



The harmonious blending of **form** and function,
innovation and engineering, **creativity** and
process, pervades everything we do.

This is perfectly articulated in our brand promise...

engineering **creativity**

Message from the Chairman



Your Company continues to demonstrate its leadership in its chosen businesses.

The key industries and geographical markets that your company operates in, are recovering and starting to invest in the design and development of new products and R&D activities. We anticipate an increase in new projects and customer engagements this year.

Your company has rigorously implemented and executed on strategies for market focus, improved treasury and financial management, and improved efficiency and productivity. It also increased the contribution of revenues from in-house developed intellectual property by over 30% in the embedded product design services business.

As a company in the knowledge industry offering design, creative and engineering services, our primary asset is our people. We are investing in retaining, developing and attracting the best talent required to establish ourselves as leaders in our chosen business areas. Going forward, this will help the company lay the foundation for accelerated growth and customer engagements.

Japan is an important geographical market for your company with customers across consumer electronics, telecom and automotive sectors. The recent disaster in Japan may have some short-term impact, but we expect this to improve in the long-term.

The company intends to drive growth and top-line at an accelerated pace, while constantly monitoring and managing the bottom-line and costs across all functions.

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

S Ramadorai

Financial Highlights

Total income

₹ 419.77 Crs.

Profit after tax

₹ 32.52 Crs.

Earnings per share

₹ 10.44

Book value per share

₹ 58.57

Dividend per share

₹ 7.00

Contents

04	Embedded Product Design
05	Industrial Design
06	Visual Computing Labs
07	Systems Integration
08	Board of Directors/Statutory Committees
09	Notice of AGM
14	Directors' Report
19	Compliance Report on Corporate Governance
27	Management Discussion & Analysis Statement
31	Auditors' Report
34	Balance Sheet
35	Profit & Loss Account
36	Cash Flow Statement
37	Schedules
52	Balance Sheet Abstract
53	Auditors' Report on the Consolidated Financial Statements
54	Consolidated Balance Sheet
55	Consolidated Profit & Loss Account
56	Consolidated Cash Flow Statement
57	Consolidated Schedules
72	Statement Pursuant to Sec 212/ Significant Five Year Highlights

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.

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

This division offers solutions across a diverse range of industries including broadcast, industrial and consumer products, transportation, energy, medical technology, 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. The division's expertise extends across consumer insight, branding, industrial design, visual design & merchandising, 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, Health care and Retail.

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



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 advertising. Visual Computing Labs hosts world-class studios in Los Angeles and India supported by a creative team that includes Academy Award® winning and BAFTA nominated professionals.

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



Best 2D/3D Animated Ad Film
SPICE "Brooder Fish" TVC
INFOCOM - ASSOCHAM EME AWARD 10-11



Best Special/Visual Effects for Television
Seven
10TH INDIAN TELLY AWARDS 2010



Best Animated Ad Film
Kelloggs Honeyloops
FICCI BAF AWARDS 2010



Systems Integration

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. This division 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.

Systems Integration division also offers storage, network and infrastructure management services for the Indian and overseas markets.



Board of **Directors**

(as on 27th April 2011)

S Ramadorai
Chairman

H H Malgham

P McGoldrick

P G Mankad

Dr. R Natarajan

Madhukar Dev
Managing Director

Statutory **Committees**

(Pursuant to the Listing Agreement with the Stock Exchanges)

Audit Committee

H H Malgham
Chairman

S Ramadorai

Dr. R Natarajan

Investor Grievance Committee

P G Mankad
Chairman

H H Malgham

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 SECOND ANNUAL GENERAL MEETING** of **TATA ELXSI LIMITED** will be held at Good Shepherd Auditorium, 25, Museum Road, Opp. St. Joseph P.U. College, Bangalore 560 025 on Friday, 22nd July, 2011 at 12.00 p.m. to transact the following business :

1. To receive and adopt the Directors' Report and the Audited Profit and Loss Account for the year ended March 31, 2011 and the Balance Sheet as at that date and the report of the Auditors thereon.
2. To declare dividend for the year ended 31st March, 2011.
3. To appoint a Director in place of Mr. P.G. Mankad who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. P. McGoldrick who retires by rotation and is eligible for re-appointment.
5. To appoint auditors to hold office from the conclusion of this Annual General Meeting up to 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 pursuant to the provisions of Sections 198, 269, 309, 311, 316 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") read with Schedule XIII of the Act, the Company hereby approves the re-appointment of Mr. Madhukar Dev as Managing Director of the Company, for the period January 16, 2011 to January 15, 2014 on the terms and conditions, as set out in the Explanatory Statement annexed to the Notice."
"RESOLVED FURTHER that notwithstanding anything to the contrary contained herein, where in any financial year during the currency of the tenure of Mr. Madhukar Dev the Company has no profits or its profits are inadequate, the Company will, subject to the approval of the Central Government, if any, continue to pay remuneration by way of salary, incentive remuneration and perquisites & allowances as set out in the Explanatory Statement."
"RESOLVED FURTHER that the Board of Directors of the Company or a Committee thereof, be and is hereby authorised to alter and vary the terms and conditions of the said re-appointment in such manner as may be agreed and to do all such acts, deeds, matters and things as may be necessary, proper and expedient to give effect to this Resolution."
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 Securities and Exchange Board of India (Delisting of Securities) Guidelines - 2003 and other applicable provisions, if any, and subject to the approval of the Stock Exchange(s) and Securities and Exchange Board of India (SEBI) and such other authorities as may be required, the approval of the shareholders of the Company be and is hereby accorded to the Board of Directors of the Company to delist the equity shares of the Company from Bangalore Stock Exchange and Delhi Stock Exchange."

By Order of the Board
For **TATA ELXSI LIMITED**

G. VAIDYANATHAN
Company Secretary

Mumbai, 27th April, 2011

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

NOTES:

- a) The relevant details of the persons seeking re-appointment as Director under Item Nos. 3 and 4 of the notice 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 OF THE COMPANY.
- 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 12th July 2011 to 22nd July, 2011 (both days inclusive) for the purpose of determining the shareholders entitled to the payment of Dividend declared, if any, at the Annual General Meeting on 22nd July, 2011 for the year ended March 31, 2011.

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 11th July, 2011 and to the Beneficial Holders as per the Beneficiary List as on 11th July, 2011 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.**

Members who have not yet encashed their dividends for the financial year ended 31st March, 2004 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 2004 and 31st March, 2005 are due for transfer to the Investor Education & Protection Fund on 4th September, 2011 and 17th August, 2012 respectively.

The Ministry of Corporate Affairs (MCA), wide circular nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively has clarified that a Company will be deemed to have complied with the provisions of Sections 53 and 219(1) of the Companies Act, 1956, in case documents like notices, annual reports etc. are sent to its Members in electronic form, subject to compliance with the conditions stated therein.

The Company in support of the Green Initiative of the MCA, proposes to send its notices, annual report etc. in electronic form to the Members. The Members who wish to receive the said documents in electronic form are requested to register/update their e-mail addresses as per the following:

- i) Members holding equity shares of the Company in the electronic form are requested to update/register their e-mail addresses with their respective depository participants.
- ii) Members holding equity shares in physical form are requested to update/register their e-mail addresses with the Company by sending a mail to investors-update@tataelxsi.com mentioning their name and folio number.

ANNEXURE TO NOTICE

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

Item No. 6

1. At the Annual General Meeting of the Company held on July 22, 2008 the members had re-appointed Mr. Madhukar Dev as the Managing Director of the Company for a period of 3 years effective January 16, 2008. His present term of appointment expired on January 15, 2011.
2. On the recommendation of the Nomination Committee and the Remuneration Committee and subject to the approval of the Members, the Board of Directors of the Company vide circular resolution dated January 12, 2011, has unanimously approved the re-appointment of Mr. Madhukar Dev, as the Managing Director of the Company for a period of 3 years from January 16, 2011 to January 15, 2014. The terms of re-appointment of Mr. Madhukar Dev *inter alia*, include the following:
 - i. **Nature of Duties:** Subject to the supervision and control of the Board of Directors of the Company, the Managing Director shall be in charge of the affairs of the Company and exercise such functions and powers as shall from time to time be entrusted to him by the Board of Directors.
 - ii. **Period of Agreement:** From 16th January, 2011 to 15th January, 2014.
 - iii. **Remuneration:** Up to a maximum of Rs. 500,000/- per month with authority to the Board or Committee of Board, to fix the salary within the above maximum amount from time to time. The annual increments which will be effective 1st April each year, will be decided by the Board and will be merit-based and take into account the Company's performance as well. In addition the Managing Director shall also be entitled to commission and/or incentive remuneration, if any, benefits, perquisites & allowances as may be determined by the Board/Committee of Board from time to time.
 - iv. **Minimum Remuneration:** Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, incentive remuneration and perquisites & allowances as specified above.
 - v. **Termination:** The appointment of the Managing Director may be terminated either by the Company or the Managing Director by giving six months notice or the Company paying six months remuneration in lieu of such notice.
 The employment of the Managing Director may be terminated by the Company without notice or payment in lieu of notice if (i) he is found guilty of any gross negligence, default or misconduct with or affecting the business of the Company, its subsidiaries or associates, (ii) in the event of any serious or repeated or continuing breach (after prior warning) or non-observance of any stipulations contained in the terms of his appointment, or (iii) in the event the Board loses confidence in him.
 - vi. The terms and conditions of the said appointment and/or agreement may be altered and varied from time to time by the Board as it may, in its discretion, deem fit, within the maximum amount payable to the Managing Director.
 - vii. If at any time the Managing Director ceases to be a Director for any cause whatsoever, he shall also cease to be the Managing Director of the Company.
 - viii. If at any time the Managing Director ceases to be the Managing Director of the Company for any cause whatsoever, he shall also cease to be a Director of the Company.
 - ix. The Managing Director shall not be entitled to supplement his earnings under the agreement with any buying or selling commissions. He shall not also become interested or otherwise concerned directly or through his wife or minor children in any selling agency of the Company, without prior approval of the Central Government.
 - x. All Personnel Policies of the Company and the related Rules which are applicable to other employees of the Company shall also be applicable to the Managing Director, unless specifically provided otherwise.
 - xi. The Managing Director is being appointed as a Director by virtue of his employment in the Company and his appointment shall be subject to the provisions of Section 283(1)(i) of the Act.

- xii.** The Managing Director shall not have the following powers:
- i. to make calls on members in respect of moneys unpaid on shares in the Company;
 - ii. to issue debentures;
 - iii. to invest funds of the Company in shares, stocks and securities; and
 - iv. to buy back shares of the Company.
3. None of the Directors, except Mr. Madhukar Dev, is concerned or interested in Item No. 6 of the Notice.
4. The Directors recommend the resolution at Item No. 6 of the accompanying Notice for approval of the Members of the Company.
5. The abstract of the terms of appointment of Managing Director has already been sent to the members pursuant to Section 302 of the Act.
6. Draft agreement to be entered into between the Company and Mr. Madhukar Dev is available for inspection at Registered Office of the Company on any working day between 11.00 a.m. and 1.00 p.m. prior to the date of the meeting.

Item No.7

The Company's equity shares are presently listed with the following Stock Exchanges:

1. Bombay Stock Exchange Ltd.
2. Bangalore Stock Exchange Ltd.
3. Delhi Stock Exchange Association Ltd.
4. National Stock Exchange Ltd.

The trading of the Company's equity shares predominantly takes place in Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). There has been no trading of Company's equity shares in Bangalore Stock Exchange and Delhi Stock Exchange in the last 3 years. In terms of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, it has been decided to delist the Company's equity shares from Bangalore Stock Exchange and Delhi Stock Exchange. Since the Company's equity shares would continue to be listed in Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) both having nationwide network, the shareholders/investors would not be put to hardship. The liquidity of the shares would also not be affected.

The Board of Directors at their meeting held on April 27, 2011, has approved, subject to the consent of the members and other authorities, to delist the Company's equity shares from Bangalore Stock Exchange and Delhi Stock Exchange. In terms of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, as the Company's equity shares shall continue to remain listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE), no exit option is required to be offered to the shareholders.

The Board commends the resolution for delisting the shares of the Company from Bangalore Stock Exchange and Delhi Stock Exchange, for acceptance by the members.

None of the Directors is concerned or interested in the business under Item No. 7.

By Order of the Board
For **TATA ELXSI LIMITED**

G. VAIDYANATHAN
Company Secretary

Mumbai, 27th April, 2011

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 re-appointment of a Director

Name of the Director	P.G. Mankad	P. McGoldrick
Date of Birth	18th November, 1941	8th September, 1949
Date of appointment	2nd September, 2004	12th January, 1993
Specialised Expertise	General Management	Computer Science
Qualifications	M.A. (History), IAS	Master Degree in Computer Science from Stanford University, USA. Advanced Management Program 109 from Harvard Business School.
Directorships of other companies* as at 31st March, 2011	Tata International Limited	Tata Technologies Ltd.
	DSP-Merrill Lynch Fund Managers Ltd.	
	Max India Limited	
	Mahindra & Mahindra Financial Services Limited	
	Kingfisher Airlines Limited	
	ICRA Limited	
	Noida Toll Bridge Company Limited	
	UB (Holdings) Ltd.	
	Heidelberg Cements India Ltd.	
	SRF Limited	
	Tata Power Company Ltd.	
	Mahindra Forgings Ltd.	
Chairmanship/ Membership of other Committees** as at 31st March, 2011	Chairman - Shareholders/Investor Grievance Committee	None
	Heidelberg Cements India Ltd.	
	Member - Shareholders/Investor Grievance Committee	
	Noida Toll Bridge Company Ltd.	
	Max India Limited	
	Member - Audit Committee	
	Tata International Limited	
	SRF Limited	
	Noida Toll Bridge Company Ltd.	
	Heidelberg Cements India Ltd.	
	DSP-Merrill Lynch Fund Managers Ltd.	
	Tata Power Company Ltd.	
No. of shares held in the Company as on 31st March, 2011	Nil	Nil

* Excludes private/foreign companies

** Only Audit and Shareholder/Investor Grievance Committee considered

DIRECTORS' REPORT TO THE MEMBERS

1. Your Directors present the Twenty-second Annual Report together with the Audited Statements of Accounts of your Company for the year ended March 31, 2011.

2. **Financial Highlights:**

During the financial year 2010-11, the operations of your Company resulted in the following:

(Rs. Crores)

	Unconsolidated		Consolidated	
	2010-11	2009-10	2010-11	2009-10
Sales and Service	411.01	376.37	415.91	388.17
Other income	3.86	0.95	3.86	0.95
Total Income	414.87	377.32	419.77	389.12
Profit before financial expenses and depreciation	50.20	67.95	51.05	68.94
Less : Financial expenses	1.88	1.74	1.88	1.74
Depreciation	17.20	16.58	17.20	16.58
Net profit for the year	31.12	49.63	31.97	50.62
Less : Provision for Income tax	(0.61)	1.72	(0.55)	1.80
Profit after tax	31.73	47.91	32.52	48.82
Add: Profit brought forward	105.99	88.58	107.13	88.81
Balance available for appropriation which has been appropriated as under:	137.72	136.49	139.65	137.63
Proposed dividend.	21.80	21.80	21.80	21.80
Dividend tax thereon net of reversal thereof.	3.45	3.70	3.45	3.70
Transfer to general reserve	5.00	5.00	5.00	5.00
Balance of profit carried to Balance Sheet	107.47	105.99	109.40	107.13
Total appropriations	137.72	136.49	139.65	137.63

3. **Dividend:**

Your Directors recommend for your approval a dividend of 70% (Rs.7.00 per share) [previous year 70% (Rs.7.00 per share)] for the year ended 31st March 2011, involving an outgo of Rs. 21.80 Cr. (previous year Rs.21.80 Cr.). Additionally, dividend distribution tax will involve an outlay of Rs.3.45 Cr. (previous year Rs.3.70 Cr.), involving a payout ratio of 79.6%.

4. **Review of Operations:**

On consolidated basis, the turnover during the year under review was Rs.415.91 Cr. as against Rs.388.17 Cr. in the previous year, registering an overall increase of 7.1%. The Profit after Tax was Rs.32.52 Cr. as against Rs.48.82 Cr. in the previous year.

The market registered slow but steady recovery in the key industry segments that your company operates in. Your company registered the increase in turnover by successfully implementing and executing on strategies for market focus, improved treasury and financial management, and improved efficiency and productivity.

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 6.3% to Rs.358.19 Cr. during FY11 from Rs.336.94 Cr. in FY10. The segment profit decreased from Rs.57.67 Cr. to Rs.36.81 Cr., mainly on account of increased personnel expenses.

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.

Your company has identified certain growth markets for the future and is working towards building market traction and competencies to garner scale and market share in these selected industry segments.

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, industrial design, visual design & merchandising, 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.

It has also executed several projects for interior and exterior styling of cars and transportation products, and is also targeting the growing Asian market in this segment.

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 developer of mobile, online and console games.

During the year, the Overseas VFX studio set up at Santa Monica near Hollywood commenced projects for several Hollywood productions. It has also built capability in its US and Mumbai studios, to deliver 3D Stereoscopic content related work.

Systems Integration & Support:

During the year, the segment turnover and results were Rs.57.71 Cr. and Rs.6.77 Cr. respectively, compared to Rs.51.23 Cr. and Rs.4.06 Cr. respectively during 2009-10.

This business has improved its turnover and profits, while focusing on a solutions centric approach which includes more of software and services. It also focused on growing the professional services business to enable better margins.

5. Finance:

Interest cost was Rs.1.88 Cr. against Rs.1.74 Cr. in the previous year. Borrowings, which were Rs.33.97 Cr. at the beginning of the year, reduced to Rs.25.43 Cr. at the end of the year.

6. Directors:

Mr. P.G. Mankad and Mr. P. McGoldrick retire by rotation and being eligible, offer themselves for reappointment.

Mr. Ramadorai, Chairman, has been appointed as the Advisor to the Prime Minister in the Prime Minister's National Skill Development Council in the rank of Cabinet Minister with effect from February 07, 2011. The Directors place on record their heartiest congratulation and wishes Mr. Ramadorai all the best for this prestigious appointment.

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;

DIRECTORS' REPORT TO THE MEMBERS (Contd.)

- (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 and significant initiatives are planned for 2011-12 to increase capacity through the induction of fresh engineers and lateral hires from the industry, as also increased efficiency through technical training and other productivity enhancing inputs.

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 Rs.4.90 Cr. and Profits before Tax of Rs.0.85 Cr during the year 2010-11 as against the previous year's turnover of Rs.11.80 Cr. and Profit before Tax of Rs.0.99 Cr, which relates mainly to the Systems Integration segment business. Your Company has been granted exemption for this financial year by the Ministry of Corporate Affairs from 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 said exemption, 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 upto 31st March, 2011, 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. Acknowledgements:

The Directors wish to thank the Company's esteemed 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, 27th April 2011

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 etc.
- (iii) Initiatives such as use of company mass transport and car pooling for employees commuting to work.
- (iv) Rain water harvesting and using recycled water for gardening has been initiated.
- (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. This resulted in bringing out innovative product solutions to address the market requirement. These have been successfully licensed to some customers, enabling some 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

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.

c. Expenditure on R & D during the year

- i. Capital : Rs. 2.73 crs
- ii. Recurring : Rs. 9.92 crs
- iii. Total : Rs.12.65 crs
- iv. Total R & D expenditure as a percentage total turnover: 3 %

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, networking, 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.20 and 21 of Schedule 18 to the Accounts (page no.45).

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, 2011.

Mumbai, 27th April 2011

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 level of integrity, with proper authorisation, 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 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.

Six Board Meetings were held during the year 2010-11 and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held were 7th April, 2010, 30th April, 2010, 26th July, 2010, 22nd October, 2010, 18th January, 2011 and 14th March, 2011.

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 2010-11	Whether attended AGM held on 26th July, 2010	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 Chairman	Not Independent / Non-executive	6	Yes	5	4	7	4
Mr. H H Malgham	Independent / Non-executive	6	Yes	-	2	3	1
Mr. P.G. Mankad	Independent / Non-executive	6	Yes	1	1	11	8
Mr. P McGoldrick	Independent / Non-executive	5	Yes	-	-	1	-
Dr. R. Natarajan	Independent / Non-executive	6	Yes	-	-	1	-
Mr. Madhukar Dev	Not Independent / Managing Director	6	Yes	-	-	-	-

* Only Audit and Investor Grievance Committees considered.

** Excludes private/foreign/non-profit companies.

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 2010-11. The dates on which the Audit Committee Meetings were held were 29th April, 2010, 26th July, 2010, 25th August, 2010, 22nd October, 2010, 18th January, 2011 and 7th February, 2011.

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 2010-11
1	Mr. H.H. Malgham, Chairman	Independent/Non-executive	6
2	Mr. S Ramadorai	Not Independent / Non-executive	6
3	Mr. R. Natarajan	Independent / Non-executive	6

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;

COMPLIANCE REPORT ON CORPORATE GOVERNANCE (Contd.)

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 2010-11.

One Remuneration Committee Meeting was held on 29th April, 2010 during the year 2010-11.

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 2010-11
1	Mr. H.H. Malgham, Chairman	Independent/Non-executive	1
2	Mr. S. Ramadorai	Not Independent/Non-executive	1
3	Dr. R. Natarajan	Independent/Non-executive	1

Details of remuneration during 2010 - 11 in respect of the Non-executive Directors are given below:

Sl.No.	Name of the Non-executive Director	Sitting Fees Rs.	Commission* Rs.
1	Mr. S Ramadorai	2,40,000	11,00,000
2	Mr. H H Malgham	2,85,000	8,50,000
3	Mr. P.G. Mankad	1,65,000	3,50,000
4	Mr. P McGoldrick	75,000	2,50,000
5	Dr. R. Natarajan	2,10,000	4,50,000

Details of remuneration for 2010-11 in respect of Mr. Madhukar Dev, Managing Director, are given below:

Basic Salary Rs.	Commission* Rs.	Contribution to Provident & other Funds Rs.	Other Allowances & Perquisites Rs.	Total Rs.
30,00,000	50,00,000	8,85,000	42,00,000	1,30,85,000

* Payable after approval of the annual accounts at the forthcoming Annual General Meeting.

5. Investor 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 2010-11. The dates on which the Investor Grievance Committee Meetings were held were 30th April, 2010, 21st October, 2010 and 18th January, 2011.

COMPLIANCE REPORT ON CORPORATE GOVERNANCE (Contd.)

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 2010-11
1	Mr. P.G. Mankad, Chairman	Independent / Non-executive	3
2	Mr. H H Malgham	Independent / Non-executive	3

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 : +91-80-22979770

E-mail : gvnathan@tataelxsi.co.in

Details of complaints received and redressed during 2010-11 :

Opening Balance	Received during the year	Resolved during the year	Closing Balance
-	17	17	-

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:

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

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	21st AGM in respect of the year 2009-10	26th July, 2010	Dr. B.R Ambedkar Bhavana, Millers Road, Vasanth Nagar, Bangalore	11.30 a.m.
2	20th AGM in respect of the year 2008-09	7th September, 2009	St. John's Auditorium, Koramangala, Bangalore	11:00 a.m.
3	19th AGM in respect of the year 2007-08	22nd July 2008	St. John's Auditorium, Koramangala, Bangalore	12:00 noon

No item of business, which required the members' approval through postal ballot, was transacted during 2010-11.

As required under clause 49(G)(i) of the Listing Agreement, particulars of the Directors seeking appointment/re-appointment 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;

COMPLIANCE REPORT ON CORPORATE GOVERNANCE (Contd.)

- 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 of the Company's Audit Committee and no personnel has 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 of 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, 2011 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	22nd July, 2011 at Good Shepherd Auditorium, 25, Museum Road, Opp. St. Joseph P.U. College, Bangalore 560 025 at 12.00 p.m.
ii.	Financial Calendar	Year ending March 31, 2011
iii.	Date of Book Closure	12th July, 2011 to 22nd July, 2011
iv.	Dividend Payment Date	On or after 23rd July, 2011
v.	Listing on Stock Exchanges	Bangalore Stock Exchange Limited Stock Exchange Towers, 51, 1st Cross, J. C. Road, Bangalore-560 027, India Tel. : +91-80-4157 5234 Fax : +91-80-4157 5232 Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001, India Tel. : +91-22-22721234 Fax : +91-22-22722041 The Delhi Stock Exchange Association Limited DSE House, 3/1 Asaf Ali Road, New Delhi-110 002, India Tel. : +91-11-46470000 Fax: +91-11-46470053 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
vi.	Stock Code	Bombay Stock Exchange Ltd: 500408 National Stock Exchange Ltd.: TATA ELXSI
vii.	Registrar & Share Transfer Agents	TSR Darashaw Limited, 6-10, Haji Moosa Patrawala Ind. Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011

COMPLIANCE REPORT ON CORPORATE GOVERNANCE (Contd.)

Sl.No.	Salient Items of Interest	Particulars
viii.	Share Transfer System	<p>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.</p> <p>In respect of shares held in dematerialised mode, the transfer takes place instantaneously between the transferor, transferee and the Depository Participant through electronic debit/credit of the accounts involved.</p>
ix.	Dematerialisation of shares and liquidity	As on March 31, 2011, 2,93,11,719 shares were held in dematerialized mode.
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	<p>Your Company's software development centers are located at the following addresses:</p> <ul style="list-style-type: none"> a. ITPB Road, Hoody, 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. Maruthi Industrial Estate ITPL Road, Whitefield, Bangalore – 560 066; d. Neyyar, Plot No.23-28, Technopark Campus Kariyavattom, Trivandrum – 695 581; e. "Gayatri" Technopark, Trivandrum – 695 581 f. Alpha – 1&2 Building, GIGA Space, 198/1B, Nagar Road, Pune – 411 014 g. "Rakavis Towers", 1065, Trichy Road, Near All India Radio, Ramanathpuram Coimbatore – 641 045; 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	ITPL Road, Hoody, Bangalore – 560 048

Market Price Data: High/Low during each month of 2010-11 on the following exchanges:

Month	Mumbai			National		
	High (Rs.)	Low (Rs.)	Vol. (No. of shares)	High (Rs.)	Low (Rs.)	Vol. (No. of shares)
April-10	338.05	310.05	1694952	337.75	312.00	3694719
May-10	312.00	240.10	1130614	315.00	240.15	2305393
June-10	295.35	251.65	1577757	294.90	254.05	3245732
July-10	297.50	255.00	1215589	297.50	255.00	2486164
August-10	264.70	226.00	1230184	264.80	226.20	2481174
September-10	269.90	227.35	1819997	269.75	227.00	3817264
October-10	297.80	242.60	3890693	297.95	242.00	7996248
November-10	340.90	248.00	4725564	340.65	249.20	11836401
December-10	320.00	242.00	3096070	319.90	240.10	7623473
January-11	324.00	247.15	1891045	324.00	246.30	4148102
February-11	266.00	224.00	1306464	265.90	223.00	2187477
March-11	264.40	229.10	1559917	264.50	229.50	3185503

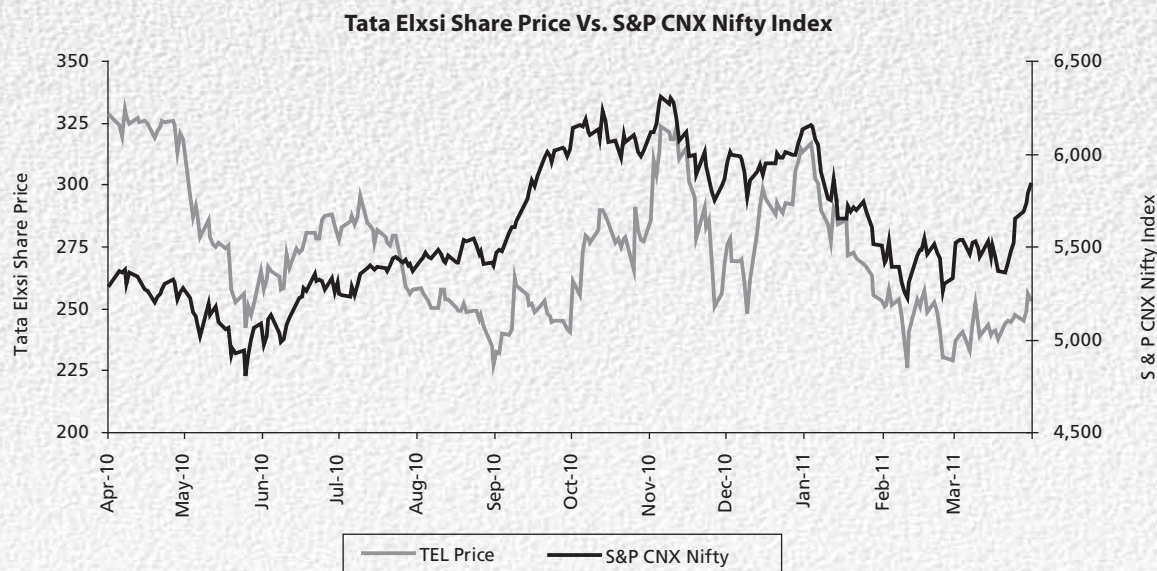
COMPLIANCE REPORT ON CORPORATE GOVERNANCE (Contd.)

Distribution of Shareholding as on March 31, 2011:

Range of Shares	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1 - 500	53546	95.20	6991727	22.45
501 – 1000	1569	2.79	1278193	4.10
1001 - 2000	616	1.10	943190	3.03
2001 – 3000	183	0.33	474392	1.52
3001 – 4000	83	0.15	300078	0.96
4001 – 5000	65	0.12	308995	0.99
5001 – 10000	98	0.17	729556	2.35
Over 10,000	84	0.14	20112089	64.60
Total	56244	100.00	31138220	100.00

Categories of Shareholding as on March 31, 2011:

Category	No. of Shareholders	No. of Shares held	% of Shareholding
Individuals	54666	13054132	41.92
NRI's	466	180285	0.58
Companies	787	2150634	6.91
Tata Group	5	14047732	45.11
Mutual Funds, FI's, FII's	15	1462920	4.70
Clearing Member/Clearing House	305	242517	0.78
NSDL/CSDL transit position	0	0	0
Total	56244	31138220	100.00



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, 2011, 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: April 27, 2011

MANAGEMENT DISCUSSION & ANALYSIS (MDA) STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

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 6.3% from Rs.336.94 Cr. during FY10 to Rs.358.19 Cr. in FY11. The profit of this segment in FY11 was Rs. 36.81 Cr. as against Rs. 57.67 Cr. in the previous year. This was due to an increase in expenses including a significant rise in personnel expenses.

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 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, transportation, energy, wireless communications and convergence.

In the year under review, the company identified key industry segments with significant growth potential in the medium and long term, aligned with the competencies and capabilities of this division. The company has driven focus and alignment of its sales, marketing and engineering in these segments, to drive better penetration and market share. This is also expected to help drive a larger share of business from key customers in these segments.

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 market. 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.

This division works with leading product companies developing digital television products, set-top boxes and infrastructure equipment, and helps them successfully develop and deploy these products in various geographies and conforming to different standards and service provider requirements.

Your company has also successfully engaged 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.

It also engages with manufacturers of consumer electronic devices such as digital still and video cameras, projectors, mobile phones, media players, printers and emerging product categories such as tablets, e-book readers, etc.

Transportation:

Tata Elxsi offers electronics, software development and full system services for automotive industry. Focus areas in automotive electronics include Powertrain, Body Electronics, Safety, Security and In-vehicle Infotainment.

With increasing regulatory norms for emission control, passenger and road safety being implemented 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.

In-vehicle Infotainment is a growing segment, with audio, video and connectivity being enabled within the car. Tata Elxsi's capabilities in multimedia and communication are very relevant to the requirements for infotainment electronics development.

The company has also initiated engagements with companies in the aerospace and marine industry for embedded electronics and software development.

MANAGEMENT DISCUSSION & ANALYSIS (MDA) STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011 (contd.)**Communication:**

Tata Elxsi works with wire-line & wireless communications product companies to build new products based on upcoming standards, add new features to existing products and support development, testing and productization of complete systems.

The telecom market is witnessing rapid adoption and deployment of broadband wireless access, especially for LTE (Long Term Evolution) standards.

Your company has invested in developing software IPR for LTE, and this investment has delivered new customer wins and licensing deals with established telecom equipment vendors in this financial year. Tata Elxsi expects to consolidate its position as a leading supplier for LTE and broadband wireless technology, building on its success with WiMAX in the previous years.

Leading industry events such as Mobile World Congress in Barcelona and 4G World in Chicago saw our key customers demonstrate their LTE solutions based on our IPR, apart from our own direct participation and demonstrations.

Your company derives revenues from Japan for its embedded product design services, especially in the consumer electronics, telecom and automotive electronics segments. The recent disaster in Japan had a minor impact on the revenues in the fourth quarter. Initial feedback from customers indicates minimal long-term impact while there may be some immediate impact on business due to project deferrals and delays.

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, industrial design, visual design, merchandising, 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.

This division led the design and development of the Pureit range of water purifiers, which have been very successful in the Indian and overseas markets. These products have won several awards including the Golden Peacock Innovative Product/Service Award in the FMCG sector and two awards from UNESCO Water Digest in the category of Best Domestic Non-Electric Water Purifier and Best Water R&D and Technological Breakthrough.

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 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 developer of mobile, online and console games.

During the year, the overseas VFX studio set up at Santa Monica near Hollywood commenced servicing Hollywood customers. VFX work was carried out for major Hollywood studios and also for smaller independent film producers. In 2010-11, this strategic move helped increase the share of international revenues in VCL's revenues substantially.

Systems Integration and Support:

On a consolidated basis, this business segment registered an increase of 12.6% from Rs.51.23 Cr. during FY10 to Rs.57.71 Cr. in FY11. The profit of this segment in FY11 was Rs.6.77 Cr. as against Rs.4.06 Cr. in the previous year, registering an increase of 66.7% over the previous year.

This segment comprises 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,

MANAGEMENT DISCUSSION & ANALYSIS (MDA) STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011 (contd.)

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.

2. Internal Controls systems and their adequacy:

Your Company has put in place adequate internal control systems, commensurate with the size of 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 Private Limited.

The internal controls of the Company are operated through multiple processes viz.

- An exhaustive system of internal checks and balances involving inter-dependencies of job responsibilities, which ensures that there are joint discussions and approvals before any financial commitments are made;
- Extensive coverage by the external and in-house Internal Auditors of various operational areas in rotation and who, along with the Statutory Auditors, present their findings at regular meetings of the Audit Committee of the Board of Directors and interact directly with the Audit Committee members who in turn discuss with the auditors and the management regarding issues raised in the Audit Reports;
- A well-defined authority manual which specifies the maximum amounts and the various authority levels within the Company which are involved for approving both Capital and Revenue Expenditure, before any such expenditure is incurred.

With these ongoing initiatives, there are adequate internal control systems in the Company.

The company is also implementing an enterprise-wide MIS system that will integrate key functions including sales & marketing, resource management, billing, HR and accounts and provide the management an integrated system for more effective monitoring and control. This is expected to be fully functional in the coming year.

3. Financial Analysis:

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

**Salient Financial Data
Relating to Profit & Loss Account**

	2010-11	2009-10	change over
	Rs. Crs	Rs. Crs	pre. year %
Sales and services	415.91	388.17	7.1
Other income	3.86	0.95	306.3
Total Revenues	419.77	389.12	7.9
Cost of sales	53.81	48.64	10.6
Personnel expenses	227.33	200.32	13.5
Overheads	87.58	71.22	23.0
Financial expenses	1.88	1.74	8.0
Depreciation/ Amortisation	17.20	16.58	3.7
Total Expenditure	387.80	338.50	14.6
Profit before tax for the year	31.97	50.62	(36.8)
Tax	(0.55)	1.80	(130.6)
Net Profit for the year	32.52	48.82	(33.4)

**Expenditure Analysis as a
percentage of Income**

2010-11	2009-10
%	%
99.1	99.8
0.9	0.2
100.0	100.0
12.8	12.5
54.2	51.5
20.9	18.3
0.4	0.4
4.1	4.3
92.4	87.0
7.6	13.00
(0.1)	0.5
7.7	12.5

MANAGEMENT DISCUSSION & ANALYSIS (MDA) STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011 (contd.)
Analysis:
a. Overheads:

Items	Actuals	Actuals	Variance %	Remarks
	10-11	09-10	10-11/ 09-10	
	Rs. Crs	Rs. Crs	%	
Operating lease rentals	11.94	11.36	5.1	Increase in rent for leased premises
Telephone, data link, courier and postage	5.55	3.87	43.4	Additional lease line for meeting project requirements
Overseas travel	16.06	14.21	13.0	Increase in onsite assignments
Advertisement and sales promotion expenses	3.02	2.38	26.9	New initiatives within and outside India to increase customer base
Exchange (Gain)/Loss (net)	(2.82)	8.48		Rupee depreciation during the year against GBP, Euro and Yen

b. Significant Ratio Analysis:

Sl. No.	Particulars	Unit	31.03.11	31.03.10
1	Earning before interest, depreciation and tax/Sales	%	12.3	17.8
2	Profit before taxes/Sales	%	7.7	13.0
3	Profit after taxes/Sales	%	7.8	12.6
4	Current Ratio	No. of Times	2.2	2.5
5	Debt Equity Ratio	Ratio	0.14:1	0.19:1
6	Earning per share	Rs.	10.44	15.68

4. Human Resources:

The gradual but progressive revival of the IT industry over the last few quarters has resulted in increased hiring especially from captive MNC centers which had undertaken layoffs and hiring freeze during the recessionary period. This has resulted in increased attrition levels across the services sector. Your company has already initiated active measures to both contain attrition and also plan for the increase in manpower to enable the targeted revenue growth.

Your Company recognizes the critical importance of its human capital and significant initiatives are planned during 2011-12 to increase capacity through the induction of fresh engineers and lateral hires from the industry, as also increased efficiency through knowledge management and skill development programs.

5. Quality Initiatives:

Your Company has a very strong process orientation in the execution of its software projects. Your Company's Transportation Business Unit has been assessed at Level 5 AutoSPICE model, one of the very few companies in the world to achieve this distinction. Your Company implemented several practices in line with the Tata Business Excellence Model (TBEM). During the year your Company participated in the TBEM assessment and is in the pursuit of improving business processes across all functions for achieving excellence.

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, 2011, the Profit and Loss Account 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 Profit and Loss Account 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 Profit and Loss Account 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, 2011;
 - (b) in the case of the Profit and Loss Account, 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, 2011 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 008072S)

V. Balaji
Partner
(Membership No.203685)

Place: Mumbai,
Date: April 27, 2011

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, 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, 2011 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, 2011 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	75.71
Income Tax Act	Income Tax	Commissioner of Income Tax, Appeals	Financial Year 2007-08	274.41
Income Tax Act	Income Tax	Commissioner of Income Tax, Appeals	Financial Year 2008-09	2.57
Income Tax Act	Income Tax	Commissioner of Income Tax, Appeals	Financial Year 2008-09	34.66
Income Tax Act	Income Tax	Commissioner of Income Tax, Appeals	Financial Year 2009-10	22.46
Income Tax Act	Income Tax	Commissioner of Income Tax, Appeals	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
(Registration No. 008072S)

V. Balaji
Partner
(Membership No.203685)

Place: Mumbai,
Date: April 27, 2011

BALANCE SHEET AS AT MARCH 31, 2011

	Schedules	As at March 31, 2011	Rs. lakhs As at March 31, 2010
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	3,113.82	3,113.82
Reserves and surplus	2	14,932.14	14,283.55
		18,045.96	17,397.37
Loan Funds			
Secured loans	3	2,543.16	505.55
Unsecured loans	4	-	2,891.38
		2,543.16	3,396.93
Deferred tax liability (Net) [Refer note 24 of Schedule 18]		150.00	521.50
Total		20,739.12	21,315.80
APPLICATION OF FUNDS			
Fixed assets and intangible assets			
Gross block	5	16,754.45	15,005.70
Less: Depreciation		7,678.31	6,004.47
Net block		9,076.14	9,001.23
Capital work in progress [including capital advances of Rs.76.13 lakhs (Previous year Rs.22.80 lakhs)]		1,183.54	41.07
		10,259.68	9,042.30
Investments	6	28.67	28.67
Current assets, loans and advances			
Inventories	7	57.11	6.24
Unbilled revenues		921.76	1,074.20
Sundry debtors	8	10,414.63	12,002.82
Cash and bank balances	9	2,023.97	1,343.02
Loans and advances	10	6,135.28	5,043.64
		19,552.75	19,469.92
Less: Current liabilities and provisions			
Current liabilities	11	5,604.50	3,896.08
Provisions	12	3,497.48	3,329.01
		9,101.98	7,225.09
Net current assets		10,450.77	12,244.83
Total		20,739.12	21,315.80

Significant accounting policies and notes on accounts 18

The schedules referred to above and the notes thereon form an integral part of the Balance Sheet

In terms of our report attached

For and on behalf of the Board

 For **Deloitte Haskins & Sells**
Chartered Accountants

V. Balaji
Partner

S. Ramadorai
Chairman
H. H. Malgham
Director
Madhukar Dev
Managing Director
G. Vaidyanathan
Company Secretary

Mumbai, April 27, 2011

Mumbai, April 27, 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

Rs. lakhs

		For the year ended	
	Schedules	March 31, 2011	March 31, 2010
INCOME			
Sales and services	13	41,101.16	37,637.04
Other income	14	386.34	94.94
Total		41,487.50	37,731.98
EXPENDITURE			
Cost of sales	15	4,990.21	3,785.32
Personnel expenses	16	22,732.96	20,031.89
Administration and selling expenses	17	8,743.65	7,119.89
Financial expenses		188.26	173.88
Depreciation/ Amortisation		1,720.47	1,658.26
Total		38,375.55	32,769.24
Profit before tax for the year		3,111.95	4,962.74
Provision for tax - Current [Refer note 23 of Schedule 18]		(1,096.00)	(977.04)
- MAT credit		786.00	837.00
- Deferred [Refer note 24 of Schedule 18]		371.50	(31.50)
Net Profit for the year		3,173.45	4,791.20
Profit brought forward		10,598.73	8,857.65
Balance available for appropriation		13,772.18	13,648.85
Less: Proposed dividend		2,179.68	2,179.68
Less: Dividend tax net of reversal thereof		345.18	370.44
Less: Transfer to general reserve		500.00	500.00
Balance of profit carried to Balance Sheet		10,747.32	10,598.73
Earning per share of Rs. 10 each - basic and diluted (Rs.) [Refer note 22 of Schedule 18]		10.19	15.39

Significant accounting policies and notes on accounts 18

The schedules referred to above and the notes thereon form an integral part of the Profit and Loss Account

In terms of our report attached

For and on behalf of the Board

For **Deloitte Haskins & Sells**
Chartered Accountants

S. Ramadorai

Chairman

V. Balaji
Partner

H. H. Malgham

Director

Madhukar Dev

Managing Director

G. Vaidyanathan

Company Secretary

Mumbai, April 27, 2011

Mumbai, April 27, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

		Rs. lakhs
	March 31, 2011	March 31, 2010
A. Cash flows from operating activities		
Net Profit before tax	3,111.95	4,962.74
Adjustment for:		
Depreciation / Amortisation	1,720.47	1,658.26
Interest income	(33.41)	(0.39)
Interest expense	188.26	173.88
Provision for doubtful debts	1,625.00	219.55
Liabilities no longer required, written back	(65.04)	-
Loss/(Profit) on sale of assets	1.22	(0.73)
Unrealised exchange loss/(gain)	67.88	114.46
Operating profit before working capital changes	6,616.33	7,127.77
Decrease/(Increase) in sundry debtors	(152.31)	(3,438.32)
Decrease/(Increase) in inventories	(50.87)	(6.24)
Decrease/(Increase) in unbilled revenues	152.44	(691.03)
Decrease/(Increase) in loans and advances	(72.33)	(995.34)
Increase/(Decrease) in current liabilities	1,708.58	(208.69)
Cash inflow from operations	8,201.84	1,788.15
Income tax paid	(1,027.10)	(370.43)
Net cash inflow from operating activities	7,174.74	1,417.72
B. Cash flows from investing activities		
Purchase of fixed assets/ capital advances	(2,908.40)	(877.82)
Proceeds of sale of fixed assets	7.44	14.67
Interest received	33.41	0.39
Net cash outflow from investing activities	(2,867.55)	(862.76)
C. Cash flows from financing activities		
Short term borrowings availed/ (re-paid) (net)	(853.77)	2,089.00
Interest paid	(188.26)	(173.88)
Dividend paid	(2,164.71)	(2,164.77)
Tax on dividend paid	(362.02)	(370.44)
Net cash outflow from financing activities	(3,568.76)	(620.09)
Net increase/(decrease) in cash and cash equivalents	738.43	(65.13)
Cash and cash equivalents as at beginning of the year	1,343.02	1,513.94
Exchange gain/(loss) on restatement of foreign currency cash and cash equivalents	(57.48)	(105.79)
Cash and cash equivalents as at end of the year (Refer Schedule 9 & note 33 of Schedule 18)	2,023.97	1,343.02

Significant accounting policies and notes on accounts

Schedule 18

The schedules referred to above and the notes thereon form an integral part of the Cashflow Statement

In terms of our report attached

For and on behalf of the Board

 For **Deloitte Haskins & Sells**
Chartered Accountants

V. Balaji
Partner

S. Ramadorai
Chairman
H. H. Malgham
Director
Madhukar Dev
Managing Director
G. Vaidyanathan
Company Secretary

Mumbai, April 27, 2011

Mumbai, April 27, 2011

SCHEDULES TO BALANCE SHEET AS AT MARCH 31, 2011

	Rs. lakhs	As at March 31, 2011	As at March 31, 2010
1 SHARE CAPITAL			
Authorised :			
35,000,000 equity shares of Rs. 10/- each		3,500.00	3,500.00
Issued :			
31,165,620 equity shares of Rs. 10/- each		3,116.56	3,116.56
Subscribed and paid up :			
31,138,220 equity shares of Rs.10/-each, fully paid up		3,113.82	3,113.82
Total		3,113.82	3,113.82
2 RESERVES AND SURPLUS			
Capital reserve:			
Subsidy received from Kerala State Government		25.00	25.00
General reserve:			
Opening balance	3,659.82		3,159.82
Add: Transferred from the Profit and Loss Account	500.00		500.00
		4,159.82	3,659.82
Surplus in Profit and Loss Account		10,747.32	10,598.73
Total		14,932.14	14,283.55
3 SECURED LOANS			
Working capital loans from banks secured by hypothecation of stocks of raw materials, finished goods, consumable stores, book debts etc.; <i>pari passu</i> charge on immovable property at Karnataka and other movable properties		2,543.16	505.55
Total		2,543.16	505.55
4 UNSECURED LOANS			
Line of credit from banks towards short term loans and packing credit		-	2,891.38
Total		-	2,891.38

	Rs. lakhs									
5 FIXED ASSETS AND INTANGIBLE ASSETS										
DESCRIPTION	GROSS BLOCK			DEPRECIATION BLOCK				NET BLOCK		
	As at April 1, 2010	Additions	Sale/ Adjustment	As at March 31, 2011	Up to March 31, 2010	For the Year	Sale/ Adjustment	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010
Land - Freehold	49.06	-	-	49.06	-	-	-	-	49.06	49.06
Land - Leasehold	85.01	-	-	85.01	14.36	2.83	-	17.19	67.82	70.65
Buildings	2,117.54	34.06	-	2,151.60	303.58	71.03	-	374.61	1,776.99	1,813.96
Improvements to leasehold premises	423.97	4.51	(45.19)	383.29	286.13	97.04	(45.19)	337.98	45.31	137.84
Plant and machinery	13.20	-	-	13.20	5.64	0.70	-	6.34	6.86	7.56
Computer equipment	5,265.45	889.75	(0.42)	6,154.78	2,942.98	865.76	(0.28)	3,808.46	2,346.32	2,322.47
Furniture and fixtures	1,430.38	11.83	-	1,442.21	522.62	92.19	-	614.81	827.40	907.76
Office equipment	652.51	46.50	-	699.01	167.60	32.63	-	200.23	498.78	484.91
Electrical installations	1,416.92	12.19	(9.68)	1,419.43	325.80	72.44	(1.16)	397.08	1,022.35	1,091.12
Air conditioners	790.71	22.01	-	812.72	164.48	37.74	-	202.22	610.50	626.23
Vehicles	43.43	-	-	43.43	19.63	4.09	-	23.72	19.71	23.80
Intangibles - Software	2,717.52	783.19	-	3,500.71	1,251.65	444.02	-	1,695.67	1,805.04	1,465.87
Total	15,005.70	1,804.04	(55.29)	16,754.45	6,004.47	1,720.47	(46.63)	7,678.31	9,076.14	9,001.23
Previous Year	16,746.37	942.73	(2,683.40)	15,005.70	7,015.67	1,658.26	(2,669.46)	6,004.47	9,001.23	

SCHEDULES TO BALANCE SHEET AS AT MARCH 31, 2011 (Contd.)

	As at March 31, 2011	Rs. lakhs As at March 31, 2010
6 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 [Refer Note 13 of Schedule 18]	<u>28.67</u> <u>28.67</u>	<u>28.67</u> <u>28.67</u>
7 INVENTORIES (valued at lower of cost or net realisable value) Components and spares Total	<u>57.11</u> <u>57.11</u>	<u>6.24</u> <u>6.24</u>
8 SUNDRY DEBTORS (Unsecured) Debts outstanding for a period exceeding six months Other debts Less: Provision for doubtful debts Total *Note: Of the above debts: i. Considered good ii. Considered doubtful	<u>3,327.31</u> <u>9,589.02</u> <u>12,916.33</u> * <u>2,501.70</u> <u>10,414.63</u> <u>10,414.63</u> <u>2,501.70</u>	<u>2,204.47</u> <u>10,675.05</u> <u>12,879.52</u> * <u>876.70</u> <u>12,002.82</u> <u>12,002.82</u> <u>876.70</u>
9 CASH AND BANK BALANCES Cash on hand Cheques on hand Balances with scheduled banks - in current accounts - for unencashed dividends [Refer Note 33 (b) of Schedule 18] - in current accounts - in deposit accounts [Refer Note 33 (c) of Schedule 18] Balances with non-scheduled banks - in current accounts [Refer Note 18 of Schedule 18] Total	<u>0.90</u> <u>15.91</u> <u>235.82</u> <u>1,321.20</u> <u>1.72</u> <u>1,558.74</u> <u>448.42</u> <u>2,023.97</u>	<u>0.89</u> <u>73.72</u> <u>220.85</u> <u>855.80</u> <u>1.72</u> <u>1,078.37</u> <u>190.04</u> <u>1,343.02</u>
10 LOANS AND ADVANCES (Unsecured, considered good) Advances recoverable in cash or in kind or for value to be received Deposits TDS/Advance tax paid (Net of provision for tax) Deferred Tax Credit (MAT) (Loans and advance include amount due from a wholly owned subsidiary Rs.2.19 lakhs (Previous year Rs.Nil). Maximum amount outstanding during the year Rs.2.19 lakhs (Previous year Rs.70.12 lakhs) [Refer note 26B of Schedule 18] Total	<u>1,139.36</u> <u>1,276.78</u> <u>1,112.39</u> <u>2,606.75</u> <u>6,135.28</u>	<u>1,088.25</u> <u>1,209.63</u> <u>925.01</u> <u>1,820.75</u> <u>5,043.64</u>

SCHEDULES TO BALANCE SHEET AS AT MARCH 31, 2011 (Contd.)

	As at 31 March, 2011	Rs. lakhs As at 31 March, 2010
11 CURRENT LIABILITIES		
Sundry creditors		
- Dues to Micro and Small Enterprises [Refer Note 17 of Schedule 18]	2.90	-
- Others	4,071.40	2,958.73
Advance from customers	379.27	108.62
Investor Education and Protection Fund shall be credited by the following amounts when due:		
- Unencashed dividend	235.82	220.85
Unearned revenue	267.13	89.58
Other liabilities	647.98	518.30
Total	5,604.50	3,896.08
12 PROVISIONS		
Provision for leave salary	319.84	335.82
Provision for gratuity [Refer note 25 (a) of Schedule 18]	274.00	328.99
Provision for taxation (Net of advance tax)	370.36	114.08
Proposed dividend	2,179.68	2,179.68
Tax on dividend	353.60	370.44
Total	3,497.48	3,329.01

SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

	31 March, 2011	Rs. lakhs 31 March, 2010
13 SALES AND SERVICES		
Sales and support (Net of returns)	3,050.21	2,167.51
Services	38,050.95	35,469.53
Total	41,101.16	37,637.04
14 OTHER INCOME		
Interest from:		
- banks	29.97	0.33
(Tax deducted at source - Rs. 0.03 lakhs (Previous year Rs. 0.02 lakhs))		
- others	3.44	0.06
	33.41	0.39
Exchange gain (net)	281.57	-
Profit on sale of asset	-	0.73
Miscellaneous income	71.36	93.82
Total	386.34	94.94
15 COST OF SALES		
Cost of traded goods	2,259.22	1,575.56
Spares, consumables and others	2,730.99	2,209.76
Total	4,990.21	3,785.32

SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011 (Contd.)

		Rs. lakhs
	31 March, 2011	31 March, 2010
16 PERSONNEL COST		
[Refer note 32 of Schedule 18]		
Salaries	20,404.06	17,002.23
Contribution to provident and other funds	892.49	895.14
Staff welfare expenses	373.73	285.48
Consultant fees for software development	1,062.68	1,849.04
Total	22,732.96	20,031.89
17 ADMINISTRATION AND SELLING EXPENSES		
Operating lease rentals - [Refer note 27 of Schedule 18]	1,193.81	1,136.12
Rates and taxes	105.82	80.84
Power and fuel	642.14	640.99
Repairs and maintenance: building	22.19	55.38
plant and machinery	262.16	76.15
others	199.20	363.32
Telephone, data link, courier and postage	554.50	386.33
Inland travel and conveyance	703.86	570.58
Overseas travel	1,605.80	1,421.43
Advertisement and sales promotion expenses	302.23	237.61
Commission on sales	59.74	83.27
Hire charges	86.68	45.13
Printing and stationery	99.48	57.91
Motor vehicle expenses	172.80	164.97
Recruitment	66.50	13.60
Training	128.29	44.48
Legal and professional charges	591.50	335.55
Secretarial charges	10.60	10.69
Insurance	114.96	119.28
Loss on sale of asset	1.22	-
Bank and other charges	42.77	36.88
Exchange loss (net)	-	848.19
Commission to non-executive directors	30.00	39.00
Auditors' remuneration [Refer Note 31 of Schedule 18]	21.82	22.32
Provision for doubtful debts	1,625.00	219.55
General expenses	100.58	110.32
Total	8,743.65	7,119.89

SCHEDULES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

Schedule 18 - Significant Accounting Policies and Notes on Accounts

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on the accrual basis of accounting and comply with the accounting standards applicable in India and the provisions of the Companies Act, 1956.

2. Use of estimates

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the year. Example of such estimates include provisions for doubtful debts, employee benefits, provision for income taxes, the useful life of fixed assets, etc..

3. Fixed assets and Intangible assets

Fixed Assets are stated at cost, less accumulated depreciation. Costs include all expenses incurred to bring the assets to its present location and condition.

Depreciation is provided on straight-line method on pro rata basis in accordance with the provisions of Schedule XIV to the Companies Act, 1956, except that leasehold land and improvements to leasehold premises is depreciated over the lease period on straight-line basis.

Software licenses are depreciated over a period of 6 years.

Individual assets costing less than Rs. 5,000/- are depreciated in full in the year of its purchase.

Capital advances represent outstanding advance paid to acquire fixed assets.

4. Impairment of assets

At each Balance Sheet date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss.

Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-discount rate that reflects the current market assessment of time value of money and the risks specific to the asset.

Reversal of impairment loss is recognised immediately as income in the Profit and Loss account.

5. Leases

Where the Company, as a lessor, leases assets under finance lease such amounts are recognised as receivables at an amount equal to the net investment in the lease and the finance income is based on a constant rate of return on the outstanding net investment.

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

6. 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.

7. Income

Sales

Income from sales of goods is recognised upon passage of risks and rewards of ownership to the goods, which generally coincide with the delivery.

SCHEDULES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011 (Contd.)*Services*

- a) Income from services is recognised upon rendering of the services. Income from maintenance contracts relating to the year is recognised when the contracts are entered into on a time proportionate basis.
- 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.

8. Employee Benefits*a) Post-employment benefit plans*

Contributions to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered services entitling them to contributions. For defined benefit schemes, 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 full in the Profit and Loss account for 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, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

b) Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service. These benefits include compensated absences such as paid annual leave, overseas social security contributions and performance incentives.

c) 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 services are recognised as a liability at the present value of the defined benefit obligation at the Balance Sheet date.

9. Research and Development

Research and Development expenditure is recognised in the profit and loss account when incurred. Assets acquired for research and development activity are capitalised and depreciated in the same manner as other fixed assets.

Expenses incurred in developing intellectual property, if they meet the criteria of achieving technical feasibility, retention of control and have the potential to provide economic benefits, are capitalised and carried forward as intangible assets and amortised over their expected useful life. Otherwise, such expenses are charged off to the Profit & Loss Account in the year in which they are incurred

10. Foreign currency transactions

- a) Income and expenses in foreign currencies are converted at exchange rates prevailing on the date of the transaction.

Exchange differences arising on restatement / settlement of foreign currency monetary liabilities having an initial term of 12 months or more that are incurred for acquisition of fixed assets are translated at year end exchange rates and the resulting gains / losses are adjusted against the cost of the fixed assets. Exchange differences arising on restatement of other foreign currency monetary assets and liabilities, having an initial term of 12 months or more, are accumulated in the Foreign Currency Monetary Item Translation Difference Account and amortised over the balance period of such long term asset / liability or up to March 31, 2011 whichever is earlier.

Other foreign currency liabilities and assets are restated at the rates ruling at the year-end. Exchange differences arising on restatement / settlement of foreign currency balances are adjusted in the Profit and Loss account.

Premium or discount on forward exchange contracts are amortised and recognised in the Profit and Loss account over

SCHEDULES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011 (Contd.)

the period of the contract. Forward contracts and currency options outstanding at the Balance Sheet date, other than designated Cash Flow hedges, are stated at fair values and any gains or losses are recognised in the Profit and Loss account.

- b) In the case of non-integral operations, assets and liabilities are translated at the exchange rate prevailing on the Balance Sheet date. Revenue and expenses are translated at exchange rates prevailing on the date of transactions. Exchange differences arising out of these translations are included in 'Exchange Reserve' under Reserves and Surplus.
- c) 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 exchange rates prevailing on the date of transactions. Exchange differences arising out of these translations are charged to the Profit and Loss account.

11. Taxation

Current income tax expense comprises taxes on income from operations in India and in foreign jurisdictions. Income tax payable in India is determined in accordance with the provisions of the Income Tax Act, 1961. Tax expense relating to foreign operations is determined in accordance with tax laws applicable in countries where such operations are domiciled.

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

Deferred tax expense or benefit is recognised on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

In the event of unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only to the extent that there is virtual certainty that sufficient taxable income will be available to realise such assets.

In other situations, deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realise these assets.

Advance taxes and provisions for current income taxes are presented in the Balance Sheet after offsetting advance taxes paid and income tax provisions arising in the same tax jurisdiction and the Company intends to settle the asset and liability on a net basis.

The Company offsets deferred tax assets and deferred tax liabilities if it has a legally enforceable right and these relate to taxes on income levied by the same governing taxation laws.

12. Subsidies

Subsidies not specifically related to fixed assets are credited to capital reserve.

Other revenue subsidies are credited to Profit and Loss account or deducted from related expenses.

13. Investments

Long-term investments are stated at cost, less provision for other than temporary diminution in value.

14. Other Provisions and Contingencies

A provision is recognised when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made.

Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on 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 not recognised in the financial statements, but are disclosed. A contingent asset is neither recognised nor disclosed in the financial statements.

SCHEDULES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011 (Contd.)
B. NOTES ON ACCOUNTS

15. Estimated amount of contracts remaining to be executed on capital account (net of advances) Rs.252.61 lakhs (Previous year Rs. 248.59 lakhs).

16. Contingent liabilities

- a) Disputed demands for Income Tax aggregates to Rs. 1,040.69 lakhs (Previous year Rs. 921.90 lakhs).
- b) Disputed demands for Wealth Tax aggregates to Rs. 25.89 lakhs (Previous year Rs. 25.89 lakhs).
- c) Guarantees given to Housing Finance Company for housing loans availed by employees during their employment with the Company Rs.122.87 lakhs (Previous year Rs. 135.03 lakhs).
- d) Disputed amount of Sales Tax aggregates to Rs. 656.83 lakhs (Previous year Rs. 0.11 Lakhs).
- e) Service tax matters Rs. 193.61 lakhs (Previous year: Nil)

17. The Micro, Small and Medium Enterprises, to whom the Company owes dues, as at March 31, 2011. **Rs. lakhs**

	2010-2011	2009-2010
a) (i) The principal amount remaining unpaid to any supplier at the end of accounting year.	1.87	-
(ii) The interest due on above.	1.03	-
The total of (i) & (ii)	2.90	-
b) The amount of interest paid by the buyer in terms of section 16 of the Act.	-	-
c) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
d) The amounts of interest accrued and remaining unpaid at the end of financial year	1.03	-
e) The amount of further interest remaining due and payable even in the succeeding years, included in (d) above, until such date when the interest dues as above are actually paid to the small enterprises.	-	-

The above information that is given in Schedule 11 - "Current Liabilities & Provisions" regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information collected by the Management based on enquiries made with the vendors. This has been relied upon by the auditors.

18. Bank balances – Details of balances maintained with non-scheduled banks as on Balance sheet date and the maximum balances with such banks during the year are as follows: **Rs. lakhs**

Name of the non-scheduled banks	Balance as at March 31		Maximum balance held for the year ended March 31	
	2011	2010	2011	2010
HSBC London	0.22	9.89	17.61	455.75
Deutsche Bank AG Frankfurt	21.70	18.68	73.87	336.42
Bank of Tokyo (Mitsubishi)	325.49	91.78	967.10	1,277.46
Citi Bank US	27.24	42.89	324.50	73.73
Citi Bank UK	72.95	24.54	984.74	732.87
Korea Exchange Bank	0.82	2.26	2.72	2.32
Standard Bank-SA	-	-	3.73	-
Total	448.42	190.04		

SCHEDULES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011 (Contd.)

19. Imports (valued at cost, insurance and freight basis)

	2010-11	2009-10
Computer systems, peripherals, software, etc.	1,487.46	901.00
Capital goods	495.51	148.99
	1,982.97	1,049.99

20. Expenditure in foreign exchange

	2010-11	2009-10
Overseas offices' expenses	7,054.08	6,973.53
Foreign travel	1,023.69	995.74
Other expenditure	660.69	215.13
	8,738.46	8,184.40

21. Earnings in foreign currency

	2010-11	2009-10
Service income	30,110.88	28,607.60
Sales to domestic customer in foreign currency	965.53	886.03
Sales and support	15.79	119.53
	31,092.20	29,613.16

22. Particulars of earning per share

	2010-11	2009-10
Net profit for the year (Rs. lakhs)	3,173.45	4,791.20
Number of equity shares	311,38,220	311,38,220
Nominal value of the shares (Rs.)	10.00	10.00
Earning per share (Rs.)	10.19	15.39

Basic Earnings per Share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

23. Provision for tax includes Rs. 135.00 lakhs (Previous year Rs. 140.04 lakhs) in respect of overseas operations.

24. Deferred tax liability

(a) Movement in deferred tax liability / asset: Rs. lakhs

Particulars	March 31, 2011	March 31, 2010
Opening deferred tax asset /(liability)-Net	(521.50)	(490.00)
Deferred tax asset / (liability) arising from transactions during the year	371.50	(31.50)
Closing Deferred tax asset / (liability)- Net	(150.00)	(521.50)

(b) The net deferred tax asset / (liability) as at year end comprises the tax impact (including savings) arising from the following: Rs. lakhs

Particulars	March 31, 2011	March 31, 2010
Timing differences on account of:		
(i) Depreciation	(1,198.98)	(1,048.72)
(ii) Provisions and Section 43B disallowances etc.	1,048.98	527.22
Net Deferred Tax Asset / (Liability)	(150.00)	(521.50)

SCHEDULES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011 (Contd.)
25. Employee benefits
a) Defined Benefit Plans

Details of benefit cost and obligation under defined benefit plans - As per actuarial valuations as on March 31, 2011

		Rs lakhs	
		Gratuity	
Particulars	2010-11	2009-10	
I Components of employer expense			
A Current service cost	115.13	86.10	
B Interest cost	46.95	39.47	
C Expected return on plan assets	(25.73)	(17.08)	
D Curtailment cost/(credit)	-	-	
E Settlement cost/(credit)	-	-	
F Past service cost	-	-	
G Actuarial losses/(gains)	(31.34)	(6.19)	
Total expense recognised in the statement of profit & loss	105.01	102.30	
II Actual contribution and benefits payments for period ended March 31, 2011			
A Actual benefit payments	86.04	53.73	
B Actual contributions	160.00	60.51	
III Net asset/(liability) recognised in Balance Sheet as at March 31, 2011			
A Present value of Defined Benefit Obligation (DBO)	(552.64)	(533.67)	
B Fair value of plan assets	278.64	204.68	
C Funded status [surplus/(deficit)]	-	-	
D Unrecognised past service costs	-	-	
E Net asset/(liability) recognised in Balance Sheet	(274.00)	(328.99)	
IV Change in Defined Benefit Obligations during the year ended March 31, 2011			
A Present Value of DBO at beginning of period	533.67	467.06	
B Current service cost	115.13	86.10	
C Interest cost	46.95	39.47	
D Curtailment cost/(credit)	-	-	
E Settlement cost/(credit)	-	-	
F Plan amendments	-	-	
G Acquisitions	-	-	
H Actuarial (gains)/ losses	(57.07)	(5.23)	
I Benefits paid	(86.04)	(53.73)	
J Present value of DBO at the end of period	552.64	533.67	
V Change in fair value of assets during the year ended March 31, 2011			
A Plan assets at beginning of period	204.68	179.86	
B Actual return on plan assets	25.73	17.09	
C Actual Company contributions	160.00	60.50	
D Benefits paid	(86.04)	(53.73)	
E Actuarial gains/(losses)	(25.73)	0.96	
F Plan assets at the end of period	278.64	204.68	
VI Actuarial Assumptions for Gratuity			
A Discount rate	8.00%	7.75%	
B Expected return on plan assets	8.00%	8.00%	
C Salary escalation	5.00%	5.00%	
D Mortality			LIC Mortality (1994-96) Table
E Withdrawal rates			21-30 years – 10%
			31-40 years – 5%
			41-50 years – 3%
			51 & above – 2%

SCHEDULES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011 (Contd.)

Planned assets are in Insurer Managed Funds. (Life Insurance Corporation of India). Category of such funds is not disclosed as such information is not available from the insurer who manages the funds.

Experience adjustments:	Rs lakhs			
Particulars	31-Mar-2011	31-Mar-2010	31-Mar-2009	31-Mar-2008
Defined Benefit Obligations	(552.64)	(533.67)	(467.06)	(410.69)
Plan Assets	278.64	204.68	179.86	142.13
Surplus / (Deficit)	(274.00)	(328.99)	(287.20)	(268.56)
Experience Adjustments on Plan Liabilities	(57.07)	(5.23)	(53.12)	2.22
Experience Adjustments on Plan Assets	(25.73)	0.96	(2.20)	(0.38)

The estimates of future salary increase considered in the actuarial valuation take into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. The above information is certified by the actuary and relied upon by the auditors.

The employers best estimates of the contribution expected to be paid to the plan during the next year is Rs 163.61 lakhs (Previous year: Rs. 130.18 lakhs)

b) *Defined contribution plans*

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution retirement benefit 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 Provident Fund scheme additionally requires the Company to guarantee payment of interest at rates notified by the Central Government from time to time. However considering the size of the investment in the Provident Fund and the Provident Fund liabilities accrued to the employees at the Balance Sheet Date, the Company believes that there would not be any shortfall in the Fund balance and hence no actuarial valuation has been carried out towards interest payments to be made in the future.

The Company recognised Rs. 415.99 Lakhs (Previous year Rs.425.97 Lakhs) for provident fund contributions and Rs. 150.95 Lakhs (Previous year: Rs. 161.62 Lakhs) for superannuation contributions in the Profit and Loss account. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

26. Related party disclosure

A. Related parties and their relationships

Tata Elxsi (Singapore) Pte Ltd.	Subsidiary Company
Tata Sons Limited	Company with significant influence
Mr. Madhukar Dev – Managing Director	Key management personnel

B. The Company has entered into related party transactions whose details are given below:

Name of related party	Nature of relation	Nature of Transaction	2010-11	2009-10
Tata Elxsi (Singapore) Pte Ltd.	Subsidiary Company	Reimbursement of expenses	4.99	2.70
		Services rendered	-	-
		Outstanding receivables at the year end	2.19	-
		Outstanding payable at the year end	-	2.70
Tata Sons Limited	Company with significant influence	Brand fee and other services	131.63	104.24
		(including service tax)		
Mr. Madhukar Dev	Key management personnel	Outstanding payable at the year end	113.44	103.78
		Managerial remuneration	80.85	72.77
		Commission	50.00	55.00

Note:

Related party relationship is as identified by the Company on the basis of information available with them and relied upon by the auditors.

There have been no dues from or to related parties which have been written off or written back during the year.

SCHEDULES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011 (Contd.)
27. Operating Lease

The Company has entered into operating leases in respect of office premises. The lease rentals charged to the Profit & Loss account in respect of these leases amount to Rs. 1,193.81 lakhs. (Previous Year Rs. 1,136.12 Lakhs).

Future minimum lease payments in respect of non cancelable leases are as follows:

Particulars	Rs. lakhs	
	As at March 31, 2011	As at March 31, 2010
Not later than one year	289.94	188.06
Later than one year but not later than five years	159.40	172.03
Later than five years	Nil	Nil
Total	449.34	360.09

28. Intangible Assets

Personnel and Administration Expenses are net of Rs.763.71 lakhs incurred in developing intellectual property, which have been capitalized. The details of expenses capitalized are as follows:

Expenditure	Rs. lakhs	
	Year Ended March 31, 2011	Year Ended March 31, 2010
Salaries	558.26	Nil
Rent	58.25	Nil
Other expenses	147.20	Nil
Total	763.71	Nil

29. Segment reporting

The Company's operations predominantly relate to providing systems integration and software development services in the Information Technology field.

Accordingly the Systems Integration & Support and Software Development & Services comprise the primary basis for segmental information. The secondary segment is geographical, determined based on the location of the clients. Clients are classified as either India or Overseas.

Primary segment information

	Rs. lakhs		
	Systems Integration and Support	Software Development and Services	Total
Revenues	5,281.31 (3,943.04)	35,819.85 (33,694.00)	41,101.16 (37,637.04)
Identifiable other income	18.53 (20.15)	320.49 (70.81)	339.02 (90.96)
Identifiable operating expenses	4,528.97 (3,502.08)	29,293.62 (26,273.83)	33,822.59 (29,775.91)
Provision for doubtful debts	33.61 (3.61)	1,591.39 (215.94)	1,625.00 (219.55)
Depreciation	145.82 (149.96)	1,574.65 (1,508.30)	1,720.47 (1,658.26)
Segmental operating Income	591.44 (307.54)	3,680.68 (5,766.74)	4,272.12 (6,074.28)
Unallocable expenses:			
Interest and finance charges			188.26 (173.88)

SCHEDULES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011 (Contd.)

	Systems Integration and Support	Software Development and Services	Rs. lakhs Total
Other unallocable expenses (Net)			971.91 (937.66)
Total profit before tax			3,111.95 (4,962.74)
Taxes including deferred tax			[61.50] (171.54)
Net income after taxes			3,173.45 (4,791.20)
Segment Assets	2,567.69 (1,416.94)	13,161.15 (14,334.26)	15,728.84 (15,751.20)
Segment Liabilities	1,427.40 (820.01)	1,976.54 (1,565.95)	3,403.94 (2,385.96)
Unallocable Assets			14,112.26 (12,789.69)
Unallocable Liabilities			8,241.20 (8,236.06)
Cost incurred to acquire segment assets			2,946.51 (877.82)

Previous year's figures are shown in brackets.

Secondary segment Information

	India	Overseas	Rs. lakhs Total
Revenues	10,974.49 (8,023.88)	30,126.67 (29,613.16)	41,101.16 (37,637.04)
Assets	16,426.91 (16,703.56)	9,666.39 (9,062.89)	26,093.30 (25,766.45)
Unallocable assets			3,747.80 (2,774.44)
Cost incurred to acquire segment assets	1,913.19 (785.92)	1,033.32 (91.90)	2,946.51 (877.82)

Previous year's figure are shown in brackets

30. Derivative Financial Instruments

Outstanding Forward Exchange Contracts, 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, are as follows.

Forward Options (being a derivative instrument) outstanding at the year-end are as follows:

	Option Contracts			
Currency	Japanese Yen	US Dollar	Euro	GBP
Amount (Previous year)	JPY 1,200 Lakhs (JPY 2,100 Lakhs)	USD 15 Lakhs (USD 40 Lakhs)	Euro 7.5 Lakhs (Euro 40 Lakhs)	GBP 5.0 Lakhs (GBP 7.5 Lakhs)
Buy/Sell (Previous year)	Sell @ Rs. 659.40 Lakhs (Sell @ Rs. 1,102.50 Lakhs)	Sell @ Rs. 673.50 Lakhs (Sell @ Rs. 1,830.60 Lakhs)	Sell @ Rs. 469.13 Lakhs (Sell @ Rs. 2,794.00 Lakhs)	Sell @ Rs. 348.40 Lakhs (Sell @ Rs. 545.25 Lakhs)
Cross Currency	Indian Rupees	Indian Rupees	Indian Rupees	Indian Rupees

SCHEDULES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011 (Contd.)

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

a) Amounts receivable in foreign currency on account of export of goods and exchange earning foreign currency account:

2010-11		2009-10	
Amount receivable in Foreign currency in lakhs	Amount in Rs. lakhs	Amount receivable in Foreign currency in lakhs	Amount in Rs. lakhs
Euro	3.04	Euro	Nil
GBP	29.27	GBP	3.23
USD	92.76	USD	84.40
JPY	1348.82	JPY	605.74
AED	Nil	AED	0.21
ZAR	5.03	ZAR	Nil
KRW	20.44	KRW	Nil

b) Advance in foreign currency to sundry creditors:

2010-11		2009-10	
Advance paid in Foreign currency in lakhs	Amount in Rs. lakhs	Advance paid in Foreign currency in lakhs	Amount in Rs. lakhs
Euro	0.26	Euro	0.01
GBP	0.04	GBP	Nil
USD	8.54	USD	3.26
JPY	23.17	JPY	0.21

c) Amounts payable in foreign currency on account of purchase of goods and services:

2010-11		2009-10	
Amount payable in Foreign currency in lakhs	Amount in Rs. lakhs	Amount payable in Foreign currency in lakhs	Amount in Rs. lakhs
Euro	1.61	Euro	0.50
GBP	0.80	GBP	0.90
USD	7.25	USD	1.99

d) Advance received in foreign currency from Customers:

2010-11		2009-10	
Advance received in Foreign currency in lakhs	Amount in Rs. lakhs	Advance received in Foreign currency in lakhs	Amount in Rs. lakhs
Euro	0.12	Euro	0.22
GBP	0.20	GBP	0.35
USD	7.22	USD	1.09

31. Auditors' remuneration (Including service tax)

	2010-11	2009-10
Audit fees	18.00	18.00
Fee for certification	0.75	0.75
Out of pocket expense	1.03	1.49
Service Tax	2.04	2.08
	21.82	22.32

SCHEDULES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011 (Contd...)

32. Managerial remuneration

The account includes managerial remuneration to the Managing Director under section 198 of the Companies Act 1956 amounting to Rs. 130.85 lakhs (Rs. 127.77 lakhs) inclusive of estimated monetary value of perquisites and benefits Rs. 42.00 lakhs (Rs 37.80 lakhs) and commission of Rs. 50.00 lakhs (Rs. 55.00 lakhs) as well as commission to non-wholetime directors of Rs. 30.00 lakhs (Rs. 39.00 lakhs), computed below:

	2010-11	2009-10
Profit before tax	3,111.95	4,962.74
Add: - Commission to non-executive directors	30.00	39.00
- Managerial remuneration	130.85	127.77
- Directors sitting fees	9.75	7.95
- Provision for doubtful debts	1,625.00	219.55
	4,907.55	5,357.01
Less: - Profit/(Loss) on sale of assets	(1.22)	0.73
Net profit as computed under Section 349	4,908.77	5,356.28
Remuneration to whole time Director		
Eligible under Section 309	245.44	267.81
Actual –	130.85	127.77
Commission payable to:		
a) Managing Director	50.00	55.00
b) Non- wholetime Directors @1% of the net profits i.e., Rs. 49.09 lakhs (Rs. 53.56 lakhs)		
Actual –	30.00	39.00

33. Notes relating to Cash Flow Statement

- The cash flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard 3 – Cash Flow Statements as per the Companies (Accounting Standards) Rules, 2006.
- Cash and cash equivalents include balances with scheduled banks on dividend account Rs.235.82 Lakhs (Previous year Rs. 220.85 Lakhs) which are not available for use by the company.
- Cash and cash equivalents include balances in deposit accounts Rs. 1.72 Lakhs (Previous year Rs. 1.72 Lakhs) which are not available for use by the company.

34. The Board of Directors of the company has given consent with regard to non-disclosure of information referred to in paragraphs 3(i)(a) and 3(ii)(b) of Schedule VI part II of the Companies Act, 1956 under notification S.O. 301 (E) dated February 08, 2011 issued by the Ministry of Corporate Affairs, Government of India.

35. Figures for the previous year have been regrouped and rearranged wherever necessary to conform to the current year's classifications.

For and on behalf of the Board

S. Ramadorai	<i>Chairman</i>
H. H. Malgham	<i>Director</i>
Madhukar Dev	<i>Managing Director</i>
G. Vaidyanathan	<i>Company Secretary</i>

Mumbai, April 27, 2011.

I. Registration Details

State Code

0	8
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(Refer Code List)

II. Capital raised during the year (Amount in Rs. Lakhs)

						N	I	L
--	--	--	--	--	--	---	---	---

						N	I	L
--	--	--	--	--	--	---	---	---

Total Assets

		2	0	7	3	9	.	1	2
--	--	---	---	---	---	---	---	---	---

		1	4	9	3	2	.	1	4
--	--	---	---	---	---	---	---	---	---

						N	I	L
--	--	--	--	--	--	---	---	---

					2	8	.	6	7
--	--	--	--	--	---	---	---	---	---

						N	I	L
--	--	--	--	--	--	---	---	---

Total Expenditure

		3	8	3	7	5	.	5	5
--	--	---	---	---	---	---	---	---	---

+		3	1	7	3	.	4	5
---	--	---	---	---	---	---	---	---

7	0
---	---

D	E	S	I	G	N		A	R	R	O		D	E	V	E	L	C	T	M	E	N	T		C	O	F									
C	O	M	P	H	T	E	R					H	A	B	D	W	A	R	E			A	N	D				C	O	E	T	W	A	R	E

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF THE 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, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. 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) 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, 2011;
 - (ii) in the case of the Consolidated Profit and Loss Account, 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
(Registration No. 008072S)

V. Balaji
Partner
(Membership No.203685)

Place: Mumbai,
Date: April 27, 2011

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

	Schedules	As at March 31, 2011	Rs. lakhs As at March 31, 2010
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	3,113.82	3,113.82
Reserves and surplus	2	15,122.89	14,398.87
		18,236.71	17,512.69
Loan Funds			
Secured loans	3	2,543.16	505.55
Unsecured loans	4	-	2,891.38
		2,543.16	3,396.93
Deferred tax liability (Net) [Refer note 19 of Schedule 17]		150.00	521.50
Total		20,929.87	21,431.12
APPLICATION OF FUNDS			
Fixed assets and Intangible assets			
Gross block	5	16,754.45	15,005.70
Less: Depreciation		7,678.31	6,004.47
Net block		9,076.14	9,001.23
Capital work in progress [including capital advances of Rs.76.13 lakhs (previous year Rs.22.80 lakhs)]		1,183.54	41.07
		10,259.68	9,042.30
Current assets, loans and advances			
Inventories	6	57.11	6.24
Unbilled revenues		921.76	1,074.20
Sundry debtors	7	10,721.92	13,054.32
Cash and bank balances	8	2,081.31	1,428.50
Loans and advances	9	6,125.75	5,035.17
		19,907.85	20,598.43
Less: Current liabilities and provisions			
Current liabilities	10	5,740.18	4,880.60
Provisions	11	3,497.48	3,329.01
		9,237.66	8,209.61
Net current assets		10,670.19	12,388.82
Total		20,929.87	21,431.12

Significant accounting policies and notes on accounts

17

The schedules referred to above and the notes thereon form an integral part of the Balance Sheet

In terms of our report attached

For and on behalf of the Board

 For **Deloitte Haskins & Sells**
Chartered Accountants

V. Balaji
Partner

S. Ramadorai

Chairman

H. H. Malgham

Director

Madhukar Dev

Managing Director

G. Vaidyanathan

Company Secretary

Mumbai, April 27, 2011

Mumbai, April 27, 2011

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

Rs. lakhs

		For the year ended	
	Schedules	March 31, 2011	March 31, 2010
INCOME			
Sales and services	12	41,591.12	38,817.25
Other income	13	386.34	94.94
Total		41,977.46	38,912.19
EXPENDITURE			
Cost of sales	14	5,381.03	4,864.06
Personnel expenses	15	22,732.96	20,031.89
Administration and selling expenses	16	8,757.52	7,122.58
Financial expenses		188.26	173.88
Depreciation/ Amortisation		1,720.47	1,658.26
Total		38,780.24	33,850.67
Profit before tax for the year		3,197.22	5,061.52
Provision for tax - Current [Refer note 18 of Schedule 17]		(1,103.05)	(985.31)
- MAT credit		786.00	837.00
- Deferred [Refer note 19 of Schedule 17]		371.50	(31.50)
Net Profit for the year		3,251.67	4,881.71
Profit brought forward		10,712.52	8,880.93
Balance available for appropriation		13,964.19	13,762.64
Less: Proposed dividend		2,179.68	2,179.68
Less: Dividend tax net of reversal thereof		345.18	370.44
Less: Transfer to general reserve		500.00	500.00
Balance of profit carried to Balance Sheet		10,939.33	10,712.52
Earning per share of Rs. 10 each - basic and diluted (Rs.) [Refer note 17 of Schedule 17]		10.44	15.68

Significant accounting policies and notes on accounts

17

The schedules referred to above and the notes thereon form an integral part of the Profit and Loss Account

In terms of our report attached

For and on behalf of the Board

For **Deloitte Haskins & Sells**
Chartered Accountants

V. Balaji
Partner

S. Ramadorai

Chairman

H. H. Malgham

Director

Madhukar Dev

Managing Director

G. Vaidyanathan

Company Secretary

Mumbai, April 27, 2011

Mumbai, April 27, 2011

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

		Rs. lakhs
	March 31, 2011	March 31, 2010
A. Cash flows from operating activities		
Net Profit before tax	3,197.22	5,061.52
Adjustment for:		
Depreciation / Amortisation	1,720.47	1,658.26
Interest income	(33.41)	(0.39)
Interest expense	188.26	173.88
Provision for doubtful debts	1,625.00	219.55
Liabilities no longer required, written back	(65.04)	-
Loss/(Profit) on sale of assets	1.22	(0.73)
Unrealised exchange loss/(gain)	67.88	114.46
Operating profit before working capital changes	6,701.60	7,226.55
Decrease/(Increase) in sundry debtors	591.90	(4,481.23)
Decrease/(Increase) in inventories	(50.87)	(6.24)
Decrease/(Increase) in unbilled revenues	152.44	(691.03)
Decrease/(Increase) in loans and advances	(68.55)	(1,084.38)
Increase/(Decrease) in current liabilities	856.95	783.21
Cash inflow from operations	8,183.47	1,746.88
Income tax paid	(1,036.87)	(363.07)
Net cash inflow from operating activities	7,146.60	1,383.81
B. Cash flows from investing activities		
Purchase of fixed assets/ capital advances	(2,908.40)	(877.82)
Proceeds of sale of fixed assets	7.44	14.67
Interest received	33.41	0.39
Net cash outflow from investing activities	(2,867.55)	(862.76)
C. Cash flows from financing activities		
Short term borrowings availed/ (re-paid) (net)	(853.77)	2,089.00
Interest paid	(188.26)	(173.88)
Dividend paid	(2,164.71)	(2,164.77)
Tax on dividend paid	(362.02)	(370.44)
Net cash outflow from financing activities	(3,568.76)	(620.09)
Net increase/(decrease) in cash and cash equivalents	710.29	(99.04)
Cash and cash equivalents as at beginning of the year	1,428.50	1,633.33
Exchange gain/(loss) on restatement of foreign currency cash and cash equivalents	(57.48)	(105.79)
Cash and cash equivalents as at end of the year	2,081.31	1,428.50
[Refer schedule 8 & note 26 of schedule 17]		

Significant accounting policies and notes on accounts

Schedule 17

The Schedule referred to above and the notes thereon form an integral part of the Cashflow Statement.

In terms of our report attached

For and on behalf of the Board

 For **Deloitte Haskins & Sells**
Chartered Accountants

S. Ramadorai
Chairman
V. Balaji
Partner

H. H. Malgham
Director
Madhukar Dev
Managing Director
G. Vaidyanathan
Company Secretary

Mumbai, April 27, 2011

Mumbai, April 27, 2011

SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

		Rs. lakhs	
		As at March 31, 2011	As at March 31, 2010
1	SHARE CAPITAL		
	Authorised :		
	35,000,000 equity shares of Rs. 10/- each	3,500.00	3,500.00
	Issued :		
	31,165,620 equity shares of Rs. 10/- each	3,116.56	3,116.56
	Subscribed and paid up :		
	31,138,220 equity shares of Rs.10/-each, fully paid up	3,113.82	3,113.82
	Total	3,113.82	3,113.82
2	RESERVES AND SURPLUS		
	Capital reserve:		
	Subsidy received from Kerala State Government	25.00	25.00
	General reserve:		
	Opening balance	3,659.82	3,159.82
	Add: Transferred from the Profit and Loss Account	500.00	500.00
		4,159.82	3,659.82
	Foreign exchange translation reserve	(1.26)	1.53
	Surplus in Profit and Loss Account	10,939.33	10,712.52
	Total	15,122.89	14,398.87
3	SECURED LOANS		
	Working capital loans from banks	2,543.16	505.55
	Secured by hypothecation of stocks of raw materials, finished goods, consumable stores, book debts etc.; <i>pari passu</i> charge on immovable property at Karnataka and other movable properties		
	Total	2,543.16	505.55
4	UNSECURED LOANS		
	Line of credit from banks towards short term loans and packing credit	-	2,891.38
	Total	-	2,891.38

SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 (contd.)
5 FIXED ASSETS

DESCRIPTION	GROSS BLOCK			DEPRECIATION BLOCK				NET BLOCK		
	As at	Additions	Sale/	As at	Up to	For the	Sale/	As at	As at	As at
	April 1, 2010		Adjustment	March 31, 2011	March 31, 2010	Year	Adjustment	March 31, 2011	March 31, 2011	March 31, 2010
Land - Freehold	49.06	-	-	49.06	-	-	-	-	49.06	49.06
Land - Leasehold	85.01	-	-	85.01	14.36	2.83	-	17.19	67.82	70.65
Buildings	2,117.54	34.06	-	2,151.60	303.58	71.03	-	374.61	1,776.99	1,813.96
Improvements to leasehold premises	423.97	4.51	(45.19)	383.29	286.13	97.04	(45.19)	337.98	45.31	137.84
Plant and machinery	13.20	-	-	13.20	5.64	0.70	-	6.34	6.86	7.56
Computer equipment	5,265.45	889.75	(0.42)	6,154.78	2,942.98	865.76	(0.28)	3,808.46	2,346.32	2,322.47
Furniture and fixtures	1,430.38	11.83	-	1,442.21	522.62	92.19	-	614.81	827.40	907.76
Office equipment	652.51	46.50	-	699.01	167.60	32.63	-	200.23	498.78	484.91
Electrical installations	1,416.92	12.19	(9.68)	1,419.43	325.80	72.44	(1.16)	397.08	1,022.35	1,091.12
Air conditioners	790.71	22.01	-	812.72	164.48	37.74	-	202.22	610.50	626.23
Vehicles	43.43	-	-	43.43	19.63	4.09	-	23.72	19.71	23.80
Intangibles - Software	2,717.52	783.19	-	3,500.71	1,251.65	444.02	-	1,695.67	1,805.04	1,465.87
Total	15,005.70	1,804.04	(55.29)	16,754.45	6,004.47	1,720.47	(46.63)	7,678.31	9,076.14	9,001.23
Previous Year	16,746.37	942.73	(2,683.40)	15,005.70	7,015.67	1,658.26	(2,669.46)	6,004.47	9,001.23	

	Rs. lakhs	
	As at March 31, 2011	As at March 31, 2010
6 INVENTORIES (valued at lower of cost or net realisable value)		
Components and spares (Refer Note 7 of schedule 17)	57.11	6.24
Total	57.11	6.24
7 SUNDRY DEBTORS (Unsecured)		
Debts outstanding for a period exceeding six months	3,327.31	2,204.47
Other debts	9,896.31	11,726.55
	13,223.62*	13,931.02*
Less: Provision for doubtful debts	2,501.70	876.70
	10,721.92	13,054.32
 *Note: Of the above debts:		
i. Considered good	10,721.92	13,054.32
ii. Considered doubtful	2,501.70	876.70

SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 (contd.)

		Rs. lakhs
	As at March 31, 2011	As at March 31, 2010
8 CASH AND BANK BALANCES		
Cash on hand	0.90	0.89
Cheques on hand	15.91	73.72
Balances with scheduled banks		
- in current accounts - for unencashed dividends	235.82	220.85
[Refer Note 26 (b) of schedule 17]		
-in current accounts	1,321.20	855.80
-in deposit accounts [Refer Note 26 (c) of schedule17]	1.72	1.72
	<u>1,558.74</u>	<u>1,078.37</u>
Balances with non-scheduled banks - in current accounts	505.76	275.52
Total	<u><u>2,081.31</u></u>	<u><u>1,428.50</u></u>
9 LOANS AND ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or in kind		
or for value to be received	1,138.29	1,090.96
Deposits	1,276.78	1,209.63
TDS/Advance tax paid (Net of provision for tax)	1,103.93	913.83
Deferred Tax Credit (MAT)	2,606.75	1,820.75
Total	<u><u>6,125.75</u></u>	<u><u>5,035.17</u></u>
10 CURRENT LIABILITIES		
Sundry creditors		
- Dues to Micro and Small Enterprises	2.90	-
- Others	4,177.12	3,943.25
Advance from customers	409.23	108.62
Investor Education and Protection Fund shall be credited by the following amounts when due:		
- Unencashed dividend	235.82	220.85
Unearned revenue	267.13	89.58
Other liabilities	647.98	518.30
Total	<u><u>5,740.18</u></u>	<u><u>4,880.60</u></u>
11 PROVISIONS		
Provision for leave salary	319.84	335.82
Provision for gratuity[Refer note 20 (a) of schedule 17]	274.00	328.99
Provision for taxation (Net of advance tax)	370.36	114.08
Proposed dividend	2,179.68	2,179.68
Tax on dividend	353.60	370.44
Total	<u><u>3,497.48</u></u>	<u><u>3,329.01</u></u>

SCHEDULES TO CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

	Rs. lakhs	
	March 31, 2011	March 31, 2010
12 SALES AND SERVICES		
Sales and support (Net of returns)	3,540.17	3,347.72
Services	38,050.95	35,469.53
Total	41,591.12	38,817.25
13 OTHER INCOME		
Interest from:		
- banks	29.97	0.33
(Tax deducted at source - Rs. 0.03 lakhs (Previous year Rs. 0.02 lakhs))		
- others	3.44	0.06
	33.41	0.39
Profit on sale of asset	-	0.73
Exchange gain (Net)	281.57	-
Miscellaneous income	71.36	93.82
Total	386.34	94.94
14 COST OF SALES		
Cost of traded goods	2,259.22	2,622.53
Spares, consumables and others	3,121.81	2,241.53
Total	5,381.03	4,864.06
15 PERSONNEL COST		
Salaries	20,404.06	17,002.23
Contribution to provident and other funds	892.49	895.14
Staff welfare expenses	373.73	285.48
Consultant fees for software development	1,062.68	1,849.04
Total	22,732.96	20,031.89

SCHEDULES TO CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011 (contd.)

		Rs. lakhs	
		March 31, 2011	March 31, 2010
16	ADMINISTRATION AND SELLING EXPENSES		
	Operating lease rentals - (Refer note 25 of schedule 17)	1,193.81	1,136.12
	Rates and taxes	106.35	80.84
	Power and fuel	642.14	640.99
	Repairs and maintenance: building	22.19	55.38
	plant and machinery	262.16	76.15
	others	199.20	363.32
	Telephone, data link, courier and postage	554.50	386.72
	Inland travel and conveyance	703.86	570.58
	Overseas travel	1,605.80	1,421.43
	Advertisement and sales promotion expenses	302.23	237.61
	Commission on sales	59.74	83.27
	Hire charges	86.68	45.13
	Printing and stationery	99.48	57.91
	Motor vehicle expenses	172.80	164.97
	Recruitment	66.50	13.60
	Training	128.29	44.48
	Legal and professional charges	599.30	335.57
	Secretarial charges	10.60	10.69
	Insurance	114.96	119.28
	Loss on sale of asset	1.22	-
	Bank and other charges	46.63	37.55
	Exchange loss (net)	-	848.45
	Commission to non-executive directors	30.00	39.00
	Auditors' remuneration	23.50	23.67
	Provision for doubtful debts	1,625.00	219.55
	General expenses	100.58	110.32
	Total	8,757.52	7,122.58

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011**Schedule 17 - Significant Accounting Policies and Notes on Accounts****A. SIGNIFICANT ACCOUNTING POLICIES****1. Basis of preparation**

The 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 and the provisions of the Companies Act, 1956.

Following Companies are considered in the consolidated financial statements:

Name of the Entity	Country of Incorporation	% Ownership held either directly or through subsidiaries as at 31 March 2011
Tata Elxsi (Singapore) Pte Limited	Singapore	100%

2. 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:

- i) 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.
- ii) Minority interest is not computed as it is a wholly owned subsidiary.

3. Use of estimates

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the year. Example of such estimates include provisions for doubtful debts, employee benefits, provision for income taxes, the useful life of fixed assets, etc..

4. Fixed assets and Intangible assets

Fixed Assets are stated at cost, less accumulated depreciation. Costs include all expenses incurred to bring the assets to its present location and condition.

Depreciation is provided on straight line method on pro rata basis in accordance with the provisions of Schedule XIV to the Companies Act, 1956, except that leasehold land and improvements to leasehold premises is depreciated over the lease period on straight-line basis.

Software licenses are depreciated over a period of 6 years.

Individual assets costing less than Rs. 5,000/- are depreciated in full in the year of it's purchase.

Capital advances represent outstanding advance paid to acquire fixed assets.

5. Impairment of assets

At each balance sheet date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-discount rate that reflects the current market assessment of time value of money and the risks specific to the asset.

Reversal of impairment loss is recognised immediately as income in the profit and loss account.

6. Leases

Where the Company, as a lessor, leases assets under finance lease such amounts are recognised as receivables at an amount equal to the net investment in the lease and the finance income is based on a constant rate of return on the outstanding net investment.

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

7. 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.

8. Income

Sales

Income from sales of goods is recognised upon passage of risks and rewards of ownership to the goods, which generally coincide with the delivery.

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.
- 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.

9. Employee Benefits

a) Post-employment benefit plans

Contributions to defined contribution retirement benefit schemes are recognized as an expense when employees have rendered services entitling them to contributions. For defined benefit schemes, 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 full in the Profit and Loss account for 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, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

b) Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service. These benefits include compensated absences such as paid annual leave, overseas social security contributions and performance incentives.

c) 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 services are recognized as a liability at the present value of the defined benefit obligation at the balance sheet date.

10. Research and Development

Research and Development expenditure is recognised in the profit and loss account when incurred. Assets acquired for research and development activity are capitalised and depreciated in the same manner as other fixed assets.

Expenses incurred in developing intellectual property, if they meet the criteria of achieving technical feasibility, retention of control and have the potential to provide economic benefits, are capitalized and carried forward as intangible assets and amortised over their expected useful life. Otherwise, such expenses are charged off to the Profit & Loss Account in the year in which they are incurred

11. Foreign currency transactions

- a. Income and expenses in foreign currencies are converted at exchange rates prevailing on the date of the transaction.

Exchange differences arising on restatement / settlement of foreign currency monetary liabilities having an initial term of 12 months or more that are incurred for acquisition of fixed assets are translated at year end exchange rates and the resulting gains / losses are adjusted against the cost of the fixed assets. Exchange differences arising on restatement of other foreign currency monetary assets and liabilities, having an initial term of 12 months or more, are accumulated in the Foreign Currency Monetary Item Translation Difference Account and amortised over the balance period of such long term asset / liability or up to March 31, 2011 whichever is earlier

Other foreign currency liabilities and assets are restated at the rates ruling at the year end. Exchange differences arising on restatement / settlement of foreign currency balances are adjusted in the profit and loss account.

Premium or discount on forward exchange contracts are amortized and recognized in the profit and loss account over the period of the contract. Forward contracts and currency options outstanding at the balance sheet date, other than designated cash flow hedges, are stated at fair values and any gains or losses are recognized in the profit and loss account.

- b. In the case of non-integral operations, assets and liabilities are translated at the exchange rate prevailing on the balance sheet date. Revenue and expenses are translated at exchange rates prevailing on the date of transaction. Exchange differences arising out of these translations are included in 'Exchange Reserve' under Reserves and Surplus.
- c. 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 exchange rates prevailing on the date of transactions. Exchange differences arising out of these translations are charged to the Profit and Loss account.

12. Taxation

Current income tax expense comprises taxes on income from operations in India and in foreign jurisdictions. Income tax payable in India is determined in accordance with the provisions of the Income Tax Act, 1961. Tax expense relating to foreign operations is determined in accordance with tax laws applicable in countries where such operations are domiciled.

Minimum alternative tax (MAT) paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax after the tax holiday period. Accordingly, MAT is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

Deferred tax expense or benefit is recognised on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

In the event of unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only to the extent that there is virtual certainty that sufficient taxable income will be available to realise such assets. In other situations, deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realise these assets.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance taxes paid and income tax provisions arising in the same tax jurisdiction and the Company intends to settle the asset and liability on a net basis.

The Company offsets deferred tax assets and deferred tax liabilities if it has a legally enforceable right and these relate to taxes on income levied by the same governing taxation laws.

13. Subsidies

Subsidies not specifically related to fixed assets are credited to capital reserve.

Other revenue subsidies are credited to profit and loss account or deducted from related expenses

14. Investments

Long-term investments are stated at cost, less provision for other than temporary diminution in value.

15. Other Provisions and Contingencies

A provision is recognised when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balances sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognized in the financial statements, but are disclosed. A contingent asset is neither recognized nor disclosed in the financial statements.

B. NOTES ON ACCOUNTS

16. Contingent liabilities

- Disputed demands for Income Tax aggregates to Rs.1,040.69 lakhs (Previous year Rs. 921.90 lakhs).
- Disputed demands for Wealth Tax aggregates to Rs. 25.89 lakhs (Previous year Rs. 25.89 lakhs).
- Guarantees given to Housing Finance Company for housing loans availed by employees during their employment with the Company Rs.122.87 lakhs (Previous year Rs. 135.03 lakhs).
- Disputed amount of Sales Tax aggregates to Rs. 656.83 lakhs (Previous year Rs. 0.11 lakhs).
- Service tax matters Rs. 193.61 lakhs (31st March 2010: Nil)

17. Particulars of earning per share

	2010-11	2009-10
Net profit for the year (Rs. lakhs)	3,251.67	4,881.71
Number of equity shares	311,38,220	311,38,220
Nominal value of the shares(Rs.)	10.00	10.00
Earning per share (Rs.)	10.44	15.68

Basic Earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

- Provision for tax includes Rs. 142.05 lakhs (Previous year Rs. 148.31 lakhs) in respect of overseas operations .

19. Deferred tax liability as at 31st March 2011

- Movement in deferred tax liability / asset:

	Rs. lakhs	
Particulars	March 31,2011	March 31,2010
Opening deferred tax asset /(liability)-Net	(521.50)	(490.00)
Deferred tax asset / (liability) arising from transactions during the year	371.50	(31.50)
Closing Deferred tax asset / (liability)- Net	(150.00)	(521.50)

- The net deferred tax asset / (liability) as at year end comprises the tax impact (including savings) arising from the following:

	Rs. lakhs	
Particulars	March 31,2011	March 31,2010
Timing differences on account of:		
(i) Depreciation	(1,198.98)	(1,048.72)
(ii) Provisions and Section 43B disallowances etc.,	1,048.98	527.22
Net Deferred Tax Asset / (Liability)	(150.00)	(521.50)

20. Employee benefits

 a) *Defined Benefit Plans*

Details of benefit cost and obligation under defined benefit plans - As per actuarial valuations as on March 31, 2011

		Rs lakhs	
Particulars	Gratuity	2010-11	2009-10
I Components of employer expense			
A Current Service cost	115.13		86.10
B Interest cost	46.95		39.47
C Expected return on plan assets	(25.73)		(17.08)
D Curtailment cost/(credit)	-		-
E Settlement cost/(credit)	-		-
F Past Service Cost	-		-
G Actuarial Losses/(Gains)	(31.34)		(6.19)
Total expense recognised in the Statement of Profit & Loss	105.01		102.30
II Actual contribution and benefits payments for period ended March 31, 2011			
A Actual benefit payments	86.04		53.73
B Actual Contributions	160.00		60.51
III Net asset/(liability) recognised in Balance Sheet as at March 31, 2011			
A Present value of Defined Benefit Obligation (DBO)	(552.64)		(533.67)
B Fair value of plan assets	278.64		204.68
C Funded status [Surplus/(Deficit)]	-		-
D Unrecognised Past Service Costs	-		-
E Net asset/(liability) recognised in Balance Sheet	(274.00)		(328.99)
IV Change in Defined Benefit Obligations during the year ended March 31, 2011			
A Present Value of DBO at beginning of period	533.67		467.06
B Current Service cost	115.13		86.10
C Interest cost	46.95		39.47
D Curtailment cost/(credit)	-		-
E Settlement cost/(credit)	-		-
F Plan amendments	-		-
G Acquisitions	-		-
H Actuarial (gains)/ losses	(57.07)		(5.23)
I Benefits paid	(86.04)		(53.73)
J Present Value of DBO at the end of period	552.64		533.67
V Change in Fair Value of Assets during the year ended March 31, 2011			
A Plan assets at beginning of period	204.68		179.86
B Actual return on plan assets	25.73		17.09
C Actual Company contributions	160.00		60.50
D Benefits paid	(86.04)		(53.73)
E Actuarial gains/ (losses)	(25.73)		0.96
F Plan assets at the end of period	278.64		204.68
VI Actuarial Assumptions for Gratuity			
A Discount Rate	8.00%		7.75%
B Expected Return on plan assets	8.00%		8.00%
C Salary escalation	5.00%		5.00%
D Mortality			
E Withdrawal Rates			

LIC Mortality (1994-96) Table

21-30 years – 10%

31-40 years – 5%

41-50 years – 3%

51 & above – 2%

Experience Adjustments:
Rs. lakhs

Particulars	31-Mar-2011	31-Mar-2010	31-Mar-2009	31-Mar-2008
Defined Benefit Obligations	(552.64)	(533.67)	(467.06)	(410.69)
Plan Assets	278.64	204.68	179.86	142.13
Surplus / (Deficit)	(274.00)	(328.99)	(287.20)	(268.56)
Experience Adjustments on Plan Liabilities	(57.07)	(5.23)	(53.12)	2.22
Experience Adjustments on Plan Assets	(25.73)	0.96	(2.20)	(0.38)

b) Defined contribution plans

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution retirement benefit 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 Provident Fund scheme additionally requires the Company to guarantee payment of interest at rates notified by the Central Government from time to time. However considering the size of the investment in the Provident Fund and the Provident Fund liabilities accrued to the employees at the Balance Sheet Date, the Company believes that there would not be any shortfall in the Fund balance and hence no actuarial valuation has been carried out towards interest payments to be made in the future.

The Company recognised Rs 415.99 lakhs (Previous year Rs. 425.97 lakhs) for provident fund contributions and Rs. 150.95 lakhs (Previous year: Rs. 161.62 lakhs) for superannuation contributions in the profit and loss account. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

21. Related party disclosures
A. Related parties and their relationships

Tata Sons Limited	:	Company with significant influence
Mr. Madhukar Dev – Managing Director	:	Key management personnel

B. The Company has entered into related party transactions whose details are given below:
Rs. lakhs

Name of related party	Nature of relation	Nature of Transaction	2010-11	2009-10
Tata Sons Limited	Company with significant influence	Brand fee and other services (Including service tax)	131.63	104.24
		Outstanding payable at the year end	113.44	103.78
Mr. Madhukar Dev	Key management personnel	Managerial remuneration	80.85	72.77
		Commission	50.00	55.00

Note: Related party relationship is as identified by the Company on the basis of information available with them and relied upon by the auditors.

There have been no dues from or to related parties which have been written off or written back during the year

22. Intangible Assets

Personnel and Administration Expenses are net of Rs.763.71 lakhs incurred in developing intellectual property, which have been capitalized. The details of expenses capitalized are as follows:

Rs. lakhs

Expenditure	Year Ended March 31, 2011	Year Ended March 31, 2010
Salaries	558.26	Nil
Rent	58.25	Nil
Other Expenses	147.20	Nil
Total	763.71	Nil

23. Segment reporting

The Company's operations predominantly relate to providing systems integration and software development services in the Information Technology field.

Accordingly the Systems Integration & Support and Software Development & Services comprise the primary basis for segmental information. The secondary segment is geographical, determined based on the location of the clients. Clients are classified as either India or overseas.

Primary segment information
Rs. lakhs

	Systems Integration and Support	Software Development and Services	Total
Revenues	5,771.27 (5,123.25)	35,819.85 (33,694.00)	41,591.12 (38,817.25)
Identifiable other income	18.53 (20.15)	320.49 (70.81)	339.02 (90.96)
Identifiable operating expenses	4,933.66 (4,583.51)	29,293.62 (26,273.83)	34,227.28 (30,857.34)
Provision for doubtful debts	33.61 (3.61)	1,591.39 (215.94)	1,625.00 (219.55)
Depreciation	145.82 (149.96)	1,574.65 (1,508.30)	1,720.47 (1,658.26)
Segmental operating Income	676.71 (406.32)	3,680.68 (5,766.74)	4,357.39 (,6173.06)
Unallocable expenses:			
Interest and finance charges			188.26 (173.88)
Other unallocable expenses (Net)			971.91 (937.66)
Total profit before tax			3,197.22 (5,061.52)
Taxes including deferred tax			[54.45] (179.81)
Net income after taxes			3,251.67 (4,881.71)
Segment Assets	2,923.87 (2,468.45)	13,161.14 (14,336.97)	16,085.01 (16,805.42)
Segment Liabilities	1,563.09 (1,804.54)	1,976.54 (1,565.95)	3,539.63 (3,370.49)
Unallocable Assets			14,082.52 (12,835.31)
Unallocable Liabilities			8,241.19 (8,236.05)
Cost incurred to acquire segment assets			2,946.51 (877.82)

Previous year's figures are shown in brackets.

Secondary segment Information

	India	Overseas	Rs. lakhs Total
Revenues	11,464.45 (8,023.88)	30,126.67 (3,0793.37)	41,591.12 (38,817.25)
Assets	16,733.13 (17,757.79)	9,723.74 (9,148.37)	26,456.87 (26,906.16)
Unallocable assets			3,710.66 (2,734.57)
Cost incurred to acquire segment assets	1,913.19 (785.92)	1,033.32 (91.90)	2,946.51 (877.82)

Previous year's figure are shown in brackets

24. Derivative Financial Instruments

Outstanding Forward Exchange Contracts, 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, are as follows:

Forward Options (being a derivative instrument) outstanding at the year-end are as follows:

	Option Contracts			
Currency	Japanese Yen	US Dollar	Euro	GBP
Amount (Previous year)	JPY 1,200 lakhs (JPY 2,100 lakhs)	USD 15 lakhs (USD 40 lakhs)	Euro 7.5 lakhs (Euro 40 lakhs)	GBP 5.0 lakhs (GBP 7.5 lakhs)
Buy/Sell (Previous year)	Sell @ Rs. 659.40 lakhs (Sell @ Rs. 1,102.50 lakhs)	Sell @ Rs. 673.50 lakhs (Sell @ Rs 1,830.60 lakhs)	Sell @ Rs. 469.13 lakhs (Sell @ Rs 2,794.00 lakhs)	Sell @ Rs. 348.40 lakhs (Sell @ Rs 545.25 lakhs)
Cross Currency	Indian Rupees	Indian Rupees	Indian Rupees	Indian Rupees

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

a. Amounts receivable in foreign currency on account of export of goods and exchange earning foreign currency account:

2010-11			2009-10		
Amount receivable in Foreign currency in lakhs	Amount in Rs. lakhs		Amount receivable in Foreign currency in lakhs	Amount in Rs. lakhs	
Euro	3.04	192.31	Euro	Nil	Nil
GBP	29.27	2,102.03	GBP	3.23	229.58
USD	100.87	4511.04	USD	84.40	3,905.55
JPY	1,348.20	729.99	JPY	605.74	301.56
AED	Nil	Nil	AED	0.21	2.68
ZAR	5.03	33.30	ZAR	Nil	Nil
KRW	20.44	0.82	KRW	Nil	Nil
SGD	0.08	3.37	SGD	0.04	1.92

b. Advance in foreign currency to sundry creditors:

2010-11		2009-10	
Advance paid in Foreign currency in lakhs	Amount in Rs. lakhs	Advance paid in Foreign currency in lakhs	Amount in Rs. lakhs
Euro	0.26	Euro	0.01
GBP	0.04	GBP	Nil
USD	8.54	USD	3.26
JPY	23.17	JPY	0.21
	16.64		0.44
	2.79		Nil
	381.90		147.12
	12.54		0.10

c. Amounts payable in foreign currency on account of purchase of goods and services:

2010-11		2009-10	
Advance paid in Foreign currency in lakhs	Amount in Rs. lakhs	Advance paid in Foreign currency in lakhs	Amount in Rs. lakhs
Euro	1.61	Euro	0.50
GBP	0.80	GBP	0.90
USD	6.95	USD	23.46
	101.87		32.13
	57.59		65.77
	310.51		112.00

d. Advance received in foreign currency from Customers:

2010-11		2009-10	
Advance paid in Foreign currency in lakhs	Amount in Rs. lakhs	Advance paid in Foreign currency in lakhs	Amount in Rs. lakhs
Euro	0.12	Euro	0.22
GBP	0.20	GBP	0.35
USD	7.22	USD	1.09
	7.73		13.38
	14.57		24.48
	323.23		49.37

25. The Company has entered into operating leases in respect of office premises. The lease rentals charged to the Profit & Loss account in respect of these leases amount to Rs. 1,193.81 lakhs. (Previous Year Rs. 1,136.12 lakhs).

Future minimum lease payments in respect of non-cancellable leases are as follows:

Particulars	Rs. lakhs	
	As at March 31, 2011	As at March 31, 2010
Not later than one year	289.94	188.06
Later than one year but not later than five years	159.40	172.03
Later than five years	-	-
Total	449.34	360.09

26. Notes relating to Cash Flow Statement

- The cash flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard 3 – Cash Flow Statements as per the Companies (Accounting Standards) Rules, 2006.
- Cash and cash equivalents include balances with scheduled banks on dividend account Rs.235.82 lakhs (Previous year Rs. 220.85 lakhs) which are not available for use by the company.
- Cash and cash equivalents include balances in deposit accounts Rs. 1.72 lakhs (Previous year Rs. 1.72 lakhs) which are not available for use by the company

27. The Summary of information relating to subsidiary is as follows.

Subsidiary: Tata Elxsi (Singapore) Pte Ltd

		Rs. lakhs
	2010-11	2009-10
Exchange rate as at March 31, 2011 Rs. / USD	44.72	45.11
Issued and Subscribed share capital	28.67	28.67
Reserves	195.47	117.26
Loans	-	-
Total assets	365.90	1,139.69
Total liabilities	365.90	1,139.69
Investments		
Long-term	-	-
Current	-	-
Total	-	-
Turnover	489.96	1,180.21
Profit/(Loss) before taxation	85.26	98.78
Provision for taxation	7.05	8.27
Profit/(Loss) after taxation	78.21	90.51
Proposed dividend	-	-

The above information has been extracted from subsidiary financial statements by the management and has been relied upon by the auditors.

28. Figures for the previous year have been regrouped and rearranged wherever necessary to conform to the current year's classifications.

For and on behalf of the Board

S. Ramadorai	<i>Chairman</i>
H. H. Malgham	<i>Director</i>
Madhukar Dev	<i>Managing Director</i>
G. Vaidyanathan	<i>Company Secretary</i>

Mumbai, April 27, 2011

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	Proposed dividend
								Long-term	Current	Total					
Tata Elxsi (Singapore) Pte. Ltd	2010-11	44.72	28.67	195.47	-	365.90	365.90	-	-	-	489.96	85.26	7.05	78.21	-
	2009-10	45.11	28.67	117.26	-	1139.69	1139.69	-	-	-	1180.21	98.78	8.27	90.51	-

Significant 5 year highlights (Consolidated)
5 Years Profit and Loss Account
Rs. lakhs

	31.03.2011	31.03.2010	31.03.2009	31.03.2008	31.03.2007
INCOME					
Sales and services	41,591.12	38,817.25	41,936.15	40,201.37	30,796.30
Other Income	386.34	94.94	15.46	227.31	42.39
Total	41,977.46	38,912.19	41,951.61	40,428.68	30,838.69
EXPENDITURE					
Cost of sales	5,381.03	4,864.06	3,400.51	4,513.18	3,610.29
Personnel expenses	22,732.96	20,031.89	22,757.17	21,359.20	14,945.37
Administrative and selling expenses	8,757.52	7,122.58	7,628.12	6,845.16	5,331.89
Financial expenses	188.26	173.88	377.22	213.15	28.84
Depreciation	1,720.47	1,658.26	1,595.18	1,344.13	869.69
Total	38,780.24	33,850.67	35,758.20	34,274.82	24,786.08
Profit before Tax for the year	3,197.22	5,061.52	6,193.41	6,153.86	6,052.61
Provision for Tax	(54.45)	179.81	377.49	869.29	840.92
Profit after Tax	3,251.67	4,881.71	5,815.92	5,284.57	5,211.69

Significant Ratio Analysis

S. No.	Particulars	Unit	31.03.2011	31.03.2010	31.03.2009	31.03.2008	31.03.2007
1	Earning before interest, depreciation and tax/Sales	%	12.3	17.8	19.5	19.2	22.6
2	Profit before taxes/Sales	%	7.7	13.0	14.8	15.3	19.7
3	Profit after taxes/Sales	%	7.8	12.6	13.9	13.1	16.9
4	Current Ratio	No. of Times	2.16	2.51	1.93	2.00	1.30
5	Debt Equity Ratio	%	13.9	19.4	8.6	46.4	-
6	Earning per share	Rs.	10.44	15.68	18.68	16.97	16.74
7	Dividend per share	Rs.	7.00	7.00	7.00	7.00	7.00
8	Book Value share	Rs.	58.57	56.24	48.76	38.26	29.72
9	Return on Net Worth	%	17.8	27.9	38.3	44.4	56.3
10	Return on Capital Employed	%	15.5	22.8	34.2	29.4	54.1

Tata Elxsi Worldwide



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