provisions	5	688.74	686.35
Deferred tax liabilities (Net)	23.6	372.00	150.00
		1,060.74	836.35
Current liabilities			
Short-term borrowings	6	3,415.60	2,543.16
Trade payables	7	4,969.02	4,102.94
Other current liabilities	8	2,217.20	1,896.48
Short-term provisions	9	2,601.27	2,551.89
		13,203.09	11,094.47
Total		33,461.79	30,167.53
ASSETS			
Non current assets			
Fixed assets	10		
Tangible assets		7,672.32	7,271.11
Intangible assets		2,315.12	1,805.04
Capital work-in-progress		105.97	419.61
Intangible assets under development		940.15	763.92
		11,033.56	10,259.68
Long-term loans and advances	11	5,025.17	4,980.07
		16,058.73	15,239.75
Current assets			
Inventories	12	2.13	57.11
Trade receivables	13	12,565.54	10,721.92
Cash and cash equivalents	14	2,671.74	2,079.59
Short-term loans and advances	15	1,038.43	1,147.40
Other current assets	16	1,125.22	921.76
		17,403.06	14,927.78
Total		33,461.79	30,167.53

Corporate information and significant accounting policies

1 & 2

See the accompanying notes forming part of the financial statements

In terms of our report attached

For and on behalf of the Board of Directors

 For **Deloitte Haskins & Sells**
Chartered Accountants

V. Balaji
Partner

Mumbai, May 07, 2012

S. Ramadorai
Shyamala Gopinath
Madhukar Dev
Sudha Madhavan
G. Vaidyanathan

Mumbai, May 07, 2012

Chairman
Director
Managing Director
Chief Financial Officer
Company Secretary

Consolidated Statement of Profit and Loss for the year ended 31 March, 2012

		Rs. lakhs	
		For the year ended 31 March, 2012	For the year ended 31 March, 2011
	Note		
REVENUE			
Revenue from operations	17	53,870.74	41,591.12
Other income	18	420.50	386.34
Total		54,291.24	41,977.46
EXPENSES			
Purchases	19	7,117.34	5,417.14
Changes in inventories of stock-in-trade	19A	54.98	(50.87)
Employee benefits expenses	20	27,807.29	21,670.28
Finance costs		232.63	188.26
Depreciation/ amortisation expense	10	2,051.92	1,720.47
Other expenses	21	11,491.00	9,834.96
Total		48,755.16	38,780.24
Profit before tax for the year		5,536.08	3,197.22
Tax Expense			
i) Current tax		(1,316.20)	(1,103.05)
ii) MAT credit entitlement		-	786.00
iii) Overseas tax of prior years		(127.38)	-
iv) Net current tax expense		(1,443.58)	(317.05)
v) Deferred tax		(222.00)	371.50
vi) Total		(1,665.58)	54.45
Profit after tax for the year		3,870.50	3,251.67
Share of loss from an Associate Company		411.75	-
Net Profit for the year		3,458.75	3,251.67
Earnings per equity share of Rs.10/- each			
Basic and diluted		11.11	10.44
Corporate information and significant accounting policies	1 & 2		
See the accompanying notes forming part of the financial statements			

In terms of our report attached

For and on behalf of the Board of Directors

For **Deloitte Haskins & Sells**
Chartered Accountants

V. Balaji
Partner

S. Ramadorai
Shyamala Gopinath
Madhukar Dev
Sudha Madhavan
G. Vaidyanathan

Chairman
Director
Managing Director
Chief Financial Officer
Company Secretary

Mumbai, May 07, 2012

Mumbai, May 07, 2012

Consolidated Cash Flow Statement for the year ended 31 March, 2012

	Rs. lakhs	
	For the year ended 31 March, 2012	For the year ended 31 March, 2011
A. Cash flows from operating activities		
Net Profit before tax	5,536.08	3,197.22
Adjustment for:		
Depreciation and amortisation	2,051.92	1,720.47
Interest income	(3.25)	(33.41)
Finance costs	232.63	188.26
Provision for doubtful debts/advances	486.25	1,625.00
Liabilities / provisions no longer required, written back	(25.44)	(65.04)
Loss/(Profit) on sale of assets	33.14	1.22
Unrealised exchange loss/(gains)	162.71	67.88
Operating profit before working capital changes	8,474.04	6,701.60
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Deposits as Margin Money or Security against commitments	(7.20)	-
Inventories	54.98	(50.87)
Trade receivables	(2,127.63)	591.90
Short-term loans and advances	141.20	(9.51)
Long-term loans and advances	0.74	(60.76)
Other current assets	(203.46)	152.44
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	788.82	322.87
Other current liabilities	272.48	605.05
Short-term provisions	49.44	(51.14)
Long-term provisions	2.39	(19.83)
Cash generated from operations	7,445.80	8,181.75
Income tax paid	(1,378.44)	(1,036.87)
Net cash flow from / (used in) from operating activities	6,067.36	7,144.88
B. Cash flows from investing activities		
Purchase of fixed assets/ capital advances	(2,873.06)	(2,908.40)
Proceeds of sale of fixed assets	54.85	7.44
Share application money in A Squared Elxsi Entertainment LLC, USA	(518.30)	-
Interest received	3.25	33.41
Net cash flow from / (used in) investing activities	(3,333.26)	(2,867.55)
C. Cash flows from financing activities		
Short term borrowings availed/(re-paid) (net)	443.46	(853.77)
Interest paid	(232.63)	(188.26)
Dividend paid	(2,176.59)	(2,164.71)
Tax on dividend paid	(353.60)	(362.02)
Net cash flow from / (used in) financing activities	(2,319.36)	(3,568.76)
Net increase/(decrease) in cash and cash equivalents	414.74	708.57
Cash and cash equivalents as at beginning of the year	2,079.59	1,428.50
Exchange gain/(loss) on restatement of foreign currency cash and cash equivalents	170.21	(57.48)
Cash and cash equivalents as at end of the year	2,664.54	2,079.59
Reconciliation of cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents as per Balance Sheet (Refer Note 14)	2,671.74	2,079.59
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements	7.20	-
Cash and cash equivalents at the end of the year comprises:	2,664.54	2,079.59
(a) Cash on hand	1.05	0.90
(b) Cheques on hand	89.45	15.91
(c) Balances with banks		
i) in current accounts	2123.47	1,410.72
ii) in EEFC accounts	211.66	416.24
iii) in earmarked accounts		
-Unpaid dividends account	238.91	235.82
	2,664.54	2,079.59

Corporate information and significant accounting policies
See the accompanying notes forming part of the financial statements

1 & 2

In terms of our report attached

For and on behalf of the Board of Directors

For **Deloitte Haskins & Sells**
Chartered Accountants

V. Balaji
Partner

S. Ramadorai
Shyamala Gopinath
Madhukar Dev
Sudha Madhavan
G. Vaidyanathan

Chairman
Director
Managing Director
Chief Financial Officer
Company Secretary

Mumbai, May 07, 2012

Mumbai, May 07, 2012

Notes forming part of the consolidated financial statements

1 Corporate information

Tata Elxsi Limited was incorporated in 1989. The Company provides product design and engineering services to the consumer electronics, communications, and transportation industries and systems integration and support services for enterprise customers. It also provides digital content creation for media and entertainment industry.

The company is headquartered in Bangalore, and operates through delivery centers in Bangalore, Chennai, Coimbatore, Pune, Mumbai, and Tiruvananthapuram.

Its sales operations are located in multiple cities in India, and in multiple international locations including Dubai, France, Germany, Japan, UK, and USA.

2 Significant Accounting Policies

2.1 Basis of accounting and preparation of financial statements

The condensed consolidated financial statements of Tata Elxsi Limited and its subsidiary are prepared under the historical cost convention on the accrual basis of accounting and comply with the accounting standards applicable in India.

Following Companies are considered in the consolidated financial statements:

Name of the Entity	Country of Incorporation	% of share holding
Tata Elxsi (Singapore) Pte Ltd	Singapore	100%

Principles of consolidation

The financial statements of the subsidiary company used in the consolidation are drawn up to the same reporting date as of the Company.

The consolidated financial statements have been prepared on the following basis:

The financial statements of the Company and its subsidiary company have been combined on a line-by-line basis by adding together like items of assets, liabilities, income, and expenses. Inter-company balances and transactions and unrealised profits or losses have been fully eliminated.

Minority interest is not computed as it is a wholly owned subsidiary.

The Company has entered into a Joint Venture Agreement with A Squared Entertainment Inc LLC, USA ("A2") for carrying on business in the field of animated content development, development of related characters/intellectual property, and licensing thereof to merchandising companies, pursuant to which A Squared Elxsi Entertainment LLC, USA ("A2E2") has been incorporated to carry on the activities of the Joint Venture. The Company has remitted USD 1,000,001 as Share Application Money to A2E2, against which shares are yet to be allotted as at 31 March, 2012. The JV Partner, A2 is in the process of completing its obligation under the agreement, on completion of which and issuance of equity to both the parties, A2E2 will become a subsidiary of the Company. As at 31st March, 2012, for the purpose of presenting the consolidated results, A2E2 has been considered as an associate.

2.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialised.

2.3 Inventories

Components and spares are valued at lower of cost and net realizable value. Cost is determined on the basis of specific identification method.

Computer systems and software, components and spares intended for customer support are written off over the effective life of the systems maintained, as estimated by Management.

Notes forming part of the consolidated financial statements

2.4 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.5 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing, and financing activities of the Company are segregated based on the available information.

2.6 Depreciation and amortisation

Depreciation has been provided on the straight-line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956, except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under:

Leasehold land is amortised over the duration of the lease

Assets costing less than Rs. 5,000 each are fully depreciated in the year of capitalisation

Intangible assets are amortised over their estimated useful life as follows:

In-house Technical Know-How – 3 years.

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

2.7 Revenue recognition

Sale of goods

Income from sales of goods is recognised upon passage of risks and rewards of ownership to the goods, which generally coincide with the despatch. Sales exclude taxes and levies

Income from services

- Income from services is recognized upon rendering of the services. Income from maintenance contracts relating to the year is recognized when the contracts are entered into on a time proportionate basis.
- Revenue from software development on fixed price, fixed time frame contracts is recognised as per the proportionate completion method. On time and materials contracts, revenue is recognised as the related services are rendered.
- In respect of orders procured, for which sales are effected directly to the customers by the vendors, the Company accounts only for the commission, installation and other charges to which it is entitled.

2.8 Other income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

2.9 Tangible fixed assets

Fixed assets, are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately in the Balance Sheet.

Capital work-in-progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

2.10 Intangible assets.

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties, and other taxes (other than those subsequently recoverable from the

Notes forming part of the consolidated financial statements

taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

Refer Note 2.16 for accounting for Research and Development Expenses.

2.11 Foreign currency transactions and translations

Initial recognition

Transactions in foreign currencies entered into by the Company and its integral foreign operations are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement of foreign currency monetary items at the Balance Sheet date

Foreign currency monetary items (other than derivative contracts) of the Company and its net investment in non-integral foreign operations outstanding at the Balance Sheet date are restated at the year-end rates.

In the case of integral operations, assets and liabilities (other than non-monetary items), are translated at the exchange rate prevailing on the Balance Sheet date. Non-monetary items are carried at historical cost. Revenue and expenses are translated at the average exchange rates prevailing during the year. Exchange differences arising out of these translations are charged to the Statement of Profit and Loss.

Treatment of exchange differences

Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company and its integral foreign operations are recognised as income or expense in the Statement of Profit and Loss. The exchange differences on restatement / settlement of loans to non-integral foreign operations that are considered as net investment in such operations are accumulated in a "Foreign currency translation reserve" until disposal / recovery of the net investment.

Accounting of forward contracts

Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the Balance Sheet date. Refer Notes 2.20 for accounting for forward exchange contracts relating to firm commitments and highly probable forecast transactions.

Employee benefits

Employee benefits include contribution to provident fund, superannuation fund, gratuity fund and compensated absences.

Defined contribution plans

The Company's contribution to provident fund and superannuation fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made.

Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under :

Notes forming part of the consolidated financial statements

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

2.12 Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

2.13 Leases

Assets leased by the Company in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

2.14 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.15 Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961 and Foreign tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Notes forming part of the consolidated financial statements

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

Current and deferred tax relating to items in equity are recognised in equity and not in the Statement of Profit and Loss.

2.16 Research and development expenses

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technological feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Tangible Fixed Assets and Intangible Assets.

2.17 Impairment of assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

2.18 Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

2.19 Provision for warranty

As per the terms of the contracts, the Company provides post-contract services / warranty support to some of its customers. The Company accounts for the post-contract support / provision for warranty on the basis of the information available with the Management duly taking into account the current and past technical estimates.

2.20 Derivative contracts

The Company enters into derivative contracts in the nature of foreign currency options, forward contracts with an intention to hedge its existing assets and liabilities, firm commitments and highly probable transactions. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for Foreign Currency Transactions and Translations.

All other derivative contracts are marked-to-market and losses are recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

2.21 Insurance claims / Claims with ECGC

Insurance claims and claims with ECGC are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

Notes forming part of the consolidated financial statements

	As at 31 March, 2012	Rs. lakhs As at 31 March, 2011
3 SHARE CAPITAL		
Authorised :		
35,000,000 equity shares of Rs. 10/- each with voting rights	<u>3,500.00</u>	<u>3,500.00</u>
Issued :		
31,165,620 equity shares of Rs. 10/- each with voting rights	<u>3,116.56</u>	<u>3,116.56</u>
Subscribed and fully paid up :		
31,138,220 equity shares of Rs.10/-each, with voting rights	<u>3,113.82</u>	<u>3,113.82</u>
Total	<u>3,113.82</u>	<u>3,113.82</u>

Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Equity shares with voting rights	Opening Balance	Closing Balance
Year ended 31 March, 2012		
- Number of shares	31,138,220	31,138,220
- Amount in Rs. Lakhs	<u>3,113.82</u>	<u>3,113.82</u>
Year ended 31 March, 2011		
- Number of shares	31,138,220	31,138,220
- Amount in Rs. Lakhs	<u>3,113.82</u>	<u>3,113.82</u>

Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of share holder	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares held	% of holding in that class of shares	Number of shares held	% of holding in that class of shares
Equity shares with voting rights				
Tata Sons Limited	13,147,632	42.22%	13,147,632	42.22%
Life Insurance Corporation of India	2,023,599	6.50%	2,193,990	7.05%

The Company has only one class of Equity Share, having a par value of Rs.10/-. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amount. However, as on date no such preferential amounts exists. The distribution will be in proportion to number of equity shares held by the shareholders.

Notes forming part of the consolidated financial statements

	As at 31 March, 2012	Rs. lakhs As at 31 March, 2011
4 RESERVES AND SURPLUS		
Capital reserve:		
Subsidy received from Kerala State Government	25.00	25.00
General reserve:		
Opening balance	4,159.82	3,659.82
Add: Transferred from surplus in Statement of Profit and Loss	500.00	500.00
	4,659.82	4,159.82
Foreign exchange translation reserve	34.46	(1.26)
Surplus in Statement of Profit and Loss		
Opening balance	10,939.33	10,712.52
Add: Net Profit for the year	3,458.75	3,251.67
Balance available for appropriation	14,398.08	13,964.19
Less:		
- Dividend Proposed to be distributed to Equity Shareholders (Rs.7/- per share) (previous year Rs.7/- per share)	2,179.68	2,179.68
- Dividend tax net of reversal thereof	353.54	345.18
- Transfer to general reserve	500.00	500.00
Closing balance	11,364.86	10,939.33
Total	16,084.14	15,122.89
5 LONG-TERM PROVISIONS		
Provision for compensated absences	318.38	315.99
Provision for taxation (Net of advance tax)	370.36	370.36
Total	688.74	686.35
6 SHORT TERM BORROWINGS		
Working capital loans from banks - Secured, payable on demand	2,765.60	2,543.16
Secured by hypothecation of stocks of raw materials, finished goods, consumable stores, book debts etc.; pari passu charge on immovable property at Karnataka and other movable properties		
Loan from a Bank (unsecured)	650.00	-
Total	3,415.60	2,543.16
7 TRADE PAYABLES		
Trade payables		
-Acceptances	75.53	50.49
-Other than Acceptances (Refer Note 22.2)	4,893.49	4,052.45
Total	4,969.02	4,102.94

Notes forming part of the consolidated financial statements

	As at 31 March, 2012	Rs. lakhs As at 31 March, 2011
8 OTHER CURRENT LIABILITIES		
Advance from customers	278.21	409.23
Unpaid dividend [Will be transferred to Investor Education and Protection Fund when due]	238.91	235.82
Unearned revenue	724.90	267.13
Other Payables	46.58	43.46
Statutory Remittances (Contributions to PF and ESIC, Withholding Taxes, VAT, Service Tax, etc.)	645.19	647.98
Payables on purchase of fixed assets	64.01	18.86
Provision for gratuity (Refer Note 23.1.b)	219.40	274.00
Total	2,217.20	1,896.48
9 SHORT-TERM PROVISIONS		
a) Provision for employee benefits:		
Provision for compensated absences	51.53	3.85
b) Provision others:		
Provision for warranty (Refer Note 23.8)	16.52	14.76
Provision for proposed equity dividend	2,179.68	2,179.68
Provision for tax on proposed dividend	353.54	353.60
Total	2,601.27	2,551.89

10 FIXED ASSETS

	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
DESCRIPTION	As at April 1, 2011	Additions	Sale/ Adjustment	As at March 31, 2012	Up to March 31, 2011	For the year	Sale/ Adjustment	Up to March 31, 2012	As at March 31, 2012	As at March 31, 2011
a. Tangible Fixed Assets										
Land - Freehold	49.06	-	-	49.06	-	-	-	-	49.06	49.06
Land - Leasehold	85.01	-	-	85.01	17.19	2.27	-	19.46	65.55	67.82
Buildings	2,151.60	7.76	-	2,159.36	374.61	71.97	-	446.58	1,712.78	1,776.99
Improvements to leasehold premises	383.29	226.54	(13.94)	595.89	337.98	93.70	(13.32)	418.36	177.53	45.31
Plant and machinery	13.20	-	-	13.20	6.34	0.71	-	7.05	6.15	6.86
Computer equipment	6,154.79	1,347.44	(1.31)	7,500.92	3,808.46	857.69	(0.77)	4,665.38	2,835.54	2,346.33
Furniture and fixtures	1,442.21	82.84	(111.15)	1,413.90	614.81	93.02	(62.98)	644.85	769.05	827.40
Office equipment	699.01	41.50	(14.04)	726.47	200.23	35.40	(3.06)	232.57	493.90	498.78
Electrical installations	1,419.43	11.99	(28.95)	1,402.47	397.08	67.57	(7.56)	457.09	945.38	1,022.35
Airconditioners	812.72	0.94	(8.04)	805.62	202.22	38.72	(1.75)	239.19	566.43	610.50
Vehicles	43.43	38.31	-	81.74	23.72	7.07	-	30.79	50.95	19.71
TOTAL	13,253.75	1,757.32	(177.43)	14,833.64	5,982.64	1,268.12	(89.44)	7,161.32	7,672.32	7,271.11
Previous year	12,288.18	1,020.86	(55.29)	13,253.75	4,752.82	1,276.45	(46.63)	5,982.64	7,271.11	7,535.36
b. Intangible Assets										
Intangibles - Software	3,500.71	529.96	-	4,030.67	1,695.67	529.16	-	2,224.83	1,805.84	1,805.04
Technical Know-how	-	763.92	-	763.92	-	254.64	-	254.64	509.28	-
TOTAL	3,500.71	1,293.88	-	4,794.59	1,695.67	783.80	-	2,479.47	2,315.12	1,805.04
Previous year	2,717.52	783.19	-	3,500.71	1,251.65	444.02	-	1,695.67	1,805.04	1,465.87

Notes forming part of the consolidated financial statements

		As at 31 March, 2012	Rs. lakhs As at 31 March, 2011
11 LONG-TERM LOANS AND ADVANCES			
(Unsecured, considered good)			
Capital Advances		4.43	-
Deposits		1,268.65	1,269.39
Tax deducted at source/Advance tax paid (Net of provision for tax)		1,464.79	1,103.93
MAT credit entitlement			
Opening balance	2,606.75		1,820.75
Availed / (Utilized) during the year	(426.00)	2,180.75	786.00
Share Application money in A Squared Elxsi Entertainment LLC, USA (Refer Note 24)	518.30		-
Less: Provision for diminution in value	411.75	106.55	-
Total		5,025.17	4,980.07
12 INVENTORIES			
(lower of cost or net realisable value)			
Components and spares - for trading		2.13	57.11
Total		2.13	57.11
13 TRADE RECEIVABLES (Unsecured)			
a) Trade receivables outstanding for a period exceeding six months from the date they were due for payment			
Considered good		439.98	1,825.74
Considered doubtful		1,787.93	2,501.70
		2,227.91	4,327.44
Less: Provision for doubtful trade receivables		1,787.93	2,501.70
		439.98	1,825.74
b) Other trade Receivables (Considered good)		12,125.56	8,896.18
Total		12,565.54	10,721.92
14 CASH AND CASH EQUIVALENTS			
Cash on hand		1.05	0.90
Cheques on hand		89.45	15.91
Balances with banks			
i) in current accounts	2,123.47		1,410.72
ii) in EEFC accounts	211.66		416.24
iii) in earmarked accounts			
- Unpaid dividend accounts	238.91		235.82
- Balances held as margin money or security against commitments	7.20		-
		2,581.24	2,062.78
Total		2,671.74	2,079.59
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is		2,664.54	2,079.59

Notes forming part of the consolidated financial statements

	As at 31 March, 2012	Rs. lakhs As at 31 March, 2011
15 SHORT-TERM LOANS AND ADVANCES (Unsecured and considered good)		
a) Loans and advances to employees	142.95	185.23
b) Prepaid Expenses	256.44	205.59
c) Claims Receivable	329.12	140.81
d) Advance to suppliers	298.30	606.66
e) Deposits	11.62	9.11
Total	1,038.43	1,147.40
16 OTHER CURRENT ASSETS		
Unbilled revenue	1,125.22	921.76
Total	1,125.22	921.76
	For the year ended 31 March, 2012	Rs. lakhs For the year ended 31 March, 2011
17 REVENUE FROM OPERATIONS		
Sale of traded goods (Refer note (i) below)	5,305.57	3,310.59
Rendering of services (Refer note (ii) below)	48,565.17	38,280.53
Total	53,870.74	41,591.12
(i) Sale of traded goods include sales of computers, networking and storage systems.		
(ii) Rendering of services comprises:		
(a) Product Design	42,269.11	33,813.68
(b) Graphics Animation and Gaming	3,156.37	2,006.17
(c) System Integration and Support	3,139.69	2,460.68
	48,565.17	38,280.53
18 OTHER INCOME		
Interest from:		
- banks	3.25	29.97
- others	-	3.44
Net gain on foreign currency transactions and translation	380.87	281.57
Miscellaneous income	36.38	71.36
Total	420.50	386.34
19 PURCHASES		
Purchase of traded goods	4,358.89	2,259.22
Spares, consumables and others	2,758.45	3,157.92
Total	7,117.34	5,417.14
19A CHANGES IN INVENTORIES OF STOCK-IN-TRADE		
Inventories at the end of the year:		
Stock-in-trade	2.13	57.11
Inventories at the beginning of the year:		
Stock-in-trade	57.11	6.24
Net (increase) / decrease	54.98	(50.87)

Notes forming part of the consolidated financial statements

	As at 31 March, 2012	Rs. lakhs As at 31 March, 2011
22.1 Contingent liabilities and commitments (to the extent not provided for)		
(i) Contingent liabilities		
(a) Claims against the Company not acknowledged as debt		
1. Disputed demands for Income tax aggregates	1,038.12	1,040.69
2. Disputed demands for Wealth tax aggregates	25.89	25.89
3. Disputed amount of Sales tax aggregates	656.83	656.83
4. Service tax matters	842.26	193.61
5. Amount not recognised as debts	292.44	-
(b) Guarantees : Guarantees given to Housing Finance Company for housing loans availed by employees during their employment with the company	104.96	122.87
(c) Guarantee given to a bank for loan to be secured by A squared Elxsi Entertainment LLC, USA(A2E2)	1,594.50	-
(d) Loan drawn by A2E2 against the above guarantee	1,024.38	-
(ii) Capital Commitments :		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for		
Tangible assets	198.30	215.10
Intangible assets	141.50	37.51

22.2 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars

(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	3.39	1.87
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	1.71	1.03
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	1.03	
(iv) The amount of interest due and payable for the year	1.71	
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	1.71	1.03
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

Notes forming part of the consolidated financial statements

22.3 Disclosure as per Clause 32 of the Listing Agreements with the Stock Exchanges

Loans and advances in the nature of loans given to subsidiaries, associates and others and investment in shares of the Company by such parties:

Rs. lakhs			
Name of the party	Relationship	Amount outstanding as at 31 March, 2012	Maximum balance outstanding during the year
A Squared Elxsi Entertainment LLC, USA (Refer Note 24.4.c)	Proposed Subsidiary	1,024.38 (Nil)	1,024.38 (Nil)

Note: Figures in bracket relate to the previous year.

22.4 Details on derivatives instruments and unhedged foreign currency exposures

- I. The following derivative positions are open as at 31 March, 2012. These transactions have been undertaken to act as economic hedges for the Company's exposures to various risks in foreign exchange markets and may / may not qualify or be designated as hedging instruments. The accounting for these transactions is stated in Notes 2.11 and 2.20
 - (a) Forward exchange contracts and options [being derivative instruments], which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables.
 - (i) Outstanding forward exchange contracts entered into by the Company as on 31 March, 2012

Currency	Amount	Buy / Sell	Amount
USD	16 lakhs (Nil)	Sell	Rs. 826.08 lakhs (Nil)
GBP	5 lakhs (Nil)	Sell	Rs. 394.95 lakhs (Nil)
JPY	200 lakhs (Nil)	Sell	Rs. 134.90 lakhs (Nil)
EURO	1 lakh (Nil)	Sell	Rs. 66 lakhs (Nil)

Note: Figures in brackets relate to the previous year

- (ii) Outstanding option contracts entered into by the Company as on 31 March, 2012

Currency	Amount	Buy / Sell	Amount
JPY	- (1200 lakhs)	- Sell	- (Sell@ Rs. 659.40 lakhs)
USD	- (15 lakhs)	- Sell	- (Sell@ Rs. 673.50 lakhs)
EURO	- (7.5 lakhs)	- Sell	- (Sell@ Rs. 469.13 lakhs)
GBP	- (5.0 lakhs)	- Sell	- (Sell@ Rs. 384.40 lakhs)

Note: Figures in brackets relate to the previous year

Notes forming part of the consolidated financial statements

(iii). The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

As at 31 March, 2012			As at 31 March, 2011		
Receivable in foreign currency lakhs		Receivable Rs. lakhs	Receivable in foreign currency lakhs		Receivable Rs. lakhs
Euro	15.68	1,072.10	Euro	3.04	192.31
GBP	34.56	2,826.96	GBP	29.27	2,102.03
USD	68.43	3,505.04	USD	100.87	4,511.04
JPY	2,898.51	1,809.41	JPY	1,348.80	729.99
ZAR	7.23	55.18	ZAR	5.03	33.30
KRW	20.46	0.91	KRW	20.44	0.82

(iv). Amount payable in foreign currency on account of purchase of goods and services

As at 31 March, 2012			As at 31 March, 2011		
Payable in foreign currency lakhs		Payable Rs. lakhs	Payable in foreign currency lakhs		Payable Rs. lakhs
Euro	0.56	38.25	Euro	1.61	101.87
GBP	0.29	23.42	GBP	0.80	57.59
USD	25.36	1,298.93	USD	7.25	323.84
JPY	2.98	1.86	-	-	-
ZAR	0.05	0.35	-	-	-

23.1 Employee benefit plans

23.1.a Defined contribution plans

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 471.93 lakhs (Year ended 31 March, 2011 Rs.415.99 lakhs) for Provident Fund contributions and Rs. 197.99 lakhs (Year ended 31 March, 2011 Rs. 150.95 lakhs) for Superannuation Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

23.1.b Defined benefit plans

The Company offers gratuity to its employees under defined benefit plans.

The following table sets out the funded status of the defined benefit schemes and the amount recognised in the financial statements:

Particulars	Rs. lakhs	
	Year ended 31 March, 2012	Year ended 31 March, 2011
Components of employer expense		
Current service cost	118.06	115.13
Interest cost	44.21	46.95
Expected return on plan assets	(22.29)	(25.73)
Curtailment cost / (credit)	-	-
Settlement cost / (credit)	-	-

Notes forming part of the consolidated financial statements

Particulars	Rs. lakhs	
	Year ended 31 March, 2012	Year ended 31 March, 2011
Past service cost	-	-
Actuarial losses/(gains)	(12.56)	(31.34)
Total expense recognised in the Statement of Profit and Loss	127.42	105.85
Actual contribution and benefit payments for year		
Actual benefit payments	70.00	86.04
Actual contributions	182.02	160.00
Net asset / (liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	(664.89)	(552.64)
Fair value of plan assets	445.49	278.64
Funded status [Surplus / (Deficit)]	-	-
Unrecognised past service costs	-	-
Net asset / (liability) recognised in the Balance Sheet	(219.40)	(274.00)
Change in defined benefit obligations (DBO) during the year		
Present value of DBO at beginning of the year	552.64	533.67
Current service cost	118.06	115.13
Interest cost	44.21	46.95
Curtailment cost / (credit)	-	-
Settlement cost / (credit)	-	-
Plan amendments	-	-
Acquisitions	-	-
Actuarial (gains) / losses	19.98	(57.07)
Past service cost	-	-
Benefits paid	(70.00)	(86.04)
Present value of DBO at the end of the year	664.89	552.64
Change in fair value of assets during the year		
Plan assets at beginning of the year	278.64	204.68
Acquisition adjustment	-	-
Expected return on plan assets	22.29	25.73
Actual company contributions	182.02	160.00
Actuarial gain / (loss)	32.54	(25.73)
Benefits paid	(70.00)	(86.04)
Plan assets at the end of the year	445.49	278.64
Actual return on plan assets	54.83	25.73
Planned asset are insurer managed funds (Life Insurance Corporation of India)	LIC- Mortality (1994-96)Table	
Category of such assets is not disclosed as such information is not available from the insurer who manages the funds.	21-30 years 10%	
	31-40 years 5%	
	41-50 years 3%	
	51 & above -2%	

Notes forming part of the consolidated financial statements

Particulars	Year ended 31 March, 2012	Year ended 31 March, 2011
Actuarial assumptions:		
Discount rate	8.50%	8.00%
Expected return on plan assets	8.60%	8.00%
Salary escalation	5.00%	5.00%
Attrition	10% if <5 yrs ;else 8%	10% if <5 yrs ;else 8%
Estimate of amount of contribution in the immediate next year (Rs. lakhs)	167.98	163.61

Experience adjustments

	Rs. lakhs				
Gratuity	2011-12	2010- 11	2009-10	2008-09	2007-08
Present value of DBO	664.89	(552.64)	(533.67)	(467.06)	(410.69)
Fair value of plan assets	445.49	278.64	204.68	179.86	142.13
Funded status [Surplus / (Deficit)]	(219.40)	(274.00)	(328.99)	(287.20)	(268.56)
Experience (gain) / loss adjustments on plan liabilities	42.82	(57.07)	(5.23)	(53.12)	2.22
Experience gain / (loss) adjustments on plan assets	32.54	(25.73)	0.96	(2.20)	(0.38)

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Actuarial assumptions for long-term compensated absences		
Discount rate	8.50%	8.00%
Expected return on plan assets	8.60%	8.00%
Salary escalation	5.00%	5.00%
Attrition	10% if <5 yrs; else 8%	10% if <5 yrs; else 8%

23.2 Segment information

The Company has identified business segments as its primary segment and geographic segments as its secondary segment. Business segments are primarily System integration & support and Software Development & Services. Revenues and expenses directly attributable to segments are reported under each reportable segment. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable. Fixed assets that are used interchangeably amongst segments are not allocated to primary and secondary segments. Geographical revenues are allocated based on the location of the customer. Geographic segments of the Company are India, Europe, US, Japan and Others.

Notes forming part of the consolidated financial statements

Particulars	Rs. lakhs		
	For the year ended 31 March, 2012		
	Business segments		Total
	System Integration & Support	Software Development & Services	
Revenue	8,445.25 (5,771.27)	45,425.49 (35,819.85)	53,870.74 (41,591.12)
Segment result	839.88 (676.71)	5,981.03 (3,680.68)	6,820.91 (4,357.39)
Unallocable expenses (net)			232.63 (188.26)
Operating income			6,588.28 (4,169.13)
Other expenses (net)			1,052.20 (971.91)
Profit before taxes			5,536.08 (3,197.22)
Tax expense			1,665.58 (-54.45)
Profit after taxes			3,870.50 (3,251.67)
Share of loss from an Associate Company			411.75 (-)
Net profit for the year			3,458.75 (3,251.67)

Segment assets include all assets relating to the segment and consists principally of Fixed assets, Receivables, Other current assets and non-current assets.

Segment liabilities include all liabilities relating to the segment and consist principally of Trade payables and other operating liabilities.

Particulars	Rs. lakhs		
	For the year ended 31 March, 2012		
	Business segments		Total
	System Integration & Support	Software Development & Services	
Segment assets	5,975.21 (2,567.69)	11,335.00 (13,161.15)	17,310.21 (15,728.84)
Unallocable assets			14,657.53 (14,112.26)
Total assets			31,967.74 (29,841.10)

Notes forming part of the consolidated financial statements

Rs. lakhs

Particulars	For the year ended 31 March, 2012		
	Business segments		Total
	System Integration & Support	Software Development & Services	
Segment liabilities	2,249.22 (1,563.09)	3,433.38 (1,976.54)	5,682.60 (3,539.63)
Unallocable liabilities			4,423.27 (8,241.19)
Total liabilities			10,105.87 (11,780.82)
Other information			
Capital expenditure (unallocable)			3,051.20 (1,804.05)
Depreciation and amortisation (unallocable)			2,051.92 (1,720.47)
Provision for doubtful debts			486.25 (1,625.00)
Provision for diminution in value of investment			411.75 (-)

The geographic segments individually contributing 10 percent or more of the Company's revenues and segment assets are shown separately:

Rs. lakhs

Geographic Segment	Revenues	Segment assets	Capital
	For the year	as at	expenditure
	ended 31 March, 2012	31 March, 2012	incurred as at 31 March, 2012
India	13,846.89 (10,387.53)	14,107.30 (13,609.90)	2,201.29 (1,534.03)
US	15,711.57 (13,059.10)	3,798.48 (3,062.08)	768.26 (266.93)
Europe	17,713.27 (11,706.57)	4,193.46 (3,352.73)	26.32 (0.42)
Japan	5,224.12 (5,009.53)	1,499.86 (114.59)	55.33 (2.67)
Others	1,374.89 (1,428.39)	- (842.31)	- -
Total	53,870.74 (41,591.12)	23,599.10 (20,981.60)	3,051.20 (1,804.05)

Note: Figures in bracket relates to the previous year

Segment revenue in India comprises revenue from System Integration and software development and services. Segment revenue outside India predominantly comprises revenue from software development and services. Segment assets include all assets relating to the segment and consist principally of Fixed assets, Receivables, Inventory, Other Current and Non-Current Assets. Assets located outside India primarily relate to Trade Receivables.

Notes forming part of the consolidated financial statements

23.3 Related party transactions

23.3.a Details of related parties:

Description of relationship	Names of related parties
Company with Significant Influence	Tata Sons Ltd
Key Management Personnel (KMP)	Mr. Madhukar Dev- Managing Director

Note: Related parties have been identified by the Management.

Details of related party transactions during the year ended 31 March, 2012 and balances outstanding as at 31 March, 2012:

23.3.b Particulars	Company with Significant Influence	KMP	Total
			Rs. lakhs
Receiving of services- Brand fee and other Services	147.55 (131.63)		147.55 (131.63)
Managerial remuneration and commission		148.94 (130.85)	148.94 (130.85)
Guarantees and collaterals			
Balances outstanding at the end of the year			
Trade payable	129.58 (113.44)	60.00 (50.00)	189.58 (163.44)

Note: Figures in bracket relates to the previous year

23.4 Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
		Rs. lakhs
Details of leasing arrangements		
The Company has entered into operating lease arrangements for certain facilities and office premises. Some of these leases are non-cancellable and are for a period of one to three years and may be renewed based on mutual agreement of the parties. These lease agreements provide for an increase in the lease payments by up to 5 % every year.		
Future minimum lease payments		
not later than one year	198.35	289.94
later than one year and not later than five years	90.03	159.40
later than five years	Nil	Nil
Lease payments recognised in the Statement of Profit and Loss	1,399.87	1,193.81

23.5 Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Earnings per share		
Basic		
Net profit / (loss) for the year from continuing operations attributable to the equity shareholders (Rs. lakhs)	3,458.75	3,251.67
Weighted average number of equity shares	31,138,220	31,138,220
Par value per share (Rs.)	10.00	10.00
Earnings per share - Basic and diluted (Rs.)	11.11	10.44

Notes forming part of the consolidated financial statements

23.6 Particulars	Rs. lakhs	
	As at 31 March, 2012	As at 31 March, 2011
Deferred tax (liability) / asset		
Tax effect of items constituting deferred tax liability		
On difference between book balance and tax balance of fixed assets	(1,305.18)	(1,198.98)
Tax effect of items constituting deferred tax liability	(1,305.18)	(1,198.98)
Tax effect of items constituting deferred tax assets		
Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961, etc. Mumbai, May 7, 2012	933.18	1,048.98
Tax effect of items constituting deferred tax assets	933.18	1,048.98
Net deferred tax (liability) / asset	(372.00)	(150.00)

23.7 Particulars	Rs. lakhs	
	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Details of research and development expenditure recognised as employee benefit expenses and other expenses in note 20 and 21 respectively are net of the following expenses that have been capitalised as part of intangible assets/intangible assets under development.		
a) Employee benefit expenses	743.77	558.26
b) Other expenses	165.15	205.45
Total	908.92	763.71

23.8 Details of provisions

The Company has made provision for various contractual obligations and disputed liabilities based on its assessment of the amount it estimates to incur to meet such obligations, details of which are given below:

Particulars	Rs. lakhs				
	As at 1 April, 2011	Additions	Utilisation	Reversal (withdrawn as no longer required)	As at 31 March, 2012
Provision for warranty	14.76	12.54	10.78	(Nil)	16.52
	(Nil)	(14.76)	(Nil)	(Nil)	(14.76)

Note: - Figures in brackets relate to the previous year.

Of the above, the following amounts are expected to be incurred within a year:

Particulars	Rs. lakhs	
	As at 31 March, 2012	As at 31 March, 2011
Provision for warranty	16.52	14.76

24 Investment in A Squared Elxsi Entertainment LLC, USA

The Company has entered into a Joint Venture Agreement with A Squared Entertainment LLC, USA ("A2") for carrying on business in the field of animated content development, development of related characters/intellectual property and licensing thereof to merchandising companies, pursuant to which A Squared Elxsi Entertainment LLC, USA ("A2E2") has been incorporated to carry on the

Notes forming part of the consolidated financial statements

activities of the Joint Venture. The Company has remitted USD 1,000,001 as Share Application Money to A2E2 against which shares are yet to be allotted as at March 31, 2012. The JV Partner, A2 is in the process of completing its obligation under the agreement, on completion of which and issuance of equity to both the parties, A2E2 will become a subsidiary of the Company. As at 31 March, 2012, for the purpose of presenting the consolidated results, A2E2 has been considered as an associate.

25 Summary of Information relating to subsidiary is as follows

Subsidiary	Tata Elxsi (Singapore) Pte Ltd	
	2011-12	2010-11
Exchange rate as at March 31,2012	Rs. 51.22	Rs. 44.72
		Rs. lakhs
Issued and Subscribed share capital	28.67	28.67
Reserves	290.66	190.75
Loans	-	-
Total assets	475.56	326.43
Total liabilities	475.56	326.43
Investments		
Long-term	-	-
Current	-	-
Total	-	-
Turnover	2653.98	489.96
Profit/(Loss) before taxation Rs. Lakhs	281.76	85.26
Provision for taxation	25.58	7.05
Profit/(Loss) after taxation	256.18	78.21
Dividend paid	191.96	-

- 26 The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

S. Ramadorai
Shyamala Gopinath
Madhukar Dev
Sudha Madhavan
G. Vaidyanathan

Mumbai, May 07, 2012

Chairman
Director
Managing Director
Chief Financial Officer
Company Secretary

Statement pursuant to Section 212 of the Companies Act, 1956

Rs. lakhs

Subsidiary	Year	Exchange rate as at March 31 Rs./USD	Issued and Subscribed share capital	Reserves	Loans	Total assets	Total liabilities	Investments			Turnover	Profit/(Loss) before taxation	Provision for taxation	Profit/(Loss) after taxation	Dividend
								Long-term	Current	Total					
Tata Elxsi (Singapore) Pte. Ltd	2011-12	51.22	28.67	290.66	-	475.56	475.56	-	-	-	2653.98	281.76	25.58	256.18	191.96
	2010-11	44.72	28.67	190.75	-	326.43	326.43	-	-	-	489.96	85.26	7.05	78.21	-

Significant 3 year highlights (Consolidated)
3 Years Profit and Loss Account

Rs. lakhs

	31.03.2012	31.03.2011	31.03.2010
INCOME			
Sales and services	53,870.74	41,591.12	38,817.25
Other Income	420.50	386.34	94.94
Total	54,291.24	41,977.46	38,912.19
EXPENDITURE			
Cost of sales	7,172.32	5,381.03	4,864.06
Personnel expenses	27,807.29	21,670.28	20,031.89
Administrative and selling expenses	11,491.00	9,834.96	7,122.58
Financial expenses	232.63	188.26	173.88
Depreciation	2,051.92	1,720.47	1,658.26
Total	48,755.16	38,780.24	33,850.67
Profit before Tax for the year	5,536.08	3,197.22	5,061.52
Provision for Tax	(1,665.58)	54.45	179.81
Profit after Tax	3,870.50	3,251.67	4,881.71
Share of loss from an Associate Company	411.75	-	-
Net Profit for the year	3,458.75	3,251.67	4,881.71

Significant Ratio Analysis

S. No.	Particulars	Unit	31.03.2012	31.03.2011	31.03.2010
1	Earnings before interest, depreciation and tax/Sales	%	14.40	12.16	17.72
2	Profit before taxes/Sales	%	10.20	7.62	13.01
3	Profit after taxes/Sales	%	7.13	7.75	12.55
4	Current Ratio	No. of Times	1.78	1.75	2.71
5	Debt Equity Ratio	%	17.79	13.95	19.40
6	Earnings per share	Rs.	11.11	10.44	15.68
7	Dividend per share	Rs.	7.00	7.00	7.00
8	Book Value share	Rs.	61.65	58.57	56.24
9	Return on Net Worth	%	18.02	17.83	27.88
10	Return on Capital Employed	%	15.30	15.65	23.35

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Regd. Office : ITPB Road, Whitefield, Bangalore 560 048

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP IN ALL RESPECTS AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

Regd.FolioNo./Client IDNo.....
DPIDNo.....
Name.....
Address.....

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the Twenty Third Annual General Meeting of the Company.

Venue : Devraj Urs Bhavan, (behind Dr. Ambedkar Bhavan), 16 D, Millers Tank Bed Area, Vasanthanagar, Bangalore 560 052.

Date : Tuesday 24th July, 2012 at 12.30 p.m.

NAME OF THE SHAREHOLDER/PROXY (IN BLOCK LETTERS)

Signature of the Shareholder or Proxy



Regd. Office : ITPB Road, Whitefield, Bangalore 560 048

PROXY

I/We
of in the district of being a Member/Members of
TATA ELXSI LIMITED, hereby appoint of
in the district of or failing him/her of.....
in the district of as my/our proxy to attend and vote for me/us and on my/our
behalf at the Twenty Third Annual General Meeting of the Company to be held on Tuesday, 24th July 2012 at 12.30 p.m. at Devraj
Urs Bhavan, (behind Dr. Ambedkar Bhavan), 16 D, Millers Tank Bed Area, Vasanthanagar, Bangalore 560 052.

Signed this day of 2012

Regd. Folio/Client No. :

DP ID No. :

No. of Shares :

* Strike out whichever is not desired.

Note : The Proxy must be returned so as to reach the Registered Office of the Company, not less than FORTY EIGHT HOURS before the time of holding the Meeting.

Signature

Affix
Revenue
Stamp
of Re. 1.00

