digital consumers co-creation self-service personalization

growth momentum smart sourcing emerging economies innovation hubs

social contracts sustainable tomorrow green innovation resource efficiency

adaptability simplification collaboration smarter organizations

new commerce micro payments mobility inclusiveness

cloud-based computing intelligence pervasive computing sensor networks

affordability healthcare economy prevention patient-centric

Building tomorrow's enterprise

Infosys®

POWERED BY INTELLECT
DRIVEN BY VALUES

Subsidiaries 2009-10

Contents

Auditors Report

To

The Members of Infosys Australia Pty Limited

We have audited the attached Balance Sheet of Infosys Australia Pty Limited ('The Company') as at March 31 2010, the Profit and Loss account ('Financial Statements') of the Company for the year ended on that date. 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.

We conducted our audit in accordance with 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 misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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.

Further, we report that:

1. 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;

2. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

3. the Balance Sheet and the Profit and Loss account dealt with by this report are in agreement with the books of account;

4. 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 Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

   i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2010; and
   ii. in the case of the Profit and Loss account, of the profit of the Company for the year ended on that date

For Shenoy & Kamath
Chartered Accountants

M Rathnakar Kamath
Membership No. 202841
Reg. No. 006673S

Bangalore
April 8, 2010

Financial statements of Infosys Technologies (Australia) Pty limited

In Rs.

Balance Sheet as at	Schedule	March 31, 2010	March 31, 2009
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	1	4,36,92,227	4,36,92,227
Reserves and surplus	2	3,54,21,87,191	2,61,76,25,994
		3,58,58,79,418	**2,66,13,18,221**
APPLICATION OF FUNDS			
FIXED ASSETS	3		
Original cost		75,04,69,025	39,92,60,723
Less: Accumulated depreciation		52,02,14,742	30,82,64,234
Net book value		23,02,54,283	9,09,96,489
INVESTMENTS	4	13,24,40,329	13,24,40,280
DEFERRED TAX ASSETS	5	15,63,36,144	11,33,53,087
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry debtors	6	30,69,64,195	30,36,69,275
Cash and bank balances	7	3,48,42,71,338	2,53,07,30,204
Loans and advances	8	15,20,80,304	9,30,60,666
		3,94,33,15,837	2,92,74,60,145
LESS*:* CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	9	59,23,38,270	37,08,54,925
Provisions	10	28,41,28,905	23,20,76,855
		87,64,67,175	60,29,31,780
NET CURRENT ASSETS		3,06,68,48,662	2,32,45,28,365
		3,58,58,79,418	**2,66,13,18,221**
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	16		

Note: The schedules referred to above are an integral part of the Balance Sheet.

For Shenoy & Kamath
Chartered Accountants

M Rathnakar Kamath
Membership No:202841

K. Dinesh
Chairperson

Jacqueline Korhonen
Chief Executive Officer and Managing Director

Srinath Batni
Director

V.G. Dheeshjith
Director

U. B. Pravin Rao
Director

Subhash Dhar
Director

Bangalore
April 8, 2010

In Rs.

Profit and Loss account for the	Schedule	Year ended March 31,	
		2010	2009
Income from software services and business process management		7,11,34,64,769	5,49,43,80,833
Software development and business process management expenses	11	5,33,76,36,672	3,99,42,88,495
GROSS PROFIT		**1,77,58,28,097**	**1,50,00,92,338**
Selling and marketing expenses	12	46,58,81,276	30,06,87,193
General and administration expenses	13	55,64,42,342	59,35,25,608
		1,02,23,23,618	89,42,12,801
OPERATING PROFIT before interest and depreciation		**75,35,04,479**	**60,58,79,537**
Interest		–	(392)
Depreciation		15,71,39,041	5,37,95,856
OPERATING PROFIT before tax		**59,63,65,438**	**55,20,84,073**
Other income, net	14	9,53,92,319	12,10,22,755
Provision for investments		–	18,96,000
NET PROFIT before tax		**69,17,57,757**	**671,210,828**
Provision for taxation	15	2,25,627,191	2,02,427,097
NET PROFIT after tax		**4,66,130,566**	**46,87,83,731**
EARNINGS PER SHARE			
Equity shares of par value AUD 0.11 /- each			
Basic		46.11	46.37
Number of shares used in computing earnings per share		1,01,08,869	1,01,08,869
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	16		

Note: The schedules referred to above are an integral part of the Balance Sheet.

For Shenoy & Kamath
Chartered Accountants

M Rathnakar Kamath
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Director

Subhash Dhar
Director

Bangalore
April 8, 2010

In Rs.

Schedules to the Balance Sheet as at		March 31, 2010	March 31, 2009
1	**SHARE CAPITAL**		
	Authorised:		
	1,01,08,869 equity shares of A$ 0.11 par value		
	Issued, subscribed and paid up		
	1,01,08,869 (1,01,08,869) equity shares of A$ 0.11 par value, fully paid	4,36,92,227	4,36,92,227
		4,36,92,227	**4,36,92,227**
2	**RESERVES AND SURPLUS**		
	Translation difference	64,56,80,467	18,72,49,835
	General reserve	21,79,30,925	21,79,30,925
	Balance in Profit and Loss Account		
	Opening balance	2,21,24,45,233	1,74,36,61,502
	Add: Current year profits	46,61,30,566	46,87,83,731
		2,67,85,75,800	2,21,24,45,234
		3,54,21,87,191	**2,61,76,25,994**

Schedules to the Balance Sheet

3. FIXED ASSETS

In Rs.

	Original Cost				Depreciation and amortization				Net Book Value	
	As at April 1, 2009	Additions/Adjustments	Deletions/Retirement/Adjustments	As at March 31, 2010	As at April 1, 2009	For the year	Deletions/Adjustments	As at March 31, 2010	As at March 31, 2010	As at March 31, 2009
Plant and Machinery	2,93,22,005	1,50,01,717	–	4,43,23,722	2,34,92,120	86,09,101	–	3,21,01,222	1,22,22,501	58,29,885
Computer Equipment	21,83,57,275	30,07,58,014	–	51,91,15,289	16,98,33,930	16,56,66,843	–	33,55,00,773	18,36,14,516	4,85,23,344
Furniture & Fitting	15,15,81,443	3,54,48,571	–	18,70,30,015	11,49,38,183	3,76,74,565	–	15,26,12,748	3,44,17,266	3,66,43,260
Total	**39,92,60,723**	**35,12,08,303**	–	**75,04,69,025**	**30,82,64,233**	**21,19,50,510**	–	**52,02,14,743**	**23,02,54,283**	**9,09,96,489**
Previous Year	**23,18,20,658**	**16,74,40,065**	–	**39,92,60,723**	**19,50,45,439**	**11,32,18,795**	–	**30,82,64,233**	**9,09,96,489**	

In Rs.

	Schedules to the Balance Sheet as at	March 31, 2010	March 31, 2009
4	**INVESTMENTS**		
	Trade (unquoted) – at cost		
	Long- term investments		
	In subsidiaries		
	Main Stream	13,24,40,000	13,24,40,000
		13,24,40,000	**13,24,40,000**
	In other investments	1,94,56,455	1,65,58,786
	Less: Provision for investments	(1,94,56,126)	(1,65,58,506)
		329	280
		13,24,40,329	**13,24,40,280**
5	**DEFERRED TAX ASSETS**		
	Fixed assets	2,76,92,357	–
	Sundry debtors	4,16,222	4,27,726
	Others	4,88,52,978	4,46,90,676
	DTA-Long Service Leave	7,93,74,587	6,82,34,685
		15,63,36,144	**11,33,53,087**
6	**SUNDRY DEBTORS**		
	Debts outstanding for a period exceeding six months		
	Unsecured		
	Considered doubtful	13,87,547	14,25,968
	Other debts		
	Unsecured		
	Considered good	30,69,64,195	30,36,69,275
		30,83,51,742	30,50,95,242
	Less: Provision for doubtful debts	(13,87,547)	(14,25,968)
		30,69,64,195	**30,36,69,275**
7	**CASH AND BANK BALANCES**		
	Cash on hand	–	49,042
	Balances with non-scheduled banks in foreign currency		
	In deposit accounts	3,11,58,12,000	2,27,69,50,000
	In current accounts	36,84,59,338	25,37,31,162
		3,48,42,71,338	**2,53,07,30,204**
8	**LOANS AND ADVANCES**		
	Advances		
	Prepaid expenses	2,64,12,339	2,03,88,775
	For supply of goods and rendering of services	6,12,901	5,52,531
	Interest Accrued but not due	3,15,44,875	2,54,67,272
	Others	11,23,623	15,31,073
		5,96,93,738	4,79,39,651
	Unbilled revenues	5,85,58,971	95,91,715
	Loans and advances to employees		
	Salary advances	3,12,58,644	3,48,70,736
	Electricity and other deposits	25,68,951	6,58,564
		15,20,80,304	**9,30,60,666**
9	**CURRENT LIABILITIES**		
	Sundry creditors		
	Goods and services	22,35,06,359	4,62,11,328
	Accrued salaries and benefits		
	Salaries	69,47,372	43,04,295
	Bonus and incentives	15,20,22,906	9,26,36,817
	For other liabilities		

In Rs

Schedules to the Balance Sheet as at		March 31, 2010	March 31, 2009
	Provision for expenses	5,87,32,233	6,05,30,569
	Withholding and other taxes payable	8,56,24,626	9,97,50,316
	Payable for acquisition of subsidiary	2,05,80,000	3,50,30,000
	Others	11,08,606	(3,84,163)
		54,85,22,102	33,80,79,162
	Advances received from clients	–	12,36,541
	Unearned revenue	4,38,16,168	3,15,39,222
		4,38,16,168	3,27,75,763
		59,23,38,270	**37,08,54,925**
10	**PROVISIONS**		
	Provision for		
	Income taxes	1,95,46,951	46,27,906
	Unavailed leave	26,45,81,954	22,74,48,949
		28,41,28,905	**23,20,76,855**

In Rs.

Schedules to Profit and Loss Account for the		Year ended March 31,	
		2010	**2009**
11	**SOFTWARE DEVELOPMENT AND BUSINESS PROCESS MANAGEMENT EXPENSES**		
	Salaries and bonus including overseas staff expenses	4,44,89,36,509	3,54,30,80,757
	Group health insurance	94,46,216	81,49,478
	Contribution to provident and other funds	16,53,734	14,12,335
	Staff welfare	1,55,80,963	2,13,64,813
	Technical sub-contractors	48,43,38,149	14,14,71,055
	Overseas travel expenses	13,79,87,304	15,04,91,138
	Visa charges and others	1,23,75,132	1,38,38,890
	Software packages		
	For own use	7,83,16,713	1,53,25,937
	Communication expenses	1,39,56,509	34,37,738
	Computer maintenance	51,45,173	22,49,680
	Consumables	1,38,84,473	88,36,663
	Rent	11,60,15,797	8,77,16,055
	Provision for post-sales client support and warranties	–	(30,86,044)
		5,33,76,36,672	**3,99,42,88,495**
12	**SELLING AND MARKETING EXPENSES**		
	Salaries and bonus including overseas staff expenses	36,62,54,984	22,58,07,179
	Group health insurance	83,918	90,760
	Contribution to provident and other funds	3,04,010	11,851
	Staff welfare	30,67,560	31,36,691
	Overseas travel expenses	3,04,39,250	1,86,34,618
	Visa charges and others	(4,20,578)	9,00,391
	Travelling and conveyance	1,88,05,792	1,03,14,702
	Brand building	28,33,329	3,92,900
	Professional charges	89,22,151	65,52,033
	Rent	38,55,968	29,44,283
	Marketing expenses	2,84,90,957	2,86,51,801
	Telephone charges	3,87,830	–

In Rs.

Schedules to Profit and Loss Account for the	Year ended March 31,	
	2010	**2009**
Printing and stationery	11,77,458	8,48,136
Advertisements	–	3,71,649
Office maintenance	10,93,281	–
Sales promotion expenses	4,86,228	12,38,933
Consumables	95,927	–
Software for own use	3,211	–
Communication Expenses	–	68,534
Computer maintenance	–	14,410
Repairs to plant and machinery	–	6,60,120
Miscellaneous expenses	–	48,202
	46,58,81,276	**30,06,87,193**

In Rs

Schedules to Profit and Loss Account for the		Year ended March 31,	
		2010	**2009**
13	**GENERAL AND ADMINISTRATION EXPENSES**		
	Salaries and bonus including overseas staff expenses	18,13,30,414	20,40,38,667
	Group health insurance	40,53,591	54,39,688
	Contribution to provident and other funds	27,614	72,700
	Telephone charges	10,41,39,290	8,95,33,240
	Professional charges	12,92,58,377	11,80,55,802
	Power and fuel	71,07,887	75,14,897
	Travel and conveyance	2,83,40,182	5,32,61,229
	Overseas travel expenses	43,23,825	65,41,950
	Visa charges and others	13,00,739	1,67,725
	Office maintenance	4,26,97,326	3,96,00,369
	Guesthouse maintenance	93,800	97,819
	Insurance charges	42,06,883	44,93,874
	Printing and stationery	45,68,261	58,29,994
	Donations	40,36,152	6,59,788
	Rent	57,90,374	2,28,24,423
	Advertisements	10,63,941	2,82,238
	Repairs to building	1,85,971	1,13,958
	Repairs to plant and machinery	24,27,774	4,80,299
	Rates and taxes	72,06,236	65,75,920
	Professional membership and seminar participation fees	54,37,780	46,87,372
	Postage and courier	33,03,749	31,48,659
	Books and periodicals	11,92,889	14,60,362
	Provision for bad and doubtful debts	3,91,776	9,37,650
	Provision for doubtful loans and advances	37,934	–
	Freight charges	13,61,615	10,36,789
	Bank charges and commission	7,29,719	20,57,876
	Research grants	85,62,228	79,84,237
	Auditor’s remuneration		
	Statutory audit fees	31,77,726	29,31,766
	others	9,082	–
	out-of-pocket expenses	15,271	1,426
	Miscellaneous expenses	63,936	36,94,892
		55,64,42,342	**59,35,25,608**
14	**OTHER INCOME, NET**		
	Interest received on deposits with banks and others	13,39,67,805	12,65,22,774
	Miscellaneous income	1,31,761	–
	Exchange gains / (losses)	(3,87,07,247)	(55,00,019)
		9,53,92,319	**12,10,22,755**
15	**PROVISION FOR TAXATION**		
	Income taxes	22,55,28,806	20,24,27,097
	Deferred taxes	98,385	–
		22,56,27,191	**20,24,27,097**

Schedules to the Financial Statements for the year ended March 31, 2010

16. Significant accounting policies and notes on accounts

Company overview

Infosys Technologies Australia Pty Ltd (the "Company") is a Company domiciled in Australia. The Company is of a kind referred to in Class Order 98/0100 dated 10 July 1998 (updated by CO 05/641 effective 28 July 2005 and CO 06/51 effective 31 January 2006), issued by the Australian Securities & Investments Commission.

16.1. Significant accounting policies

16.1.1. Basis of preparation of financial statements

These financial statements as at and the year ended March 31, 2010 have been prepared under the historical cost convention on the accrual basis except for certain financial instruments which have been measured at fair values. Accounting policies have been applied consistently to all periods presented in these financial statements.

16.1.2. Use of estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include computation of percentage of completion which requires the Company to estimate the efforts expended to date as a proportion of the total efforts to be expended, provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets and intangible assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

The Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

16.1.3. Revenue recognition

Revenue is primarily derived from software development and related services and from business process management services. Arrangements with customers for software development and related services are either on a fixed-price, fixed-timeframe or on a time-and-material basis.

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last billing to the Balance Sheet date is recognized as unbilled revenues. Revenue from fixed-price and fixed-timeframe contracts, where there is no uncertainty as to measurement or collectability of consideration, is recognized based upon the percentage of completion. When there is uncertainty as to measurement or ultimate collectability revenue recognition is postponed until such uncertainty is resolved. Cost and earnings in excess of billings are classified as unbilled revenue while billing in excess of cost and earnings is classified as unearned revenue. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates.

Annual Technical Services revenue and revenue from fixed-price maintenance contracts are recognized ratably over the period in which services are rendered. Revenue from the sale of user licenses for software applications is recognized on transfer of the title in the user license, except in case of multiple element contracts, which require significant implementation services, where revenue for the entire arrangement is recognized over the implementation period based upon the percentage-of-completion. Revenue from client training, support and other services arising due to the sale of software products is recognized as the related services are performed.

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the ratable allocation of the discount / incentive amount to each of the underlying revenue transactions that result in progress by the customer towards earning the discount / incentive. Also, when the level of discount varies with increases in levels of revenue transactions, the Company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The Company recognizes changes in the estimated amount of obligations for discounts using a cumulative catchup approach. The discounts are passed on to the customer either as direct payments or as a reduction of payments due from the customer.

The Company presents revenues net of value-added taxes in its Profit and Loss account.

16.1.4. Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. A provision for an onerous contract is recognized when the expected benefits to be derived by the company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. There were no contingent liabilities as at balance date and at the end of the prior year.

16.1.5. Property, plant and equipment

All assets acquired, including property, plant and equipment are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. Fixed assets are stated at cost, less accumulated depreciation and impairments, if any.

16.1.6. Depreciation and amortization

Depreciation is calculated on a straight line basis to write off the net cost of each item of property, plant and equipment over its expected useful life to the entity. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The expected useful lives are as follows:

Plant and equipment	5 years
Computer equipment	2 years
Furniture and fittings	5 years

All expenditure on software is expensed as incurred. Leasehold improvements are amortized over their estimated useful life.

16.1.7. Retirement benefits to employees

16.1.7.a. Employee benefit on-costs

Employee benefit on-costs, including payroll tax, are recognized and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognized as liabilities. Obligations for contributions to defined contribution superannuation funds are recognized as an expense in profit or loss when they are due.

16.1.8. Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date and any adjustment to tax payable in respect of previous years. Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date. A deferred tax asset is recognized only to the extent that is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

16.1.9. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

16.1.10. Leases

Payments made under operating leases are recognized in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognized in the income statement as an integral part of the total lease expense. The Company leases property under non-cancellable operating leases expiring from two to ten years. Leases generally provide the company with a right of renewal at which terms are renegotiated. Lease payments comprise a base amount plus an incremental contingent rental. Contingent rentals are based on either operating criteria or movements in the Consumer Price Index. The lease payments will be increased at a fixed percentage after five years.

16.1.11. Earnings per share

Basic earnings per share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the period.

16.1.12. Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

16.1.13. Foreign currency transactions

Foreign-currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the profit or loss account. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

16.1.14. Investments

Trade investments are the investments made to enhance the Company's business interests. Investments are either classified as current or long-term based on Management's intention at the time of purchase. Current investments are carried at the lower of cost and fair value of each investment individually. Cost for overseas investments comprises the Indian Rupee value of the consideration paid for the investment translated at the exchange rate prevalent at the date of investment. Long-term investments are carried at cost less provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment.

16.2. Notes on accounts

The previous year figures have been regrouped / reclassified, wherever necessary to conform to the current presentation.

16.2.1. Aggregate expenses

The aggregate amounts incurred on expenses are as follows:

in Rs.

Particulars	**Year ended March 31,**	
	2010	**2009**
Salaries and bonus including overseas staff expenses	4,99,65,21,907	3,97,29,26,603
Contribution to provident and other funds	19,85,359	14,96,886
Staff welfare	1,86,48,523	2,45,01,504
Group health insurance	1,35,83,725	1,36,79,927
Overseas travel expenses	17,27,50,379	17,56,67,706
Visa charges and others	1,32,55,294	1,49,07,006
Travel and conveyance	4,71,45,974	6,35,75,931
Technical sub-contractors - subsidiaries	48,43,38,149	14,14,71,055
Software packages		
For own use	7,83,19,925	1,53,25,937
Professional charges	10,45,27,122	8,95,33,240
Telephone charges	4,99,65,21,907	3,97,29,26,603

in Rs.

Particulars	Year ended March 31,	
	2010	2009
Communication expenses	1,39,56,509	35,06,272
Power and fuel	71,07,887	75,14,897
Office maintenance	4,37,90,607	3,96,00,369
Guest house maintenance	93,800	97,819
Commission charges		
Brand building	28,33,329	3,92,900
Rent	12,56,62,138	11,34,84,761
Insurance charges	42,06,883	44,93,874
Computer maintenance	51,45,173	22,64,090
Printing and stationery	57,45,719	66,78,130
Consumables	1,39,80,399	88,36,663
Donations	40,36,152	6,59,788
Advertisements	10,63,941	6,53,887
Marketing expenses	2,84,90,957	2,86,51,801
Repairs to building	1,85,971	1,13,958
Repairs to plant and machinery	24,27,774	11,40,419
Rates and taxes	72,06,236	65,75,920
Professional membership and seminar participation fees	54,37,780	46,87,372
Postage and courier	33,03,749	31,48,659
Provision for post-sales client support and warranties	–	(30,86,044)
Books and periodicals	11,92,889	14,60,362
Provision for bad and doubtful debts	3,91,776	9,37,650
Provision for doubtful loans and advances	37,934	–
Sales promotion expenses	4,86,228	12,38,933
Freight charges	13,61,615	10,36,789
Bank charges and commission	7,29,718	20,57,876
Auditor's remuneration		
Statutory audit fees	31,77,726	29,31,766
Others	9,082	–
Out-of-pocket expenses	15,271	1,426
Research grants	85,62,228	79,84,237
Miscellaneous expenses	63,936	37,43,094
	6,35,99,60,290	**4,88,85,01,296**

16.2.2. Operating leases

in Rs.

	As at March 31 ,	
	2010	2009
Commitments for minimum lease payments in relation to non-cancellable operating leases contracted at the reporting date but not recognized as liabilities, are payable as follows:		
Within one year	15,17,38,727	9,71,44,576
Later than one year but not later than five years	49,09,28,372	36,40,90,763
Later than five years	38,01,09,935	41,21,43,847
Commitments not recognized in the financial statements	**1,02,27,77,034**	**87,33,79,186**

The Company leases property under non-cancellable operating leases expiring from two to ten years. Leases generally provide the company with a right of renewal at which terms are renegotiated. Lease payments comprise a base amount plus an incremental contingent rental. Contingent rentals are based on either operating criteria or movements in the Consumer Price Index. The lease payments will be increased at a fixed percentage after five years.

16.2.3. Capital Commitments and Contingent Liabilities

in Rs.

Particulars	As at March 31,	
	2010	2009
Estimated amount of unexecuted capital contracts	96,42,559	–
(net of advances and deposits)		

16.2.3. Cash and bank balances

In Rs.

NAME OF THE BANK	Balance as on March 31, 2010
a)NATIONAL AUSTRALIA BANK	34,91,11,128
b)CITI BANK	1,93,48,210
c) NATIONAL AUSTRALIA BANK	3,11,58,12,000
Total	**3,48,42,71,338**

16.2.4. Fixed assets

In Rs

	Year ended March 31,	
	2010	2009
Depreciation charged during the year	15,71,39,041	5,37,95,856

16.2.5 Provision for doubtful debts

Periodically, the Company evaluates all customer dues to the Company for collectability. The need for provisions is assessed based on various factors including collectability of specific dues, risk perceptions of the industry in which the customer operates, general economic factors, which could affect the customer's ability to settle. The Company normally provides for debtor dues outstanding for 180 days or longer as at the Balance Sheet date. As at March 31, 2010 the company has provided for doubtful debts of Rs. 1387546 (Rs. 1425968 as at March 31, 2009) on dues from certain customers although the outstanding amounts were less than 180 days old, since the amounts were considered doubtful of recovery. The company pursues the recovery of the dues, in part or full.

16.2.6 Transactions with key management personnel

Transactions with key management personnel

The key management personnel compensation included in employee benefits are as follows.

In Rs.

	Year ended March 31,	
	2010	2009
Short-term employee benefits	3,73,76,662	7,15,53,379
Termination benefits	28,28,172	37,39,135
	4,02,04,834	7,52,92,514
Comprising:		
Directors	3,34,99,252	4,89,74,156
Executives	67,05,581	2,63,18,358
	4,02,04,834	**7,52,92,514**

There were no other transactions with key management personnel.

Related Party Transactions with the Controlling Entity

Controlling entity

As at 31 March, 2010 the ultimate parent entity is Infosys Technologies Limited (incorporated in India) which owns 100% of the issued ordinary shares of Infosys Technologies (Australia) Pty Limited.

Identity of related parties

The company has a related party relationship with its controlling entity and with its key management personnel.

Aggregate amounts included in the determination of profit that resulted from transactions with the controlling entity

	Year ended March 31,	
	2010	**2009**
Professional service fee revenue received pursuant to sub-contractor agreement:		
Revenue from ultimate controlling entity	634,35,37,000	471,29,82,000
Purchase of services from Ultimate controlling entity	25,00,88,000	10, 53,00,000
Sale of intellectual property to the ultimate controlling entity (Mainstream)	–	1,26,840
Transactions with ultimate parent entity	**As at March 31, 2010**	**As at March 31, 2009**
Current trade receivables	20,05,24,000	16,11,02,97,000
Current trade payables	6,96,73,000	4,14,75,52,000
Amounts payable and receivable are non- interest bearing		

The controlling entity makes payments on behalf of the Company and *vice versa*. These costs are reimbursed on a monthly basis.

Purchase of services from China amounts to Rs. 1,29,90,968.

16.2.7. Segment reporting

The Company's operations predominantly relate to providing end-to-end business solutions that leverage technology thereby enabling clients to enhance business performance. These solutions are delivered to customers globally operating in various industry segments. Accordingly, revenues represented along industry classes comprise the primary basis of segmental information set out in these financial statements. Secondary segmental reporting is performed on the basis of the geographical location of customers.

The accounting principles consistently used in the preparation of the financial statements are also consistently applied to record income and expenditure in individual segments. These are as set out in the significant accounting policies.

Industry segments at the Company are primarily financial services comprising customers providing banking, finance and insurance services; manufacturing companies; companies in the telecommunications and the retail industries; and others such as utilities, transportation and logistics companies.

Income and direct expenses in relation to segments is categorized based on items that are individually identifiable to that segment, while the remainder of the costs are categorized in relation to the associated turnover of the segment. Certain expenses such as depreciation, which form a significant component of total expenses, are not specifically allocable to specific segments as the underlying services are used interchangeably. The Company believes that it is not practical to provide segment disclosures relating to those costs and expenses, and accordingly these expenses are separately disclosed as “unallocated” and directly charged against total income.

Fixed assets used in the Company’s business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments. Accordingly, no disclosure relating to total segment assets and liabilities are made.

Customer relationships are driven based on the location of the respective client. North America comprises the United States of America, Canada and Mexico; Europe includes continental Europe (both the east and the west), Ireland and the United Kingdom; and the Rest of the World comprising all other places except, those mentioned above and India.

Geographical revenues are segregated based on the location of the customer who is invoiced or in relation to which the revenue is otherwise recognized.

Industry Segments

Year ended March 31, 2010 and *March 31, 2009*:

In Rs.

	Financial services	Manufacturing	Telecom	Others	Total
Revenues	1,79,49,10,268	8,92,24,079	4,64,00,02,001	58,93,28,420	7,11,34,64,769
	1,52,59,02,327	*6,96,33,995*	*3,15,36,84,783*	*74,51,59,728*	*5,49,43,80,833*
Identifiable operating expenses	1,20,57,57,079	6,43,17,145	2,77,18,57,664	43,03,42,229	4,47,22,74,117
	93,06,30,491	*4,60,83,502*	*1,69,37,04,274*	*39,87,16,434*	*3,06,91,34,700*
Allocated expenses	47,63,11,808	2,36,77,218	1,23,13,08,205	15,63,88,924	1,88,76,86,155
	50,52,75,445	*2,30,58,060*	*1,04,42,86,685*	*24,67,46,405*	*1,81,93,66,596*
Segmental operating income	11,28,41,382	12,29,715	63,68,36,133	25,97,268	75,35,04,497
	8,99,96,391	*4,92,433*	*41,56,93,824*	*9,96,96,889*	*60,58,79,537*
Unallocable expenses					15,71,39,042
					5,56,91,463
Operating income					59,63,65,456
					55,01,88,074
Other income, net					9,53,92,319
					12,10,22,755
Net profit before taxes					69,17,57,775
					67,12,10,829
Income taxes					22,56,27,188
					20,24,27,097
Net profit after taxes					46,61,30,587
					46,87,83,732

Geographic Segments

Year ended March 31, 2010 and *March 31, 2009*:

In Rs.

	North America	Europe	Rest of the World	Total
Revenues	1,77,80,706	1,24,51,677	7,08,32,32,386	7,11,34,64,769
	35,796,877	*10,415,769*	*5,448,168,187*	*5,494,380,833*
Identifiable operating expenses	1,43,35,583	1,18,85,911	4,44,60,52,623	4,47,22,74,117
	2,22,43,886	*78,51,685*	*3,03,90,39,128*	*3,06,91,34,700*
Allocated expenses	47,18,431	33,04,277	1,87,96,63,447	1,88,76,86,155
	1,18,53,500	*34,48,997*	*1,80,40,64,099*	*1,81,93,66,596*
Segmental operating income	(12,73,308)	(27,38,511)	75,75,16,316	75,35,04,497
	16,99,491	*(8,84,914)*	*60,50,64,960*	*60,58,79,537*
Unallocable expenses				15,71,39,042
				5,56,91,463
Operating income				59,63,65,456
				55,01,88,074
Other income, net				9,53,92,319
				12,10,22,755
Net profit before taxes				69,17,57,775
				67,12,10,829
Income taxes				22,56,27,188
				20,24,27,097
Net profit after taxes				46,61,30,587
				46,87,83,732

Auditors Report

To

The Members of Infosys Technologies (China) Co., Limited

We have audited the attached Balance Sheet of Infosys Technologies (China) Co., Limited ('the Company') as at December 31, 2009, the Profit and Loss account ('Financial Statements') of the Company for the year ended on that date. 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.

We conducted our audit in accordance with 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 misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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.

Further, we report that:

1. 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;

2. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

3. the Balance Sheet and the Profit and Loss account dealt with by this report are in agreement with the books of account;

4. 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 Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

    i. in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2009; and
    ii. in the case of the Profit and Loss account, of the profit of the Company for the year ended on that date

For Shenoy & Kamath
Chartered Accountants

M Rathnakar Kamath
Membership No. 202841
Reg. No. 006673S

Bangalore
January 7, 2010

Financial Statements of Infosys Technologies (China) Co. Limited

In Rs.

Balance Sheet as at	Schedule	December 31, 2009	December 31, 2008
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	1	65,77,00,983	45,54,25,000
Unsecured loans		47,33,08,117	49,44,72,799
		1,13,10,09,100	**94,98,97,799**
APPLICATION OF FUNDS			
FIXED ASSETS	2		
Original cost		61,35,02,547	53,88,63,671
Less: Accumulated depreciation		44,92,28,002	33,65,82,316
Net book value		16,42,74,545	20,22,81,355
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry debtors	3	28,32,89,871	17,97,89,314
Cash and bank balances	4	45,86,83,702	10,89,70,707
Loans and advances	5	14,11,41,300	4,64,74,571
		88,31,14,873	33,52,34,592
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	6	32,59,42,748	39,38,04,249
Provisions	7	2,70,80,779	2,63,41,434
		35,30,23,528	42,01,45,683
NET CURRENT ASSETS		53,00,91,345	(8,49,11,091)
RESERVES AND SURPLUS	8	43,66,43,209	83,25,27,535
		1,13,10,09,100	**94,98,97,799**
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	13		

Note: The schedules referred to above are an integral part of the Balance Sheet.

For Shenoy & Kamath
Chartered Accountants

M Rathnakar Kamath
Membership No:202841

S.D. Shibulal
Chairperson

N. R. Narayana Murthy
Director

T. V. Mohandas Pai
Director

Srinath Batni
Director

Prasad Thrikutam
Director

Ashok Vemuri
Director

V.G. Dheeshjith
Director

Bangalore
January 7, 2010

In Rs.

Profit and Loss Account for the	Schedule	Year ended December 31,	
		2009	**2008**
Income from software services and business process management		2,07,08,11,446	1,04,22,55,698
Software development and business process management expenses	9	1,30,65,03,449	88,30,22,251
GROSS PROFIT		76,43,07,997	15,92,33,447
Selling and marketing expenses	10	5,91,82,983	4,38,25,643
General and administration expenses	11	21,16,05,803	20,88,42,120
		27,07,88,786	25,26,67,762
OPERATING PROFIT before interest and depreciation		49,35,19,211	(9,34,34,315)
Interest		2,90,48,963	2,43,33,768
Depreciation		13,06,49,713	7,48,31,003
OPERATING PROFIT before tax		33,38,20,536	(19,25,99,086)
Other income, net	12	6,94,46,873	2,97,00,198
NET PROFIT before tax		40,32,67,408	(16,28,98,888)
Provision for taxation		–	–
NET PROFIT after tax		40,32,67,408	(16,28,98,888)
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	13		

Note: The schedules referred to above are an integral part of the Balance Sheet.

For Shenoy & Kamath
Chartered Accountants

M Rathnakar Kamath
Membership No:202841

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Director

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Director

Prasad Thrikutam
Director

Ashok Vemuri
Director

V.G. Dheeshjith
Director

Bangalore
January 7, 2010

In Rs.

Schedules to the Balance Sheet as at	December 31, 2009	December 31, 2008
1. SHARE CAPITAL		
Authorised Capital		
23,000,000 USD	108,05,40,000	108,05,40,000
Issued, subscribed and paid up		
14,000,000 USD	65,77,00,983	45,54,25,000
	65,77,00,983	**45,54,25,000**

Schedules to the Balance Sheet

2. FIXED ASSETS

In Rs.

	Original Cost				Depreciation and amortization				Net Book Value	
	As at Jan 1, 2009	**Additions/Adjustments**	**Deletions/Retirement/Adjustments**	**As at Dec 31, 2009**	**As at Jan 1, 2009**	**For the year**	**Deletions/Adjustments**	**As at Dec 31, 2009**	**As at Dec 31, 2009**	**As at Dec 31, 2008**
Leasehold Improvement	182,135,209	10,074,119	–	192,209,328	113,806,840	38,735,150	–	152,541,990	39,667,338	68,328,369
Plant and Machinery	49,014,005	6,187,964	6,001	55,195,968	12,306,459	9,837,575	–	22,144,034	33,051,934	36,707,546
Computer Equipment	265,976,403	59,913,326	269,102	325,620,627	188,747,720	57,479,247	269,102	245,957,865	79,662,763	77,228,683
Furniture & Fitting	40,773,874	(1,224,765)	–	39,549,109	21,125,574	6,699,572	–	27,825,146	11,723,963	19,648,300
Vehicles	964,180	(36,666)	–	927,514	595,723	163,243	–	758,967	168,547	368,457
Total	**538,863,671**	**74,913,979**	**275,103**	**613,502,547**	**336,582,316**	**112,914,787**	**269,102**	**449,228,002**	**164,274,545**	**202,281,355**
Previous Year	**259,391,657**	**279,587,176**	**115,162**	**538,863,671**	**198,822,670**	**137,759,646**	**–**	**336,582,316**	**202,281,355**	

In Rs.

Schedules to the Balance Sheet as at	December 31, 2009	December 31, 2008
3. SUNDRY DEBTORS		
Debts outstanding for a period exceeding six months		
Unsecured		
Considered doubtful	33,62,097	1,38,33,126
Other debts		
Unsecured		
Considered good	28,32,91,389	17,18,79,252
	28,66,53,486	18,57,12,378
Less: Provision for doubtful debts	(33,63,615)	(59,23,064)
	28,32,89,871	**17,97,89,314**
4. CASH AND BANK BALANCES		
Cash on hand	4,36,723	4,66,440
Balances with non scheduled banks in foreign currency		
In current accounts	45,82,46,979	10,85,04,267
	45,86,83,702	**10,89,70,707**
5. LOANS AND ADVANCES		
Advances		
Prepaid expenses	1,26,42,386	90,80,211
For supply of goods and rendering of services	3,30,345	3,30,600
Others	1,00,07,111	46,55,983
	2,29,79,842	1,40,66,795
Unbilled revenues	8,87,32,730	1,24,86,032
Advance income tax	24,31,612	18,43,986
Loans and advances to employees		
Salary advances	75,12,407	9,58,863
Electricity and other deposits	3,16,229	16,88,671
Rental deposits	1,91,68,479	1,54,30,225
	14,11,41,300	**4,64,74,571**
6. CURRENT LIABILITIES		
Sundry creditors		
Capital	37,16,742	–
Goods and services	20,11,19,967	16,75,55,459
Accrued salaries and benefits		
Bonus and incentives	8,16,90,895	6,76,86,644
For other liabilities		
Provision for expenses	2,52,90,611	5,10,37,651
Retention monies	5,66,219	25,36,523
Withholding and other taxes payable	21,12,978	57,87,236
Others	23,32,060	2,23,212
	31,68,29,471	29,48,26,724
Unearned revenue	91,13,277	9,89,77,525
	–	–
	32,59,42,748	**39,38,04,249**
7. PROVISIONS		

Unavailed leave	2,70,80,779	2,63,41,434
	2,70,80,779	**2,63,41,434**
8. RESERVES AND SURPLUS		
Translation Difference	6,66,29,680	5,92,46,597
Balance in Profit and Loss Account	77,32,80,938	61,03,82,050
Add: (Profits)/Losses during the year	(40,32,67,408)	16,28,98,888
	37,00,13,529	77,32,80,938
	43,66,43,209	**83,25,27,535**

In Rs.

Schedules to Profit and Loss account for the	Year ended December 31,	
	2009	**2008**
9. SOFTWARE DEVELOPMENT AND BUSINESS PROCESS MANAGEMENT EXPENSES		
Salaries and bonus including overseas staff expenses	1,04,35,80,477	73,08,94,887
Group health insurance	13,00,587	15,15,316
Contribution to provident and other funds	6,15,362	6,01,100
Staff welfare	2,82,17,749	1,73,42,328
Technical sub-contractors	7,55,21,523	1,59,59,667
Overseas travel expenses	3,36,34,382	4,09,64,716
Visa charges and others	1,16,93,455	27,61,582
Software packages		
For own use	62,31,606	47,70,725
Communication expenses	2,73,97,049	1,86,04,970
Computer maintenance	1,69,40,438	28,65,269
Consumables	26,49,021	73,30,635
Rent	5,87,21,800	3,94,11,056
	1,30,65,03,449	**88,30,22,251**
10. SELLING AND MARKETING EXPENSES		
Salaries and bonus including overseas staff expenses	4,87,49,857	3,12,53,385
Group health insurance	62,996	8,114
Contribution to provident and other funds	7,364	9,839
Staff welfare	11,07,913	6,31,809
Overseas travel expenses	11,70,304	35,55,871
Visa charges and others	7,985	52,347
Travelling and conveyance	15,83,998	3,12,467
Commission and earnout charges	–	2,45,969
Brand building	1,98,241	–
Professional charges	7,63,795	13,08,001
Rent	33,40,593	33,54,035
Marketing expenses	16,94,736	24,64,582
Telephone charges	1,90,242	1,56,031
Printing and stationery	3,04,959	1,38,727
Office maintenance	–	98,736
Consumables	–	28,651
Communication Expenses	–	1,43,436
Rates and taxes	–	63,641
	5,91,82,983	**4,38,25,643**

In Rs.

Schedules to Profit and Loss account for the	Year ended December 31,	
	2009	**2008**
11. GENERAL AND ADMINISTRATION EXPENSES		
Salaries and bonus including overseas staff expenses	6,27,59,059	8,59,38,345
Group health insurance	6,75,378	40,25,610
Contribution to provident and other funds	50,120	87,019
Telephone charges	1,43,98,608	1,66,02,740
Professional charges	2,62,61,986	2,63,84,530
Power and fuel	2,20,38,237	1,58,49,468
Travel and conveyance	2,26,66,667	99,54,082
Overseas travel expenses	1,51,35,946	1,19,99,758
Visa charges and others	7,11,599	20,99,550
Office maintenance	1,69,53,606	1,40,27,356
Guesthouse maintenance	8,505	1,000
Insurance charges	33,56,657	21,92,499
Printing and stationery	38,97,179	37,91,867
Donations	13,680	–
Rent	1,67,54,374	98,73,648
Advertisements	9,79,912	3,12,400
Repairs to plant and machinery	21,25,356	–
Rates and taxes	12,59,108	4,23,051
Professional membership and seminar participation fees	5,81,606	12,97,746
Postage and courier	8,84,703	9,22,679
Books and periodicals	34,961	74,311
Provision for bad and doubtful debts	(22,65,881)	10,77,613
Provision for doubtful loans and advances	5,28,909	–
Bank charges and commission	6,04,235	3,44,426
Auditor’s remuneration	–	–
Statutory audit fees	12,89,074	14,89,177
Miscellaneous expenses	(97,780)	73,245
	21,16,05,803	**20,88,42,120**
12. OTHER INCOME, NET		
Interest received on deposits with banks and others	5,63,779	8,58,407
Miscellaneous income	6,91,62,726	1,38,67,697
Exchange gains / (losses)	(2,79,633)	1,49,74,094
	6,94,46,873	**2,97,00,198**

Schedules to the Financial Statements for the year ended December 31, 2009

13. Significant accounting policies and notes on accounts

13.1. Significant accounting policies

13.1.1. Accounting year

The accounting year of the Company is from January 1 to December 31.

13.1.2. Basis of preparation and measurement basis

The financial statements of the Company have been prepared on an accrual basis. Unless otherwise stated, the measurement basis used is historical cost.

13.1.3. Reporting currency

The Company's reporting currency is the Renminbi.

13.1.4. Previous period figures

The previous period's figures disclosed in these financial statements have been regrouped / reclassified where necessary.

13.1.5. Foreign currency transactions

Foreign currency transactions during the period are translated into Renminbi at the exchange rates quoted by the People's Bank of China at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Renminbi at the exchange rates quoted by the People's Bank of China ruling at the balance sheet date. Exchange gains and losses on foreign currency translation are dealt with in the income statement.

Exchange differences which arise during the start-up period are aggregated in the long-term deferred expenses and are then fully charged to the income statement in the month of commencement of operations.

13.1.6. Cash and cash equivalents

Cash comprise cash and cash on deposits with bank.

13.1.7. Provision for bad and doubtful debts

The Company evaluates, periodically, accounts receivables for collectibility. The need for provisions is assessed based on various factors including the collectibility of specific account receivable, risk perceptions of the industry in which the customer operates, and general economic factors, which could affect a customer's ability to settle. The company also provides for all receivables pending for greater than 180 days.

Provision for other receivables is determined based on their specific nature and management's estimate of their collectibility.

13.1.8. Fixed assets

Fixed assets are assets with comparatively high unit values held by the Company for use in the supply of services and for administrative purposes. They are expected to be used for more than one year.

Fixed assets are stated in the Balance Sheet at cost less accumulated depreciation and impairment losses. Construction in progress is stated in the balance sheet at cost less impairment losses.

All direct and indirect costs that are related to the construction of fixed assets and incurred before the assets are ready for their intended use are capitalized as construction in progress.

Construction in progress is transferred to fixed assets when it is ready for its intended use. No depreciation is provided against construction in progress

Fixed assets are depreciated using the straight-line method over their estimated useful lives. The respective estimated useful lives and the estimated rate of residual values on cost adopted for the Company's fixed assets are as follows:

	Estimated useful life	Estimated rate of residual value
Leasehold improvement	2 years	0%
Computer equipment	2 years	0%
Furniture and fixtures	5 years	0%
Plant and machinery	5 years	0%
Vehicles	5 years	0%

13.1.9. Operating lease charges

Rental payments under operating leases are charged as expenses on a straight-line basis over the lease term.

13.1.10. Provision for impairment

The carrying amounts of assets are reviewed regularly at each balance sheet date to determine whether their recoverable amounts have declined below their carrying amounts. Assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to the recoverable amount. The amount by which the carrying amount is reduced is the impairment loss.

The recoverable amount is the greater of the net selling price and the present value of the estimated future cash flows arising from the continuous use of the asset and from the disposal of the asset at the end of its useful life.

Provision for impairment loss is calculated on an item by item basis and recognized as an expense in the income statement.

13.1.11. Income taxes

Income tax is recognized when payable under the tax payable method. Income tax for the period is provided at the applicable tax rate on taxable income.

13.1.12. Provisions and contingent liabilities

Provisions are recognized when the Company has a present obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligations and a reliable estimate can be made.

Where it is not probable that the settlement of the above obligation will cause an outflow of economic benefits, or the amount of the outflow cannot be estimated reliably, the obligation is disclosed as a contingent liability.

13.1.13. Revenue recognition

When it is probable that the economic benefits will flow to the Company and costs can be measured reliably, revenue is recognized in the income statement according to the following methods:

13.1.13.a. Rendering of services

Revenue from software development on fixed-price, fixed-timeframe contracts is recognized as per the proportionate-completion method based on services performed to date as a percentage of the total services to be performed. On time-and-material contracts, revenue is recognized as the related services are rendered. Annual Technical Services revenue and revenue from fixed-price maintenance contracts are recognized proportionately over the period in which services are rendered.

13.1.13.b. Interest income

Interest income is recognized on a time proportion basis according to the principal outstanding and the applicable rate.

13.1.14. Research and development costs

Research and development costs are recognized in the income statement in the period in which they are incurred.

13.1.15. Repair and maintenance expenses

Repair and maintenance expenses (including major overhaul expenses) are recognized in the income statement when incurred.

13.1.16. Retirement benefits

Pursuant to the relevant laws and regulations in the PRC, the Company has joined a defined contribution retirement plan for the eligible employees arranged by a governmental organization. The Company makes contributions to the retirement scheme at the applicable rate(s) based on the employees' salaries. The required contributions under the retirement plans are charged to the income statement when they are due.

13.1.17. Related parties

If the Company has the power, directly or indirectly, to control, jointly control or exercise significant influence over another party, or *vice versa*, or where the Company and one or more parties are subject to common control from another party, they are considered to be related parties. Related parties may be individuals or enterprises.

13.1.18. Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

13.1.19. Use of estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include computation of percentage of completion which requires the Company to estimate the efforts expended to date as a proportion of the total efforts to be expended, provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets and intangible assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

The Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

13.2. Notes on accounts

Amounts in the financial statements are presented in Rupees.

The previous year figures have been regrouped / reclassified, wherever necessary to conform to the current presentation.

13.2.1. Aggregate expenses

The aggregate amounts incurred on expenses are as follows:

In Rs.

	Year ended December 31,	
	2009	**2008**
Salaries and bonus including overseas staff expenses	1,15,50,89,393	84,80,86,616
Contribution to provident and other funds	6,72,848	6,97,958
Staff welfare	2,93,25,662	1,79,74,137
Group health insurance	20,38,960	55,49,040
Overseas travel expenses	4,99,40,632	5,65,20,345
Visa charges and others	1,24,13,039	49,13,479
Travel and conveyance	2,42,50,665	1,02,66,549
Technical sub-contractors - others	7,55,21,523	1,59,59,667
Software packages		
For own use	62,31,606	47,70,725
Professional charges	2,70,25,781	2,76,92,532
Telephone charges	1,45,88,851	1,67,58,771
Communication expenses	2,73,97,049	1,87,48,406
Power and fuel	2,20,38,237	1,58,49,468
Office maintenance	1,69,53,606	1,41,26,092
Guest house maintenance	8,505	1,000
Commission charges	–	245,969
Brand building	1,98,241	–
Rent	7,88,16,766	5,26,38,739
Insurance charges	33,56,657	21,92,499
Computer maintenance	1,69,40,438	28,65,269
Printing and stationery	42,02,138	39,30,594
Consumables	26,49,021	73,59,286
Donations	13,680	–
Advertisements	9,79,912	3,12,400
Marketing expenses	16,94,736	24,64,582
Repairs to plant and machinery	21,25,356	–
Rates and taxes	12,59,108	4,86,692
Professional membership and seminar participation fees	5,81,606	12,97,746
Postage and courier	8,84,703	9,22,679
Books and periodicals	34,961	74,311
Provision for bad and doubtful debts	(22,65,881)	10,77,613
Provision for doubtful loans and advances	5,28,909	–
Bank charges and commission	6,04,235	3,44,426
Auditor's remuneration		
Statutory audit fees	12,89,074	14,89,177
Miscellaneous expenses	(97,781)	73,244
	157,72,92,235	**113,56,90,013**

13.2.2. Capital commitments and contingent liabilities

In Rs.

Particulars	As at December 31,	
	2009	**2008**
Estimated amount of unexecuted capital contracts		
(net of advances and deposits)	29,04,041	–

13.2.3. Activity in foreign currency

In Rs.

Particulars	Year ended December 31,	
	2009	**2008**
Earnings in foreign currency (on receipts basis)		
Income from software services and products	1,54,56,08,386	1,01,77,05,330
Expenditure in foreign currency (on payments basis)		
Travel expenses (including visa charges)	1,08,94,369	–
Other expenditure incurred overseas for software development	–	81,35,200
Net earnings in foreign currency	**1,53,47,14,017**	**1,00,95,70,130**

13.2.4. Obligations on long-term, non-cancelable operating leases

The lease rentals charged during the period and maximum obligations on long-term, non-cancelable operating leases payable as per the rentals stated in the respective agreements are as follows:

In Rs.

	Year ended December 31,	
	2009	**2008**
Lease rentals recognized during the period	7,88,16,766	5,26,38,739

In Rs.

	As at December 31,	
Lease obligations payable:	**2009**	**2008**
Within one year of the Balance Sheet date	5,37,13,218	4,37,52,493
Due in a period between one year and five years	1,38,80,541	4,18,61,543
Due after five years	–	–

13.2.5. Related party transactions

List of related parties:

Name of subsidiaries	Country	December 31,	
		2009	**2008**
Infosys Technologies Limited	INDIA	100%	100%

Infosys guarantees the performance of certain contracts entered into by its subsidiaries

Details of amounts due to or due from as at December 31, 2009 and December 31, 2008:

In Rs.

Particulars	**As at December 31,**	
	2009	**2008**
Loans and advances		
Infosys Technologies Limited	47,33,08,117	49,44,72,799
Sundry debtors		
Infosys Technologies Limited	24,33,19,094	7,60,87,860
Infosys Technologies (Australia) Pty Limited		1,25,138
Infosys Mexico	–	,3,162
Infosys BPO Limited (including subsidiaries)	36,66,535	19,84,415
Sundry creditors		
Infosys Technologies Limited	26,12,25,904	10,68,45,720
Infosys Technologies (Australia) Pty Limited	42,56,456	6,55,296
Infosys BPO Limited (including subsidiaries)	72,47,135	53,42,194
Infosys Mexico		1,07,527
Deposit taken for shared services		
Infosys BPO Limited		

The details of the related party transactions entered into by the company for the year ended December 31, 2009 and December 31, 2008 are as follows:

In Rs.

Particulars	**Year ended December 31,**	
	2009	**2008**
Capital transactions:		
Financing transactions		
Infosys Technologies Limited	20,22,75,983	–
Loans/Advances		
Infosys Technologies Limited	–	7,37,19,962
Revenue transactions:		
Purchase of services		
Infosys Technologies Limited	7,55,21,523	1,62,32,787
Interest expenses		
Infosys Technologies Limited	2,90,48,968	2,70,70,568
Sale of services		
Infosys Technologies Limited	116,82,12,804	81,49,46,307
Maximum balances of loans and advances		
Infosys Technologies Limited	47,33,08,117	49,44,72,799

13.2.6 Cash and bank balances

The details of balances as on Balance Sheet dates with non-scheduled banks are as follows:

In Rs.

Balances with non-scheduled banks	As at December 31,	
	2009	2008
In current accounts		
ABN Amro Bank, Shanghai China	38,69,26,323	10,68,49,638
Pudong Development Bank	6,11,98,651	1,26,689
Hangzhou Merchant Bank	1,01,22,005	15,27,940
	45,82,46,979	**10,85,04,267**

13.2.7 Fixed assets

Depreciation charged to the Profit and Loss account includes a charge relating to assets costing less than Rs. 5,000/- each and other low value assets.

In Rs.

	Year ended December 31,	
	2009	2008
Depreciation charged during the year	13,06,49,713	7,48,31,003

13.2.8. Segment reporting

The Company's operations predominantly relate to providing end-to-end business solutions that leverage technology thereby enabling clients to enhance business performance. These solutions are delivered to customers globally operating in various industry segments. Accordingly, revenues represented along industry classes comprise the primary basis of segmental information set out in these financial statements. Secondary segmental reporting is performed on the basis of the geographical location of customers.

The accounting principles consistently used in the preparation of the financial statements are also consistently applied to record income and expenditure in individual segments. These are as set out in the significant accounting policies.

Industry segments at the Company are primarily financial services comprising customers providing banking, finance and insurance services; manufacturing companies; companies in the telecommunications and the retail industries; and others such as utilities, transportation and logistics companies.

Income and direct expenses in relation to segments is categorized based on items that are individually identifiable to that segment, while the remainder of the costs are categorized in relation to the associated turnover of the segment. Certain expenses such as depreciation, which form a significant component of total expenses, are not specifically allocable to specific segments as the underlying services are used interchangeably. The Company believes that it is not practical to provide segment disclosures relating to those costs and expenses, and accordingly these expenses are separately disclosed as “unallocated” and directly charged against total income.

Fixed assets used in the Company’s business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments. Accordingly, no disclosure relating to total segment assets and liabilities are made.

Customer relationships are driven based on the location of the respective client. North America comprises the United States of America, Canada and Mexico; Europe includes continental Europe (both the east and the west), Ireland and the United Kingdom; and the Rest of the World comprising all other places except, those mentioned above and India.

Geographical revenues are segregated based on the location of the customer who is invoiced or in relation to which the revenue is otherwise recognized.

Industry Segments

Year ended December 31, 2009 and *December 31, 2008*:

In Rs.

	Financial services	Manufacturing	Telecom	Retail	Others	Total
Revenues	70,40,52,034	53,67,92,661	4,45,48,374	23,32,33,357	55,21,85,020	2,07,08,11,446
	27,42,64,113	*32,84,28,916*	*3,46,31,085*	*14,77,60,539*	*25,71,71,044*	*1,04,22,55,698*
Identifiable operating expenses	25,57,92,740	20,29,72,321	2,04,97,262	8,38,89,403	14,25,54,220	70,57,05,947
	12,90,51,424	*13,93,09,039*	*1,35,38,423*	*7,05,95,096*	*8,81,99,994*	*44,06,93,976*
Allocated expenses	29,28,88,786	22,44,51,538	1,87,46,492	9,72,73,865	23,82,25,606	87,15,86,288
	18,29,53,185	*21,87,27,987*	*2,30,73,605*	*9,85,45,716*	*17,16,95,543*	*69,49,96,036*
Segmental operating income	15,53,70,507	10,93,68,802	53,04,619	5,20,70,089	17,14,05,194	49,35,19,211
	(3,77,40,496)	*(2,96,08,111)*	*(19,80,942)*	*(2,13,80,273)*	*(27,24,493)*	*(9,34,34,315)*
Unallocable expenses						15,96,98,675
						9,91,64,771
Operating income						33,38,20,536
						(19,25,99,086)
Other income, net						6,94,46,873
						2,97,00,198
Net profit before taxes						40,32,67,408
						(16,28,98,888)
Net profit after taxes						40,32,67,408
						(16,28,98,888)

Geographic Segments

Year ended December 31, 2009 and *December 31, 2008*:

In Rs.

	North America	Europe	India	Rest of the World	Total
Revenues	99,89,88,881	25,58,87,771	22,73,700	81,36,61,093	2,07,08,11,446
	54,15,76,142	*14,40,99,096*	*31,74,039*	*35,34,06,421*	*1,04,22,55,698*
Identifiable operating expenses	34,38,25,787	9,20,52,467	9,13,436	26,89,14,257	70,57,05,947
	22,85,92,961	*5,65,16,060*	*8,07,289*	*15,47,77,666*	*44,06,93,976*
Allocated expenses	42,40,19,853	10,71,80,635	9,98,826	33,93,86,974	87,15,86,288
	36,12,51,810	*9,59,76,076*	*21,02,968*	*23,56,65,183*	*69,49,96,036*
Segmental operating income	23,11,43,242	5,66,54,669	3,61,439	20,53,59,862	49,35,19,211
	(4,82,68,629)	*(83,93,040)*	*2,63,783*	*(3,70,36,429)*	*(9,34,34,315)*
Unallocable expenses					15,96,98,675
					9,91,64,771
Operating income					33,38,20,536
					(19,25,99,086)
Other income, net					6,94,46,873
					2,97,00,198
Net profit before taxes					40,32,67,408
					(16,28,98,888)
Net profit after taxes					40,32,67,408
					(16,28,98,888)

Auditors Report

To

The Members of Infosys Consulting Inc., U S A

We have audited the attached Balance Sheet of Infosys Consulting Inc., U S A ('the Company') as at March 31 2010, the Profit and Loss account ('Financial Statements') of the Company for the year ended on that date. 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.

We conducted our audit in accordance with 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 misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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.

Further, we report that:

1. 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;

2. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

3. the Balance Sheet and the Profit and Loss account dealt with by this report are in agreement with the books of account;

4. 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 Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

    i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2010; and
    ii. in the case of the Profit and Loss account, of the profit of the Company for the year ended on that date

For Shenoy & Kamath
Chartered Accountants

M Rathnakar Kamath
Membership No. 202841
Reg. No. 006673S

Bangalore
April 8, 2010

Financial statements of Infosys Consulting Inc, USA

In Rs.

Balance Sheet as at	Schedule	March 31, 2010	March 31, 2009
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	1	2,40,07,72,500	1,90,04,72,500
		2,40,07,72,500	**1,90,04,72,500**
APPLICATION OF FUNDS			
FIXED ASSETS	2		
Original cost		4,91,16,423	4,79,24,268
Less: Accumulated depreciation		4,19,95,052	3,77,79,106
Net book value		71,21,371	1,01,45,162
INVESTMENTS	3	1,00,27,095	–
DEFERRED TAX ASSETS	4	84,68,08,586	–
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry debtors	5	81,87,32,687	46,38,230
Cash and bank balances	6	12,53,33,111	4,62,60,331
Loans and advances	7	24,14,97,259	2,33,67,933
		1,18,55,63,057	7,42,66,494
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	8	1,38,66,06,795	1,04,09,55,926
Provisions	9	8,75,74,621	6,74,30,465
		1,47,41,81,416	1,10,83,86,391
NET CURRENT ASSETS		(28,86,18,359)	(1,03,41,19,896)
Reserves and surplus	10	1,82,54,33,808	2,92,44,47,234
		2,40,07,72,500	**1,90,04,72,500**
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	16		

Note: The schedules referred to above are an integral part of the Balance Sheet.

For Shenoy & Kamath
Chartered Accountants

M Rathnakar Kamath
Membership No. 202841

S. D. Shibulal
Chairperson

Stephen Pratt
Chief Executive Officer and Managing Director

N. R. Narayana Murthy
Director

Ashok Vemuri
Director

Chandra Shekar Kakal
Director

B. G. Srinivas
Director

Raj Joshi
Director

Bangalore
April 8, 2010

In Rs.

Profit and Loss account for the	Schedule	Year Ended March 31,	
		2010	**2009**
Income from software services and business process management		4,64,19,21,657	2,87,47,74,129
Software development and business process management expenses	11	2,48,43,12,292	1,79,46,59,248
GROSS PROFIT		2,15,76,09,365	1,08,01,14,881
Selling and marketing expenses	12	76,88,34,616	72,22,14,396
General and administration expenses	13	1,18,50,12,254	94,02,20,893
		1,95,38,46,871	1,66,24,35,289
OPERATING PROFIT before interest and depreciation		20,37,62,494	(58,23,20,408)
Interest		–	–
Depreciation		90,49,810	1,06,15,058
OPERATING PROFIT before tax		19,47,12,684	(59,29,35,466?)
Other income, net	14	(64,16,783)	82,31,574
Provision for investments		–	–
NET PROFIT before tax		18,82,95,901	(58,47,03,892)
Provision for taxation	15	(85,71,92,158)	18,46,528
NET PROFIT after tax		1,04,54,88,059	(58,65,50,421)
EARNINGS PER SHARE (EPS)			
Common Stock of par value 1 USD each			
Basic		19.23	(13.45)
Number of shares used in computing EPS		5,43,69,863	4,36,16,438
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	16		

Note: The schedules referred to above are an integral part of the Balance Sheet.

In Rs.

Schedules to the Balance Sheet as at	March 31, 2010	March 31, 2009
1 SHARE CAPITAL		
Authorized		
7,50,00,000 common stock of US $1.00 par value	3,273,780,682	3,273,780,682
Issued, subscribed and paid up		
5,50,00,000 (4,50,00,000) common stock of US $1.00 par value, fully paid	2,40,07,72,500	1,90,04,72,500
	2,40,07,72,500	**1,90,04,72,500**

Schedules to the Balance Sheet

2 FIXED ASSETS

In Rs.

Description	Original cost				Depreciation and amortization				Net book value	
	As at April 1, 2009	Additions/ Adjustments	Deletions/ Retirement/ Adjustments	As at March 31, 2010	As at April 1, 2009	For the period	Deletions / Adjustments	As at March 31, 2010	As at March 31, 2010	As at March 31, 2009
Computer Equipment	4,79,24,268	11,92,155	-	4,91,16,423	3,77,79,106	42,15,946	-	4,19,95,052	71,21,371	1,01,45,162
Total	**4,79,24,268**	**11,92,155**	**-**	**4,91,16,423**	**3,77,79,106**	**42,15,946**	**-**	**4,19,95,052**	**71,21,371**	
Previous Year	**3,33,36,604**	**1,45,87,664**	**-**	**4,79,24,268**	**2,19,27,440**	**1,58,51,666**	**-**	**3,77,79,106**	**1,01,45,162**	**3,33,36,604**

Schedules to the Balance Sheet as at	March 31, 2010	March 31, 2010
3 INVESTMENTS		
Trade (unquoted) – at cost		
Long- term investments		
Infosys Consulting India Limited	1,00,27,095	–
	10,027,095	–
4 DEFERRED TAX ASSETS		
Others	84,68,08,586	–
	84,68,08,586	–
5 SUNDRY DEBTORS		
Other debts		
Unsecured		
Considered good	81,87,32,687	46,38,230
	81,87,32,687	46,38,230
Less: Provision for doubtful debts	–	–
	81,87,32,687	46,38,230
6 CASH AND BANK BALANCES		
Balances with non-scheduled banks in foreign currency		
In current accounts	12,53,33,111	4,62,60,331
	12,53,33,111	4,62,60,331
7 LOANS AND ADVANCES		
Advances		
Prepaid expenses	24,04,817	27,33,421
Others	2,86,60,788	–
	3,10,65,604	27,33,421
Unbilled revenues	19,39,79,481	–
Loans and advances to employees		
Housing and other loans	3,30,218	–
Salary advances	1,61,21,956	2,06,34,513
	24,14,97,259	2,33,67,933
8 CURRENT LIABILITIES		
Sundry creditors		
Goods and services	27,02,48,753	34,78,953
Accrued salaries and benefits		
Bonus and incentives	49,41,11,850	43,50,30,229
For other liabilities		
Provision for expenses	56,18,08,543	52,20,10,999
Withholding and other taxes payable	2,37,35,595	1,60,56,059
Others	57,07,225	6,26,20,766
Unearned revenue	3,09,94,829	17,58,919
	1,38,66,06,795	1,04,09,55,926
9 PROVISIONS		
Provision for		
Unavailed leave	8,75,74,621	6,74,30,465
	8,75,74,621	6,74,30,465

In Rs.

Schedules to the Balance Sheet as at	March 31, 2010	March 31, 2010
10 RESERVES AND SURPLUS		
Translation in Profit and Loss Account	(2,86,76,805)	2,48,48,564
Balance in Profit and Loss Account	2,89,95,98,671	2,31,30,48,250
Add: (Profit)/Loss during the year	(1,04,54,88,059)	58,65,50,421
	1,85,41,10,612	2,89,95,98,671
	1,82,54,33,808	**2,92,44,47,234**

For Shenoy & Kamath
Chartered Accountants

M Rathnakar Kamath
Membership No. 202841

S. D. Shibulal
Chairperson

Stephen Pratt
Chief Executive Officer and Managing Director

N. R. Narayana Murthy
Director

Ashok Vemuri
Director

Chandra Shekar Kakal
Director

B. G. Srinivas
Director

Raj Joshi
Director

Bangalore
April 8, 2010

In Rs.

Schedules to Profit and Loss account for the	Year Ended March 31,	
	2010	**2009**
11 SOFTWARE DEVELOPMENT AND BUSINESS PROCESS MANAGEMENT EXPENSES		
Salaries and bonus including overseas staff expenses	1,47,25,74,813	1,13,65,97,793
Group health insurance	3,53,17,533	1,30,14,783
Contribution to provident and other funds	21,065	–
Staff welfare	19,91,485	4,73,228
Technical sub-contractors	68,64,30,440	30,28,32,259
Overseas travel expenses	27,82,40,223	32,26,27,892
Visa charges and others	99,103	17,77,861
Software packages		
For own use	–	31,21,212
Communication expenses	1,03,971	6,12,812
Consumables	12,49,793	6,05,542
Rent	82,83,866	1,29,95,867
	2,48,43,12,292	**1,79,46,59,248**
12 SELLING AND MARKETING EXPENSES		
Salaries and bonus including overseas staff expenses	68,61,45,585	73,80,79,596
Group health insurance	1,02,01,838	54,83,362
Overseas travel expenses	5,54,88,973	5,69,67,616
Travelling and conveyance	1,35,46,791	1,03,26,517
Commission and earnout charges	(1,34,12,180)	(10,45,41,459)
Brand building	15,28,155	5,91,758
Rent	1,10,26,093	92,66,173
Marketing expenses	19,49,595	17,07,620
Telephone charges	17,78,169	–
Printing and stationery	2,82,749	5,73,953
Office maintenance	74,603	–
Sales promotion expenses	–	6,43,183
Consumables	1,87,930	–
Communication Expenses	–	29,55,406
Rates and taxes	36,315	–
Miscellaneous expenses	–	1,60,671
	76,88,34,616	**72,22,14,396**
13 GENERAL AND ADMINISTRATION EXPENSES		
Salaries and bonus including overseas staff expenses	84,53,73,863	68,54,04,991
Group health insurance	2,70,84,925	1,08,02,664
Contribution to provident and other funds	(117)	–
Telephone charges	3,30,21,633	3,48,74,641
Professional charges	8,72,51,377	6,70,55,964
Power and fuel	72,384	20,131
Travel and conveyance	7,13,16,849	2,41,96,853
Overseas travel expenses	7,23,37,467	6,17,31,256
Visa charges and others	10,43,769	1,08,677
Office maintenance	19,69,544	20,05,988
Guesthouse maintenance	5,967	–
Insurance charges	25,56,294	28,03,580
Printing and stationery	22,49,358	16,64,631

In Rs.

Schedules to Profit and Loss account for the	Year Ended March 31,	
	2010	2009
Donations	–	97,420
Rent	1,40,97,547	68,21,712
Advertisements	–	(49,435)
Rates and taxes	1,13,00,905	78,27,440
Professional membership and seminar participation fees	34,19,635	40,77,315
Postage and courier	16,07,453	14,93,260
Books and periodicals	25,17,704	11,05,943
Provision for bad and doubtful debts	–	1,03,91,613
Bank charges and commission	5,65,691	2,35,307
Statutory audit fees	–	1,21,446
Miscellaneous expenses	72,20,006	1,74,29,499
	1,18,50,12,254	**94,02,20,893**
14 OTHER INCOME, NET		
Interest received on deposits with banks and others	25,144	20,90,855
Exchange gains / (losses)	(64,41,927)	61,40,719
	(64,16,783)	**82,31,574**
15 PROVISION FOR TAXATION		
Income taxes	5,55,159	18,46,528
Deferred taxes	(5,77,47,316)	–
	(85,71,92,158)	**18,46,528**

Schedules to the Financial Statements for the year ended March 31, 2010

16. Significant accounting policies and notes on accounts

Company overview

Infosys Consulting Inc (ICI) is a wholly-owned subsidiary of Infosys Technologies Limited. ICI is singularly focused on making clients more competitive, and does so with rigorous linkages to client value, a set of proprietary competitive benchmarking tools, and the Infosys global delivery model.

16.1. Significant accounting policies

16.1.1. Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed by the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

16.1.2.Use of estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include computation of percentage of completion which requires the Company to estimate the efforts expended to date as a proportion of the total efforts to be expended, provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets and intangible assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

The Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

16.1.3. Revenue recognition

The company derives revenues primarily from consulting services. Arrangements with customers for consulting services are either on a fixed price, fixed timeframe or on a time and material basis. Revenue on time-and-material contracts is recognized as the related services are rendered. Revenue from fixed-price, fixed-timeframe contracts is recognized as per the proportional performance method using an output measure of performance. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current contract estimates. Costs and earnings in excess of billings are classified as unbilled revenue while billings in excess of costs and earnings are classified as unearned revenue. When the company receives advances for services, such amounts are reported as client deposits until all conditions for revenue recognition are met.

16.1.4. Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

16.1.4.a. Post-sales client support and warranties

The Company provides its clients with a fixed-period warranty for corrections of errors and telephone support on all its fixed-price, fixed-timeframe contracts. Costs associated with such support services are accrued at the time when related revenues are recorded and included in cost of sales. The Company estimates such costs based on historical experience and the estimates are reviewed annually for any material changes in assumptions.

16.1.4.b. Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

16.1.5. Fixed assets, intangible assets and capital work-in-progress

Fixed assets are stated at cost, less accumulated depreciation and impairments, if any. Direct costs are capitalized until fixed assets are ready for use. Capital work-in-progress comprises outstanding advances paid to acquire fixed assets, and the cost of fixed assets that are not yet ready for their intended use at the reporting date. Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment.

15.1.6. Depreciation and amortization

Depreciation on fixed assets is provided on the straight-line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased / sold during a period is proportionately charged. Individual low cost assets (acquired for less than Rs. 5,000/-) are depreciated over a period of one year from the date of acquisition. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use. The Management estimates the useful lives for the other fixed assets as follows :

Buildings	15 years
Plant and machinery	5 years
Computer equipment	2-5 years
Furniture and fixtures	5 years
Vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

16.1.7. Research and development

Research costs are expensed as incurred. Software product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Company has an intention and ability to complete and use or sell the software and the costs can be measured reliably.

16.1.8. Foreign currency transactions

Foreign-currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Profit and Loss account. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

16.1.9. Income taxes

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax annually, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. . The Company offsets, on a year on year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount of timing difference. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on enacted or substantively enacted regulations. Deferred tax assets in situation where unabsorbed depreciation and carry forward business loss exists, are recognized only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized. Deferred tax assets, other than in situation of unabsorbed depreciation and carry forward business loss, are recognized only if there is reasonable certainty that they will be realized. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date.

16.1.10. Earnings per share

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period.

16.1.11. Investments

Trade investments are the investments made to enhance the Company’s business interests. Investments are either classified as current or long-term based on Management’s intention at the time of purchase. Cost for overseas investments comprises the Indian Rupee value of the consideration paid for the investment translated at the exchange rate prevalent at the date of investment. Long-term investments are carried at cost less provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment.

16.1.12. Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks and corporations.

16.1.13. Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

16.2. Notes on accounts

Amounts in the financial statements are presented in Rupees

The previous year figures have been regrouped / reclassified, wherever necessary to conform to the current presentation.

16.2.1. Aggregate expenses

The aggregate amounts incurred on expenses are as follows :

in Rs.

	Year ended March 31,	
	2010	**2009**
Salaries and bonus including overseas staff expenses	3,00,40,94,261	2,56,00,82,380
Contribution to provident and other funds	20,948	–
Staff welfare	19,91,485	4,73,228
Group health insurance	7,26,04,296	2,93,00,810
Overseas travel expenses	40,60,66,663	44,13,26,763
Visa charges and others	11,42,872	18,86,537
Travel and conveyance	8,48,63,640	3,45,23,370
Technical sub-contractors - others	68,64,30,440	30,28,32,259
Software packages		
For own use	–	31,21,212
Professional charges	8,72,51,377	6,70,55,964
Telephone charges	3,47,99,803	3,48,74,641
Communication expenses	1,03,971	35,68,218
Power and fuel	72,384	20,131
Office maintenance	20,44,147	20,05,988
Guest house maintenance	5,967	–
Commission charges	(1,34,12,180)	(10,45,41,459)
Brand building	15,28,155	5,91,758
Rent	3,34,07,506	2,90,83,752
Insurance charges	25,56,294	28,03,580
Printing and stationery	25,32,107	22,38,584
Consumables	14,37,724	6,05,542
Donations	–	97,420
Advertisements	–	(49,435)
Marketing expenses	19,49,595	17,07,620
Rates and taxes	1,13,37,220	78,27,440
Professional membership and seminar participation fees	34,19,635	40,77,315
Postage and courier	16,07,453	14,93,260
Books and periodicals	25,17,704	11,05,943
Provision for bad and doubtful debts	–	1,03,91,613
Sales promotion expenses	–	6,43,183
Bank charges and commission	5,65,691	2,35,307
Auditor's remuneration		
Statutory audit fees	–	1,21,446
Miscellaneous expenses	72,20,006	1,75,90,170
	4,43,81,59,163	**3,45,70,94,538**

16.2.2. Quantitative details

The Company is primarily engaged in business consultancy services. The production and sale of such services cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956.

16.2.3. Obligations on long-term, non-cancelable operating leases

in Rs.

	Year ended March 31,	
	2010	2009
Lease rentals recognized during the period	3,34,07,506	2,90,83,752

16.2.4. Related party transactions

Details of amounts due to or due from as at March 31, 2010 and March 31, 2009:

in Rs.

Particulars	As at March 31,	
	2010	**2009**
Sundry debtors		
Infosys Technologies Limited	43,37,70,005	–
Infosys Consulting India Limited	14,06,073	–
Sundry creditors		
Infosys Technologies Limited	26,21,65,557	34,38,184
Infosys Consulting India Limited	82,31,152	–

The details of the related party transactions entered into by the company for the year ended March 31, 2010 and March 31, 2009 are as follows:

in Rs.

Particulars	**Year ended March 31,**	
	2010	**2009**
Capital transactions:		
Financing transactions		
Infosys Consulting India - Investment	1,00,00,000	–
Infosys Technologies Limited	49,89,00,000	21, 44, 50,000
Loans/Advances		
Revenue transactions:		
Purchase of services		
Infosys Consulting	9,05,77,956	
Infosys Technologies Limited	25,26,16,732	3,68,30,076
Purchase of shared services including facilities and personnel		
Infosys BPO Limited (Including subsidiaries)	3,81,52,915	–
Sale of services		
Infosys Technologies limited	377,92,87,351	275,28,94,778
Infosys BPO Limited (Including subsidiaries)	1,31,85,540	–

16.2.5. Transactions with key management personnel

Key management personnel comprise directors

in Rs.

Particulars	**Year ended March 31,**	
	2010	**2009**
Whole-time directors		
Salary	9,24,88,500	9,24,88,500
Perquisites and incentives	7,35,49,699	17,67,09,050
Total remuneration	**16,60,38,199**	**26,91,97,550**

16.2.6. Income taxes

There are no taxes provided in the books of accounts as there are accumulated business losses which can be set off with the taxation amount

16.2.7. Cash and bank balances

The details of balances as on Balance Sheet dates with non-scheduled banks are as follows:

in Rs.

Balances with non-scheduled banks	As at March 31,	
	2010	**2009**
In current accounts		
HSBC UK	1,37,29,261	60,32,545
Bank of America, USA	11,16,03,849	4,02,27,785
	12,53,33,111	**4,62,60,331**

The details of maximum balances during the period with non-scheduled banks are as follows:

in Rs.

Maximum balance with non-scheduled banks during the period	Year ended March 31,	
	2010	**2009**
In current accounts		
HSBC Bank, UK	1,37,29,261	76,22,541
Bank of America, USA	48,12,94,941	36,42,05,494

16.2.8. Details of Investments

in Rs.

Particulars	Year ended March 31,	
	2010	**2009**
Subsidiary-Infosys Consulting India Limited	1,00,27,095	–

16.2.9. Segment reporting

The Company's operations predominantly relate to providing end-to-end business solutions that leverage technology thereby enabling clients to enhance business performance. These solutions are delivered to customers globally operating in various industry segments. Accordingly, revenues represented along industry classes comprise the primary basis of segmental information set out in these financial statements. Secondary segmental reporting is performed on the basis of the geographical location of customers.

The accounting principles consistently used in the preparation of the financial statements are also consistently applied to record income and expenditure in individual segments. These are as set out in the significant accounting policies.

Industry segments at the Company are primarily financial services comprising customers providing banking, finance and insurance services; manufacturing companies; companies in the telecommunications and the retail industries; and others such as utilities, transportation and logistics companies.

Income and direct expenses in relation to segments is categorized based on items that are individually identifiable to that segment, while the remainder of the costs are categorized in relation to the associated turnover of the segment. Certain expenses such as depreciation, which form a significant component of total expenses, are not specifically allocable to specific segments as the underlying services are used interchangeably. The Company believes that it is not practical to provide segment disclosures relating to those costs and expenses, and accordingly these expenses are separately disclosed as “unallocated” and directly charged against total income.

Fixed assets used in the Company’s business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments. Accordingly, no disclosure relating to total segment assets and liabilities are made.

Customer relationships are driven based on the location of the respective client. North America comprises the United States of America, Canada and Mexico; Europe includes continental Europe (both the east and the west), Ireland and the United Kingdom; and the Rest of the World comprising all other places except, those mentioned above and India.

Geographical revenues are segregated based on the location of the customer who is invoiced or in relation to which the revenue is otherwise recognized.

Industry Segments

Year ended March 31, 2010 and *March 31, 2009*:

In Rs.

	Financial services	Manufacturing	Telecom	Retail	Others	Total
Revenues	68,95,57,919	1,05,40,41,784	43,16,09,381	54,45,84,652	1,92,21,27,921	4,64,19,21,657
	30,43,91,358	*67,56,07,298*	*26,08,53,556*	*56,21,07,936*	*1,07,18,13,981*	*2,87,47,74,129*
Identifiable operating expenses	32,95,93,900	57,72,00,479	15,95,96,511	26,20,92,788	95,67,01,262	2,28,51,84,941
	16,11,63,259	*44,01,07,613*	*14,93,15,970*	*31,59,63,786*	*56,13,12,554*	*1,62,78,63,182*
Allocated expenses	31,98,24,533	48,88,76,150	20,01,85,169	25,25,84,340	89,15,04,030	2,15,29,74,222
	19,36,85,553	*42,98,91,880*	*16,59,82,259*	*35,76,71,739*	*68,19,99,925*	*1,82,92,31,356*
Segmental operating income	4,01,39,486	(1,20,34,846)	7,18,27,702	2,99,07,524	7,39,22,628	20,37,62,494
	(5,04,57,454)	*(19,43,92,195)*	*(5,44,44,673)*	*(11,15,27,589)*	*(17,14,98,498)*	*(58,23,20,408)*
Unallocable expenses						90,49,810
						1,06,15,058
Operating income						19,47,12,684
						(59,29,35,466)
Other income, net						(64,16,783)
						82,31,574
Provision for investments						–
						–
Net profit before taxes						18,82,95,901
						(8,47,03,892)
Income taxes						(85,71,92,158)
						18,46,528
Net profit after taxes						1,04,54,88,058
						(58,65,50,421)
Net profit after taxes						1,04,54,88,058
						(58,65,50,421)

Geographic Segments

Year ended March 31, 2010 and *March 31, 2009*:

In Rs.

	North America	Europe	India	Rest of the World	Total
Revenues	3,15,95,24,702	1,46,08,03,219	–	2,15,93,737	4,64,19,21,657
	1,79,04,62,105	1,03,83,87,773	87,66,186	3,71,58,064	2,87,47,74,129
Identifiable operating expenses	1,58,87,55,840	67,36,79,138	39,73,140	1,87,76,823	2,28,51,84,941
	99,37,53,347	60,55,13,905	41,80,221	2,44,15,709	1,62,78,63,182
Allocated expenses	1,46,54,22,241	67,75,36,569	–	1,00,15,412	2,15,29,74,222
	1,13,92,78,871	66,07,30,683	55,77,963	2,36,43,839	1,82,92,31,356
Segmental operating income	10,53,46,621	10,95,87,511	(39,73,140)	(71,98,498)	20,37,62,494
	(34,25,70,113)	(22,78,56,815)	(9,91,997)	(1,09,01,483)	(58,23,20,408)
Unallocable expenses					90,49,810
					1,06,15,058
Operating income					19,47,12,684
					(59,29,35,466)
Other income, net					(64,16,783)
					82,31,574
Provision for investments					–
					–
Net profit before taxes					18,82,95,901
					(58,47,03,892)
Income taxes					(85,71,92,158)
					18,46,528
Net profit after taxes					1,04,54,88,058
					(58,65,50,421)
Net profit after taxes					1,04,54,88,058
					(58,65,50,421)

Auditors Report

To

The Members of Infosys Technologies S. De. R. L. De. C.V (Infosys Mexico)

We have audited the attached Balance Sheet of Infosys Technologies S. De. R. L. De. C.V (Infosys Mexico) ('The Company') as at December 31, 2009, the Profit and Loss Account ('Financial Statements') of the Company for the year ended on that date. 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.

We conducted our audit in accordance with 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 misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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.

Further, we report that:

1. 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;

2. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

3. the Balance Sheet and the Profit and Loss account dealt with by this report are in agreement with the books of account;

4. 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 Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

    i. in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2009; and
    ii. in the case of the Profit and Loss account, of the profit of the Company for the year ended on that date

For Shenoy & Kamath
Chartered Accountants

M Rathnakar Kamath
Membership No. 202841
Reg. No. 006673S

Bangalore
January 7, 2010

Financial Statements of Infosys Technologies S de R.L. De. C. V., Mexico

In Rs.

Balance Sheet as at	Schedule	December 31,	
		2009	**2008**
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	1	40,27,99,999	21,82,99,963
		40,27,99,999	**21,82,99,963**
APPLICATION OF FUNDS			
FIXED ASSETS	2		
Original cost		15,63,80,667	9,10,45,011
Less: Accumulated depreciation		9,84,65,624	4,52,16,515
Net book value		5,79,15,043	4,58,28,496
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry debtors	3	8,92,32,795	2,75,54,721
Cash and bank balances	4	25,66,44,295	6,30,89,578
Loans and advances	5	2,73,77,439	1,18,10,735
		37,32,54,529	10,24,55,034
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	6	10,66,30,390	5,59,85,504
Provisions	7	4,33,34,063	1,41,28,622
		14,99,64,453	7,01,14,126
NET CURRENT ASSETS		22,32,90,075	3,23,40,907
RESERVES AND SURPLUS	8	12,15,94,881	14,01,30,560
		40,27,99,999	**21,82,99,963**
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	13		

Note: The schedules referred to above are an integral part of the Balance Sheet.

For Shenoy & Kamath
Chartered Accountants

M Rathnakar Kamath
Membership No:202841

Ashok Vemuri
Sole Manager

Bangalore
January 7, 2010

In Rs.

Profit and Loss Account for the	Schedule	Year ended December 31,	
		2009	2008
Income from software services and business process management		65,26,08,476	27,01,96,864
Software development and business process management expenses	9	43,53,04,106	27,02,87,510
GROSS PROFIT		**21,73,04,369**	**(90,646)**
Selling and marketing expenses	10	21,68,772	1,72,748
General and administration expenses	11	10,16,78,508	6,81,01,459
		10,38,47,280	**6,82,74,207**
OPERATING PROFIT before interest and depreciation		**11,34,57,090**	**(6,83,64,852)**
Interest		–	–
Depreciation		5,39,04,366	4,40,42,418
OPERATING PROFIT before tax		**5,95,52,724**	**(11,24,07,271)**
Other income, net	12	(82,55,672)	2,64,03,851
NET PROFIT before tax		**5,12,97,052**	**(8,60,03,420)**
Provision for taxation		2,54,53,293	2,06,41,340
NET PROFIT after tax		**2,58,43,759**	**(10,66,44,759)**
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	13		

Note: The schedules referred to above are an integral part of the Balance Sheet.

For Shenoy & Kamath
Chartered Accountants

M Rathnakar Kamath
Membership No:202841

Ashok Vemuri
Sole Manager

Bangalore
January 7, 2010

In Rs.

Schedules to the Balance Sheet as at	December 31, 2009	December 31, 2008
1 SHARE CAPITAL		
Issued, subscribed and paid up	40,27,99,999	21,82,99,963
	40,27,99,999	**21,82,99,963**

Schedules to the Balance Sheet

2. FIXED ASSETS

In Rs.

Description	Original cost				Depreciation and amortization				Net book value	
	As at Jan 1, 2009	Additions/ Adjustments	Deletions/ Retirement/ Adjustments	As at Dec 31, 2009	As at Jan 1, 2009	For the period	Deletions / Adjustments	As at Dec 31, 2009	As at Dec 31, 2009	As at Dec 31, 2008
Plant and Machinery	83,34,893	40,91,708	–	1,24,26,601	30,96,714	31,06,569	–	62,03,282	62,23,318	52,38,180
Computer Equipment	3,81,72,817	2,29,39,610	(1,460)	6,11,13,887	1,91,40,915	2,33,53,977	(388)	4,24,95,279	1,86,18,609	1,90,31,901
Furniture and Fitting	4,45,37,301	3,83,02,878	–	8,28,40,179	2,29,78,886	2,67,88,177	–	4,97,67,063	3,30,73,115	2,15,58,415
Total	**9,10,45,011**	**6,53,34,196**	**(1,460)**	**15,63,80,667**	**4,52,16,515**	**5,32,48,723**	**(388)**	**9,84,65,624**	**5,79,15,042**	**4,58,28,496**
Previous Year	**6,71,21,007**	**2,40,99,691**	**1,75,686**	**9,10,45,011**	**47,14,570**	**4,05,48,573**	**46,628**	**4,52,16,515**	**4,58,28,496**	**–**

In Rs.

Schedules to the Balance Sheet as at	December 31, 2009	December 31, 2008
3 SUNDRY DEBTORS		
Debts outstanding for a period exceeding six months		
Unsecured		
Considered doubtful	6,35,365	–
Other debts		
Unsecured		
Considered good	8,92,32,795	2,75,54,721
	8,98,68,160	2,75,54,721
Less: Provision for doubtful debts	(6,35,365)	–
	8,92,32,795	**2,75,54,721**
4 CASH AND BANK BALANCES		
Balances with non-scheduled banks in foreign currency		
In current accounts	25,66,44,295	6,30,89,578
	25,66,44,295	**6,30,89,578**
5 LOANS AND ADVANCES		
Advances		
Prepaid expenses	72,93,000	13,38,338
For supply of goods and rendering of services	–	41,515
Others	1,16,17,044	73,56,245
	1,89,10,044	87,36,098
Unbilled revenues	59,15,650	29,58,826
Loans and advances to employees		
Salary advances	7,61,371	–
Electricity and other deposits	17,90,374	1,15,811
	2,73,77,439	**1,18,10,735**
6 CURRENT LIABILITIES		
Sundry creditors		
Capital	–	9,55,900
Goods and services	54,70,575	1,24,98,159
Accrued salaries and benefits		
Salaries	–	22,522
Bonus and incentives	99,47,187	21,05,382
For other liabilities		
Provision for expenses	1,39,84,439	1,23,85,803
Withholding and other taxes payable	2,32,90,096	1,09,14,582
Others	1,93,22,327	(1,30,610)
Unearned revenue	3,46,15,766	1,72,33,766
	10,66,30,390	**5,59,85,504**

In Rs.

Schedules to Profit and Loss account for the	Year ended December 31,	
	2009	**2008**
7 PROVISIONS		
Provision for		
Income taxes	3,62,44,593	1,13,91,231
Unavailed leave	70,89,470	27,37,391
	4,33,34,063	**1,41,28,622**
8 RESERVES AND SURPLUS		
Translation Difference	4,44,011	(68,64,070)
Balance in Profit and Loss Account	14,69,94,630	4,03,49,871
Add: (Profits)/Losses during the year	(2,58,43,759)	10,66,44,759
	1,21,50,871	14,69,94,630
	1,21,59,482	**14,01,30,560**
9 SOFTWARE DEVELOPMENT AND BUSINESS PROCESS MANAGEMENT EXPENSES		
Salaries and bonus including overseas staff expenses	38,11,59,398	20,57,53,040
Group health insurance	28,07,485	3,38,284
Contribution to provident and other funds	4,06,160	7,98,425
Staff welfare	13,49,138	31,04,747
Technical sub-contractors	6,36,063	22,64,209
Overseas travel expenses	3,99,64,832	5,33,58,898
Visa charges and others	7,93,902	4,28,943
Software packages	–	–
For own use	2,70,557	18,68,320
Communication expenses	61,51,308	19,04,271
Computer maintenance	10,91,621	45,945
Consumables	6,73,642	4,22,428
	43,53,04,106	**27,02,87,510**
10 SELLING AND MARKETING EXPENSES		
Salaries and bonus including overseas staff expenses	11,72,289	(11,909)
Group health insurance	20,521	–
Staff welfare	1,679	–
Overseas travel expenses	6,54,208	–
Travelling and conveyance	2,32,768	–
Brand building	–	(182)
Marketing expenses	28,779	1,84,839
Telephone charges	14,462	–
Printing and stationery	2,319	–
Office maintenance	41,747	–
	21,68,772	**1,72,748**

In Rs.

Schedules to Profit and Loss account for the		Year ended December 31, 2009	2008
11	**GENERAL AND ADMINISTRATION EXPENSES**		
	Salaries and bonus including overseas staff expenses	2,31,65,176	86,50,445
	Group health insurance	60,46,290	36,07,401
	Contribution to provident and other funds	52,342	1,54,607
	Telephone charges	1,21,05,461	1,21,54,294
	Professional charges	2,09,51,265	2,96,95,277
	Power and fuel	32,87,294	(3,29,385)
	Travel and conveyance	71,19,913	33,12,106
	Overseas travel expenses	51,17,612	34,05,362
	Visa charges and others	2,32,379	7,216
	Office maintenance	39,67,644	36,03,455
	Insurance charges	4,37,404	7,59,970
	Printing and stationery	7,68,161	5,40,283
	Rent	1,55,81,665	–
	Advertisements	3,26,897	6,17,965
	Repairs to plant and machinery	4,18,135	1,23,446
	Rates and taxes	6,108	(2,18,280)
	Professional membership and seminar participation fees	1,49,397	1,12,297
	Postage and courier	1,88,141	2,02,419
	Books and periodicals	50,349	7,58,407
	Provision for bad and doubtful debts	6,83,182	–
	Freight charges	57,001	1,83,224
	Bank charges and commission	1,68,092	90,687
	Auditor's remuneration		
	Statutory audit fees	7,26,000	–
	others	72,600	–
	Miscellaneous expenses	(0)	6,70,263
		10,16,78,508	**6,81,01,459**
12	**OTHER INCOME, NET**		
	Interest received on deposits with banks and others	65,710	4,94,399
	Miscellaneous income	78,07,691	2,62,30,309
	Exchange gains / (losses)	(1,61,29,073)	(3,20,857)
		(82,55,672)	**2,64,03,851**

Schedules to the Financial Statements for the year ended December 31, 2009

13. Significant accounting policies and notes on accounts

Company overview

Infosys Technologies S. de R.L. de C.V (Infosys Mexico) enters into contracts with Mexican companies to provide onsite services globally. Infosys Mexico sub-contracts the services to be provided outside Mexico and related territories to Infosys-India (ITL) to leverage the global delivery model (discussed later). The roles of Infosys-Mexico in relation to these services is limited to marketing, business development, project management and integration of the services provided by ITL and final delivery of software to the client.

Infosys-India offers end-to-end business solutions that leverage technology. Infosys-India's suite of business solutions include technical consulting, design, development, product engineering, maintenance, systems integration, package-enabled consulting and implementation and infrastructure management services. Infosys- India provides business process management services such as offsite customer relationship management, finance and accounting, and administration and sales order processing, etc. through Infosys BPO Limited (Subsidiary of ITL).

13.1. Significant accounting policies

13.1.1. Basis of preparation of financial statements

These financial statements as at and the year ended December 31, 2009 have been prepared under the historical cost convention on the accrual basis except for certain financial instruments which have been measured at fair values. Accounting policies have been applied consistently to all periods presented in these financial statements.

13.1.2. Use of estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include computation of percentage of completion which requires the Company to estimate the efforts expended to date as a proportion of the total efforts to be expended, provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets and intangible assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

The Management periodically assesses, using external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

13.1.3. Revenue recognition

Revenue is primarily derived from software development and related services and from business process management services. Arrangements with customers for software development and related services are either on a fixed-price, fixed-timeframe or on a time-and-material basis.

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last billing to the Balance Sheet date is recognized as unbilled revenues. Revenue from fixed-price and fixed-timeframe contracts, where there is no uncertainty as to measurement or collectability of consideration, is recognized based upon the percentage of completion. When there is uncertainty as to measurement or ultimate collectability revenue recognition is postponed until such uncertainty is resolved. Cost and earnings in excess of billings are classified as unbilled revenue while billing in excess of cost and earnings is classified as unearned revenue. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates.

Annual Technical Services revenue and revenue from fixed-price maintenance contracts are recognized ratably over the period in which services are rendered. Revenue from the sale of user licenses for software applications is recognized on transfer of the title in the user license, except in case of multiple element contracts, which require significant implementation services, where revenue for the entire arrangement is recognized over the implementation period based upon the percentage-of-completion. Revenue from client training, support and other services arising due to the sale of software products is recognized as the related services are performed.

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the ratable allocation of the discount / incentive amount to each of the underlying revenue transactions that result in progress by the customer towards earning the discount / incentive. Also, when the level of discount varies with increases in levels of revenue transactions, the Company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The Company recognizes changes in the estimated amount of obligations for discounts using a cumulative catchup approach. The discounts are passed on to the customer either as direct payments or as a reduction of payments due from the customer.

The Company presents revenues net of value-added taxes in its Profit and Loss account.

13.1.4. Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

13.1.5 Post-sales client support and warranties

The Company provides its clients with a fixed-period warranty for corrections of errors and telephone support on all its fixed-price, fixed-timeframe contracts. Costs associated with such support services are accrued at the time when related revenues are recorded and included in cost of sales. The Company estimates such costs based on historical experience and the estimates are reviewed annually for any material changes in assumptions.

13.1.6. Fixed assets, intangible assets and capital work-in-progress

Fixed assets are stated at cost, less accumulated depreciation and impairments, if any. Direct costs are capitalized until fixed assets are ready for use. Capital work-in-progress comprises outstanding advances paid to acquire fixed assets, and the cost of fixed assets that are not yet ready for their intended use at the reporting date. Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment.

13.1.7. Depreciation and amortization

Depreciation on fixed assets is provided on the straight-line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased / sold during a period is proportionately charged. Individual low cost assets (acquired for less than Rs. 5,000/-) are depreciated over a period of one year from the date of acquisition. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use. The Management estimates the useful lives for the other fixed assets as follows:

Buildings	15 years
Plant and machinery	5 years
Computer equipment	2-5 years
Furniture and fixtures	5 years
Vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

13.1.8. Foreign currency transactions

Foreign-currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the profit or loss account. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

13.1.9. Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks.

13.1.10. Leases

Lease under which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognized as an expense on a straight line basis in the Profit and Loss account over the lease term.

13.1.11 Government grants

The Company recognizes government grants only when there is reasonable assurance that the conditions attached to them shall be complied with, and the grants will be received. Government grants related to depreciable fixed assets are treated as deferred income and are recognized in the Profit and Loss statement on a systematic and rational basis over the useful life of the asset. Government grants related to revenue are recognized on a systematic basis in the Profit and Loss statement over the periods necessary to match them with the related costs which they are intended to compensate.

13.1.12. Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

13.1.13. Income taxes

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax annually, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. The Company offsets, on a year on year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

The Income Tax Law in Mexico provides that companies must comply with Maquiladoras provisions regarding transfer pricing. Therefore, requiring the company to comply with a minimum taxable income, company has to choose between the two procedures i.e. method of transfer pricing (APA) or the Safe Harbor method. For 2009 and 2008, the Company selected the Safe Harbor method to pay Income Tax

According to the procedures applied by the Company to determine the income tax there are temporary difference that give rise to deferred taxes for 2009 & 2008, but since company is determining the taxable income by applying Safe Harbor rule, deferred taxes are not generated

For the year 2009 and 2008, 70% and 84% of the total revenue is recognized related companies including parent company, which is arrived after adding percentage to the cost and expense of operations, except those required in the contract. These revenues are adjusted annually to meet the provisions relating to transfer pricing, according to Mexican law of Income Tax.

For the Current Year 2009 income tax rate applicable is 28%.

13.2. Notes on accounts

Amounts in the financial statements are presented in Rupees.

The previous year figures have been regrouped / reclassified, wherever necessary to conform to the current presentation.

13.2.1. Aggregate expenses

The aggregate amounts incurred on expenses are as follows:

In Rs.

	Year ended December 31,	
	2009	**2008**
Salaries and bonus including overseas staff expenses	40,54,96,863	21,43,91,576
Contribution to provident and other funds	4,58,503	9,53,031
Staff welfare	13,50,817	31,04,747
Group health insurance	88,74,296	39,45,685
Overseas travel expenses	4,57,36,652	5,67,64,261
Visa charges and others	10,26,281	4,36,159
Travel and conveyance	73,52,681	33,12,106
Technical sub-contractors – others	6,36,063	22,64,209
Software packages		
For own use	270,557	18,68,320
Professional charges	2,09,51,265	2,96,95,277
Telephone charges	1,21,19,922	1,21,54,294
Communication expenses	61,51,308	19,04,271
Power and fuel	32,87,294	(3,29,385)
Office maintenance	40,09,390	36,03,455
Brand building	–	(182)
Rent	1,55,81,665	–
Insurance charges	4,37,404	7,59,970
Computer maintenance	10,91,621	45,945
Printing and stationery	7,70,480	5,40,283
Consumables	6,73,643	4,22,428
Advertisements	3,26,897	6,17,965
Marketing expenses	28,779	1,84,839
Repairs to plant and machinery	4,18,135	1,23,446
Rates and taxes	6,108	(2,18,280)

In Rs.

	Year ended December 31,	
	2009	2008
Professional membership and seminar participation fees	1,49,397	1,12,297
Postage and courier	1,88,141	2,02,419
Books and periodicals	50,349	7,58,407
Provision for bad and doubtful debts	6,83,182	–
Freight charges	57,001	1,83,224
Bank charges and commission	1,68,091	90,689
Auditor's remuneration		
Statutory audit fees	726,000	–
Others	72,600	–
Out-of-pocket expenses		
Miscellaneous expenses	–	6,70,263
	53,91,51,386	**33,85,61,717**

13.2.2. Capital commitments and contingent liabilities

In Rs.

Particulars	**As at December 31,**	
	2009	**2008**
Estimated amount of unexecuted capital contracts		
(net of advances and deposits)	3,75,623	29,49,263

13.2.3. Quantitative details

The Company is primarily engaged in the development and maintenance of computer software. The production and sale of such software cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956.

13.2.4. Obligations on long-term, non-cancelable operating leases

The lease rentals charged during the period and maximum obligations on long-term, non-cancelable operating leases payable as per the rentals stated in the respective agreements are as follows:

In Rs.

Particulars	**Year ended December 31,**	
	2009	**2008**
Lease rentals recognized during the period	1,55,81,665	–

In Rs

Lease obligations payable:	**As at December 31,**	
	2009	**2008**
Within one year of the Balance Sheet date	2,12,24,628	–
Due in a period between one year and five years	7,07,48,758	–
Due after five years	–	–

13.2.5. Related party transactions

List of related parties:

Name of Related party	Country	Holding, as at December 31,	
		2009	**2008**
Infosys Technologies Limited (Holding Company)	India	100%	100%
Infosys BPO Limited	India	0%	0%
Infosys Technologies Brasil LTDA	Brazil	0%	0%
Infosys Technologies (China) Co. Ltd.	China	0%	0%

Details of amounts due to or due from as at December 31, 2009 and December 31, 2008:

In Rs.

Particulars	As at December 31,	
	2009	**2008**
Sundry debtors		
Infosys Technologies Limited	5,03,57,858	33,90,705
Infosys BPO Limited	0	21,41,529
Infosys Technologies Brasil LTDA	5,15,776	–
Infosys Technologies (China) Co. Ltd.	–	1,07,527
Sundry creditors		
Infosys Technologies Limited	53,51,493	1,05,22,648
Infosys BPO Limited	86,45,551	2,42,746
Infosys Technologies Brasil LTDA	32,456	–
Infosys Technologies (China) Co. Ltd.	–	8,03,162

The details of related party transactions entered by the company for the year ended December 31, 2009 and December 31, 2008 are as follows:

In Rs.

Revenue transactions:	2009	2008
Sale of services		
Infosys Technologies Limited	41,73,00,825	23,90,37,417
Infosys BPO Limited	3,93,05,437	66,24,727

13.2.6. Income taxes

As at December 31, 2009, the company has provided for profit tax of Rs.25,453,293

13.2.7. Cash and bank balances

The details of balances as on balance sheet dates with non-scheduled banks are as follows:

In Rs.

Balances with non-scheduled banks	As at December 31,	
	2009	**2008**
In current accounts		
Bank Of America	24,61,37,001	5,97,89,268
Banamex	1,05,07,294	33,00,310
	25,66,44,295	**6,30,89,578**
The details of balances as on Balance Sheet dates with scheduled banks are as follows :		
Total cash and bank balances as per Balance Sheet	**25,66,44,295**	**6,30,89,578**

The details of maximum balances during the period with non-scheduled banks are as follows:

In Rs.

Maximum balance with non-scheduled banks during the period	Year ended December 31,	
	2009	2008
In current accounts		
Bank Of America-1	18,62,85,945	6,46,20,713
Bank Of America-2	2,14,80,000	–
Banamex-1	8,55,60,000	5,69,23,419
Banamex-2	2,23,20,000	1,29,52,389

13.2.8. Fixed assets

Depreciation charged to the profit and loss account includes a charge relating to assets costing less than Rs. 5,000/- each and other low value assets.

In Rs.

	Year ended December 31,	
	2009	2008
Depreciation charged during the year	5,39,04,366	4,40,42,418

13.2.9. Provision for doubtful debts

Periodically, the Company evaluates all customer dues to the Company for collectability. The need for provisions is assessed based on various factors including collectability of specific dues, risk perceptions of the industry in which the customer operates, general economic factors, which could affect the customer's ability to settle. The Company normally provides for debtor dues outstanding for 180 days or longer as at the Balance Sheet date. As at December 31, 2009 the company has provided for doubtful debts of Rs.683,182 on dues from certain customers although the outstanding amounts were less than 180 days old, since the amounts were considered doubtful of recovery. The company pursues the recovery of the dues, in part or full.

13.2.10. Segment reporting

The Company's operations predominantly relate to providing end-to-end business solutions that leverage technology thereby enabling clients to enhance business performance. These solutions are delivered to customers globally operating in various industry segments. Accordingly, revenues represented along industry classes comprise the primary basis of segmental information set out in these financial statements. Secondary segmental reporting is performed on the basis of the geographical location of customers.

The accounting principles consistently used in the preparation of the financial statements are also consistently applied to record income and expenditure in individual segments. These are as set out in the significant accounting policies.

Industry segments at the Company are primarily financial services comprising customers providing banking, finance and insurance services; manufacturing companies; companies in the telecommunications and the retail industries; and others such as utilities, transportation and logistics companies.

Income and direct expenses in relation to segments is categorized based on items that are individually identifiable to that segment, while the remainder of the costs are categorized in relation to the associated turnover of the segment. Certain expenses such as depreciation, which form a significant component of total expenses, are not specifically allocable to specific segments as the underlying services are used interchangeably. The Company believes that it is not practical to provide segment disclosures relating to those costs and expenses, and accordingly these expenses are separately disclosed as "unallocated" and directly charged against total income.

Fixed assets used in the Company's business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments. Accordingly, no disclosure relating to total segment assets and liabilities are made.

Customer relationships are driven based on the location of the respective client. North America comprises the United States of America, Canada and Mexico; Europe includes continental Europe (both the east and the west), Ireland and the United Kingdom; and the Rest of the World comprising all other places except, those mentioned above and India.

Geographical revenues are segregated based on the location of the customer who is invoiced or in relation to which the revenue is otherwise recognized.

Industry Segments

Year ended December 31, 2009 and December 31, 2008:

In Rs.

	Financial services	**Manufacturing**	**Telecom**	**Retail**	**Others**	**Total**
Revenues	39,39,59,137	9,21,84,633	85,52,525	12,48,84,815	3,30,27,367	65,26,08,476
	16,28,02,593	*5,92,87,633*	*56,25,397*	*3,27,15,828*	*97,65,413*	*27,01,96,864*
Identifiable operating expenses	20,82,46,931	3,77,16,481	31,60,651	4,92,69,561	1,28,52,065	31,12,45,689
	11,58,85,470	*2,55,84,205*	*12,34,172*	*1,62,16,695*	*51,58,588*	*16,40,79,129*
Allocated expenses	13,69,55,270	3,21,82,117	30,26,708	4,40,76,614	1,16,64,987	22,79,05,697
	19,36,85,553	*42,98,91,880*	*16,59,82,259*	*35,76,71,739*	*68,19,99,925*	*1,82,92,31,356*
Segmental operating income	4,87,56,935	2,22,86,035	23,65,166	3,15,38,639	85,10,314	11,34,57,090
	(6,70,65,807)	*7,55,030*	*13,48,340*	*(18,37,743)*	*(15,64,672)*	*(6,83,64,852)*
Unallocable expenses						5,39,04,366
						4,40,42,418
Operating income						5,95,52,724
						(11,24,07,271)
Other income, net						(82,55,672)
						2,64,03,851
Provision for investments						–
						–
Net profit before taxes						5,12,97,052
						(8,60,03,420)
Income taxes						2,54,53,293
						2,06,41,340
Net profit after taxes						2,58,43,759
						(10,66,44,759)

Geographic Segments

Year ended December 31, 2009 and December 31, 2008:

In Rs.

	North America	Europe	Rest of the World	Total
Revenues	58,47,05,389	3,00,89,205	3,78,13,882	65,26,08,476
	23,30,89,696	*3,24,46,358*	*46,60,811*	*27,01,96,864*
Identifiable operating expenses	27,70,93,777	1,18,67,992	2,22,83,921	31,12,45,689
	14,57,76,672	*1,47,43,342*	*35,59,115*	*16,40,79,129*
Allocated expenses	20,41,98,565	1,04,75,087	1,32,32,046	22,79,05,697
	15,35,32,027	*1,84,29,439*	*25,21,122*	*17,44,82,588*
Segmental operating income	10,34,13,048	77,46,127	22,97,915	11,34,57,090
	(6,62,19,003)	*(7,26,424)*	*(14,19,426)*	*(6,83,64,852)*
Unallocable expenses				5,39,04,366
				4,40,42,418
Operating income				5,95,52,724
				(11,24,07,271)
Other income, net				(82,55,672)
				2,64,03,851
Provision for investments				–
				–
Net profit before taxes				5,12,97,052
				(8,60,03,420)
Income taxes				2,54,53,293
				2,06,41,340
Net profit after taxes				2,58,43,759
				(10,66,44,759)

Auditors Report

AUDITORS' REPORT TO THE MEMBERS OF INOFSYS BPO LIMITED

We have audited the attached Balance Sheet of Infosys BPO Limited ("the Company') as at 31 March 2010, the Profit and Loss account for the year ended on that date 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.

We conducted 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order. 2003 ('the Order'), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956. We enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to 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 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 comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956:

(v) on the basis of written representations received from the directors. as at 31 March 2010 and taken on record by the Board of Directors, we report that none of the directors are disqualified as at 31 March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act. 1956 on the said date: and B S R & Co.

(vi) 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 31 March 2010;

  (b) in the case of the Profit and Loss account, of the profit for the year ended on that date; and

  (c) in the case of the Cash Flow statement, of the cash flows for the year ended on that date.

for B S R & Co.
Chartered Accountants
Firm registration number: 101248W

Supreet Sachdev
Partner
Membership No. 205385

PLACE: BANGALORE
DATE: April 8, 2010

ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred to in the auditors' report to the members of Infosys BPO Limited ('the Company') for the year ended 31 March 2010. We report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.

(ii) The Company is a service company, primarily rendering business process management services. Accordingly it does not hold any physical inventories. Thus, paragraph 4(ii) of the Order is not applicable.

(iii)(a) The Company has granted loans to two body corporates covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount outstanding (in aggregate) during the year was Rs. 72,719,108 and the year-end balance of such loans was nil.

(b) In our opinion, the rate of interest and other terms and conditions on which loans have been granted to the body corporates listed in the register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.

(c) In the case of loans granted to the body corporates listed in the register maintained under Section 301, the borrowers have been regular in repaying the interest as stipulated. The terms of repayment of the arrangement do not stipulate any repayment schedule and are payable on demand. Accordingly, paragraph 4 (iii)(c) of the Order is not applicable to the Company in respect of repayment of the principal amount.

(d) There are no overdue amounts of rupees one lakh in respect of loans granted to body corporates listed in the register maintained under Section 301 of the Companies Act, 1956.

(e) The Company has not taken any loans secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, paragraphs 4 (iii) (e) to 4 (iii) (g) of the Order are not applicable.

(iv) In our opinion and according to the information and explanations given to us, 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 fixed assets and sale of services. The activities of the Company do not involve purchase of inventory and the sale of goods. We have not observed any major weakness in the internal control system during the course of the audit.

(v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.

(b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (v) (a) above and exceeding the value of Rs 5 lakh with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits from the public. Accordingly, paragraph 4(vi) of the Order is not applicable.

(vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.

(viii) The Central Government has not prescribed the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 for any of the services rendered by the Company. Accordingly, paragraph 4(viii) of the Order is not applicable.

(ix)(a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service tax and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Investor Education and Protection Fund, Wealth tax, Customs duty and Excise duty.

There were no dues on account of cess under Section 441A of the Companies Act, 1956, since the aforesaid section has not yet been made effective by the Central Government.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales tax, Service tax and other material statutory dues were in arrears as at 31 March 2010 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Income Tax, Sales-Tax, Service Tax and cess which have not been deposited with the appropriate authorities on account of any dispute.

(x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year. Accordingly, paragraph 4(x) of the Order is not applicable.

(xi) The Company did not have any outstanding dues to any financial institution, banks or debentureholders during the year. Accordingly, paragraph 4(xi) of the Order is not applicable.

(xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, paragraph 4(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly, paragraph 4(xiii) of the Order is not applicable.

(xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, paragraph 4(xiv) of the Order is not applicable.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, paragraph 4(xv) of the Order is not applicable.

(xvi) The Company did not have any term loans outstanding during the year. Accordingly, paragraph 4(xvi) of the Order is not applicable.

(xvii) The Company has not raised any funds on short-term basis. Accordingly, paragraph 4(xvii) of the Order is not applicable.

(xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraph 4(xviii) of the Order is not applicable.

(xix) The Company did not have any outstanding debentures during the year. Accordingly, paragraph 4(xix) of the Order is not applicable.

(xx) The Company has not raised any money by public issues during the year. Accordingly, paragraph 4(xx) of the Order is not applicable.

(xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

for **B S R & Co.**
Chartered Accountants
Firm registration number: 101248W

Supreet Sachdev
Partner
Membership No. 205385

Bangalore
April 8, 2010

Financial statements of Infosys BPO Limited

In Rs.

Balance Sheet as at	Schedule	Year ended March 31, 2010	2009
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	1	33,82,77,510	33,82,77,510
Reserves and surplus	2	9,01,92,68,645	6,28,11,36,578
		9,35,75,46,155	**6,61,94,14,088**
APPLICATION OF FUNDS			
FIXED ASSETS			
Original cost	3	3,89,73,66,154	3,06,88,70,954
Less : Accumulated depreciation		1,80,87,19,841	1,39,57,53,759
Net book value		2,08,86,46,313	1,67,31,17,195
Capital work-in-progress		47,18,607	57,87,08,667
		2,09,33,64,920	2,25,18,25,862
INVESTMENTS	4	5,30,46,01,906	71,56,60,761
DEFERRED TAX ASSET	5	16,64,76,463	11,96,01,410
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry debtors	6	1,83,87,93,678	2,14,63,86,674
Cash and bank balances	7	2,09,77,31,970	3,50,36,23,507
Loans and advances	8	1,94,02,46,087	1,51,43,47,561
		5,87,67,71,735	7,16,43,57,742
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	9	3,86,03,56,795	3,48,24,65,530
Provisions	10	22,33,12,074	14,95,66,157
NET CURRENT ASSETS		1,79,31,02,866	3,53,23,26,055
		9,35,75,46,155	**6,61,94,14,088**
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	16		

Note: The schedules referred to above are an integral part of the Balance Sheet.

As per our report attached
for B S R & Co.
Chartered Accountants

Supreet Sachdev
Partner
Membership No. 205385

T. V. Mohandas Pai
Chairman and Director

D. Swaminathan
Managing Director and Chief Executive Officer

S. D. Shibulal
Director

Prof. Jayanth R. Varma
Director

Sridar A.Iyengar
Director

B. G. Srinivas
Director

Abraham Mathews
Head - Finance & Accounts

N. R. Ravikrishnan
Company Secretary

Bangalore
April 8, 2010

In Rs.

Profit and Loss Account	Schedule	Year ended March 31,	
		2010	2009
INCOME			
Revenues from business process management services		11,26,63,70,226	10,81,53,15,898
		11,26,63,70,226	10,81,53,15,898
COST OF REVENUES	11	6,01,57,47,344	6,28,25,08,005
GROSS PROFIT		**5,25,06,22,882**	**4,53,28,07,893**
SELLING AND MARKETING EXPENSES	12	78,42,59,246	63,64,08,459
GENERAL AND ADMINISTRATION EXPENSES	13	1,25,44,62,780	1,36,09,01,565
OPERATING PROFIT BEFORE DEPRECIATION		**3,21,19,00,856**	**2,53,54,97,869**
Depreciation	3	53,86,79,767	42,25,43,412
OPERATING PROFIT AFTER DEPRECIATION		**2,67,32,21,089**	**2,11,29,54,457**
Other Income	14	25,81,45,382	(36,92,59,321)
PROFIT BEFORE TAX		**2,93,13,66,471**	**1,74,36,95,136**
Provision for taxation	15	19,32,34,404	(4,05,33,765)
NET PROFIT AFTER TAX		**2,73,81,32,067**	**1,78,42,28,901**
Balance brought forward from the previous year		4,01,48,44,099	3,24,77,29,875
Balance of Profit and Loss account of Pan-Financial Shared Services India Private Limited (Refer note 16.2.14)		–	(1,71,14,677)
AMOUNT AVAILABLE FOR APPROPRIATION		**6,75,29,76,166**	**5,01,48,44,099**
Amount transferred to general reserve		2,00,00,00,000	1,00,00,00,000
BALANCE CARRIED FORWARD		4,75,29,76,166	4,01,48,44,099
Total		**6,75,29,76,166**	**5,01,48,44,099**
EARNINGS PER SHARE			
Equity shares of par value Rs.10 each			
Basic		80.94	52.74
Diluted		80.94	52.74
Weighted average number of shares used in computing earnings per share:	16.2.16		
Basic		3,38,27,751	3,38,27,751
Diluted		3,38,27,751	3,38,27,751
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	16		

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

As per our report attached
for B S R & Co.
Chartered Accountants

Supreet Sachdev
Partner
Membership No. 205385

T. V. Mohandas Pai
Chairman and Director

D. Swaminathan
Managing Director and Chief Executive Officer

S. D. Shibulal
Director

Prof. Jayanth R. Varma
Director

Sridar A.Iyengar
Director

B. G. Srinivas
Director

Abraham Mathews
Head - Finance & Accounts

N. R. Ravikrishnan
Company Secretary

Bangalore
April 8, 2010

In Rs.

Infosys BPO Limited Schedules to the Balance Sheet	Year ended March 31,	
	2010	**2009**
1 SHARE CAPITAL		
AUTHORISED		
Equity shares, Rs.10 (Rs.10) par value		
12,33,75,000 (12,33,75,000) equity shares	1,23,37,50,000	1,23,37,50,000
	1,23,37,50,000	**1,23,37,50,000**
ISSUED, SUBSCRIBED AND PAID UP		
Equity shares, Rs.10 (Rs.10) par value*		
3,38,27,751 (3,38,27,751) equity shares fully paid up	33,82,77,510	33,82,77,510
[Of the above, 3,38,22,319 (3,38,22,319) equity shares are held by		
Infosys Technologies Limited, the company's holding company]		
	33,82,77,510	**33,82,77,510**
** For details of options in respect of the above shares refer to note 16.2.18*		
2 RESERVES AND SURPLUS		
Securities premium account at the beginning of the year	25,48,97,789	25,48,97,789
Securities premium account at the end of the year	**25,48,97,789**	**25,48,97,789**
Capital Redemption Reserve	1,13,94,690	1,13,94,690
General Reserve - opening balance	2,00,00,00,000	1,00,00,00,000
Add : Transfer from Profit and Loss account during the year	2,00,00,00,000	1,00,00,00,000
General Reserve - closing balance	4,00,00,00,000	2,00,00,00,000
Balance in Profit and Loss account	4,75,29,76,166	4,01,48,44,099
	9,01,92,68,645	**6,28,11,36,578**

3 FIXED ASSETS *in Rs.*

Particulars	Original cost				Accumulated depreciation				Net book value	
	Cost as of April 01, 2009	**Additions during the year**	**Deletions during the year**	**Cost as of March 31, 2010**	**As of April 01, 2009**	**For the year**	**Deductions during the year**	**As of March 31, 2010**	**As of March 31, 2010**	**As of March 31, 2009**
Goodwill	19,03,70,324	–	–	19,03,70,324	–	–	–	–	19,03,70,324	19,03,70,324
Land - Leasehold	11,55,00,000	–	–	11,55,00,000	4,93,869	11,93,790	–	16,87,659	11,38,12,341	11,50,06,131
Buildings	48,84,13,912	40,72,32,819	–	89,56,46,731	1,68,10,360	5,18,22,770	–	6,86,33,130	82,70,13,601	47,16,03,552
Leasehold improvements	33,61,87,369	2,33,18,522	1,11,09,572	34,83,96,319	14,62,38,106	7,49,70,340	1,11,09,572	21,00,98,874	13,82,97,445	18,99,49,263
Plant and machinery	70,56,39,106	30,77,49,974	5,02,99,172	96,30,89,908	28,06,77,086	17,79,49,875	4,68,76,619	41,17,50,342	55,13,39,566	42,49,62,020
Computer equipment	88,36,27,917	16,17,79,702	6,61,66,185	97,92,41,434	75,88,51,720	14,34,31,965	6,61,64,903	83,61,18,782	14,31,22,652	12,47,76,197
Furniture and fixtures	34,91,32,326	5,75,51,704	15,62,592	40,51,21,438	19,26,82,618	8,93,11,027	15,62,591	28,04,31,054	12,46,90,384	15,64,49,708
	3,06,88,70,954	**95,76,32,721**	**12,91,37,521**	**3,89,73,66,154**	**1,39,57,53,759**	**53,86,79,767**	**12,57,13,685**	**1,80,87,19,841**	**2,08,86,46,313**	**1,67,31,17,195**
Previous year	1,85,95,01,700	1,21,65,13,292	71,44,038	3,06,88,70,954	97,79,42,256	42,25,43,412	47,31,909	1,39,57,53,759	1,67,31,17,195	

In Rs.

		Year ended March 31,	
4	INVESTMENTS	2010	2009
	Non-traded (unquoted)	–	–
	Long term - at cost		
	Investment in Subsidiaries		
	Infosys BPO s.r.o, Czech Republic, a wholly owned subsidiary	3,49,78,993	3,49,78,993
	Infosys BPO Poland Sp Z o o, a wholly owned subsidiary	58,68,81,768	58,68,81,768
	5,000 (5,000) equity shares of PLN 500 each, fully paid		
	Infosys BPO (Thailand) Ltd, a wholly owned subsidiary	9,38,00,000	9,38,00,000
	70,000 (70,000) equity shares of THB 1000 each, fully paid		
	McCamish Systems LLC, a wholly owned subsidiary*	258,07,63,358	
	Other investments (unquoted)		
	Current investments (unquoted) - at lower of cost or fair value		
	Liquid mutual funds**	2,00,81,77,787	–
		5,30,46,01,906	**71,56,60,761**

** Refer to note 16.2.14a*
***Refer to note 16.2.14*

5	**DEFERRED TAX ASSET**		
	Fixed assets	13,08,73,277	9,69,07,091
	Provisions	3,52,99,143	2,26,94,319
	Others	3,04,043	–
		16,64,76,463	**11,96,01,410**
6	**SUNDRY DEBTORS**		
	Debts outstanding for a period exceeding six months		
	Unsecured, considered doubtful	46,14,832	16,56,726
	Other debts		
	Unsecured, considered good *	1,83,87,93,678	2,14,63,86,674
	Unsecured, considered doubtful	–	18,26,988
		1,84,34,08,510	2,14,98,70,388
	Less : Provision for doubtful debts	46,14,832	34,83,714
		1,83,87,93,678	**2,14,63,86,674**
	** Of which dues from subsidiary companies (Also refer to note 16.2.12)*	35,21,087	39,45,048
7	**CASH AND BANK BALANCES**		
	Cash on hand	84,850	94,768
	Balances with scheduled banks		
	-in current accounts	10,83,93,509	22,83,60,763
	-in deposit accounts in Indian rupees	1,85,50,63,000	3,17,00,43,000
	Balances with non-scheduled banks*		
	-in current accounts	13,41,90,611	10,51,24,976
		2,09,77,31,970	**3,50,36,23,507**

** Refer to note 16.2.10 for details of maximum balances held with non scheduled banks*

In Rs.

		Year ended March 31,	
		2010	**2009**
8	**LOANS AND ADVANCES**		
	Unsecured, considered good		
	Advances		
	Prepaid expenses	4,41,75,125	4,31,23,464
	Advance to gratuity fund	1,19,81,312	80,65,618
	For supply of goods and rendering of services	7,52,84,179	7,49,12,624
	Interest accrued and not due	69,35,485	2,03,16,892
	Loans given to subsidiaries*	15,49,973	7,27,19,108
	Loans and advances to employees	11,77,23,114	8,35,59,200
		25,76,49,188	**30,26,96,906**
	Deposits with financial institution and body corporate**	34,50,00,000	48,00,00,000
	Deposits with government authorities	11,10,766	1,16,652
	Rental deposits	22,07,23,931	18,76,61,899
	Electricity and other deposits	1,09,26,753	35,42,872
	Customer recoverables	1,48,53,961	28,85,508
	Unbilled revenue	18,83,87,668	10,11,91,187
	Advance income tax, net	19,47,37,436	4,22,26,973
	Withholding and other taxes receivable	10,73,438	19,43,249
	Cenvat credit receivable	22,23,11,699	16,55,34,450
	MAT credit entitlement	41,81,66,536	22,65,47,865
	Mark to market gain on forward exchange contract and options	6,53,04,711	–
		1,94,02,46,087	**1,51,43,47,561**
	Unsecured, considered doubtful		
	Loans and advances to employees	15,94,627	90,19,461
		1,94,18,40,714	**1,52,33,67,022**
	Less : Provision for doubtful loans and advances to employees	15,94,627	90,19,461
		1,94,02,46,087	**,151,43,47,561**

** Refer to note 16.2.12 for details*
*** Refer to note 16.2.11 for details*

		Year ended March 31,	
		2010	**2009**
9	**CURRENT LIABILITIES**		
	Sundry creditors		
	for capital goods	–	4,10,46,280
	for expenses*	4,22,07,471	2,01,65,927
	for accrued salaries and benefits		
	salaries and allowances	23,97,29,154	25,43,51,940
	ex-gratia and incentives	86,67,47,334	60,76,95,236
	for other liabilities		
	provision for expenses	1,88,12,93,552	2,26,68,43,132
	retention monies	5,64,04,055	5,26,02,133
	withholding taxes and other payables	1,06,80,007	16,39,627
	mark to market loss on forward exchange contract and options	–	12,95,25,272
		3,09,70,61,573	3,37,38,69,547
	Contingent consideration (Refer to note 16.2.14a)	65,50,91,000	–
	Advances received from clients	3,14,73,081	22,14,567
	Deferred revenue (Refer to note 16.2.15)	7,67,31,141	10,63,81,416
		3,86,03,56,795	**3,48,24,65,530**
	** Of which dues to subsidiary company (also refer note 16.2.12)*	59,29,031	5,03,730
10	**PROVISIONS**		
	Provision for leave encashment	17,13,97,911	10,91,60,991
	Provision for income taxes, net	–	1,36,35,334
	Provisions for SLA compliance*	5,19,14,163	2,67,69,832
		22,33,12,074	**14,95,66,157**

** Refer to note 16.2.19 for details of Provision for SLA compliance.*

In Rs.

	Schedules to the Profit and Loss Account	Year ended March 31, 2010	2009
11	**COST OF REVENUES**		
	Salaries including overseas staff expenses	4,12,84,48,582	3,81,33,36,340
	Staff welfare	(12,02,909)	5,21,06,231
	Contribution to provident and other funds	18,73,49,290	17,29,17,838
	Travelling expenses	29,08,12,800	38,26,95,902
	Conveyance	12,61,82,179	19,43,27,555
	Cost of software for own use	16,84,94,855	43,53,44,481
	Computer maintenance	63,39,320	73,74,432
	Communication expenses	22,77,94,847	22,67,02,533
	Rent	35,30,95,942	37,21,77,021
	Office maintenance	2,81,04,088	1,04,14,871
	Consultancy charges	37,05,00,833	52,23,01,160
	Consumables	63,16,150	76,97,986
	Recruitment and training expenses	11,05,00,237	6,28,78,796
	Insurance	36,50,289	58,43,575
	Other miscellaneous expenses	93,60,841	1,63,89,284
		6,01,57,47,344	**6,28,25,08,005**
12	**SELLING AND MARKETING EXPENSES**		
	Salaries including overseas staff expenses	63,30,56,512	44,11,45,289
	Staff welfare	46,866	9,97,045
	Contribution to provident and other funds	5,30,189	1,00,56,568
	Brand building and advertisement	69,16,780	70,26,470
	Travelling expenses	7,87,39,294	9,48,82,997
	Communication expenses	2,30,90,178	2,20,21,149
	Conveyance	4,07,442	9,49,765
	Rent	1,07,89,865	1,34,96,079
	Printing, stationery and office maintenance	14,10,386	11,54,404
	Insurance	28,75,870	30,23,348
	Marketing expenses	63,98,467	2,30,86,340
	Recruitment expenses	1,20,30,214	16,59,431
	Professional charges	52,42,839	25,52,000
	Professional memberships and seminars	22,28,749	1,38,45,587
	Other miscellaneous expenses	4,95,595	5,11,987
		78,42,59,246	**63,64,08,459**

In Rs.

Schedules to the Profit and Loss Account		Year ended March 31,	
		2010	**2009**
13	**GENERAL AND ADMINISTRATION EXPENSES**		
	Salaries	55,09,44,403	54,95,21,908
	Staff welfare	1,13,31,236	2,79,22,091
	Contribution to provident and other funds	2,14,61,220	2,12,61,805
	Conveyance	2,70,81,022	5,04,25,414
	Consumables	85,92,824	96,01,605
	Cost of software for own use	76,35,041	1,09,92,456
	Rent	3,23,76,796	1,90,23,171
	Telephone and communication charges	2,96,74,309	4,12,44,672
	Legal and professional charges	4,87,43,255	6,29,60,592
	Printing and stationery	57,15,428	1,67,58,965
	Office maintenance	21,84,41,204	21,50,51,633
	Power and fuel	17,70,80,350	17,05,90,497
	Recruitment and training expenses	1,67,75,836	4,63,83,673
	Insurance	6,35,95,157	6,74,71,281
	Rates and taxes	1,81,08,947	2,22,45,539
	Donations	59,60,028	20,75,000
	Auditor's remuneration		
	audit fees	20,90,000	18,69,397
	out-of-pocket expenses	–	67,500
	Bank charges and commission	12,51,323	76,68,535
	Postage and courier	35,86,210	37,64,147
	Professional membership and seminar participation fees	4,69,241	5,44,114
	Provision for doubtful debts	11,31,118	(5,25,230)
	Provision for doubtful loans and advances	8,62,912	75,17,240
	Other miscellaneous expenses	15,54,920	64,65,560
		1,25,44,62,780	**1,36,09,01,565**
14	**OTHER INCOME**		
	Interest income *		
	On deposits with financial institutions and body corporate	2,01,96,794	3,24,73,165
	On deposits with banks	15,03,41,222	20,57,30,948
	On loans to subsidiary	37,69,852	27,14,014
	Dividends from liquid mutual fund investments	4,74,31,253	2,62,67,417
	Profit on sale of investments	22,44,820	41,72,770
	Profit on sale of fixed assets	30,361	6,11,027
	Exchange gain/(loss), net	1,47,22,880	(66,14,71,871)
	Interest on income tax refund	–	9,73,634
	Provisions for earlier year no longer required written back	–	1,15,64,190
	Miscellaneous income	1,94,08,200	77,05,385
		25,81,45,382	**(36,92,59,321)**
	**Tax deducted at source on interest income*	2,65,54,996	4,74,86,536
15	**PROVISION FOR TAXATION**		
	Current taxes	43,17,28,128	18,15,50,581
	Deferred taxes	(4,68,75,053)	(4,89,82,713)
	MAT credit entitlement	(19,16,18,671)	(17,31,01,633)
		19,32,34,404	**(4,05,33,765)**

Schedules to the financial statements for the year ended March 31, 2010 (continued)

16. SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

Company overview

Infosys BPO Limited ("Infosys BPO" or "the Company") was incorporated as Progeon Limited on April 3, 2002 to provide business process management services to organizations that outsource their business processes. Infosys BPO is a majority owned and controlled subsidiary of Infosys Technologies Limited ("Infosys", NASD NM: INFY). The Company helps clients improve their competitive positioning by managing their business processes in addition to providing increased value. The name of the Company was changed from Progeon Limited to Infosys BPO Limited with effect from August 29, 2006.

16.1. Significant accounting policies

16.1.1. Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention, in accordance with Generally Accepted Accounting Principles in India ("GAAP") on accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises accounting standards as specified in rule 3 of the Companies (Accounting Standards) Rules 2006, and the relevant provisions of the Companies Act, 1956 to the extent applicable. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an on-going basis.

16.1.2. Use of estimates

The preparation of the financial statements in conformity with GAAP requires that the management of the company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as of the date of the financial statements. Examples of such estimates includes provision for doubtful debts, future obligations under employee retirement benefit plans, provision for income taxes, provision for SLA and the useful lives of fixed assets.

Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

16.1.3. Revenue recognition

The company derives its revenues primarily from business process management services, on time-and-material, fixed-price, fixed-time frame and unit-price basis. Revenue on time-and-material contracts is recognized as the related services are rendered. Revenue from fixed-price, fixed-time frame contracts, where there is no uncertainity as to measurement and collectibility of consideration, is recognized as per the proportionate-completion method. Revenues from unit-priced contracts are recognized as transactions are processed based on objective measures of output. Cost and earnings in excess of billings are classified as unbilled revenue while billing in excess of cost and earnings is classified as deferred revenue. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates. When the company receives advances for its services, such amounts are reflected as advance received from clients until all conditions for revenue recognition are met. The company presents revenues net of service taxes and value added taxes in its Profit and Loss account.

The company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the ratable allocation of the discount/incentive amount to each of the underlying revenue transactions that result in progress by the customer towards earning the discount/incentive. Also when the level of discount varies with increase in levels of revenue transactions, the company recognizes the liability based on its estimate of the customer’s future purchases if it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably. The company recognizes changes in the estimated amount of obligation for discount using cumulative catch-up approach. The discounts are passed on the customer either as direct payments or as a reduction of payments due from customer.

Profit on sale of investment is recorded on the transfer of title from the company and is determined as the difference between the sale price and the carrying value of the investment. Interest on deployment of surplus funds is recognized using time proportion method, based on underlying interest rates. Dividend income is recognized when the company's right to receive dividend is established.

16.1.4. Expenditure

The cost of software user licenses purchased for rendering business process management services is charged to revenue when put to use. Lease under which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognized as an expense on a straight line basis in the Profit and Loss account over the lease term.

16.1.5. Fixed assets, intangible assets and capital work-in-progress

Fixed assets are stated at cost, after reducing accumulated depreciation and impairment upto the date of the Balance Sheet. Direct costs are capitalized until the assets are ready for use and include financing costs relating to any borrowing attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use. Capital work-in-progress includes the cost of fixed assets that are not yet ready for their intended use and advances paid to acquire fixed assets before the Balance Sheet date. Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortisation and impairment. Goodwill on amalgamation is tested periodically for impairment.

16.1.6. Depreciation

Depreciation on fixed assets is determined using the straight-line method based on useful lives of assets as estimated by the company. Depreciation for assets purchased/sold during the period is proportionately charged. Individual assets costing Rs. 5,000 or less are depreciated within a year of acquisition. Leasehold improvements are written off over the lower of the lease term or the useful life of the asset. Leasehold land is amortized over the lease period. Intangible assets are amortized over their useful life on a straight line basis commencing from the date the asset is available to the company for its use. Management estimates the useful lives for the various fixed assets as follows:

Building	Fifteen years
Computer equipment	Two years
Plant and machinery	Five years
Furniture and fixtures	Five years

16.1.7. Employee Benefits

16.1.7a Gratuity

In accordance with the Payment of Gratuity Act, 1972, Infosys BPO provides for gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering all employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's eligible salary and the tenure of employment. Liabilities with regard to the Gratuity Plan are determined by an actuarial valuation, carried out at the period end by an independent actuary using the projected unit credit method, based upon which company contributes to the Infosys BPO employees Gratuity Fund Trust (the 'Trust'). The trustee administers contributions made to the Trust and invests the corpus with LIC of India.

The company recognizes the net obligation of the gratuity plan in the Balance Sheet as an asset or liability, respectively in accordance with Accounting Standard (AS) 15, "Employee Benefits". The discount rate is based on the Government securities yield. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the Profit and Loss account in the period in which they arise.

16.1.7b Superannuation

Certain employees of Infosys BPO are eligible for superannuation benefits. The company contributes Rs.100 annually for the superannuation benefits of the employees. The company has no further obligations to the superannuation plan beyond the yearly contribution to the trust fund, the corpus of which is invested with the LIC of India.

16.1.7c Provident fund

Eligible employees receive benefits from a provident fund, which is a defined contribution plan. Both the employee and the company make monthly contributions to this provident fund plan equal to a specified percentage of the covered employee's salary. Amounts collected under the provident fund plan are deposited in a Government administered provident fund. The company has no further obligations under the provident fund plan beyond its monthly contributions.

16.1.7d Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

16.1.8 Foreign currency transactions

Revenue from overseas clients and collections deposited in bank accounts are recorded at the exchange rate as of the date of the respective transactions. Expenditure in foreign currency is accounted at the exchange rate prevalent when such expenditure is incurred. Disbursements made out of bank accounts are reported at a rate that approximates the actual monthly rate. Exchange differences are recorded when the amount actually received on sales or actually paid when expenditure is incurred is converted into Indian rupees. The exchange differences arising on foreign currency transactions are recognized as income or expense in the period in which they arise. Monetary assets and monetary liabilities denominated in foreign currency are translated at the exchange rate prevalent at the date of the Balance Sheet. The resulting difference is also recorded in the Profit and Loss account. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

16.1.9. Forward contracts and option contracts in foreign currencies

The company uses forward contracts and options contracts to hedge its exposure to movements in foreign exchange rates. The use of these forward contracts and option contracts reduces the risk or cost to the company and the company does not use the forward contracts and option contracts for trading or speculation purposes.

Effective April 1,2008 the Company adopted Accounting Standard AS 30 " Financial Instruments: Recognition and Measurement", to the extent that the adoption does not conflict with existing mandatory accounting standards and other authoritative pronouncements, Company law and other regulatory requirements.

Forward and options contracts are fair valued at each reporting date. The company records the mark to market gain or loss on effective hedges in the foreign currency fluctuation reserve until the transactions are complete. On completion, the gain or loss is transferred to the Profit and Loss account of that period. To designate a forward contract or option contracts as an effective hedge, management objectively evaluates and evidences with appropriate supporting documents at the inception of each contract whether the contract is effective in achieving offsetting cash flows attributable to the hedged risk. In the absence of a designation as an effective hedge, a gain or loss is recognized in the Profit and Loss account. Currently the hedges undertaken by the company are all ineffective in nature and the resultant gain or loss consequent to fair valuation is recognized in the Profit and Loss account at each reporting date.

16.1.10. Income tax

Income taxes are computed using the tax effect accounting method, where taxes are accrued in the same period the related revenue and expenses arise. A provision is made for income tax for the period based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. Minimum Alternative Tax (MAT) paid in accordance with 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 tax after the tax holiday period and the resultant asset can be measured reliably. Accordingly, it 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. The Company offsets, on a year on year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on prevailing enacted or substantively enacted regulations. Deferred tax assets in situation of unabsorbed depreciation and carry forward business losses exist, are recognized only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets, other than in situation of unabsorbed depreciation and carry forward business losses are recognized only if there is reasonable certainty that they will be realized. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

16.1.11. Provisions and contingent liability

The company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a present obligation that cannot be estimated reliably or a possible or present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made. Provisions are made for all known losses and liabilities and future unforeseeable factors that may affect the profit on fixed-price business process management contracts.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

16.1.12. Impairment of assets

Management periodically assesses using, external and internal sources, whether there is an indication that an asset (including goodwill) may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset’s net selling price and value in use i.e. the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

16.1.13. Earnings per share

In determining earnings per share, the company considers the net profit after tax. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. Diluted earnings per share are computed using the weighted average number of basic and dilutive common equivalent shares outstanding during the period, except where the result would be anti-dilutive. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date.

16.1.14. Investments

Trade investments are the investments made to enhance the company's business interests. Investments are either classified as current or long-term based on the management's intention at the time of purchase. Current investments are carried at the lower of cost and fair value, determined on an individual investment basis. Cost for overseas investments comprises the Indian Rupee value of the consideration paid for the investment. Long-term investments are carried at cost and provisions recorded to recognize any diminution, other than temporary, in the carrying value of each investment. Any dividends are recorded as income in the Profit and Loss account when the right to receive dividend is established.

16.1.15. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non - cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, financing and investing activities of the company are segregated. Cash flows in foreign currency are accounted at average monthly exchange rates that approximate the actual rates of exchange prevailing at the date of the transaction.

16.1.16. Employee Stock Options

The company applies the intrinsic value-based method of accounting prescribed by Accounting Research Committee of the Institute of Chartered Accountants of India, Accounting for employee share based payments, to account for its fixed plan stock options. Under this method, compensation expense is recorded on the date of grant only if the current market price of the underlying stock exceeds the exercise price. The options vest on a graded basis; however there is no compensation expense since the grants are made at exercise prices equal to or greater than fair market value, as of the date of the grant.

16.2. Notes to financial statements

16.2.1. Capital commitments and contingent liabilities

in Rs.

	As at March 31,	
	2010	**2009**
Estimated amount of unexecuted capital contracts (net of advance and deposits)	12,39,09,532	21,66,44,472
Forward contracts outstanding		
USD/INR	$ 39,000,000	$ 32,500,000
(Equivalent approximate in Rs.)	(1,75,11,00,000)	(1,64,84,00,000)
GBP/USD	£ 3,500,000	£ 5,500,000
(Equivalent approximate in Rs.)	(23,78,60,000)	(39,86,95,000)
Claims against the company not acknowledged as debts	–	–

As of the Balance Sheet date, the company's net foreign currency exposure that is not hedged by a derivative instrument or otherwise is Rs. Nil (Rs. Nil as at March 31, 2009).

16.2.2 . Export obligation

The company has an export obligation towards the Software Technology Parks of India, in respect of duty free capital imports made by it. The remaining export obligation was Nil as at March 31, 2010 and March 31, 2009.

16.2.3. Aggregate expenses

Following are the aggregate amounts incurred on certain specific expenses that are required to be disclosed under Schedule VI to the Companies Act, 1956:

in Rs.

	Year ended March 31,	
	2010	**2009**
Salaries and ex-gratia including overseas staff expenses	531,24,49,497	480,40,03,537
Staff welfare	1,01,75,193	8,10,25,367
Contribution to provident and other funds	20,93,40,699	20,42,36,211
Foreign travel expenses	36,95,52,094	47,75,78,899
Consumables	1,49,08,974	1,72,99,591
Computer maintenance	63,39,320	73,74,432
Cost of software for own use	17,61,29,896	44,63,36,937
Communication expenses	28,05,59,334	28,99,68,354
Consultancy charges	37,05,00,833	52,23,01,160
Travel and conveyance	15,36,70,643	24,57,02,734
Rent	39,62,62,603	40,46,96,271
Printing and stationery	71,25,814	1,79,13,369
Office maintenance	24,65,45,292	22,54,66,504
Legal and professional charges	5,39,86,094	6,55,12,592
Brand building	69,16,780	70,26,470
Recruitment and training expenses	13,93,06,287	11,09,21,900
Power and fuel	17,70,80,350	17,05,90,497
Insurance charges	7,01,21,316	7,63,38,204

in Rs.

	Year ended March 31,	
	2010	**2009**
Rates and taxes	1,81,08,947	2,22,45,539
Donations	59,60,028	20,75,000
Auditor's remuneration		
audit fees	20,90,000	18,69,397
out-of-pocket expenses	–	67,500
Bank charges and commission	12,51,323	76,68,535
Postage and courier	35,86,210	37,64,147
Professional membership and seminar participation fees	26,97,990	1,43,89,701
Provision for bad and doubtful debts	11,31,118	(5,25,230)
Provision for bad and doubtful loans and advances	8,62,912	75,17,240
Marketing expenses	63,98,467	2,30,86,340
Other miscellaneous expenses	1,14,11,356	2,33,66,831
Total	**805,44,69,370**	**827,98,18,029**
Fringe Benefit Tax(FBT) in India included in the above	–	3,47,04,873

During year ended March 31, 2010, the company has reversed provisions for operating expenses amounting to Rs. 11,88,05,772 relating to earlier periods. The nature of these expenses were primarily consultancy charges, recruitment expenses and staff welfare expenses. During the year ended March 31, 2009, the company had recorded a credit of Rs. 3,88,16,816 relating to earlier periods in its income statement pertaining to productivity commitments/volume discounts on the basis of contractual obligations.

16.2.4. Quantitative details

The company is engaged in providing business process management services. The sale of such services cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of services rendered and certain information as required under paragraphs 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956.

16.2.5. Imports (valued on the cost, insurance and freight basis)

in Rs.

	Year ended March 31,	
	2010	**2009**
Capital goods	6,09,28,256	17,52,85,809

16.2.6. Expenditure in foreign currency (on payments basis)

in Rs.

	Year ended March 31,	
	2010	**2009**
Salary, legal and professional charges	1,50,51,89,183	1,14,92,14,274
Foreign travel expenses and relocation expenses	42,60,57,841	34,36,43,298
Bank charges, consultancy and others	55,41,30,936	9,52,50,959
Communication	14,39,18,243	15,54,34,750
	2,62,92,96,203	**1,74,35,43,281**

16.2.7. Earnings in foreign currency (on receipt basis)

in Rs.

	Year ended March 31,	
	2010	**2009**
From business process management services	1,105,35,29,120	10,47,05,35,018

16.2.8. Obligations on long-term non-cancellable operating leases

The lease rentals charged during the period and maximum obligations on long-term non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

in Rs.

	Year ended March 31,	
	2010	**2009**
Lease rentals charged during the period	39,62,62,603	40,46,96,271

in Rs.

	As at March 31,	
	2010	**2009**
Lease obligations		
Within one year of the Balance Sheet date	10,89,75,438	17,11,76,942
Due in a period between one year and five years	9,35,84,295	20,33,20,712
Later than five years	–	–

The company has entered into non-cancellable operating lease arrangements for premises with Infosys and others. The existing operating lease arrangements extend for periods between 36 months and 72 months from their respective dates of inception. The lease rentals paid are included as a component of services purchased from Infosys Technologies Limited (also refer Note 16.2.12 below).

16.2.9. Provision for taxation

The company benefits from certain significant tax incentives provided to firms rendering business process management services under Indian tax laws. These incentives presently include an exemption from payment of Indian corporate income taxes for a period of ten consecutive years of operation of software development facilities designated as "Software Technology Parks" (the "STP Tax Holiday"). The Government of India recently amended the tax incentives available to companies set up in designated STPs. The period of the STP Tax Holiday available to such companies is restricted to 10 consecutive years beginning from the financial year when the unit started rendering business process management services or March 31, 2011, whichever is earlier.

The Company also has operations in a Special Economic Zone (SEZ). Income from SEZs is fully tax exempt for the first 5 years, 50% exempt for the next 5 years and 50% exempt for another 5 years subject to fulfilling certain conditions. Pursuant to the amendments in the Indian Income Tax Act, the Company has calculated its tax liability after considering Minimum Alternate Tax (MAT). The MAT liability can be carried forward and set off against the future tax liabilities. Accordingly, Rs. 41.82 crore was carried forward and shown under “Loans and Advances” in the Balance Sheet as of March 31, 2010 and Rs 22.65 crores as of March 31, 2009.

16.2.10. Cash and bank balances

Details of balances as on Balance Sheet dates with non-scheduled banks:-

in Rs.

	As at March 31,	
	2010	**2009**
Cash on hand	84,850	94,768

in Rs.

Balances with non-scheduled banks	As at March 31,	
	2010	**2009**
In current accounts		
ICICI Bank, London	1,06,84,997	8,56,425
PNC Bank, New Jersey*	2,24,500	2,52,580
Bank of America, California	8,38,42,099	8,52,64,767
Deutsche Bank, Philippines	3,81,24,631	1,18,84,388
Royal Bank of Canada, Ontario	13,14,384	68,66,816
	13,41,90,611	10,51,24,976

** This represents restricted bank balance, in trust account, in accordance with collection agency licensing requirements in US.*

Details of balances as on Balance Sheet dates with scheduled banks:-

in Rs.

Balances with scheduled banks	As at March 31,	
	2010	**2009**
In current accounts		
Citibank	12,44,514	12,26,559
Deustche Bank	64,51,133	1,60,49,724
Deustche Bank- EEFC account in Euro	55,91,061	64,10,085
Deustche Bank- EEFC account in United Kingdom Pound Sterling	50,58,140	28,32,419
Deustche Bank- EEFC account in US dollars	41,00,082	1,21,46,583
ICICI Bank	3,32,11,141	4,09,21,984
ICICI Bank- EEFC account in Euro	74,75,628	62,76,290
ICICI Bank- EEFC account in United Kingdom Pound Sterling	1,45,79,067	5,75,83,794
ICICI Bank- EEFC account in US dollars	3,06,23,644	8,48,54,226
State Bank of India	59,099	59,099
	10,83,93,509	**22,83,60,763**
In deposit accounts		
Allahabad Bank	50,00,00,000	
Bank of Baroda	–	48,00,00,000
Bank of Maharastra	–	44,00,00,000
Corporation Bank	–	8,00,00,000
HSBC Bank	–	25,00,00,000
ICICI Bank	49,50,40,000	50,00,20,000
IDBI Bank	–	50,00,00,000
Indian Overseas Bank	9,00,00,000	–
ING Vysya Bank	–	28,00,00,000
Punjab National Bank	35,50,00,000	–
Standard Chartered Bank	–	38,00,00,000
State Bank of Hyderabad	24,00,00,000	–
State Bank of India	23,000	26,00,23,000
Syndicate Bank	17,50,00,000	–
	1,85,50,63,000	**3,17,00,43,000**

in Rs.

Maximum balances held in non-scheduled banks	Year ended March 31,	
	2010	**2009**
In current accounts		
ICICI Bank, London	3,46,60,072	3,18,91,840
PNC Bank,New Jersey	2,52,580	2,55,650
Bank of America, California	23,89,68,846	16,61,78,323
Deutsche Bank, Philippines	12,99,37,963	2,45,24,299
Royal Bank of Canada, Ontario	89,77,435	1,31,93,976

16.2.11. Loans and advances

Deposits with financial institution and body corporate comprise:

in Rs.

	As at March 31,	
	2010	**2009**
Deposits with financial institution:		
Housing Development Finance Corporation Limited	34,50,00,000	48,00,00,000
	34,50,00,000	**48,00,00,000**

Maximum balance held

in Rs.

	Year ended March 31,	
	2010	2009
Deposits with financial institution:		
Housing Development Finance Corporation Limited	50,00,00,000	48,00,00,000
Deposits with body corporate:		
GE Capital Services India Limited	–	25,00,00,000

16.2.12. Related party transactions

List of Related Parties

Name of the Related Party	Country	Holding as at March 31,	
		2010	2009
Infosys Technologies Limited	India	Holding Company	Holding Company
Infosys BPO s.r.o	Czech Republic	100%	100%
Infosys BPO Poland Sp.z.o.o	Poland	100%	100%
Infosys BPO (Thailand) Limited	Thailand	100%	100%
McCamish Systems LLC (refer to note 16.2.14a)	United States	100%	–
Infosys Consulting Inc*	United States		
Infosys Technologies (Australia) Pty Limited ("Infosys Australia")*	Australia		
Infosys Technologies S.de R.L.de C.V. ("Infosys Mexico")*	Mexico		
Infosys Technologies (China) Co.Limited ("Infosys China") *	China		
Infosys Technologia Do Brasil LTDA (" Infosys Brazil")*	Brazil		
Infosys Consulting India Limited#	India		

** Wholly owned subsidiaries of Infosys Technologies Limited i.e. fellow subsidaries.*
 # Wholly owned subsidiaries of Infosys Consulting Inc

List of key management personnel

Name of the Related Party	Designation
T.V.Mohandas Pai	Chairman and Director
D. Swaminathan*	Managing Director and Chief Executive Officer
Amitabh Chaudhry#	Managing Director and Chief Executive Officer
S.D.Shibulal	Director
Prof.Jayanth R.Varma	Director
Sridar A.Iyengar	Director
B.G.Srinivas	Director
Eric S.Paternoster	Director

** Appointed as Managing Director and Chief Executive Officer effective January 16, 2010*
 # Managing Director and Chief Executive Officer till January 15, 2010

The details of the related party transactions entered into by the company, for the year ended March 31, 2010 and 2009 are as follows:

in Rs.

Particulars	Year ended March 31,	
	2010	**2009**
Capital transactions:		
Financials transactions		
Loans		
Infosys BPO s.r.o	–	(1,17,77,262)
Infosys BPO Poland Sp.z.o.o	(7,27,19,108)	7,27,19,108
McCamish Systems LLC	15,49,973	–
P-Financial Services Holding B.V	–	(4,23,99,828)
Revenue transactions:		
Purchase of services		
Infosys BPO s.r.o	6,81,630	72,77,711
Infosys BPO Poland Sp.z.o.o	52,42,650	–
Infosys Consulting Inc	1,34,84,238	–
Infosys Mexico	3,42,83,644	1,38,16,874
Purchase of shared services including facilities and personnel		
Infosys Technologies Limited	3,79,696	51,04,88,472
Infosys BPO s.r.o	4,483,679	54,19,980
Infosys BPO Poland Sp.z.o.o	15,22,842	–
Infosys Australia	2,09,96,658	1,34,06,832
Infosys Mexico	24,03,063	44,29,189
Infosys China	16,28,225	13,73,901
Infosys Brazil	1,59,748	–
Interest Income		
Infosys BPO s.r.o	3,44,121	2,87,585
Infosys BPO Poland Sp.z.o.o	18,75,759	17,15,752
McCamish Systems LLC	1,549,972	–
P-Financial Services Holding B.V	–	7,10,677
Sale of services		
Infosys Technologies Limited	–	36,78,302
Infosys BPO s.r.o	52,44,663	–
Sale of shared services including facilities and personnel		
Infosys Technologies Limited	63,16,87,140	27,67,54,705
Infosys BPO s.r.o	53,68,721	54,93,477
Infosys BPO Poland Sp.z.o.o	7,39,431	–
Infosys BPO (Thailand) Limited	75,593	3,960
Infosys Australia	23,90,915	2,35,70,098
Infosys Mexico	2,281	35,29,212
Infosys China	1,11,15,990	5,67,623
Infosys Brazil	60,20,021	–
Infosys Consulting India Limited	5,383,218	–

The company has received certain managerial services from Mr. T. V. Mohandas Pai and Mr. S. D. Shibulal, directors of the company who are also directors of Infosys Technologies Limited, at no cost.

Infosys Technologies Limited, the parent company has issued performance guarantees to certain clients for executed contracts.

Details of amounts due to or due from and maximum dues from related party for the year ended March 31, 2010 and March 31, 2009.

in Rs.

Particulars	As at March 31,	
	2010	2009
Loans and Advances		
Infosys BPO Poland Sp.z.o.o	–	7,27,19,108
McCamish Systems LLC	15,49,973	–
Deposit given for shared services		
Infosys Technologies Limited	6,89,00,000	3,28,00,000
Debtors		
Infosys Technologies Limited	5,82,90,185	1,17,34,830
Infosys BPO s.r.o	10,64,220	32,54,777
Infosys BPO Poland Sp.z.o.o	12,52,487	6,75,217
Infosys BPO (Thailand) Limited	1,220	15,054
McCamish Systems LLC	12,03,160	–
Infosys Consulting Inc	2,245	–
Infosys Australia	9,82,637	46,73,533
Infosys Mexico	2,59,921	13,29,561
Infosys China	1,08,23,121	56,77,699
Infosys Brazil	1,46,980	–
Infosys Consulting India Limited	23,892	–
Creditors		
Infosys Technologies Limited	2,24,52,343	–
Infosys BPO s.r.o	1,07,610	45,101
Infosys BPO Poland Sp.z.o.o	58,21,421	4,58,629
Infosys Consulting Inc	14,85,444	–
Infosys Australia	35,40,761	29,72,105
Infosys Mexico	(5,49,757)	(2,01,751)
Infosys China	40,99,043	26,49,114
Infosys Brazil	1,05,234	–
Infosys Consulting India Limited	828	–
Maximum balances of loans and advances		
Infosys Technologies Limited	6,89,00,000	3,28,00,000
Infosys BPO s.r.o	–	1,98,41,514
Infosys BPO Poland Sp.z.o.o	7,27,19,108	8,42,72,028
McCamish Systems LLC	18,11,56,124	–

During the year ended March 31, 2010 an amount of Rs. 30,00,000 was donated to Infosys Foundation, a not-for-profit foundation, in which certain directors of the company are trustees.

Particulars of remuneration and other benefits paid to Managing Director during the year ended March 31, 2010 and 2009, are given below:

in Rs.

	Year ended March 31,	
	2010	2009
Salary and allowances	97,63,863	73,81,180
Provident fund, gratuity and superannuation contributions	2,82,981	2,77,166
Performance incentives	89,87,736	44,96,877
	1,90,34,580	**1,21,55,223**

16.2.13 Managerial remuneration paid to non-whole time directors

Particulars of remuneration and other benefits paid to non-whole time directors during the year ended March 31, 2010 and 2009 are given below:

in Rs.

	Year ended March 31,	
	2010	**2009**
Sitting fees	105,000	120,000
Commission	24,00,000	24,00,000
	25,05,000	**25,20,000**

Computation of net profit in accordance with Section 349 of the Companies Act, 1956 and calculation of commission payable to non whole time directors.

	Year ended March 31,	
	2010	**2009**
Net profit after tax from ordinary activities	2,73,81,32,067	1,78,42,28,901
Add:		
1. Whole time director's remuneration	1,90,34,580	1,21,55,223
2. Director's sitting fee	1,05,000	1,20,000
3. Commission to non whole time directors	24,00,000	24,00,000
4. Depreciation as per books of account	53,86,79,767	42,25,43,412
5. Provision for doubtful debts	11,31,118	(5,25,230)
6. Provision for doubtful loans and advances	8,62,912	75,17,240
5. Provision for taxation	19,32,34,404	(4,05,33,765)
	3,49,35,79,848	**2,18,79,05,781**
Less		
1.Depreciation as envisaged under Section 350 of the Companies Act, 1956*	53,86,79,767	42,25,43,412
2. Carried forward losses for previous years as computed under Section 349 of the Companies Act, 1956	–	–
2.Net profit on which commission is payable	2,95,49,00,081	1,76,53,62,369
3.Commission payable to non whole time directors:		
4.Maximum allowed as per the Companies Act, 1956 at 1%	2,95,49,001	1,76,53,624
Commission approved by the Board:	24,00,000	24,00,000

** The company depreciates fixed assets based on estimated useful lives that are lower than those implicit is Schedule XIV of the Companies Act, 1956. Accordingly, the rates of depreciation used by the company are higher than the minimum rates prescribed by the Schedule XIV of the Companies Act, 1956.*

16.2.14. Details of Investment

in Rs.

Current investments	No. of units as at March 31,		Amount as at March 31,	
	2010	2009	2010	2009
Birla Sun Life AMC Ltd Liquid Plus	2,56,07,020	–	25,62,44,320	–
DWS Mutual fund -Liquid Plus	1,89,66,884	–	19,00,08,350	–
ICICI Prudential SIP Liquid Plus	13,38,737	–	14,15,51,298	–
IDFC Mutual Fund Liquid Plus	2,53,03,413	–	25,30,72,094	–
Kotak mutual fund-Liquid plus	2,50,08,866	–	25,20,84,370	–
Reliance Mutual Fund Liquid Plus	1,02,27,161	–	17,48,38,407	–
Religare mutual fund-Liquid plus	2,51,38,547	–	25,17,80,149	–
TATA Asset Management Ltd Liquid Plus	2,55,96,059	–	25,68,71,808	–
UTI mutual fund-Liquid plus	2,31,677	–	23,17,26,991	–
	15,74,18,364	**–**	**200,81,77,787**	**–**

Movement of Investment during year ended March 31, 2010	Opening balance in units, Amount (Rs.)	Purchased in units, Amount (Rs.)	Redemption in units, Amount (Rs.)	Closing balance in units, Amount (Rs.)
Birla Sun Life AMC Ltd Liquid Plus	–	**11,53,41,080**	**8,97,34,060**	**2,56,07,020**
	–	116,93,95,563	91,38,26,964	25,62,44,320
DWS Mutual fund -Liquid Plus	–	**8,41,38,984**	**6,51,72,100**	**1,89,66,884**
	–	84,28,95,935	65,28,87,585	19,00,08,350
Franklin Templeton Liquid Plus	–	**1,34,952**	**1,34,952**	–
	–	13,50,42,716	13,50,42,716	–
HDFC Mutual Fund Liquid Plus	–	**6,18,73,691**	**6,18,73,691**	–
	–	62,37,42,469	62,37,42,479	–
HSBC Mutual Fund Liquid Plus	–	**1,43,78,972**	**1,43,78,972**	–
	–	20,00,00,000	20,05,92,414	–
ICICI Prudential Liquid PLUS Institutional Dividend	–	**6,08,90,769**	**5,95,52,032**	**13,38,737**
	–	112,04,31,356	97,93,68,696	14,15,51,298
IDFC Mutual Fund Liquid Plus	–	**7,25,83,717**	**4,72,80,304**	**2,53,03,413**
	–	72,59,46,043	47,28,74,094	25,30,72,094
Kotak mutual fund-liquid plus	–	**4,99,57,800**	**2,49,48,933**	**2,50,08,866**
	–	50,35,64,630	25,14,80,260	25,20,84,370
Principal mutual fund - Liquid plus	–	**2,25,04,645**	**2,25,04,645**	–
	–	22,53,23,255	22,53,23,255	–
Reliance Mutual Fund Liquid Plus	–	**3,89,74,154**	**2,87,46,993**	**1,02,27,161**
	–	66,62,82,614	49,14,44,612	17,48,38,407
Religare mutual fund-liquid plus	–	**7,51,90,482**	**5,00,51,935**	**2,51,38,547**
	–	75,30,85,303	50,13,05,274	25,17,80,149
SBI mutual fund- liquid plus	–	**5,01,23,994**	**5,01,23,994**	–
	–	50,15,26,081	50,15,40,712	–
TATA Asset Management Ltd Liquid Plus	–	**4,46,65,303**	**1,90,69,243**	**2,55,96,059**
	–	48,18,71,808	22,54,72,733	25,68,71,808
UTI mutual fund-liquid plus	–	**9,06,915**	**6,75,238**	**2,31,677**
	–	90,71,09,989	67,53,83,001	23,17,26,991

Amalgamation of PAN Financial Services India Private Limited

The Board of Directors in their meeting held on October 6, 2008, approved, subject to the approval of the Honorable High Courts of Karnataka and Chennai, a Scheme of amalgamation ('the Scheme') to amalgamate PAN Financial Services India Private Limited ('PAN Financial'), a wholly owned subsidiary of the Company engaged in providing business process management services, with the Company, with effect from April 1, 2008 ('effective date'). The approval of the High Court was received and filed with the respective Registrar of Companies of Karnataka and Tamil Nadu on April 6, 2009 and March 10, 2009 respectively. Accordingly, the financial statements of PAN Financial has been merged with the company with effect from April 1, 2008.

16.2.14a Investment in McCamish Systems LLC

On December 4, 2009, Infosys BPO acquired 100% of the voting interests in McCamish Systems LLC (McCamish), a business process solutions provider based in Atlanta, Georgia, in the United States. The business acquisition was conducted by entering into Membership Interest Purchase Agreement for a cash consideration of Rs. 173 crore and a contingent consideration of Rs. 67 crore. In the current year, the company advanced a loan of Rs. 18 crores which was converted into membership interest of McCamish.

16.2.15 Deferred revenues

Revenue recognition has been deferred pending resolution of significant uncertainties regarding the amount of consideration that will be derived from rendering services. Deferred revenues amounted to Rs 7,67,31,141 and Rs.10,63,81,416 as at March 31, 2010 and March 31, 2009 respectively and have been disclosed under current liabilities.

16.2.16. Reconciliation between basic and dilutive shares

The reconciliation between basic and dilutive shares is set out below:

in Rs.

	Year ended March 31,	
	2010	**2009**
Weighted average shares used in computing basic earnings per share	3,38,27,751	3,38,27,751
Dilutive effect of stock options	–	–
Weighted average shares used in computing diluted earnings per share	3,38,27,751	3,38,27,751

16.2.17. Disclosure for Defined Benefit Plans

Gratuity is applicable to all permanent and full time employees of the company. Gratuity paid out is based on last drawn basic salary and dearness allowance at the time of termination or retirement. The scheme takes into account each completed year of service or part thereof in excess of six months. The normal age of retirement is 60 years and the entire contribution is borne by the company.

The company recognizes actuarial gains and losses as and when the same arise. The charge in respect of the same is taken to the Profit and Loss account.

Reconciliation of opening and closing balances of the present value of the defined benefit obligation:

in Rs.

	As at March 31,			
	2010	**2009**	**2008**	**2007**
Obligations at period beginning	10,83,54,625	5,97,96,919	3,65,75,416	2,62,50,439
Liability as on April 1, 2008 assumed on the amalgamation of PAN Financial Shared Services India Private Limited (refer note 16.2.15)	–	1,31,80,050	–	–
Service cost	6,73,44,267	4,07,80,299	2,57,48,242	1,14,79,588
Interest cost	46,65,510	42,52,594	28,21,347	19,97,287
Benefits settled	(3,71,70,205)	(2,35,68,652)	(1,42,50,440)	(82,27,072)
Actuarial (gain)/loss	(6,58,346)	13913,415)	8902,354)	5075,174)
Obligations at period end	**14,25,35,851**	**10,83,54,625**	**5,97,96,919**	**3,65,75,416**

Defined benefit obligation liability as at the Balance Sheet is wholly funded by the company.

Change in plan assets:

in Rs.

	As at March 31,			
	2010	**2009**	**2008**	**2007**
Plans assets at beginning of the period, at fair value	11,64,20,243	6,12,93,221	3,49,57,318	2,64,62,265
Assets as on April 1, 2008 assumed on the amalgamation of PAN Financial Shared Services India Private Limited (refer note 16.2.14)	–	1,59,21,701	–	–
Expected return on plan assets	1,14,83,981	64,94,791	33,91,458	21,14,335
Actuarial gain/(loss)	3,04,464	18,39,632	3,84,157	3,03,185
Contributions	6,34,78,680	5,44,39,550	3,68,10,728	1,59,22,703
Benefits settled	(3,71,70,205)	(2,35,68,652)	(1,42,50,440)	(82,27,072)
Plans assets at end of the period, at fair value	**15,45,17,163**	**11,64,20,243**	**6,12,93,221**	**3,65,75,416**

Reconciliation of present value of the obligation and the fair value of the plan assets:

in Rs.

	As at March 31,			
	2010	**2009**	**2008**	**2007**
Fair value of plan assets at the end of the period	15,45,17,163	11,64,20,243	6,12,93,221	3,65,75,416
Present value of the defined benefit obligations at the end of the period	14,25,35,851	10,83,54,625	5,97,96,919	3,65,75,416
Asset recognized in the Balance Sheet	**1,19,81,312**	**80,65,618**	**14,96,302**	**–**

Gratuity cost for the period

in Rs.

	Year ended March 31,	
	2010	**2009**
Service cost	6,73,44,267	4,07,80,299
Interest cost	46,65,510	42,52,594
Expected return on plan assets	(1,14,83,981)	(64,94,791)
Actuarial (gain)/loss	(9,62,810)	1,20,73,783
Net gratuity cost	5,95,62,986	5,06,11,885
Actual return on plan assets	1,17,88,445	83,34,423

100% of plan assets are maintained by Life Insurance Corporation of India.

Assumptions

	As at March 31,			
	2010	**2009**	**2008**	**2007**
Interest rate	7.82%	7.01%	7.92%	7.99%
Discount rate	7.82%	7.01%	7.92%	7.99%
Estimated rate of return on plan assets	9.00%	7.01%	7.92%	7.99%
Retirement age	60	58	58	58

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

16.2.18. Employees Stock Option Plan

Guidance note on "Accounting for employee share based payments" ('the guidance note') issued by Institute of Chartered Accountants of India establishes financial accounting and reporting principles for employee share based payment plans. The guidance note applies to employee share based payment plans the grant date in respect of which falls on or after April 1, 2005.

The company applies the intrinsic value-based method of accounting to account for its fixed plan stock options. Under this method, compensation expense is recorded on the date of grant only if the current market price of the underlying stock exceeded the exercise price on this date. The options vest on a graded basis; however there is no compensation expense since the grants are made at exercise prices equal to or greater than fair market value, as of the date of the grant.

16.2.18 a Infosys BPO Employee Stock Option Plan 2002

The company's 2002 Plan provides for the grant of stock options to employees of the company and was approved by the Board of Directors and shareholders in June 2002. All options under the 2002 Plan are exercisable for equity shares. The 2002 Plan is administered by a Compensation Committee comprising three members, all of whom are directors of the company. The 2002 Plan provides for the issue of 52,50,000 equity shares to employees, at an exercise price, which shall not be less than the Fair Market Value ("FMV") on the date of grant. Options may also be issued to employees at exercise prices that are less than the FMV only if specifically approved by the members of the company in general meeting. Options granted under the 2002 plan vests over 1-6 years.

	Year ended March 31, 2010	
	Shares arising out of options	**Weighted average exercise prices (in Rs.)**
Outstanding at the beginning of the year	16,04,867	308.93
Granted during the year	–	–
Forfeitures during the year	2,68,536	186.38
Exercised during the year	–	–
Outstanding at the end of the year	13,36,331	333.55
Exercisable at the end of the year	8,98,806	306.55

The company has not granted any options during the year ended March 31, 2010. Further there were no exercises for the year ended March 31,2010.

	Year ended March 31, 2009	
	Shares arising out of options	**Weighted average exercise prices (in Rs.)**
Outstanding at the beginning of the year	17,14,417	294.53
Granted during the year	–	–
Forfeitures during the year	1,09,550	83.69
Exercised during the year	–	–
Outstanding at the end of the year	16,04,867	308.93
Exercisable at the end of the year	7,66,151	283.02

As at March 31, 2010, 13,36,331 (March 31,2009: 16,04,867) options are held by Infosys Technologies Limited (refer note 16.2.18b). Options held by Infosys Technologies Limited cannot be exercised due to legal restrictions and will expire in due course. Accordingly these options have not been considered while computing dilutive earnings per share of the company from the date Infosys Technologies Limited owned these options.

The following table summarizes information about stock options as of March 31, 2010 and March 31, 2009

Range of exercise prices (in Rs.)	**Stock options outstanding at the end of the period**		**Weighted average remaining contractual life**	
	March 31, 2010	**March 31, 2009**	**March 31, 2010**	**March 31, 2009**
33.12-58.33	1,64,846	1,64,846	0.02	0.72
58.34-77.89	1,05,975	1,18,475	0.33	1.31
77.90-99.20	82,500	87,600	0.51	1.43
99.21-162.23	–	23,500	–	2.26
162.24-195.00	2,03,000	4,03,961	0.85	1.74
195.01-214.00	–	26,475	–	0.77
214.01-230.00	1,49,610	1,49,610	1.42	2.42
230.01-310.00	1,19,300	1,19,300	1.82	3.03
310.01-604.00	5,11,100	5,11,100	1.86	2.92
	13,36,331	**16,04,867**	**1.22**	**2.11**

16.2.18b Infosys 1999 Employee Stock Option Plan ('1999 Plan')

On March 12, 2007, Infosys Technologies Limited purchased 12,19,532 unvested options held by the employees of Infosys BPO Limited for a cash consideration of Rs. 57.87 crore and has swapped 5,18,360 unvested options with 1,51,932 unvested stock options of Infosys. In addition, certain employees were granted additional 4,86,828 Infosys stock options under the Infosys 1999 Employee Stock Option Plan. The Infosys 1999 Employees Stock Option Plan was approved by the Board of Directors and stockholders in June 1999. All options under the 1999 Plan are exercisable for equity shares. The options granted under the 1999 plan vests over 2-6 years.

	Year ended March 31, 2010	
	Shares arising out of options	**Weighted average exercise prices (in Rs.)**
Outstanding at the beginning of the year	3,95,998	2,121
Granted during the year	–	–
Forfeitures during the year	2,97,451	2,121
Exercised during the year	46,254	2,121
Outstanding at the end of the year	52,293	2,121
Exercisable at the end of the year	52,293	2,121

	Year ended March 31, 2009	
	Shares arising out of options	**Weighted average exercise prices (in Rs.)**
Outstanding at the beginning of the year	5,50,592	2,121
Granted during the year	–	–
Forfeitures during the year	1,54,594	2,121
Exercised during the year	–	–
Outstanding at the end of the year	3,95,998	2,121
Exercisable at the end of the year	3,95,998	2,121

The following table summarizes information about stock options as of March 31, 2010 and March 31,2009

Range of exercise prices (in Rs.)	**Stock options outstanding at the end of the period**		**Weighted average remaining contractual life**	
	March 31, 2010	**March 31, 2009**	**March 31, 2010**	**March 31, 2009**
0- 2120.95	52,293	3,95,998	1.02	1.44
	52,293	**3,95,998**	**1.02**	**1.44**

As permitted by the guidance note, the company has elected to continue to apply the intrinsic value-based method of accounting described above, and has adopted the disclosure requirements of the guidance note. Had compensation cost for the company's stock-based compensation plan been determined in a manner consistent with the fair value approach described in guidance note, the company's net income and basic earnings per share as reported would have reduced to the proforma amounts indicated below.

in Rs.

	Year ended March 31,	
	2010	**2009**
Net profit as reported	273,81,32,067	178,42,28,901
Less: Stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	5,10,30,304	6,83,45,198
Adjusted proforma profit	268,71,01,763	171,58,83,703
Basic EPS as reported	80.94	52.74
Adjusted proforma	79.43	50.72
Diluted EPS as reported	80.94	52.74
Adjusted proforma	79.43	50.72

16.2.19. Provision for SLA compliance

The provision for service level agreement compliance is based on estimates made by the management for on going contracts. In accordance with paragraphs 66 and 67 of the Accounting Standard 29, the movement in provision for service level agreement is given below

	As at March 31,	
	2010	**2009**
Balance at the beginning of the period	2,67,69,832	1,63,42,186
Balance assumed on the amalgamation of PAN Financial Shared Services India Private Limited (refer note 16.2.14)	–	5,83,256
Additional provision made during the period	4,23,46,603	1,50,73,089
Provision used during the period	65,23,719	52,28,699
Unused amounts reversed during the period	1,06,78,553	-
Balance at the end of the period	**5,19,14,163**	**2,67,69,832**

Management believes that the aforesaid provision will be utilized within a year.

16.2.20. Segment reporting

The company's operations primarily relate to providing business process management services to organizations that outsource their business processes. Accordingly, revenues represented along industry classes comprise the primary basis of segmental information set out in these financial statements. Secondary segmental reporting is performed on the basis of the geographical location of customers.

The accounting principles consistently used in the preparation of the financial statements are also consistently applied to record income in individual segments. These are set out in the note on significant accounting policies.

Industry segments at the company primarily comprise customers relating to financial services, manufacturing, telecom, retail and other industries. Income in relation to segments is categorized based on items that are individually identified to those segments while expenditure is categorized in relation to the associated turnover of the segment. Expenses which form a significant component of total expenses are not specifically allocable to specific segments as the underlying services are used interchangeably. These expenses are separately disclosed as "unallocated" and adjusted only against the total income of the company. The company believes that it is not practical to provide segment disclosures relating to these costs and expenses, and accordingly these expenses are separately disclosed as unallocated and directly charged against total income. Fixed assets or liabilities contracted have not been identified to any reportable segments, as these are used interchangeably between segments. Accordingly no disclosure relating to total segment assets and liabilities are made.

Geographical segments are segregated based on the location of the customers, or in relation to which the revenue is otherwise recognized.

All direct costs are identified to its respective verticals/ geographies on the basis of revenues from the respective verticals/ geographies while unallocable cost consists of depreciation only.

Industry segments

Years ended March **31, 2010** and March 31, 2009

in Rs.

Particulars	Financial services	Manufacturing	Telecom	Retail	Others	Total
Revenues	**276,34,27,431**	**278,67,05,555**	**395,51,35,610**	**19,17,53,092**	**156,93,48,538**	**1126,63,70,226**
	295,22,73,592	210,04,62,092	444,95,15,981	18,71,05,169	112,59,59,064	1081,53,15,898
Identifiable operating expenses	**72,26,66,414**	**104,92,64,523**	**115,64,25,120**	**5,67,97,691**	**63,43,66,733**	**361,95,20,481**
	83,35,15,873	83,70,12,566	134,63,35,541	5,80,09,902	37,15,84,252	344,64,58,134
Allocated expenses	**106,09,42,131**	**111,89,79,714**	**153,87,37,365**	**7,57,49,821**	**64,05,39,858**	**443,49,48,889**
	129,78,19,700	100,23,09,486	195,60,07,570	8,22,51,447	49,49,71,692	483,33,59,895
Segmental operating profit	**97,98,18,886**	**61,84,61,318**	**125,99,73,125**	**5,92,05,580**	**29,44,41,947**	**321,19,00,856**
	82,09,38,019	26,11,40,040	114,71,72,870	4,68,43,820	25,94,03,120	253,54,97,869
Unallocable expenses						**53,86,79,767**
						42,25,43,412
Operating profit						**267,32,21,089**
						211,29,54,457
Other income net						**25,81,45,382**
						(36,92,59,321)
Net profit before taxes						**293,13,66,471**
						174,36,95,136
Taxes						**19,32,34,404**
						(4,05,33,765)
Net profit after taxes						**273,81,32,067**
						178,42,28,901

Geographical segments

Years ended March **31, 2010** and March 31, 2009

in Rs.

Particulars	United States of America	Europe	Others	Total
Revenues	**6,72,30,60,776**	**4,02,03,24,688**	**52,29,84,762**	**11,26,63,70,226**
	5,73,89,24,878	4,75,77,51,915	31,86,39,105	10,81,53,15,898
Identifiable operating expenses	**2,12,17,29,673**	**1,30,93,70,539**	**18,84,20,269**	**3,61,95,20,481**
	1,93,03,48,323	1,42,28,72,933	9,32,36,878	3,44,64,58,134
Allocated expenses	**2,67,14,80,385**	**1,55,95,11,178**	**20,39,57,326**	**4,43,49,48,889**
	2,52,28,31,821	2,17,04,54,298	14,00,73,776	4,83,33,59,895
Segmental operating profit	**1,92,98,50,718**	**1,15,14,42,971**	**13,06,07,167**	**3,21,19,00,856**
	1,28,57,44,734	1,16,44,24,684	8,53,28,451	2,53,54,97,869
Unallocable expenses				**53,86,79,767**
				42,25,43,412
Operating profit				**2,67,32,21,089**
				211,29,54,457
Other income net				**25,81,45,382**
				(36,92,59,321)
Net profit before taxes				**2,93,13,66,471**
				1,74,36,95,136
Taxes				**19,32,34,404**
				(4,05,33,765)
Net profit after taxes				**2,73,81,32,067**
				1,78,42,28,901

16.2.21. Provision for doubtful debts

Periodically, the Company evaluates all customer dues to the Company for collectability. The need for provisions is assessed based on various factors including collectability of specific dues, risk perceptions of the industry in which the customer operates, general economic factors, which could affect the customer's ability to settle. The Company normally provides for debtor dues outstanding for 180 days or longer as at the Balance Sheet date. As at March 31, 2010 the company has provided for doubtful debts of Rs. Nil (Rs. 18,26,988 as at March31, 2009) on dues from certain customers although the outstanding amounts were less than 180 days old, since the amounts were considered doubtful of recovery.

16.2.22 Previous period figures have been regrouped/reclassified, wherever necessary, to conform to the current period's presentation.

Auditors Report

To

The Members of Infosys BPO s.r.o

We have audited the attached Balance Sheet of Infosys BPO s.r.o ('the Company') as at March 31, 2010, the Profit and Loss account ('Financial Statements') of the Company for the year ended on that date. 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.

We conducted our audit in accordance with 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 misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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.

Further, we report that:

1. 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;

2. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

3. the Balance Sheet and the Profit and Loss account dealt with by this report are in agreement with the books of account;

4. 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 Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

    i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2010; and
    ii. in the case of the Profit and Loss account, of the profit of the Company for the year ended on that date

For Shenoy & Kamath
Chartered Accountants

M Rathnakar Kamath
Membership No. 202841
Reg. No. 006673S

Bangalore
April 8, 2010

Financial statements of Infosys BPO s.r.o, Czech Republic

in Rs.

Balance Sheet as at	Schedule	Mar 31, 2010	Mar 31, 2009
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	1	3,49,78,993	3,49,78,993
Reserves and surplus	2	24,80,97,854	23,73,40,603
		28,30,76,847	**27,23,19,596**
APPLICATION OF FUNDS			
FIXED ASSETS	3		
Original cost		7,83,49,899	7,82,57,391
Less: Accumulated depreciation		5,93,82,552	4,49,77,000
Net book value		1,89,67,347	3,32,80,391
DEFERRED TAX ASSETS	4	47,27,412	52,50,971
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry debtors	5	10,28,96,908	16,40,25,719
Cash and bank balances	6	18,87,68,943	12,24,83,888
Loans and advances	7	6,15,23,217	5,05,24,392
		35,31,89,068	33,70,34,000
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	8	5,58,63,397	6,37,85,991
Provisions	9	3,79,43,583	3,94,59,774
		9,38,06,980	10,32,45,765
NET CURRENT ASSETS		25,93,82,088	23,37,88,235
		28,30,76,847	**27,23,19,596**
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	15		

Note: The schedules referred to above are an integral part of the Balance Sheet.

For Shenoy & Kamath
Chartered Accountants

M Rathnakar Kamath	D. S waminathan	B. G. Srinivas	Abraham Mathews	Ritesh M Idnani
Membership No. 202841	*Chairman of the Supervisory Board*	*Member*	*Jednatel*	*Member*

Bangalore
April 8, 2010

in Rs.

Profit and Loss account for the	Schedule	Year ended Mar 31,	
		2010	**2009**
Income from business process management		59,45,13,209	68,93,12,306
Business process management expenses	10	46,84,10,972	46,76,69,690
GROSS PROFIT		**12,61,02,237**	**22,16,42,615**
Selling and marketing expenses	11	–	–
General and administration expenses	12	9,89,85,572	9,33,80,222
		9,89,85,572	9,33,80,222
OPERATING PROFIT before interest and depreciation		**2,71,16,665**	**12,82,62,394**
Interest		3,55,341	4,48,031
Depreciation		1,72,58,601	2,06,58,809
OPERATING PROFIT		**95,02,723**	**10,71,55,554**
Other income, net	13	1,45,74,889	12,85,41,441
Provision for investments		–	–
NET PROFIT before tax		**2,40,77,612**	**23,56,96,994**
Provision for taxation	14	1,01,91,405	4,13,82,379
NET PROFIT after tax		**1,38,86,207**	**19,43,14,615**
Income on sale of investments, net of taxes		–	–
NET PROFIT after tax		**1,38,86,207**	**19,43,14,615**
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	15		

Note: The schedules referred to above are an integral part of the Balance Sheet.

For Shenoy & Kamath
Chartered Accountants

M Rathnakar Kamath
Membership No. 202841

D. S waminathan
Chairman of the Supervisory Board

B. G. Srinivas
Member

Abraham Mathews
Jednatel

Ritesh M Idnani
Member

Bangalore
April 8, 2010

in Rs.

Schedules to the Balance Sheet as at	Mar 31, 2010	Mar 31, 2009
1 SHARE CAPITAL		
Issued, subscribed and paid up		
	3,49,78,993	3,49,78,993
	3,49,78,993	**3,49,78,993**
2 RESERVES AND SURPLUS		
Translation difference	73,03,314	1,04,32,270
Balance in Profit and Loss account	24,07,94,540	22,69,08,333
	24,80,97,854	**23,73,40,603**

3 FIXED ASSETS

in Rs.

Particulars	Original cost				Accumulated depreciation				Net book value	
	Cost as of April 01,2009	Additions during the year	Deletions during the year	Cost as of March 31,2010	As of April 01,2009	For the year	Deductions during the year	As of March 31,2010	As of March 31,2010	As of March 31,2009
Goodwill	–	–	–	–	–	–	–	–	–	–
Land - Leasehold	–	–	–	–	–	–	–	–	–	–
Buildings	–	–	–	–	–	–	–	–	–	–
Leasehold improvements	1,55,11,764	(3,79,880)	–	1,51,31,884	66,88,119	29,28,865	3,98,320	92,18,664	59,13,220	88,23,648
Plant and machinery	74,42,296	(7,02,979)	–	67,39,317	27,76,627	12,95,830	6,18,887	34,53,570	32,85,747	46,65,668
Computer equipment	4,00,46,923	9,12,519	–	4,09,59,442	3,09,31,545	82,77,026	13,64,535	3,78,44,036	31,15,406	91,15,376
Furniture and fixtures	1,52,56,408	2,62,848	–	1,55,19,256	45,80,709	47,56,882	4,71,308	88,66,283	66,52,973	1,06,75,700
Vehicles	–	–	–	–	–	–	–	–	–	–
	7,82,57,391	**92,508**	–	**7,83,49,899**	**4,49,77,000**	**1,72,58,603**	**28,53,050**	**5,93,82,553**	**1,89,67,346**	**3,32,80,392**

in Rs.

Schedules to Profit and Loss account for the	Year ended Mar 31,	
	2010	**2009**
4 DEFERRED TAX ASSETS		
Sundry debtors	–	2,60,636
Others	26,75,133	29,39,121
DTA-Long Serv Leave	20,52,279	20,51,214
	47,27,412	**52,50,971**
5 SUNDRY DEBTORS		
Debts outstanding for a period exceeding six months		
Unsecured		
Considered doubtful	1,75,318	–
Other debts		
Unsecured		
Considered good	10,28,96,908	16,40,25,719
	10,30,72,226	16,40,25,719
Less: Provision for doubtful debts	(1,75,318)	–
	10,28,96,908	**16,40,25,719**
6 CASH AND BANK BALANCES		
Cash on hand	2,75,830	2,29,976
Balances with non-scheduled banks in foreign currency		
In deposit accounts	16,86,90,024	4,65,50,000
In current accounts	1,98,03,090	7,57,03,913
	18,87,68,943	**12,24,83,888**
7 LOANS AND ADVANCES		
Unsecured, Considered good		
Loan to subsidiary	–	2,92,39,383
Advances		
For supply of goods and rendering of services	13,09,023	8,75,320
Interest Accrued but not due	57,696	13,298
Withholding and other taxes receivable	36,03,471	72,15,049
Others	8,94,288	9,89,523
	58,64,478	3,83,32,573
Advance income tax	4,19,80,314	–
Loans and advances to employees		
Salary advances	12,61,225	2,42,518
Electricity and other deposits	18,67,589	1,86,697
Rental deposits	1,05,49,611	1,17,62,604
	6,15,23,217	**5,05,24,392**
8 CURRENT LIABILITIES		
Sundry creditors		
Goods and services	8,85,594	48,51,641
Accrued salaries and benefits		
Salaries	2,87,08,929	3,38,29,231
Bonus and incentives	56,12,102	43,73,681
For other liabilities		
Provision for expenses	1,70,77,410	1,89,48,033
Withholding and other taxes payable	–	18,69,921
For purchase of intellectual property rights		
Others	1,16,520	(86,514)
	5,24,00,555	6,37,85,991
Unearned revenue	34,62,842	–
	5,58,63,397	**6,37,85,991**

in Rs.

Schedules to Profit and Loss account for the	Year ended Mar 31, 2010	2009
9 PROVISIONS		
Provision for		
Income taxes	2,36,18,840	2,13,28,696
Post-sales client support and warranties	35,23,274	70,58,443
Unavailed leave	1,08,01,469	1,10,72,635
	3,79,43,583	**3,94,59,774**
10 BUSINESS PROCESS MANAGEMENT EXPENSES		
Salaries and bonus including overseas staff expenses	27,76,75,583	26,75,08,279
Overseas group health insurance	38,707	63,806
Contribution to provident and other funds	8,88,38,696	9,19,27,123
Staff welfare	1,06,47,815	1,02,48,476
Technical subcontractors	1,80,83,641	3,60,06,296
Overseas travel expenses	61,61,119	1,04,31,900
Visa charges and others	3,82,115	12,288
Software packages		
For own use	94,64,556	–
Communication expenses	63,44,720	79,30,050
Computer maintenance	31,601	18,858
Consumables	2,63,016	1,98,146
Rent	3,89,30,920	2,44,44,257
Miscellaneous expenses	1,15,48,483	1,88,80,212
	46,84,10,972	**46,76,69,690**
11 SELLING AND MARKETING EXPENSES		
Marketing expenses	–	–
	–	**–**
12 GENERAL AND ADMINISTRATION EXPENSES		
Salaries and bonus including overseas staff expenses	4,15,56,867	2,82,66,177
Overseas group health insurance	968	–
Contribution to provident and other funds	93,58,934	66,90,581
Telephone charges	37,01,259	18,20,388
Professional charges	33,78,709	59,47,742
Power and fuel	1,35,61,450	1,26,98,068
Travel and conveyance	8,33,672	9,67,260
Overseas travel expenses	24,04,613	44,43,278
Visa charges and others	4,91,750	2,13,527
Office maintenance	90,12,438	76,98,578
Guesthouse maintenance	61,976	1,062
Insurance charges	1,37,952	9,23,974
Printing and stationery	5,11,999	5,16,891
Donations	1,32,782	–
Rent	55,46,255	1,33,26,889
Advertisements	1,64,029	5,74,081
Repairs to building	7,79,393	16,99,078
Repairs to plant and machinery	1,26,112	1,35,578
Rates and taxes	5,82,964	8,08,507
Professional membership and seminar participation fees	3,59,730	58,863
Postage and courier	19,03,436	9,94,174
Books and periodicals	(8,243)	80,311
Recruitment and training	21,89,067	52,95,120
Provision for bad and doubtful debts	2,64,304	73,837
Bank charges and commission	4,19,509	3,12,677
Auditor’s remuneration		
Statutory audit fees	6,10,618	19,38,674
Miscellaneous expenses	9,03,031	(21,05,093)
	9,89,85,572	**9,33,80,222**

in Rs.

Schedules to Profit and Loss account for the	Year ended Mar 31,	
	2010	**2009**
13 OTHER INCOME, NET		
Interest received on deposits with banks and others	10,71,399	5,80,979
Miscellaneous income	3,07,16,773	11,61,43,918
Exchange gains / (losses)	(1,72,13,283)	1,18,16,544
	1,45,74,889	**12,85,41,441**
14 PROVISION FOR TAXATION		
Income taxes	97,91,484	4,36,65,743
Deferred taxes	3,99,921	(22,83,364)
	1,01,91,405	**4,13,82,379**

Schedules to the Financial Statements for the year ended March 31, 2010

15. Significant accounting policies and notes on accounts

Company overview

Infosys BPO s.r.o is a leading provider of business process management services to organizations that outsource their business processes. Infosys BPO s.r.o is a majority-owned and controlled subsidiary of Infosys BPO Limited. The Company leverages the benefits of service delivery globalization, process redesign and technology and thus drives efficiency and cost effectiveness into client's business processes and thereby improve their competitive position by managing their business processes in addition to providing increased value.

15.1. Significant accounting policies

15.1.1. Basis of preparation of financial statements

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed by the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

15.1.2. Use of estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include computation of percentage of completion which requires the Company to estimate the efforts expended to date as a proportion of the total efforts to be expended, provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets and intangible assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

15.1.3. Revenue recognition

The company derives its revenues primarily from business process management services, on both the time-and-material and fixed-price, fixed-time frame basis and unit-priced basis. Revenue on time-and-material contracts is recognized as the related services are rendered. Revenue from fixed-price, fixed-time frame contracts, where there is no uncertainty as to measurement and collectability of consideration, is recognized as per the proportionate-completion method. Revenues from unit-priced contracts are recognized as transactions are processed based on objective measures of output. When the company receives advances for its services, such amounts are reflected as advance received from clients until all conditions for revenue recognition are met. Cost and earnings in excess of billings are classified as unbilled revenue while billing in excess of cost and earnings is classified as deferred revenue. Provision for estimated losses, if any, on uncompleted contracts are recorded in the year in which such losses become probable based on the current estimates. The Company presents revenues net of service taxes and value added taxes in its Profit and Loss account.

The company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the ratable allocation of the discount/incentive amount to each of the underlying revenue transactions that result in progress by the customer towards earning the discount/incentive. Also, when the level of discount varies with increase in levels of revenue transactions, the company recognizes the liability based on its estimate of the customer’s future purchases. If it is probable that the criteria for the discount will not be met or if the amount thereof cannot be estimated reliably, the Company recognizes changes in the estimated amount of obligation for discount using cumulative catch-up approach. The discounts are passed on the customer either as direct payments or as a reduction of payments due from customer.

15.1.4. Fixed assets, intangible assets and capital work-in-progress

Fixed assets are stated at cost, after reducing accumulated depreciation and impairment upto the date of the Balance Sheet. Direct costs are capitalized until the assets are ready for use and include financing costs relating to any borrowing attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use. Capital work-in-progress includes the cost of fixed assets that are not yet ready for their intended use and advances paid to acquire fixed assets before the Balance Sheet date. Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortisation and impairment. Goodwill on amalgamation is tested periodically for impairment.

15.1.5. Depreciation

Depreciation on fixed assets is determined using the straight-line method based on useful lives of assets as estimated by the company. Depreciation for assets purchased/sold during the period is proportionately charged. Individual assets costing Rs. 5,000 or less are depreciated within a year of acquisition. Leasehold improvements are written off over the lower of the lease term or the useful life of the asset. Leasehold land is amortized over the lease period. Intangible assets are amortized over their useful life on a straight line basis commencing from the date the asset is available to the company for its use. Management estimates the useful lives for the various fixed assets as follows:

Building	Fifteen years
Computer equipment	Two years
Plant and machinery	Five years
Furniture and fixtures	Five years

15.1.6 Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

15.1.7. Provisions

A provision is recognized if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

15.1.8. Foreign currency transactions

Foreign-currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the profit or loss account. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

15.1.9. Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

15.1.10. Earnings per share

Basic earnings per share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period.

15.1.11. Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks and corporations. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

15.1.12. Leases

Lease under which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognized as an expense on a straight line basis in the Profit and Loss account over the lease term.

15.2. Notes on accounts

15.2.1. Aggregate expenses

The aggregate amounts incurred on expenses are as follows:

in Rs.

	Year ended March 31,	
	2010	**2009**
Salaries and bonus including overseas staff expenses	31,75,46,118	29,43,59,091
Staff welfare	1,23,73,821	1,17,27,590
Contribution to provident and other funds	9,81,97,631	9,86,17,704
Foreign travel expenses	65,43,238	1,04,45,123
Consumables	4,38,944	17,75,966
Computer maintenance	31,601	–
Cost of software for own use	94,64,555	–
Communication expenses	1,00,45,976	97,50,446
Consultancy charges	1,80,83,643	3,34,98,169
Travel and conveyance	44,90,515	83,87,244
Rent	4,44,69,976	3,77,71,148
Printing and stationery	1,04,91,317	1,06,39,218
Legal and professional charges	33,78,707	59,47,742
Recruitment and training expenses	1,10,10,235	2,19,06,973
Power and fuel	1,35,61,450	1,26,98,071
Insurance charges	1,37,953	9,24,122
Rates and taxes	5,82,964	8,08,507
Donations	1,32,782	–
Auditor's remuneration		
audit fees	6,10,618	19,38,674
Bank charges and commission	4,19,509	3,12,678
Postage and courier	19,03,436	10,74,484
Professional membership and seminar participation fees	3,59,729	–
Provision for bad and doubtful debts	2,64,304	73,835
Other miscellaneous expenses	27,74,335	(17,00,911)
	56,73,13,357	**56,09,55,874**

15.2.2. Quantitative details

The Company is primarily engaged in providing business process management services. The sale of such services cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956.

15.2.3. Related party transactions

List of related parties:

Name of Related parties	Country	Holding, as at March 31,	
		2010	2009
Infosys BPO Limited	India	100.00%	0.00%
Infosys Technologies Limited*	India	–	–
Infosys BPO (Thailand) Ltd**	Thailand		
Infosys BPO Poland Sp.z.o.o**	Poland	–	–

**Infosys Technologies Limited is holding company of Infosys BPO Limited.*

***wholly owned subsidiaries of Infosys BPO Limited i.e. fellow subsidiaries.*

Details of amounts due to or due from as at March 31, 2010 and March 31, 2009:

in Rs.

Particulars	As at March 31,	
	2010	2009
Sundry debtors		
Infosys Technologies Limited	15,06,898	19,89,075
Infosys BPO Limited	1,08,076	12,98,705
Sundry creditors		
Infosys Technologies Limited	4,20,719	1,01,057
Infosys BPO Limited	10,68,830	33,49,999
Infosys BPO Poland Sp.z.o.o	85,523	–

The details of the related party transactions entered into by the company and maximum dues from subsidiaries for the year ended March 31, 2010 and March 31, 2009 are as follows:

in Rs..

Particulars	Year ended March 31,	
	2010	2009
Capital transactions:		
Financing transactions		
Loans and Advances		
Infosys BPO Poland Sp.z.o.o	–	2,14,98,043
Infosys BPO (Thailand) Ltd	–	7,741,340
Revenue transactions:		
Sale of services		
Infosys BPO Limited	6,76,385	53,22,338
Sale of shared services including facilities and personnel		
Infosys Technologies Limited	7,12,568	45,51,370
Infosys BPO Limited	3,79,696	54,19,980
Purchase of services		
Infosys Technologies Limited	(4,738,402)	–
Infosys BPO Limited	51,92,263	–
Purchase of shared services including facilities and personnel		
Infosys Technologies Limited	47,50,321	31,02,493
Infosys BPO Limited	53,68,721	5,493,477

15.2.4. Cash and bank balances

The details of balances as on Balance sheet dates with non-scheduled banks are as follows:

in Rs.

Balances with non-scheduled banks	As at March 31,	
	2010	**2009**
Cash balance	2,75,830	2,29,977
	2,75,830	**229,977**
In current accounts		
Citibank N.A., Czech Republic	35,08,264	11,187
Citibank N.A., SUBSIDY	7,318	29,20,150
Citibank N.A., USD	1,49,96,361	3,93,24,320
Citibank N.A., EURO	12,91,145	3,34,48,255
	1,98,03,088	**7,57,03,912**
In deposit accounts		
Citibank N.A., Czech Republic	16,86,90,024	4,65,50,000
	16,86,90,024	**46,550,000**
Total cash and bank balances as per Balance sheet	**18,87,68,942**	**12,24,83,889**

The details of maximum balances during the period with non-scheduled banks are as follows:

in Rs.

Maximum balance with non-scheduled banks during the period	Year ended March 31,	
	2010	**2009**
In current accounts		
Citibank N.A., Czech Republic	1,98,03,088	7,57,03,912

15.2.5. Provision for SLA compliance

The provision for service level agreement compliance is based on estimates made by the management for on going contracts. In accordance with paragraphs 66 and 67 of the Accounting Standard 29, the movement in provision for service level agreement is given below

in Rs.

	As at March 31,	
	2010	**2009**
Balance at the beginning of the period	70,58,443	12,40,816
Additional provision made during the period	4,50,058	68,36,789
Provision used during the period	17,40,086	–
Unused amounts reversed during the period	22,45,141	10,19,162
Balance at the end of the period	**35,23,274**	**70,58,443**

Management believes that the aforesaid provision will be utilized within a year.

15.2.6. Segment reporting

The company's operations primarily relate to providing business process management services to organizations that outsource their business processes. Accordingly, revenues represented along industry classes comprise the primary basis of segmental information set out in these financial statements. Secondary segmental reporting is performed on the basis of the geographical location of customers.

The accounting principles consistently used in the preparation of the financial statements are also consistently applied to record income in individual segments. These are set out in the note on significant accounting policies.

Industry segments at the company primarily comprise customers relating to financial services, manufacturing, telecom, retail and other industries. Income in relation to segments is categorized based on items that are individually identified to those segments while expenditure is categorized in relation to the associated turnover of the segment. Expenses which form a significant component of total expenses are not specifically allocable to specific segments as the underlying services are used interchangeably. These expenses are separately disclosed as "unallocated" and adjusted only against the total income of the company. The company believes that it is not practical to provide segment disclosures relating to these costs and expenses, and accordingly these expenses are separately disclosed as unallocated and directly charged against total income. Fixed assets or liabilities contracted have not been identified to any reportable segments, as these are used interchangeably between segments. Accordingly no disclosure relating to total segment assets and liabilities are made.

Geographical segments are segregated based on the location of the customers, or in relation to which the revenue is otherwise recognized.

All direct costs are identified to its respective verticals/ geographies on the basis of revenues from the respective verticals/ geographies while unallocable cost consists of depreciation only.

Industry segments

Years ended March **31, 2010** and March 31, 2009

in Rs.

Particulars	Financial services	Manufacturing	Telecom	Retail	Others	Total
Revenues	**5,69,77,580**	**51,12,22,368**	**1,27,17,537**	**14,40,695**	**1,21,55,032**	**59,45,13,209**
	5,65,64,575	55,06,26,027	–	–	8,21,21,704	68,93,12,306
Identifiable operating expenses	**5,36,02,589**	**28,86,27,485**	**60,90,038**	**-1656,084**	**1,21,07,922**	**35,87,71,950**
	5,82,45,121	30,04,36,802	–	–	4,66,71,891	40,53,53,814
Allocated expenses	**1,99,70,279**	**17,97,67,407**	**45,99,448**	**7,99,199**	**34,05,074**	**20,85,41,407**
	1,27,68,616	12,42,95,684	–	–	1,85,37,760	15,56,02,060
Segmental operating profit	**(16595,288)**	**4,28,27,476**	**20,28,051**	**22,97,580**	**(3357,964)**	**2,71,99,855**
						12,83,56,432
Unallocable expenses						**1,72,58,603**
						2,11,06,823
Operating profit						**99,41,252**
						10,72,49,609
Other income net						**1,41,44,140**
						(12,84,47,386)
Net profit before taxes						**2,40,85,392**
						23,56,96,995
Taxes						**1,01,91,403**
						(4,13,82,380)
Net profit after taxes						**1,38,86,207**
						19,43,14,615

Geographical segments

Years ended March **31, 2010** and March 31, 2009

in Rs.

Particulars	United States of America	Europe	Others	Total
Revenues	**2,99,62,563**	**56,45,50,649**	**–**	**59,45,13,209**
	8,92,85,626	60,00,26,680	–	68,93,12,306
Identifiable operating expenses	**2,11,51,928**	**33,76,20,021**	**–**	**35,87,71,949**
	5,05,52,488	35,48,01,326	–	40,53,53,814
Allocated expenses	**99,59,309**	**19,85,82,098**	**–**	**20,85,41,407**
	2,01,54,910	13,54,47,150	–	15,56,02,060
Segmental operating profit	**(11,48,674)**	**2,83,48,530**	**–**	**2,71,99,856**
	–	–	–	–
Unallocable expenses				**1,72,58,603**
				2,11,06,823
Operating profit				**99,41,253**
				10,72,49,609
Other income net				**1,41,44,140**
				(12,84,47,386)
Net profit before taxes				**2,40,85,393**
				23,56,96,995
Taxes				**1,01,91,403**
				(4,13,82,380)
Net profit after taxes				**1,38,86,207**
				19,43,14,615

Auditors Report

To

The Members of Infosys BPO (Poland) Sp.Z.o.o

We have audited the attached Balance Sheet of Infosys BPO (Poland) Sp.Z.o.o ('the Company') as at March 31 2010, the Profit and Loss account ('Financial Statements') of the Company for the year ended on that date. 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.

We conducted our audit in accordance with 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 misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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.

Further, we report that:

1. 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;
2. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
3. the Balance Sheet and the Profit and Loss account dealt with by this report are in agreement with the books of account;
4. 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 Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

    i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2010; and
    ii. in the case of the Profit and Loss account, of the profit of the Company for the year ended on that date

For Shenoy & Kamath
Chartered Accountants

M Rathnakar Kamath
Membership No. 202841
Reg. No. 006673S

Bangalore
April 8, 2010

Financial statements of Infosys BPO (Poland) Sp.Z.o.o

in Rs.

Balance Sheet as at	Schedule	March 31, 2010	March 31, 2009
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	1	3,93,50,000	3,93,50,000
Reserves and surplus	2	63,35,45,467	42,86,86,872
		67,28,95,467	46,80,36,872
Unsecured loans		–	9,31,99,935
		67,28,95,467	**56,12,36,807**
APPLICATION OF FUNDS			
FIXED ASSETS	3		
Original cost		47,69,00,310	43,13,77,192
Less: Accumulated depreciation		8,03,67,714	5,24,06,309
Net book value		39,65,32,596	37,89,70,883
Add: Capital work-in-progress		–	1,77,25,622
		39,65,32,596	39,66,96,505
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry debtors	4	25,49,29,932	25,48,03,382
Cash and bank balances	5	10,97,13,106	35,29,295
Loans and advances	6	7,37,29,223	3,78,97,274
		43,83,72,261	29,62,29,951
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	7	11,79,05,662	9,87,69,461
Provisions	8	4,41,03,728	3,29,20,188
		16,20,09,390	13,16,89,649
NET CURRENT ASSETS		27,63,62,871	16,45,40,302
		67,28,95,467	**56,12,36,807**
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	14		

Note: The schedules referred to above are an integral part of the Balance Sheet.

For Shenoy & Kamath
Chartered Accountants

M Rathnakar Kamath	B.G.Srinivas	Abraham Mathews	Ritesh M Idnani
Membership No. 202841	*Director*	*Director*	*Director*

Bangalore
April 8, 2010

in Rs.

Profit and Loss account for the	Schedule	Year Ended March 31,	
		2010	2009
Income from software services and business process management		1,38,15,43,804	1,26,14,49,031
Software development and business process management expenses	9	88,47,57,275	97,27,85,019
GROSS PROFIT		**49,67,86,529**	**28,86,64,012**
Selling and marketing expenses	10	–	2,34,341
General and administration expenses	11	21,74,18,619	21,60,52,151
		21,74,18,619	**21,62,86,492**
OPERATING PROFIT before interest and depreciation		**27,93,67,910**	**7,23,77,520**
Interest		15,23,299	22,49,954
Depreciation		2,61,85,148	2,09,96,486
OPERATING PROFIT before tax		**25,16,59,463**	**4,91,31,080**
Other income, net	12	(65,43,660)	(56,38,563)
Provision for investments		–	–
NET PROFIT before tax		**24,51,15,803**	**4,34,92,517**
Provision for taxation	13	4,77,32,658	1,58,95,200
NET PROFIT after tax		**19,73,83,145**	**2,75,97,317**
EARNINGS PER SHARE (EPS)			
Equity shares of par value PLN 500 each			
Before exceptional item			
Basic		39,477	5,519
Number of shares used in computing EPS		5,000	5,000
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	14		

Note: The schedules referred to above are an integral part of the Profit and Loss Account.

For Shenoy & Kamath
Chartered Accountants

M Rathnakar Kamath
Membership No. 202841

B.G.Srinivas
Director

Abraham Mathews
Director

Ritesh M Idnani
Director

Bangalore
April 8, 2010

in Rs.

Schedules to the Balance Sheet as at	March 31, 2010	March 31, 2009
1 SHARE CAPITAL		
Issued, subscribed and paid up		
5,000 (5,000) equity shares of PLN 500 each fully paid	3,93,50,000	3,93,50,000
	3,93,50,000	**3,93,50,000**
2 RESERVES AND SURPLUS		
Translation difference	65,59,569	(9,15,881)
Share premium account	39,34,96,852	39,34,96,852
Balance in Profit and Loss account	23,34,89,046	3,61,05,901
	63,35,45,467	**42,86,86,872**

Schedules to the Balance Sheet

3. FIXED ASSETS

in Rs.

Description	Original cost				Depreciation and amortization				Net book value	
	As at April 1, 2009	Additions/ Adjustments	Deletions/ Retirement/ Adjustments	As at March 31, 2010	As at April 1, 2009	For the period	Deletions / Adjustments	As at March 31, 2010	As at March 31, 2010	As at March 31, 2009
Goodwill	35,20,12,240	–	–	35,20,12,240	–	–	–	–	35,20,12,240	35,20,12,240
Land - Leasehold	–	–	–	–	–	–	–	–	–	–
Buildings	–	–	–	–	–	–	–	–	–	–
Leasehold improvements	–	12,20,700	–	12,20,700	–	39,459	(687)	40,146	11,80,554	–
Plant and machinery	2,04,03,821	1,76,44,385	–	3,80,48,206	85,60,907	69,44,303	(6,03,347)	16,108,557	2,19,39,649	1,18,42,917
Computer equipment	4,10,14,565	2,38,13,769	–	6,48,28,334	3,32,31,203	1,51,10,277	(2,92,905)	48,634,385	1,61,93,949	77,83,369
Furniture and fixtures	1,69,81,098	27,55,941	–	1,97,37,039	96,48,730	40,89,735	(7,92,369)	14,530,834	52,06,205	73,32,365
Vehicles	9,65,469	88,322	–	10,53,791	9,65,469	–	(88,322)	1,053,791	–	–
Total	**43,13,77,193**	**4,55,23,117**	**–**	**47,69,00,310**	**5,24,06,309**	**2,61,83,774**	**(17,77,630)**	**8,03,67,713**	**39,65,32,597**	**37,89,70,891**
Capital Work in Progress	1,77,25,622									

Schedules to the Balance Sheet as at	March 31, 2010	March 31, 2010
	–	**1,77,25,622**
4 SUNDRY DEBTORS		
Other debts		
Unsecured		
Considered good	25,49,29,932	25,48,03,382
	25,49,29,932	25,48,03,382
Less: Provision for doubtful debts	–	–
	25,49,29,932	**25,48,03,382**
	–	–
	–	
5 CASH AND BANK BALANCES		
Cash on hand	5,13,812	89,609
Balances with non-scheduled banks in foreign currency		
In deposit accounts	7,81,50,000	–
In current accounts	3,10,49,294	34,39,686
	10,97,13,106	**35,29,295**
6 LOANS AND ADVANCES		
Advances		
Prepaid expenses	51,19,577	16,14,501
Interest Accrued but not due	1,65,503	–
Others	74,53,965	(35,57,375)
	1,27,39,045	(19,42,874)
Unbilled revenues	1,82,15,799	–
Advance income tax	93,27,839	91,99,980
Loans and advances to employees		
Salary advances	22,78,117	75,90,159
Electricity and other deposits	12,10,628	57,280
Rental deposits	2,50,96,114	2,29,92,728
Mark-to-market on options / forward contracts	48,61,682	–
	7,37,29,223	**3,78,97,274**
7 CURRENT LIABILITIES		
Sundry creditors		
Capital	–	3,99,342
Goods and services	51,38,288	1,75,24,525
Accrued salaries and benefits		
Salaries	2,65,72,096	3,02,73,492
Bonus and incentives	2,40,70,208	1,30,17,543
For other liabilities		
Provision for expenses	2,50,07,425	1,91,23,442
Retention monies	–	(34,55,608)
Withholding and other taxes payable	64,50,712	(2,03,43,542)
For purchase of intellectual property rights		
Mark-to-market on options / forward contracts	–	2,50,16,375
Others	(56,48,023)	16,61,367
Unearned revenue	3,63,14,956	1,55,52,524
	11,79,05,662	**9,87,69,461**
8 PROVISIONS		
Provision for		
Income taxes	12,75,470	13,92,463
Post-sales client support and warranties	1,02,32,501	63,32,706
Unavailed leave	3,25,95,757	2,51,95,019
	4,41,03,728	**3,29,20,188**

in Rs.

Schedules to Profit and Loss account for the	Year ended March 31,	
	2010	**2009**
9 SOFTWARE DEVELOPMENT AND BUSINESS PROCESS MANAGEMENT EXPENSES		
Salaries and bonus including overseas staff expenses	53,38,24,502	62,11,53,377
Group health insurance	1,19,477	2,07,082
Contribution to provident and other funds	9,09,00,392	5,98,89,664
Staff welfare	1,07,73,026	94,40,895
Technical sub-contractors	1,40,09,477	1,11,92,105
Overseas travel expenses	1,15,027	4,19,55,275
Software packages		
For own use	–	5
Communication expenses	6,46,09,653	8,35,54,019
Computer maintenance	–	36,12,044
Rent	7,09,10,502	6,62,34,662
Miscellaneous expenses	9,94,95,219	7,55,45,890
	88,47,57,275	**97,27,85,019**
10 SELLING AND MARKETING EXPENSES		
Commission and earnout charges	–	2,34,341
	–	**2,34,341**
11 GENERAL AND ADMINISTRATION EXPENSES		
Salaries and bonus including overseas staff expenses	7,35,38,488	8,99,95,237
Group health insurance	44,12,174	27,09,372
Contribution to provident and other funds	1,18,80,890	66,46,325
Telephone charges	1,36,35,725	1,34,63,916
Professional charges	30,09,905	7,52,531
Travel and conveyance	1,55,60,752	49,66,204
Overseas travel expenses	(15,40,289)	56,78,597
Office maintenance	4,47,09,396	1,78,72,211
Insurance charges	22,80,165	17,85,329
Printing and stationery	5,17,648	21,12,649
Donations	8,75,156	2,55,047
Rent	61,35,882	44,64,641
Advertisements	45,05,215	20,79,505
Repairs to building	–	1,32,27,707
Repairs to plant and machinery	–	26,100
Rates and taxes	1,24,62,568	1,03,52,212
Postage and courier	1,72,19,506	2,15,80,121
Books and periodicals	3,33,957	(16,82,684)
Recruitment and training	23,06,833	44,40,622
Provision for bad and doubtful debts	1,81,359	(5,39,012)
Bank charges and commission	15,67,644	10,23,910
Miscellaneous expenses	38,25,646	1,48,41,612
	21,74,18,619	**21,60,52,151**
12 OTHER INCOME, NET		
Interest received on deposits with banks and others*	16,68,823	5,83,421
Miscellaneous income	5,16,565	27,21,755
Exchange gains / (losses)	(87,29,048)	(89,43,739)
	(65,43,660)	**(56,38,563)**
13 PROVISION FOR TAXATION		
Income taxes	4,77,32,658	1,58,95,200
	4,77,32,658	**1,58,95,200**

**Includes tax deducted at source.*

Schedules to the Financial Statements for the year ended March 31, 2010

14. Significant accounting policies and Notes on accounts

Company overview

Infosys BPO (Poland) Sp.Z.o.o is a leading provider of business process management services to organizations that outsource their business processes. Infosys BPO (Poland) Sp.Z.o.o is a majority owned and controlled subsidiary of Infosys BPO Limited. The company leverages the benefits of service delivery globalization, process redesign and technology and thus drives efficiency and cost effectiveness into client's business processes and thereby improve their competitive position by managing their business processes in addition to providing increased value.

14.1. Significant accounting policies

14.1.1. Basis of preparation of financial statements

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed by the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

14.1.2. Use of estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include computation of percentage of completion which requires the Company to estimate the efforts expended to date as a proportion of the total efforts to be expended, provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets and intangible assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

14.1.3. Revenue recognition

The company derives its revenues primarily from business process management services, on both the time-and-material and fixed-price, fixed-timeframe basis and unit-priced basis. Revenue on time-and-material contracts is recognized as the related services are rendered. Revenue from fixed-price, fixed-time frame contracts, where there is no uncertainty as to measurement and collectability of consideration, is recognized as per the proportionate-completion method. Revenues from unit-priced contracts are recognized as transactions are processed based on objective measures of output. When the company receives advances for its services, such amounts are reflected as advance received from clients until all conditions for revenue recognition are met. Cost and earnings in excess of billings are classified as unbilled revenue while billing in excess of cost and earnings is classified as deferred revenue. Provision for estimated losses, if any, on uncompleted contracts are recorded in the year in which such losses become probable based on the current estimates. The company presents revenues net of service taxes and value added taxes in its Profit and Loss Account.

The company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the ratable allocation of the discount/incentive amount to each of the underlying revenue transactions that result in progress by the customer towards earning the discount/incentive. Also, when the level of discount varies with increase in levels of revenue transactions, the company recognizes the liability based on its estimate of the customer’s future purchases. If it is probable that the criteria for the discount will not be met or if the amount thereof cannot be estimated reliably, the company recognizes changes in the estimated amount of obligation for discount using cumulative catch-up approach. The discounts are passed on the customer either as direct payments or as a reduction of payments due from customer.

14.1.4. Fixed assets, intangible assets and capital work-in-progress

Fixed assets are stated at cost, after reducing accumulated depreciation and impairment upto the date of the Balance Sheet. Direct costs are capitalized until the assets are ready for use and include financing costs relating to any borrowing attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use. Capital work-in-progress includes the cost of fixed assets that are not yet ready for their intended use and advances paid to acquire fixed assets before the Balance Sheet date. Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortisation and impairment. Goodwill on amalgamation is tested periodically for impairment.

14.1.5. Depreciation

Depreciation on fixed assets is determined using the straight-line method based on useful lives of assets as estimated by the company. Depreciation for assets purchased/sold during the period is proportionately charged. Individual assets costing Rs. 5,000 or less are depreciated within a year of acquisition. Leasehold improvements are written off over the lower of the lease term or the useful life of the asset. Leasehold land is amortized over the lease period. Intangible assets are amortized over their useful life on a straight line basis commencing from the date the asset is available to the company for its use. Management estimates the useful lives for the various fixed assets as follows:

Building	Fifteen years
Computer equipment	Two years
Plant and machinery	Five years
Furniture and fixtures	Five years

14.1.6. Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

14.1.7. Provisions

A provision is recognized if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

14.1.8. Foreign currency transactions

Foreign-currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Profit and Loss Account. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

14.1.9. Forward contracts and option contracts in foreign currencies

The company uses forward contracts and options contracts to hedge its exposure to movements in foreign exchange rates. The use of these forward contracts and option contracts reduces the risk or cost to the company and the company does not use the forward contracts and option contracts for trading or speculation purposes.

Effective April 1,2008 the Company adopted Accounting Standard AS 30 " Financial Instruments: Recognition and Measurement", to the extent that the adoption does not conflict with existing mandatory accounting standards and other authoritative pronouncements, Company law and other regulatory requirements.

Forward and options contracts are fair valued at each reporting date. The company records the mark to market gain or loss on effective hedges in the foreign currency fluctuation reserve until the transactions are complete. On completion, the gain or loss is transferred to the Profit and Loss account of that period. To designate a forward contract or option contracts as an effective hedge, management objectively evaluates and evidences with appropriate supporting documents at the inception of each contract whether the contract is effective in achieving offsetting cash flows attributable to the hedged risk. In the absence of a designation as an effective hedge, a gain or loss is recognized in the Profit and Loss account. Currently the hedges undertaken by the company are all ineffective in nature and the resultant gain or loss consequent to fair valuation is recognized in the Profit and Loss account at each reporting date.

14.1.10. Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

14.1.11. Earnings per share

Basic earnings per share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period.

14.1.12. Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks and corporations. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

14.1.13. Leases

Lease under which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognized as an expense on a straight line basis in the Profit and Loss account over the lease term.

14.2. Notes on accounts

14.2.1. Capital commitments and contingent liabilities

in Rs.

	As at March 31,	
	2010	**2009**
EUR/PLN	€ 5,500,000	€ 6,500,000
(Equivalent approximate in Rs.)	(33,24,75,000)	(43,83,60,000)

As of the Balance Sheet date, the company's net foreign currency exposure that is not hedged by a derivative instrument or otherwise is Rs. Nil (Rs. Nil as at March 31, 2009).

14.2.2. Aggregate expenses

The aggregate amounts incurred on expenses are as follows:

in Rs.

	Year ended March 31,	
	2010	**2009**
Salaries and bonus including overseas staff expenses	70,82,12,786	77,42,88,206
Staff welfare	1,72,36,162	1,57,53,737
Foreign travel expenses	7,49,00,800	6,52,53,389
Communication expenses	7,82,45,373	9,70,17,930
Consultancy charges	1,40,09,479	1,11,92,103
Travel and conveyance	1,40,20,451	1,06,44,799
Rent	7,70,46,383	7,06,99,301
Printing and stationery	4,52,27,040	3,71,63,243
Legal and professional charges	30,09,908	7,52,524
Recruitment and training expenses	2,25,35,019	3,81,26,883
Insurance charges	22,80,164	17,85,337
Rates and taxes	1,24,62,562	1,03,52,215
Donations	8,75,151	–
Bank charges and commission	15,67,649	12,58,265
Postage and courier	1,72,19,512	2,15,80,118
Provision for bad and doubtful debts	1,81,359	(5,39,013)
Other miscellaneous expenses	1,30,81,024	3,37,42,443
	1,10,21,10,822	**1,18,90,71,480**

14.2.2. Quantitative details

The Company is primarily engaged in providing business process management services. The sale of such services cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956.

14.2.3. Related party transactions

List of related parties:

Name of Related parties	**Country**	Holding, as at March 31,	
		2010	**2009**
Infosys BPO Limited	India	100.00%	0.00%
Infosys Technologies Limited*	India	–	–
Infosys BPO s.r.o**	Czech Republic	–	–
Infosys Tecnologia DO Brasil LTDA***	Brazil	–	–

**Holding company of Infosys BPO Limited.*

***wholly owned subsidiary of Infosys BPO Limited i.e. fellow subsidiary.*

****wholly owned subsidiary of Infosys Technologies Limited i.e. fellow subsidiary.*

Details of amounts due to or due from as at March 31, 2010 and March 31, 2009 :

in Rs.

Particulars	As at March 31,	
	2010	2009
Sundry debtors		
Infosys Technologies Limited	2,94,883	–
Infosys BPO Limited	58,20,084	5,81,736
Infosys BPO s.r.o	84,987	–
Infosys Tecnologia DO Brasil LTDA	(17,742)	–
Sundry creditors		
Infosys Technologies Limited	7,19,515	19,09,313
Infosys BPO Limited	12,52,147	3,08,053

The details of the related party transactions entered into by the company and maximum dues from subsidiaries for the year ended March 31, 2010 and March 31, 2009 are as follows

in Rs.

Particulars	Year ended March 31,	
	2010	2009
Capital transactions:		
Financing transactions		
Infosys BPO Limited	–	7,62,47,992
Infosys BPO s.r.o	–	1,69,51,952
Revenue transactions:		
Sale of services		
Infosys BPO Limited	53,08,772	–
Infosys Technologies Limited	3,00,176	72,60,324
Sale of shared services including facilities and personnel		
Infosys Technologies Limited	95	–
Infosys BPO Limited	44,83,678	–
Purchase of shared services including facilities and personnel		
Infosys Technologies Limited	97,127	–
Infosys BPO Limited	7,39,431	–

14.2.4. Cash and bank balances

The details of balances as on Balance Sheet dates with non-scheduled banks are as follows :

in Rs.

Balances with non-scheduled banks	As at March 31,	
	2010	2009
Cash balance	5,13,821	89,615
	5,13,821	**89,615**
In current accounts		
Deutsche Bank, PLN	2,34,40,967	1,730,386
Deutsche Bank, PLN ES Fund	2,28,729	419,533
Deutsche Bank, Euro	73,79,595	1,207,047
Citibank	–	82,712
	3,10,49,291	**3,439,678**
In deposit accounts		
Deutsche Bank, Poland	7,81,50,000	–
	7,81,50,000	**–**
Total cash and bank balances as per Balance Sheet	**10,97,13,112**	**35,29,293**

The details of maximum balances during the period with non-scheduled banks are as follows:

in Rs.

Maximum balance with non-scheduled banks during the period	Year ended March 31,	
	2010	2009
In current accounts		
Deutsche Bank, Poland	25,61,55,488	48,22,33,915
Citibank N.A., Poland	–	82,712

14.2.5. Provision for SLA compliance

The provision for service level agreement compliance is based on estimates made by the management for on going contracts. In accordance with paragraphs 66 and 67 of the Accounting Standard 29, the movement in provision for service level agreement is given below

in Rs.

	As at March 31,	
	2010	2009
Balance at the beginning of the period	6,332,706	3,538,973
Additional provision made during the period	9,939,203	4,830,033
Provision used during the period		
Unused amounts reversed during the period	6,039,408	2,036,300
Balance at the end of the period	**10,232,501**	**6,332,706**

Management believes that the aforesaid provision will be utilized within a year.

14.2.6. Segment reporting

The company's operations primarily relate to providing business process management services to organizations that outsource their business processes. Accordingly, revenues represented along industry classes comprise the primary basis of segmental information set out in these financial statements. Secondary segmental reporting is performed on the basis of the geographical location of customers.

The accounting principles consistently used in the preparation of the financial statements are also consistently applied to record income in individual segments. These are set out in the note on significant accounting policies.

Industry segments at the company primarily comprise customers relating to financial services, manufacturing, telecom, retail and other industries. Income in relation to segments is categorized based on items that are individually identified to those segments while expenditure is categorized in relation to the associated turnover of the segment. Expenses which form a significant component of total expenses are not specifically allocable to specific segments as the underlying services are used interchangeably. These expenses are separately disclosed as "unallocated" and adjusted only against the total income of the company. The company believes that it is not practical to provide segment disclosures relating to these costs and expenses, and accordingly these expenses are separately disclosed as unallocated and directly charged against total income. Fixed assets or liabilities contracted have not been identified to any reportable segments, as these are used interchangeably between segments. Accordingly no disclosure relating to total segment assets and liabilities are made.

Geographical segments are segregated based on the location of the customers, or in relation to which the revenue is otherwise recognized.

All direct costs are identified to its respective verticals/ geographies on the basis of revenues from the respective verticals/ geographies while unallocable cost consists of depreciation only.

Industry segments

Years ended March **31, 2010** and March 31, 2009

in Rs.

Particulars	**Financial services**	**Manufacturing**	**Telecom**	**Retail**	**Others**	**Total**
Revenues	**2,26,77,914**	**135,88,65,900**	**–**	**–**	**–**	**138,15,43,814**
	–	126,14,49,031	–	–	–	126,14,49,031
Identifiable operating expenses	**21,43,851**	**62,11,04,650**	**–**	**–**	**–**	**62,32,48,501**
	19,39,007	71,59,10,169	–	–	–	71,78,49,176
Allocated expenses	**77,53,148**	**47,11,09,173**	**–**	**–**	**–**	**47,88,62,321**
	–	47,12,22,335	–	–	–	47,12,22,335
Segmental operating profit	**1,27,80,915**	**26,66,52,077**	**–**	**–**	**–**	**27,94,32,992**
						7,23,77,520
Unallocable expenses						**2,61,85,155**
						2,32,46,440
Operating profit						**25,32,47,837**
						4,91,31,080
Other income net						**(81,32,042)**
						(56,38,563)
Net profit before taxes						**24,51,15,795**
						4,34,92,517
Taxes						**4,77,32,658**
						(1,58,95,200)
Net profit after taxes						**19,73,83,137**
						2,75,97,317

Geographical segments

Years ended March **31, 2010** and March 31, 2009

in Rs.

Particulars	**United States of America**	**Europe**	**Others**	**Total**
Revenues	**–**	**138,15,43,814**	**–**	**138,15,43,814**
	–	126,14,49,031	–	126,14,49,031
Identifiable operating expenses	**–**	**62,32,48,501**	**–**	**62,32,48,501**
	–	71,78,49,176	–	71,78,49,176
Allocated expenses	**–**	**47,88,62,321**	**–**	**47,88,62,321**
	–	47,12,22,335	–	47,12,22,335
Segmental operating profit	**–**	**27,94,32,992**	**–**	**27,94,32,992**
	–	**138,15,43,814**	**–**	7,23,77,520
Unallocable expenses				**2,61,85,155**
				2,32,46,440
Operating profit				**25,32,47,837**
				4,91,31,080
Other income net				**(81,32,042)**
				(56,38,563)
Net profit before taxes				**24,51,15,795**
				4,34,92,517
Taxes				**4,77,32,658**
				(1,58,95,200)
Net profit after taxes				**19,73,83,137**
				2,75,97,317

Auditors Report

To

The Members of Infosys BPO (Thailand) Limited

We have audited the attached Balance Sheet of Infosys BPO (Thailand) Limited ('the Company') as at March 31, 2010, the Profit and Loss account ('Financial Statements') of the Company for the year ended on that date. 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.

We conducted our audit in accordance with auditing standards generally accepted in India. The Standards stipulates that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and 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.

Further, we report that:

1. 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;

2. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

3. the Balance Sheet and the Profit and Loss account dealt with by this report are in agreement with the books of account;

4. in our opinion and to the best of our information and according to the explanations given to us, the said accounts provide the information required by the Act, in the manner so required and also provide a true and fair view in conformity with the accounting principles generally accepted in India:

    i. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010; and
    ii. in the case of the Profit and Loss account, of the profit of the Company for the year ended on that date

For Shenoy & Kamath
Chartered Accountants

M Rathnakar Kamath
Membership No. 202841
Reg. No. 006673S

Bangalore
April 8, 2010

Financial statements of Infosys BPO (Thailand) Limited

in Rs.

Balance Sheet as at	Schedule	March 31, 2010	March 31, 2009
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	1	9,38,00,000	9,38,00,000
Unsecured loans		–	77,21,248
		9,38,00,000	**10,15,21,248**
APPLICATION OF FUNDS			
FIXED ASSETS	2		
Original cost		10,61,70,238	10,53,61,204
Less: Accumulated depreciation		33,45,027	19,47,948
Net book value		10,28,25,211	10,34,13,256
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry debtors	3	4,38,79,732	3,12,96,481
Cash and bank balances	4	3,46,62,796	1,81,32,952
Loans and advances	5	81,64,767	76,02,008
		8,67,07,295	5,70,31,441
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	6	10,11,68,828	8,83,38,170
Provisions	7	35,38,723	34,75,748
		10,47,07,551	9,18,13,918
NET CURRENT ASSETS		(1,80,00,256)	(3,47,82,478)
		89,75,045	3,28,90,469
PROFIT AND LOSS ACCOUNT		**9,38,00,000**	**10,15,21,248**
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	11		

Note: The schedules referred to above are an integral part of the Balance Sheet.

For Shenoy & Kamath
Chartered Accountants

M Rathnakar Kamath
Membership No. 202841

D. Swaminathan
Director

Abraham Mathews
Director

Chua Yeow Koon
Center Head, Hangzhou and Bangkok

Bangalore
April 8, 2010

in Rs.

Profit and Loss account for the	Schedule	Year ended March 31,	
		2010	**2009**
Income from Business process management		26,03,69,913	22,29,78,098
Software development and Business process management expenses	8	20,10,33,734	22,30,71,777
GROSS PROFIT		**5,93,36,179**	**(93,679)**
Selling and marketing expenses		–	–
General and administration expenses	9	3,05,87,012	2,90,80,261
		3,05,87,012	**2,90,80,261**
OPERATING PROFIT before interest and depreciation		**2,87,49,167**	**(2,91,73,940)**
Interest		3,32,387	(6,89,101)
Depreciation		14,69,572	14,72,194
OPERATING PROFIT before tax and exceptional items		**2,69,47,208**	**(2,99,57,033)**
Other income, net	10	(63,01,852)	56,73,578
Provision for investments		–	–
NET PROFIT before tax		**2,06,45,356**	**(2,42,83,455)**
Provision for taxation		–	–
NET PROFIT after tax		**2,06,45,356**	**(2,42,83,455)**
EARNINGS PER SHARE (EPS)			
Equity shares of par value THB 1,000 each			
Before exceptional item			
Basic		295	(347)
Number of shares used in computing EPS		70,000	70,000
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	11		

Note: The schedules referred to above are an integral part of the Profit and Loss Account.

For Shenoy & Kamath
Chartered Accountants

M Rathnakar Kamath
Membership No. 202841

D. Swaminathan
Director

Abraham Mathews
Director

Chua Yeow Koon
Center Head, Hangzhou and Bangkok

Bangalore
April 8, 2010

in Rs.

Schedules to the Balance Sheet as at	March 31, 2010	March 31, 2009
1 SHARE CAPITAL		
Issued, subscribed and paid up		
70,000 (70,000) equity shares of THB 1,000 each fully paid	9,38,00,000	9,38,00,000
	9,38,00,000	**9,38,00,000**

2. FIXED ASSETS

in Rs.

Particulars	Original cost				Accumulated depreciation				Net book value	
	Cost as of April 01,2009	Additions during the year	Deletions during the year	Cost as of March 31,2010	As of April 01,2009	For the year	Deductions during the year	As of March 31,2010	As of March 31,2010	As of March 31,2009
Goodwill	10,16,56,772	–	–	10,16,56,772	–	–	–	–	10,16,56,772	10,16,56,772
Land - Leasehold	–	–	–	–	–	–	–	–	–	–
Buildings	–	–	–	–	–	–	–	–	–	–
Leasehold improvements	13,85,506	(38,755)	–	13,46,751	8,85,461	4,92,668	31,378	13,46,751	–	5,00,045
Plant and machinery	–	–	–	–	–	–	–	–	–	–
Computer equipment	14,50,832	8,72,071	–	23,22,903	8,89,923	8,06,172	34,363	16,61,732	6,61,171	5,60,909
Furniture and fixtures	8,68,094	(24,282)	–	8,43,812	1,72,564	1,70,732	6,752	3,36,544	5,07,268	6,95,530
Vehicles	–	–	–	–	–	–	–	–	–	–
	10,53,61,204	**8,09,034**	–	**10,61,70,238**	**19,47,948**	**14,69,572**	**72,493**	**33,45,027**	**10,28,25,211**	**10,34,13,256**

in Rs.

Schedules to Profit and Loss account for the	Year ended March 31, 2010	2009
3 SUNDRY DEBTORS		
Other debts		
Unsecured		
Considered good	4,38,79,732	3,12,96,481
	4,38,79,732	3,12,96,481
Less: Provision for doubtful debts	–	–
	4,38,79,732	**3,12,96,481**
4 CASH AND BANK BALANCES		
Balances with non-scheduled banks in foreign currency		
In current accounts	3,46,62,796	1,81,32,952
	3,46,62,796	**1,81,32,952**
5 LOANS AND ADVANCES		
Advances		
For supply of goods and rendering of services	7,63,183	9,29,169
Withholding and other taxes receivable	7,86,596	1,78,034
Others	2,99,907	2,28,528
	18,49,686	13,35,731
Advance income tax	34,44,907	27,01,757
Loans and advances to employees		
Salary advances	9,83,372	15,34,762
Electricity and other deposits	16,888	31,674
Rental deposits	18,69,914	19,98,084
	81,64,767	**76,02,008**
6 CURRENT LIABILITIES		
Sundry creditors		
Goods and services	47,61,059	80,67,755
Accrued salaries and benefits		
Salaries	–	12,21,227
Bonus and incentives	5,56,92,029	5,88,79,692
For other liabilities		
Provision for expenses	3,87,00,791	1,86,29,281
Withholding and other taxes payable	4,63,139	3,21,602
Others	41,700	1,76,679
Unearned revenue	15,10,110	10,41,934
	10,11,68,828	**8,83,38,170**
7 PROVISIONS		
Provision for		
Post-sales client support and warranties	12,69,580	11,41,306
Unavailed leave	22,69,143	23,34,442
	35,38,723	**34,75,748**
8 BUSINESS PROCESS MANAGEMENT EXPENSES		
Salaries and bonus including overseas staff expenses	12,20,40,431	16,47,65,967
Group health insurance	–	20,152
Contribution to provident and other funds	15,78,406	23,17,456
Staff welfare	31,20,653	86,79,494
Technical sub-contractors	1,19,36,268	3,06,161
Overseas travel expenses	1,43,31,189	18,44,858
Visa charges and others	8,66,603	13,59,508
Software packages		
For own use	56,539	–
Communication expenses	3,47,91,437	3,48,79,035
Computer maintenance	(1)	57,813
Rent	62,87,417	55,77,455
Miscellaneous expenses	60,24,792	32,63,878
	20,10,33,734	**22,30,71,777**

in Rs.

Schedules to Profit and Loss account for the		Year ended March 31	
		2010	**2009**
9	**GENERAL AND ADMINISTRATION EXPENSES**		
	Salaries and bonus including overseas staff expenses	2,01,19,971	1,82,93,919
	Group health insurance	118	7,53,138
	Contribution to provident and other funds	–	1,93,684
	Telephone charges	9,96,976	4,32,514
	Professional charges	9,57,435	14,71,430
	Power and fuel	17,68,506	20,90,368
	Travel and conveyance	4,22,178	2,93,719
	Overseas travel expenses	14,73,450	2,56,620
	Visa charges and others	99,076	2,459
	Office maintenance	13,10,190	11,92,968
	Guesthouse maintenance	–	–
	Insurance charges	3,666	2,85,960
	Printing and stationery	11,44,599	15,34,133
	Rent	4,61,952	4,17,813
	Repairs to plant and machinery	2,11,705	5,131
	Rates and taxes	–	1,344
	Postage and courier	5,96,806	8,09,221
	Books and periodicals	21,024	8,243
	Recruitment and training	1,58,447	3,21,359
	Provision for bad and doubtful debts	(31,718)	13,236
	Bank charges and commission	1,86,363	2,14,227
	Auditor's remuneration		
	Statutory audit fees	4,74,540	2,48,860
	Miscellaneous expenses	2,11,729	2,39,913
		3,05,87,012	**2,90,80,261**
10	**OTHER INCOME, NET**		
	Interest received on deposits with banks and others*	18,958	13,213
	Miscellaneous income	–	1,86,986
	Exchange gains / (losses)	(63,20,810)	54,73,379
		(63,01,852)	**56,73,578**

**Includes tax deducted at source.*

Schedules to the Financial Statements for the year ended March 31, 2010

11. Significant accounting policies and Notes on accounts

Company overview

Infosys BPO (Thailand) Limited is a leading provider of business process management services to organizations that outsource their business processes. Infosys BPO (Thailand) Limited is a majority owned and controlled subsidiary of Infosys BPO Limited. The Company leverages the benefits of service delivery globalization, process redesign and technology and thus drives efficiency and cost effectiveness into client's business processes and thereby improve their competitive position by managing their business processes in addition to providing increased value.

11.1. Significant accounting policies

11.1.1. Basis of preparation of financial statements

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed by the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

11.1.2. Use of estimates

The preparation of the financial statements in conformity with GAAP requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include computation of percentage of completion which requires the Company to estimate the efforts expended to date as a proportion of the total efforts to be expended, provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, post-sales customer support and the useful lives of Fixed assets and intangible assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the Financial Statements in the period in which changes are made and, if material, their effects are disclosed in the Notes to the financial statements.

11.1.3. Revenue recognition

The Company derives its revenues primarily from business process management services, on the time-and-material and fixed-price, fixed-time frame basis and unit-priced basis. Revenue on time-and-material contracts is recognized as the related services are rendered. Revenue from fixed-price, fixed-time frame contracts, where there is no uncertainty as to the measurement and collectability of consideration, is recognized as per the proportionate-completion method. Revenues from unit-priced contracts are recognized as transactions are processed based on objective measures of output. When the Company receives advances for its services, such amounts are reflected as advance received from clients until all conditions for revenue recognition are met. Cost and earnings in excess of billings are classified as unbilled revenue while billing in excess of cost and earnings is classified as deferred revenue. Provision for estimated losses, if any, on uncompleted contracts are recorded in the year in which such losses become probable based on the current estimates. The Company presents revenues net of service taxes and value added taxes in its Profit and Loss Account.

11.1.4. Fixed assets, intangible assets and capital work-in-progress

Fixed assets are stated at cost, after reducing accumulated depreciation and impairment upto the date of the Balance Sheet. Direct costs are capitalized until the assets are ready for use and include financing costs relating to any borrowing attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use. Capital work-in-progress includes the cost of fixed assets that are not yet ready for their intended use and advances paid to acquire fixed assets before the Balance Sheet date. Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortisation and impairment. Goodwill on amalgamation is tested periodically for impairment.

11.1.5. Depreciation

Depreciation on fixed assets is determined using the straight-line method based on useful lives of assets as estimated by the company. Depreciation for assets purchased/sold during the period is proportionately charged. Individual assets costing Rs. 5,000 or less are depreciated within a year of acquisition. Leasehold improvements are written off over the lower of the lease term or the useful life of the asset. Leasehold land is amortized over the lease period. Intangible assets are amortized over their useful life on a straight line basis commencing from the date the asset is available to the company for its use. Management estimates the useful lives for the various fixed assets as follows:

Building	Fifteen years
Computer equipment	Two years
Plant and machinery	Five years
Furniture and fixtures	Five years

11.1.6. Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the ratable allocation of the discount/incentive amount to each of the underlying revenue transactions that result in progress by the customer towards earning the discount/incentive. Also, when the level of discount varies with increase in levels of revenue transactions, the company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met or if the amount thereof cannot be estimated reliably, the Company recognizes changes in the estimated amount of obligation for discount using cumulative catch-up approach. The discounts are passed on the customer either as direct payments or as a reduction of payments due from customer.

11.1.7. Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

11.1.8. Foreign currency transactions

Foreign-currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Profit and Loss Account. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

11.1.9. Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

11.1.10. Earnings per share

Basic earnings per share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the period.

11.1.11. Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks and corporations. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

11.1.12. Leases

Lease under which the Company assumes all substantial risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognised as an expense on a straight line basis in the Profit and Loss account over the lease term.

11.2. Notes on accounts

11.2.1. Aggregate expenses

The aggregate amounts incurred on expenses are as follows:

in Rs.

	Year ended March 31,	
	2010	2009
Salaries and bonus including overseas staff expenses	13,98,92,489	18,25,21,928
Staff welfare	53,88,684	1,08,95,373
Contribution to provident and other funds	15,78,407	25,11,140
Foreign travel expenses	1,51,97,793	32,04,127
Consumables	1,00,250	1,77,713
Cost of software for own use	56,538	–
Communication expenses	3,57,88,413	3,53,11,549
Consultancy charges	1,19,36,269	3,06,161
Travel and conveyance	30,80,282	18,05,349
Rent	67,49,370	59,95,296
Printing and stationery	26,66,496	27,32,181
Legal and professional charges	9,57,434	17,20,288
Recruitment and training expenses	2,64,074	12,46,362
Power and fuel	17,68,507	20,90,368
Insurance charges	13,03,785	–
Rates and taxes	–	1,344
Auditor's remuneration		
Audit fees	4,74,540	–
Bank charges and commission	1,86,362	2,14,227
Postage and courier	5,96,805	8,09,218
Provision for bad and doubtful debts	(31,718)	13,236
Other miscellaneous expenses	36,65,965	5,96,178
	23,16,20,746	**25,21,52,038**

11.2.2. Quantitative details

The Company is primarily engaged in providing business process management services. The sale of such services cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956.

11.2.3. Related party transactions

List of related parties:

Name of Related parties	Country	Holding, as at March 31,	
		2010	2009
Infosys BPO Limited	India	100.00%	0.00%
Infosys Technologies Limited*	India	–	–
Infosys BPO s.r.o**	Czech Republic	–	–

** Holding company of Infosys BPO Limited.*

***Wholly owned subsidiary of Infosys BPO Limited (fellow subsidiary).*

Details of amounts due to or due from as at March 31, 2010 and March 31, 2009:

in Rs.

Particulars	As at March 31,	
	2010	2009
Sundry debtors		
Infosys Technologies Limited	1,89,584	–
Sundry creditors		
Infosys Technologies Limited	3,61,719	93,191
Infosys BPO Limited	1,220	4,072

The details of the related party transactions entered into by the Company and maximum dues from subsidiaries for the year ended March 31, 2010 and March 31, 2009 are as follows:

in Rs.

Particulars	Year ended March 31,	
	2010	2009
Capital transactions:		
Financing transactions		
Infosys BPO s.r.o	–	77,21,248
Revenue transactions:		
Sale of services		
Infosys Technologies Limited	1,53,32,439	–
Sale of shared services including facilities and personnel		
Infosys Technologies Limited	23,884	–
Infosys BPO Limited	–	–
Purchase of shared services including facilities and personnel		
Infosys Technologies Limited	2,77,656	–
Infosys BPO Limited	75,593	–

11.2.4. Cash and bank balances

The details of balances as on balance sheet dates with non-scheduled banks are as follows:

in Rs.

Balances with non-scheduled banks	As at March 31,	
	2010	2009
In current accounts		
Deutsche Bank, Thailand	2,62,78,912	1,78,79,977
Deutsche Bank, USD	81,41,044	–
Citibank N.A., Thailand	2,42,840	2,52,975
	3,46,62,796	**1,81,32,952**
Total cash and bank balances as per Balance Sheet	**3,46,62,796**	**1,81,32,952**

The details of maximum balances during the period with non-scheduled banks are as follows:

in Rs.

Maximum balance with non-scheduled banks during the period	Year ended March 31,	
	2010	2009
In current accounts		
Deutsche Bank, Thailand	3,44,19,956	1,78,79,978
Citibank N.A., Thailand	2,42,841	2,52,975

11.2.5. Provision for SLA compliance

The provision for service level agreement compliance is based on estimates made by the management for on going contracts. In accordance with paragraphs 66 and 67 of the Accounting Standard 29, the movement in provision for service level agreement is given below

in Rs.

	As at March 31, 2010	As at Mar 31, 2009
Balance at the beginning of the period	1,141,306	691,691
Additional provision made during the period	128,274	612,353
Provision used during the period	–	–
Unused amounts reversed during the period	–	162,738
Balance at the end of the period	1,269,580	1,141,306

Management believes that the aforesaid provision will be utilized within a year.

11.2.6. Segment reporting

The company's operations primarily relate to providing business process management services to organizations that outsource their business processes. Accordingly, revenues represented along industry classes comprise the primary basis of segmental information set out in these financial statements. Secondary segmental reporting is performed on the basis of the geographical location of customers.

The accounting principles consistently used in the preparation of the financial statements are also consistently applied to record income in individual segments. These are set out in the note on significant accounting policies.

Industry segments at the company primarily comprise customers relating to financial services, manufacturing, telecom, retail and other industries. Income in relation to segments is categorized based on items that are individually identified to those segments while expenditure is categorized in relation to the associated turnover of the segment. Expenses which form a significant component of total expenses are not specifically allocable to specific segments as the underlying services are used interchangeably. These expenses are separately disclosed as "unallocated" and adjusted only against the total income of the company. The company believes that it is not practical to provide segment disclosures relating to these costs and expenses, and accordingly these expenses are separately disclosed as unallocated and directly charged against total income. Fixed assets or liabilities contracted have not been identified to any reportable segments, as these are used interchangeably between segments. Accordingly no disclosure relating to total segment assets and liabilities are made.

Geographical segments are segregated based on the location of the customers, or in relation to which the revenue is otherwise recognized.

All direct costs are identified to its respective verticals/ geographies on the basis of revenues from the respective verticals/ geographies while unallocable cost consists of depreciation only.

Industry Segment

Year ended **March 31, 2010** and March 31, 2009

in Rs.

Particulars	Financial services	Manufacturing	Telecom	Retail	Others	Total
Revenues	**5,93,57,793**	**20,10,12,119**	–	–	–	**26,03,69,912**
	–	22,29,78,098	–	–	–	22,29,78,098
Identifiable operating expenses	**(1,88,93,730)**	**15,70,75,210**	–	–	–	**13,81,81,480**
	–	16,63,81,994	–	–	–	16,63,81,994
Allocated expenses	**(1,05,54,905)**	**10,39,94,170**	–	–	–	**9,34,39,267**
	–	8,57,70,044	–	–	–	8,57,70,044
Segmental operating profit	**8,88,06,428**	**(6,00,57,261)**	–	–	–	**2,87,49,167**
						(2,91,73,940)
Unallocable expenses						**14,69,572**
						14,72,194
Operating profit						**2,72,79,595**
						(3,06,46,134)
Other income net						**(66,34,239)**
						63,62,679
Net profit before taxes						**2,06,45,356**
						(2,42,83,455)
Taxes						–
						–
Net profit after taxes						**2,06,45,356**
						(2,42,83,455)

Geographical segments

Year ended **March 31, 2010** and March 31, 2009

in Rs.

Particulars	United States of America	Europe	Others	Total
Revenues	–	**26,03,69,912**	–	**26,03,69,912**
	–	8,64,77,641	13,65,00,458	22,29,78,099
Identifiable operating expenses	–	**13,81,81,480**	–	**13,81,81,480**
	–	4,94,45,261	11,69,36,732	16,63,81,993
Allocated expenses	–	**9,34,39,265**	–	**9,34,39,265**
	–	3,32,64,213	5,25,05,831	8,57,70,044
Segmental operating profit	–	**2,87,49,167**	–	**2,87,49,167**
	–	–	–	(2,91,73,940)
Unallocable expenses				**14,69,572**
				14,72,195
Operating profit				**2,72,79,593**
				(3,06,46,134)
Other income net				**(66,34,239)**
				63,62,679
Net profit before taxes				**2,06,45,356**
				(2,42,83,455)
Taxes				–
				–
Net profit after taxes				**2,06,45,356**
				(2,42,83,455)

Auditors Report

To

The Members of Mainstream Software Pty Limited

We have audited the attached Balance Sheet of Mainstream Software Pty Limited ('the Company') as at March 31, 2010 ('Financial Statements'). No Profit and Loss was prepared as the Company is in liquidation. 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.

We conducted our audit in accordance with 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 misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and 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.

Further, we report that:

1. 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;

2. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

3. the Balance Sheet dealt with by this report are in agreement with the books of account;

4. 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 Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

   i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2010 and
   ii. in the case of the Profit and Loss account, of the loss of the Company for the period ended on that date

For Shenoy & Kamath
Chartered Accountants

M Rathnakar Kamath
Membership No. 202841
Reg. No. 006673S

Bangalore
April 8, 2010

Financial statements of Mainstream Software Pty Limited - Australia

in Rs.

Balance Sheet as at	Schedule	March 31, 2010	March 31, 2009
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	1	7,568	7,568
Reserves and surplus	2	13,99,76,149	11,93,20,071
		13,99,83,717	**11,93,27,639**
APPLICATION OF FUNDS			
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry debtors	3	13,99,83,717	–
Cash and bank balances	4	–	11,93,25,384
		13,99,83,717	**11,93,25,384**
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	5	–	(2,255)
Provisions		–	–
		–	(2,255)
NET CURRENT ASSETS		13,99,83,717	11,93,27,639
		13,99,83,717	**11,93,27,639**
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	8		

Note: The schedules referred to above are an integral part of the Balance Sheet.

For Shenoy & Kamath
Chartered Accountants

M Rathnakar Kamath
Membership No:202841

Jacqueline Korhonen
Chief Executive Officer

Bangalore
April 8, 2010

in Rs.

Profit and Loss Account for the	Schedule	Year ended March 31,	
		2010	2009
Income from software services and business process management		–	12,28,481
Software development and business process management expenses		–	–
GROSS PROFIT		**–**	**12,28,481**
Selling and marketing expenses		–	–
General and administration expenses	6	2,01,643	45,30,079
		2,01,643	45,30,079
OPERATING PROFIT before interest and depreciation		**(2,01,643)**	**(33,01,599)**
Interest		–	–
Depreciation		–	–
OPERATING PROFIT before tax interest		**(2,01,643)**	**(33,01,599)**
Other income, net	7	–	(1,27,40,000)
Provision for investments		–	–
NET PROFIT BEFORE TAX		**(2,01,643)**	**(1,60,41,599)**
Provision for taxation		–	–
NET PROFIT after tax		**(2,01,643)**	**(1,60,41,599)**
EARNINGS PER SHARE			
Equity shares of par value AUD 1 /- each			
Basic		(1,008)	(80,208)
Number of shares used in computing basic earnings per share		200	200
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	8		

Note: The schedules referred to above are an integral part of the Balance Sheet.

For Shenoy & Kamath
Chartered Accountants

M Rathnakar Kamath
Membership No:202841

Jacqueline Korhonen
Chief Executive Officer

Bangalore
April 8, 2010

in Rs.

Schedules to the Balance Sheet as at	March 31, 2010	March 31, 2009
1 SHARE CAPITAL		
Authorised Capital		
200 equity shares of AUD 1 each	7,568	7,568
Issued, subscribed and paid up		
200 equity shares of AUD 1 each	**7,568**	**7,568**
2 RESERVES AND SURPLUS		
Translation difference	3,36,18,917	1,27,61,196
General reserve	12,26,00,474	12,26,00,474
Opening Profit and Loss Account	(1,60,41,599)	
Add: Profit for the period	(2,01,643)	
	(1,62,43,242)	(1,60,41,599)
	13,99,76,149	**11,93,20,071**
3 SUNDRY DEBTORS		
Other debts		
Unsecured		
Considered good	13,99,83,717	–
	13,99,83,717	–
Less: Provision for doubtful debts	–	–
	13,99,83,717	–
4 CASH AND BANK BALANCES		
Balances with non-scheduled banks in foreign currency		
In current accounts	–	11,93,25,384
	–	11,93,25,384
5 CURRENT LIABILITIES		
Sundry creditors		
Goods and services	–	37,974
For other liabilities		
Withholding and other taxes payable	–	(40,229)
	–	**(2,255)**

in Rs.

Schedules to Profit and Loss Account for the	Year Ended March 31,	
	2010	2009
6 GENERAL AND ADMINISTRATION EXPENSES		
Telephone charges	6,625	3,13,934
Professional charges	–	16,884
Power and fuel	–	25,775
Office maintenance	774	5,41,604
Rent	–	34,25,805
Rates and taxes	32,153	1,99,729
Bank charges and commission	4,628	6,348
Statutory audit fees	1,57,463	–
	2,01,643	**45,30,079**
7 OTHER INCOME, NET		
Miscellaneous income	–	(1,27,40,000)
	–	(1,27,40,000)

Schedules to the Financial Statements for the year ended March 31, 2010

8. Significant accounting policies and notes on accounts

Company overview

Mainstream Software Pty Limited (the "Company") is a Company domiciled in Australia. The Company is of a kind referred to in Class Order 98/0100 dated 10 July 1998 (updated by CO 05/641 effective 28 July 2005 and CO 06/51 effective 31 January 2006), issued by the Australian Securities and Investments Commission.

8.1. Significant accounting policies

8.1.1. Basis of preparation of financial statements

These financial statements as at and the year ended March 31, 2010, have been prepared under the historical cost convention on the accrual basis except for certain financial instruments which have been measured at fair values. Accounting policies have been applied consistently to all periods presented in these financial statements

8.1.2. Use of estimates

The preparation of the Financial Statements in conformity with GAAP requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include computation of percentage of completion which requires the Company to estimate the efforts expended to date as a proportion of the total efforts to be expended, provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets and intangible assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

The Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

8.1.3. Revenue recognition

Revenue is primarily derived from software development and related services and from business process management services. Arrangements with customers for software development and related services are either on a fixed-price, fixed-timeframe or on a time-and-material basis.

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last billing to the Balance Sheet date is recognized as unbilled revenues. Revenue from fixed-price and fixed-timeframe contracts, where there is no uncertainty as to measurement or collectability of consideration, is recognized based upon the percentage of completion. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Cost and earnings in excess of billings are classified as unbilled revenue while billing in excess of cost and earnings is classified as unearned revenue. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates.

Annual Technical Services revenue and revenue from fixed-price maintenance contracts are recognized ratably over the period in which services are rendered. Revenue from the sale of user licenses for software applications is recognized on transfer of the title in the user license, except in case of multiple element contracts, which require significant implementation services, where revenue for the entire arrangement is recognized over the implementation period based upon the percentage-of-completion. Revenue from client training, support and other services arising due to the sale of software products is recognized as the related services are performed.

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the ratable allocation of the discount / incentive amount to each of the underlying revenue transactions that result in progress by the customer towards earning the discount / incentive. Also, when the level of discount varies with increases in levels of revenue transactions, the Company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The Company recognizes changes in the estimated amount of obligations for discounts using a cumulative catchup approach. The discounts are passed on to the customer either as direct payments or as a reduction of payments due from the customer.

The Company presents revenues net of value-added taxes in its Profit and Loss account.

8.1.4. Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. A provision for an onerous contract is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. There were no contingent liabilities as at balance date and at the end of the prior year.

8.1.5. Property, plant and equipment

All assets acquired, including property, plant and equipment are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided in addition to the incidental costs directly attributable to the acquisition. Fixed assets are stated at cost, less accumulated depreciation and impairments, if any.

8.1.6. Depreciation and amortization

Depreciation is calculated on a straight line basis to write off the net cost of each item of property, plant and equipment over its expected useful life to the entity. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The expected useful lives are as follows:

Plant and equipment	5 years
Computer equipment	2 years
Furniture and fittings	5 years

All expenditure on software is expensed as incurred. Leasehold improvements are amortized over their estimated useful life.

8.1.7. Foreign currency transactions

Foreign-currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the profit or loss account. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

8.1.8. Retirement benefits to employees

8.1.8.a. Employee benefit on-costs

Employee benefit on costs, including payroll tax, are recognized and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognized as liabilities. Obligations for contributions to defined contribution superannuation funds are recognized as an expense in Profit or Loss when they are due.

8.1.9. Income taxes

Income tax on the Profit or Loss for the year comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the Balance Sheet date and any adjustment to tax payable in respect of previous years. Deferred tax is provided using the Balance Sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date. A deferred tax asset is recognized only to the extent that is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

8.1.10. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

8.1.11. Leases

Payments made under operating leases are recognized in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognized in the income statement as an integral part of the total lease expense. The Company leases property under non-cancellable operating leases expiring from two to ten years. Leases generally provide the company with a right of renewal at which terms are renegotiated. Lease payments comprise a base amount plus an incremental contingent rental. Contingent rentals are based on either operating criteria or movements in the Consumer Price Index. The lease payments will be increased at a fixed percentage after five years.

8.1.12. Earnings per share

Basic earnings per share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the period.

8.2. Notes on accounts

The previous year figures have been regrouped / reclassified, wherever necessary to conform to the current presentation.

8.2.1. Aggregate expenses

The aggregate amounts incurred on expenses are as follows:

in Rs.

Particulars	Year ended March 31,	
	2010	**2009**
Professional charges	–	16,884
Telephone charges	6,625	3,13,934
Power and fuel	–	25,775
Office maintenance	774	5,41,604
Rent	–	34,25,805
Rates and taxes	32,153	1,99,729
Bank charges and commission	4,628	6,348
Statutory audit fees	1,57,463	–
	2,01,643	**45,30,079**

Auditors Report

To

The Members of Infosys Technologies Sweden AB

We have audited the attached Balance Sheet of Infosys Technologies Sweden AB ('the Company') as at December 31, 2009, the Profit and Loss account ('Financial Statements') of the Company for the period ended on that date. 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.

We conducted our audit in accordance with 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 misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and 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.

Further, we report that:

1. 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;

2. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

3. the Balance Sheet and the Profit and Loss account dealt with by this report are in agreement with the books of account;

4. in our opinion and to the best of our information and according to the explanations given to us, the said accounts ptovide the information required by the Act, in the manner so required and also provide a true and fair view in conformity with the accounting principles generally accepted in India:

   i. in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2009; and
   ii. in the case of the Profit and Loss account, of the profit of the Company for the period ended on that date

For Shenoy & Kamath
Chartered Accountants

M Rathnakar Kamath
Membership No. 202841
Reg. No. 006673S

Bangalore
January 7, 2010

Financial statements of Infosys Technologies (Sweden) AB

In Rs.

Balance Sheet as at	Schedule	December 31, 2009
SOURCES OF FUNDS		
SHAREHOLDERS' FUNDS		
Share capital	1	6,53,000
Reserves and surplus	2	23,89,971
		30,42,971
APPLICATION OF FUNDS		
CURRENT ASSETS, LOANS AND ADVANCES		
Sundry debtors	3	67,71,383
Cash and bank balances	4	1,50,60,890
Loans and advances	5	7,37,667
		2,25,69,940
LESS: CURRENT LIABILITIES AND PROVISIONS		
Current liabilities	6	1,81,39,854
Provisions	7	13,87,115
		1,95,26,969
NET CURRENT ASSETS		30,42,971
		30,42,971
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	12	

Note: The schedules referred to above are an integral part of the Balance Sheet.

For Shenoy & Kamath
Chartered Accountants

M Rathnakar Kamath
Membership No:202841

S. D. Shibulal
Chairperson

B. G. Srinivas
Director

Eric Stephen Paternoster
Director

Rajesh Krishnamurthy
Director

Bangalore
January 7, 2010

In Rs.

Profit and Loss account for the	Schedule	Period ended December 31
		2009
Income from software services		7,61,76,643
Software development expenses	8	6,72,41,892
GROSS PROFIT		**89,34,751**
Selling and marketing expenses		–
General and administration expenses	9	53,53,089
OPERATING PROFIT before interest and depreciation		**35,81,662**
Interest		–
Depreciation		–
OPERATING PROFIT before tax		35,81,662
Other income, net	10	(2,10,137)
NET PROFIT before tax		33,71,525
Provision for taxation	11	9,47,585
NET PROFIT after tax		24,23,940
EARNINGS PER SHARE		
Equity shares of par value SEK 100 /- each		
Basic		3,671
Number of shares used in computing basic earnings per share		660
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	12	

Note: The schedules referred to above are an integral part of the Balance Sheet.

For Shenoy & Kamath
Chartered Accountants

M Rathnakar Kamath
Membership No:202841

S. D. Shibulal
Chairperson

B. G. Srinivas
Director

Eric Stephen Paternoster
Director

Rajesh Krishnamurthy
Director

Bangalore
January 7, 2010

In Rs.

Schedules to the Balance Sheet as at	December 31, 2009
1 SHARE CAPITAL	
Authorized Capital	
4,000 Shares of 100 SEK par value	26,12,000
	26,12,000
Issued, subscribed and paid up	
1,000 (Nil) Shares of 100 SEK par value, fully paid	6,53,000
	6,53,000
2 RESERVES AND SURPLUS	
Translation difference	(33,969)
Balance in Profit and Loss account	24,23,940
	23,89,971
3 SUNDRY DEBTORS	
Unsecured	
Considered good	67,71,383
	67,71,383
Less: Provision for doubtful debts	–
	67,71,383
4 CASH AND BANK BALANCES	
Balances with non-scheduled banks in foreign currency	
In current accounts	1,50,60,890
	1,50,60,890
5 LOANS AND ADVANCES	
Advances	
Prepaid expenses	4,31,963
Advance income tax	2,42,446
Rental deposits	63,258
	7,37,667
6 CURRENT LIABILITIES	
Sundry creditors	
Goods and services	5,74,023
Accrued salaries and benefits	
Salaries	3
Bonus and incentives	56,41,040
For other liabilities	
Provision for expenses	67,75,793
Withholding and other taxes payable	51,48,995
	–
	1,81,39,854
7 PROVISIONS	
Provision for	
Income taxes	9,29,186
Unavailed leave	4,57,929
	13,87,115

In Rs.

Schedules to Profit and Loss account for the		Period ended December 31, 2009
8	**SOFTWARE DEVELOPMENT EXPENSES**	
	Salaries and bonus including overseas staff expenses	6,47,51,317
	Overseas group health insurance	21,10,974
	Overseas travel expenses	1,09,420
	Rent	2,70,181
		6,72,41,892
9	**GENERAL AND ADMINISTRATION EXPENSES**	
	Telephone charges	1,31,713
	Professional charges	48,70,601
	Insurance charges	5,154
	Professional membership and seminar participation fees	15,819
	Postage and courier	1,047
	Bank charges and commission	86,703
	Auditor's remuneration	
	Statutory audit fees	1,72,025
	Miscellaneous expenses	70,027
		53,53,089
10	**OTHER INCOME, NET**	
	Exchange gains / (losses)	(2,10,137)
		(2,10,137)
11	**PROVISION FOR TAXATION**	
	Income taxes	9,47,585
		9,47,585

Schedules to the Financial Statements for the period ended December 31, 2009

12. Significant accounting policies and Notes on accounts

Company overview

During March 2009, the holding company incorporated a wholly owned subsidiary in Sweden. The Subsidiary also has a branch in Norway as Infosys Technologies (Sweden) AB Norway branch. The Company is engaged in the business of providing software development and consulting solutions.

12.1. Significant accounting policies

12.1.1. Basis of preparation of financial statements

The Financial Statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed by the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

12.1.2. Use of estimates

The preparation of the Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the Financial Statements and reported amounts of income and expenses during the period. Examples of such estimates include computation of percentage of completion which requires the Company to estimate the efforts expended to date as a proportion of the total efforts to be expended, provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets and intangible assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the Financial Statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the Financial Statements.

12.1.3. Revenue recognition

Revenue is primarily derived from software development and related services and from the licensing of software products. Arrangements with customers for software development and related services are either on a fixed-price, fixed-timeframe or on a time-and-material basis.

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last billing to the balance sheet date is recognized as unbilled revenues. Revenue from fixed-price, fixed-timeframe contracts is recognized as per the percentage-of-completion method. Efforts expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current contract estimates. Costs and earnings in excess of billings are classified as unbilled revenue while billings in excess of costs and earnings are classified as unearned revenue. Maintenance revenue is recognized ratably over the term of the underlying maintenance arrangement.

12.1.4. Provisions

A provision is recognized if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

12.1.5. Foreign currency transactions

Foreign-currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Profit or Loss account. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

12.1.6. Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

12.1.7. Earnings per share

Basic earnings per share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the period.

12.1.8. Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks.

12.1.9. Leases

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognized as an expense on a straight-line basis in the Profit and Loss account over the lease term.

12.2 Notes on accounts

12.2.1. Aggregate expenses

The aggregate amounts incurred on expenses are as follows:

In Rs.

Particulars	Period ended December 31, 2009
Salaries and bonus including overseas staff expenses	6,68,62,291
Overseas travel expenses	1,09,420
Professional charges	48,86,420
Telephone charges	1,31,713
Rent	2,70,181
Insurance charges	5,154
Postage and courier	1,047
Bank charges and commission	86,703
Auditor's remuneration	
Statutory audit fees	1,72,025
Certification charges	–
Others	–
Out-of-pocket expenses	–
Miscellaneous expenses	70,027
	7,25,94,981

12.2.2. Quantitative details

The Company is primarily engaged in the development and maintenance of computer software. The production and sale of such software cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956.

12.2.3. Obligations on long-term, non-cancelable operating leases

The lease rentals charged during the period and maximum obligations on long-term, non-cancelable operating leases payable as per the rentals stated in the respective agreements are as follows:

In Rs.

	Period ended December 31, 2009
Lease rentals recognized during the period	2,70,181

In Rs.

Lease obligations payable:	Period ended December 31, 2009
Within one year of the Balance Sheet date	3,80,131
Due in a period between one year and five years	1,00,815
Due after five years	–

12.2.4. Related party transactions

List of related parties:

Name of Related parties	Country	Year ended December 31, 2009
Infosys Technologies Limited	India	100.00%

During the year ended December 31, 2009, the holding Company incorporated the wholly-owned subsidiary, Infosys Technologies (Sweden) AB, which was capitalized on July 8, 2009.

Details of amounts due to or due from Year ended Dec 31, 2009:

In Rs.

Particulars	Year ended December 31, 2009
Sundry debtors	
Infosys Technologies Limited	67,71,383
Sundry creditors	
Infosys Technologies Limited	5,65,936

The details of the related party transactions entered into by the Company and maximum dues from subsidiaries for the year ended December 31, 2009 is follows:

In Rs.

Particulars	Period ended December 31, 2009
Capital transactions:	
Financing transactions	
Infosys Technologies Limited	6,53,000
Revenue transactions:	
Sale of services	
Infosys Technologies Limited	7,61,76,643

Sale of shared services including facilities and personnel

12.2.5. Cash and bank balances

The details of balances as on Balance Sheet dates with non-scheduled banks are as follows:

In Rs.

Balances with non-scheduled bank	Year ended December 31, 2010
In current accounts	
Nordbanken, Sweden	1,48,63,136
Svenska Handelsbanken, Sweden	1,97,754
	1,50,60,890
Total cash and bank balances as per Balance Sheet	**1,50,60,890**

The details of maximum balances during the period with non-scheduled banks are as follows:

In Rs.

Maximum balance with non-scheduled banks during the period	Period ended December 31, 2010
In current accounts	
Nordbanken, Sweden	2,35,28,736
Svenska Handelsbanken, Sweden	46,70,923

12.2.6. Segment reporting

The Company's operations predominantly relate to providing end-to-end business solutions that leverage technology thereby enabling clients to enhance business performance. These solutions are delivered to customers globally operating in various industry segments. Accordingly, revenues represented along industry classes comprise the primary basis of segmental information set out in these financial statements. Secondary segmental reporting is performed on the basis of the geographical location of customers.

The accounting principles consistently used in the preparation of the financial statements are also consistently applied to record income and expenditure in individual segments. These are as set out in the significant accounting policies.

Industry segments at the Company are primarily manufacturing companies and the retail industries.

Income and direct expenses in relation to segments is categorized based on items that are individually identifiable to that segment, while the remainder of the costs are categorized in relation to the associated turnover of the segment. Certain expenses such as depreciation, which form a significant component of total expenses, are not specifically allocable to specific segments as the underlying services are used interchangeably. The Company believes that it is not practical to provide segment disclosures relating to those costs and expenses, and accordingly these expenses are separately disclosed as “unallocated” and directly charged against total income.

Fixed assets used in the Company’s business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments. Accordingly, no disclosure relating to total segment assets and liabilities are made.

Customer relationships are driven based on the location of the respective client. Europe includes continental Europe (both the east and the west).

Geographical revenues are segregated based on the location of the customer who is invoiced or in relation to which the revenue is otherwise recognized.

Industry Segments

Year ended December 31, 2009:

In Rs.

	Manufacturing	Retail	Total
Revenues	2,06,60,755	5,55,15,888	7,61,76,643
Identifiable operating expenses	1,59,28,120	4,01,44,589	5,60,72,709
Allocated expenses	44,81,198	1,20,41,074	1,65,22,272
Segmental operating income	2,51,437	33,30,225	35,81,662
Operating income			35,81,662
Other income, net			(2,10,137)
Net profit before taxes			33,71,525
Income taxes			9,47,586
Net profit after taxes			24,23,940

Geographic Segments

Year ended December 31, 2009:

In Rs.

	Europe	Total
Revenues	7,61,76,643	7,61,76,643
Identifiable operating expenses	5,60,72,709	5,60,72,709
Allocated expenses	1,65,22,272	1,65,22,272
Segmental operating income	35,81,662	35,81,662
Operating income		35,81,662
Other income, net		(2,10,137)
Net profit before taxes		33,71,525
Income taxes		9,47,586
Net profit after taxes		24,23,940

Auditors Report

To

The Members of Infosys Tecnologia Do Brasil LTDA

We have audited the attached Balance Sheet of Infosys Tecnologia DO Brasil LTDA ('the Company') as at December 31, 2009, the Profit and Loss account ('Financial Statements') of the Company for the period ended on that date. 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.

We conducted our audit in accordance with 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 misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and 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.

Further, we report that:

1. 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;

2. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

3. the Balance Sheet and the Profit and Loss account dealt with by this report are in agreement with the books of account;

4. 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 Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

   i. in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2009; and
   ii. in the case of the Profit and Loss account, of the loss of the Company for the period ended on that date

For Shenoy & Kamath
Chartered Accountants

M Rathnakar Kamath
Membership No. 202841
Reg. No. 006673S

Bangalore
January 7, 2010

Financial statements of Infosys Tecnologia DO Brasil LTDA

In Rs.

Balance Sheet as at	Schedule	December 31, 2009
SOURCES OF FUNDS		
SHAREHOLDERS' FUNDS		
Share capital	1	17,14,11,417
		17,14,11,417
APPLICATION OF FUNDS		
FIXED ASSETS	2	
Original cost		9,03,89,201
Less: Accumulated depreciation		83,14,652
Net book value		8,20,74,549
Add: Capital work-in-progress		48,365
		8,21,22,914
CURRENT ASSETS, LOANS AND ADVANCES		
Sundry debtors	3	1,07,63,754
Cash and bank balances	4	5,71,00,613
Loans and advances	5	2,17,35,105
		8,95,99,472
LESS: CURRENT LIABILITIES AND PROVISIONS		
Current liabilities	6	4,21,67,566
		4,21,67,566
NET CURRENT ASSETS		4,74,31,906
Profit and Loss account		4,18,56,597
		17,14,11,417
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	11	

Note: The schedules referred to above are an integral part of the Balance Sheet.

For Shenoy & Kamath
Chartered Accountants

M Rathnakar Kamath
Membership No. 202841

V. G. Dheeshjith
Sole Manager

Bangalore
January 7, 2010

In Rs.

Profit and Loss Account for the	Schedule	Period ended December 31, 2009
Income from software services and business process management		2,72,07,679
Software development and business process management expenses	7	3,55,77,587
GROSS PROFIT		**(83,69,908)**
Selling and marketing expenses	8	1,41,744
General and administration expenses	9	2,84,09,626
		2,85,51,370
OPERATING PROFIT before interest and depreciation		**(3,69,21,278)**
Interest		–
Depreciation		83,17,391
OPERATING PROFIT before tax		(4,52,38,669)
Other income, net	10	5,77,304
Provision for investments		–
NET PROFIT before tax		**(4,46,61,365)**
Provision for taxation		–
NET PROFIT after tax		**(4,46,61,365)**
EARNINGS PER SHARE (EPS)		
Equity shares of par value 1 BRL each		
Basic		(30.2)
Number of shares used in computing basic earnings per share		14,77,062
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	11	

Note: The schedules referred to above are an integral part of the Balance Sheet.

For Shenoy & Kamath
Chartered Accountants

M Rathnakar Kamath
Membership No. 202841

V. G. Dheeshjith
Sole Manager

Bangalore
January 7, 2010

In Rs.

Schedules to the Balance Sheet as at	December 31, 2009
1 SHARE CAPITAL	
Authorized Capital	
1,12,00,000 Shares of 1 BRL par value	29,51,41,647
	29,51,41,647
Issued, subscribed and paid up	
65,04,700 Shares of 1 BRL par value, fully paid	17,14,11,417
	17,14,11,417

Schedules to the Balance Sheet

2. FIXED ASSETS

In Rs.

Description	Original cost				Depreciation and amortization				Net book value	
	As at Jan 1, 2009	Additions/ Adjustments	Deletions/ Retirement/ Adjustments	As at Dec 31, 2009	As at Jan 1, 2009	For the period	Deletions / Adjustments	As at Dec 31, 2009	As at Dec 31, 2009	As at Dec 31, 2008
Plant and Machinery	–	1,24,08,132	–	1,24,08,132	–	9,84,677	–	9,84,677	1,14,23,455	–
Computer Equipment	–	3,59,40,725	–	3,59,40,725	–	41,22,403	–	41,22,403	3,18,18,321	–
Furniture and Fixtures	–	4,20,40,344	–	4,20,40,344	–	32,07,572	–	32,07,572	3,88,32,772	–
Total	–	**9,03,89,201**	–	**9,03,89,201**	–	**83,14,652**	–	**83,14,652**	**8,20,74,549**	–
Previous Year	–	–	–	–	–	–	–	–	–	–

In Rs.

Schedules to the Balance Sheet as at	December 31, 2009
3 SUNDRY DEBTORS	
Unsecured	
Considered good	1,07,63,754
	1,07,63,754
Less: Provision for doubtful debts	–
	1,07,63,754
4 CASH AND BANK BALANCES	
Balances with non-scheduled banks in foreign currency	
In current accounts	5,71,00,613
	5,71,00,613
5 LOANS AND ADVANCES	
Advances	
For supply of goods and rendering of services	3,00,272
Others	11,60,376
	14,60,648
Unbilled revenues	2,06,64,192
Loans and advances to employees	
Salary advances	(3,89,735)
	2,17,35,105
6 CURRENT LIABILITIES	
Sundry creditors	
Capital	1,85,77,221
Goods and services	1,35,55,048
Accrued salaries and benefits	
Bonus and incentives	2,287
For other liabilities	
Provision for expenses	43,23,653
Withholding and other taxes payable	57,09,357
	4,21,67,566

In Rs.

Schedules to Profit and Loss Account for the	Period ended December 31, 2009
7 SOFTWARE DEVELOPMENT AND BUSINESS PROCESS MANAGEMENT EXPENSES	
Salaries and bonus including overseas staff expenses	1,85,17,962
Group health insurance	4,531
Contribution to provident and other funds	43,698
Staff welfare	3,49,062
Technical sub-contractors	1,16,69,981
Overseas travel expenses	33,46,970
Visa charges and others	(14,908)
Software packages	
For own use	1,64,300
Computer maintenance	10,75,148
Consumables	21,863
Rent	3,98,980
	3,55,77,587
8 SELLING AND MARKETING EXPENSES	
Brand building	(5,640)
Marketing expenses	1,47,384
	1,41,744
9 GENERAL AND ADMINISTRATION EXPENSES	
Salaries and bonus including overseas staff expenses	9,62,835
Group health insurance	(9,043)
Contribution to provident and other funds	4,165
Telephone charges	8,82,781
Professional charges	84,04,591
Power and fuel	70,133
Travel and conveyance	1,34,000
Overseas travel expenses	50,47,061
Visa charges and others	29,876
Office maintenance	35,40,333
Printing and stationery	3,56,252
Rent	77,73,822
Repairs to plant and machinery	2,25,250
Rates and taxes	3,74,822
Postage and courier	16,253
Bank charges and commission	4,61,885
Miscellaneous expenses	1,34,610
	2,84,09,626
10 OTHER INCOME, NET	
Exchange gains / (losses)	5,77,304
	5,77,304

Schedules to the Financial Statements for the period ended December 31, 2009

11. Significant accounting policies and Notes on accounts

Company overview

During August 2009, the holding Company incorporated a wholly-owned subsidiary in Brazil. Infosys Tecnologia DO Brasil LTDA (Infosys Brazil) provides end-to-end business solutions that leverage technology thereby enabling its clients to enhance business performance. The Company's operations are to provide solutions that span the entire software life cycle encompassing technical consulting, design, development, re-engineering, maintenance, systems integration, package evaluation and implementation, testing and infrastructure management services. In addition, the Company also offers business process management services.

11.1. Significant accounting policies

11.1.1. Basis of preparation of financial statements

These Financial Statements as at and the year ended December 31, 2009 have been prepared under the historical cost convention on the accrual basis except for certain financial instruments which have been measured at fair values. Accounting policies have been applied consistently to all periods presented in these Financial Statements.

11.1.2. Use of estimates

The preparation of the Financial Statements requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the Financial Statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the Financial Statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

11.1.3. Revenue recognition

The Company derives revenues primarily from software development and related services, from business process management services and from the licensing of software products. Arrangements with customers for software development and related services are either on a fixed-price, fixed-timeframe or on a time-and-material basis.

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last billing to the balance sheet date is recognized as unbilled revenues. Revenue from fixed-price, fixed-timeframe contracts is recognized as per the percentage-of-completion method. Efforts expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current contract estimates. Costs and earnings in excess of billings are classified as unbilled revenue while billings in excess of costs and earnings are classified as unearned revenue. Maintenance revenue is recognized ratably over the term of the underlying maintenance arrangement.

Advances received for services and products are reported as client deposits until all conditions for revenue recognition are met.

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the ratable allocation of the discounts/ incentives amount to each of the underlying revenue transaction that results in progress by the customer towards earning the discount/ incentive. Also, when the level of discount varies with increases in levels of revenue transactions, the Company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The Company recognizes changes in the estimated amount of obligations for discounts in the period in which the change occurs. The discounts are passed on to the customer either as direct payments or as a reduction of payments due from the customer. The Company presents revenues net of value-added taxes.

11.1.4. Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

11.1.5. Fixed assets, intangible assets and capital work-in-progress

Fixed assets are stated at cost, less accumulated depreciation and impairments, if any. Direct costs are capitalized until fixed assets are ready for use. Capital work-in-progress comprises outstanding advances paid to acquire fixed assets, and the cost of fixed assets that are not yet ready for their intended use at the reporting date. Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment.

11.1.6. Depreciation and amortization

Depreciation on fixed assets is provided on the straight-line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased / sold during a period is proportionately charged. Individual low cost assets (acquired for less than Rs. 5,000/-) are depreciated over a period of one year from the date of acquisition. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use. The Management estimates the useful lives for the other fixed assets as follows:

Buildings	15 years
Plant and machinery	5 years
Computer equipment	2-5 years
Furniture and fixtures	5 years
Vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

11.1.7. Foreign currency transactions

Foreign currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in net profit. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

11.1.8. Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

11.1.9. Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks and corporations.

11.1.10. Leases

Lease payments under operating leases are recognized as an expense on a straight-line basis in the Profit and Loss Account over the lease term.

11.1.11. Earnings per share

Basic earnings per share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the period.

11.2.1. Aggregate expenses

The aggregate amounts incurred on expenses are as follows:

In Rs.

	Period ended December 31,
	2009
Salaries and bonus including overseas staff expenses	1,94,76,284
Contribution to provident and other funds	47,864
Staff welfare	3,49,062
Overseas travel expenses	83,94,031
Visa charges and others	14,968
Travel and conveyance	1,34,000
Technical sub-contractors – others	1,16,69,981
Software packages	
For own use	1,64,300
Professional charges	84,04,591
Telephone charges	8,82,781
Power and fuel	70,133
Office maintenance	35,40,333
Rent	81,72,802
Computer maintenance	10,75,148
Printing and stationery	3,56,252
Consumables	21,863
Marketing expenses	1,41,744
Repairs to plant and machinery	2,25,250
Rates and taxes	3,74,822
Postage and courier	16,253
Bank charges and commission	4,61,885
Miscellaneous expenses	1,34,610
	6,41,28,957

11.2.2. Capital commitments and contingent liabilities

In Rs.

Particulars	**As at December 31,**
	2009
Estimated amount of unexecuted capital contracts	
(net of advances and deposits)	1,56,05,150

11.2.3.Quantitative details

The Company is primarily engaged in the development and maintenance of computer software. The production and sale of such software cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956.

11.2.4. Obligations on long-term, non-cancelable operating leases

The lease rentals charged during the period and maximum obligations on long-term, non-cancelable operating leases payable as per the rentals stated in the respective agreements are as follows:

In Rs.

	Period ended December 31, 2009
Lease rentals recognized during the period	77,73,822

In Rs.

Lease obligations payable:	As at December 31, 2009
Within one year of the Balance Sheet date	1,36,61,190
Due in a period between one year and five years	2,73,22,380
Due after five years	–

The operating lease arrangements extend up to a maximum of ten years from their respective dates of inception and relates to rented overseas premises. Some of the lease agreements have a price escalation clause.

11.2.5. Related party transactions

List of related parties:

Name of Holding Company	Country	Holding, as at December 31, 2009
Infosys Technologies Limited	India	100%

Details of amounts due to or due from as at December 31, 2009 :

In Rs.

Particulars	As at December 31, 2009
Sundry debtors	
Infosys BPO Limited	87,867
Infosys Mexico	32,456
Infosys Technologies Limited	30,28,546
Sundry creditors	
Infosys BPO Limited	63,67,220
Infosys Mexico	5,15,776
Infosys Technologies Limited	83,78,106

The details of the related party transactions entered into by the Company for the year ended December 31, 2009 is as follows:

In Rs.

Particulars	Period ended December 31, 2009
Capital transactions:	
Financing transactions	
Infosys Technologies Limited	17,14,11,417
Sale of services	
Infosys Technologies Limited	2,01,14,945

11.2.6. Cash and bank balances

The details of balances as on balance sheet dates with non-scheduled banks are as follows:

In Rs.

Balances with non-scheduled banks	As at December 31, 2009
In current accounts	
CITIBANK SA	5,71,00,613
	5,71,00,613

The details of maximum balances during the period with non-scheduled banks are as follows:

In Rs.

Maximum balance with non-scheduled banks during the period	As at December 31, 2009
In current accounts	
CITIBANK SA	10,57,60,900

11.2.7. Segment reporting

The Company's operations predominantly relate to providing end-to-end business solutions that leverage technology thereby enabling clients to enhance business performance. These solutions are delivered to customers globally operating in various industry segments. Accordingly, revenues represented along industry classes comprise the primary basis of segmental information set out in these financial statements. Secondary segmental reporting is performed on the basis of the geographical location of customers.

The accounting principles consistently used in the preparation of the financial statements are also consistently applied to record income and expenditure in individual segments. These are as set out in the significant accounting policies.

Industry segments at the Company are primarily financial services comprising manufacturing companies and the retail industries.

Income and direct expenses in relation to segments is categorized based on items that are individually identifiable to that segment, while the remainder of the costs are categorized in relation to the associated turnover of the segment. Certain expenses such as depreciation, which form a significant component of total expenses, are not specifically allocable to specific segments as the underlying services are used interchangeably. The Company believes that it is not practical to provide segment disclosures relating to those costs and expenses, and accordingly these expenses are separately disclosed as “unallocated” and directly charged against total income.

Fixed assets used in the Company’s business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments. Accordingly, no disclosure relating to total segment assets and liabilities are made.

Customer relationships are driven based on the location of the respective client. Europe includes continental Europe (both the east and the west).

Geographical revenues are segregated based on the location of the customer who is invoiced or in relation to which the revenue is otherwise recognized.

Industry Segments

Year ended December 31, 2009:

In Rs.

	Manufacturing	Retail	Total
Revenues	1,95,42,730	76,64,949	2,72,07,679
Identifiable operating expenses	74,07,688	4,85,318	78,93,006
Allocated expenses	4,03,93,156	1,58,42,795	5,62,35,950
Segmental operating income	(2,82,58,114)	(86,63,164)	(3,69,21,278)
Unallocable expenses			83,17,392
Operating Income			(4,52,38,669)
Other income, net			5,77,304
Net profit before taxes			(4,46,61,365)
Net profit after taxes			(4,46,61,365)

Geographic Segments

Year ended December 31, 2009:

In Rs.

	North America	Europe	Total
Revenues	1,23,17,884	1,48,89,795	2,72,07,679
Identifiable operating expenses	29,50,702	49,42,305	78,93,006
Allocated expenses	2,54,60,015	3,07,75,935	5,62,35,950
Segmental operating income	(1,60,92,833)	(2,08,28,445)	(3,69,21,278)
Unallocable expenses			83,17,392
Operating Income			(4,52,38,669)
Other income, net			5,77,304
Net profit before taxes			(4,46,61,365)
Net profit after taxes			(4,46,61,365)

Financial statements of Infosys Consulting India Limited

In Rs.

Balance Sheet as at	**Schedule**	**March 31, 2010**
SOURCES OF FUNDS		
SHAREHOLDERS' FUNDS		
Share capital	1	1,00,00,000
Reserves and surplus	2	1,24,06,887
DEFERRED TAX LIABILITIES	4	1,02,708
		2,25,09,595
APPLICATION OF FUNDS		
FIXED ASSETS	3	
Original cost		43,56,215
Less: Accumulated depreciation and amortization		9,97,667
Net book value		33,58,548
DEFERRED TAX ASSETS	4	32,34,441
CURRENT ASSETS, LOANS AND ADVANCES		
Sundry debtors	5	2,10,69,587
Cash and bank balances	6	2,56,36,189
Loans and advances	7	1,04,52,753
		5,71,58,529
LESS: CURRENT LIABILITIES AND PROVISIONS		
Current liabilities	8	2,99,28,449
Provisions	9	1,13,13,474
NET CURRENT ASSETS		1,59,16,606
		2,25,09,595
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	15	

Note: The schedules referred to above are an integral part of the Balance Sheet.

As per our report attached
for B S R & Co.
Chartered Accountants

Supreet Sachdev
Partner
Membership No. 205385

S. D. Shibulal
Director

Chandra Shekar Kakal
Director

B. G. Srinivas
Director

Bangalore
April 8, 2010

In Rs.

Profit and Loss account for the period ended	Schedule	March 31, 2010
Income from software services		9,28,43,311
Software development expenses	10	6,94,28,548
GROSS PROFIT		2,34,14,763
Selling and marketing expenses	11	779
General and administration expenses	12	1,22,34,227
		1,22,35,006
OPERATING PROFIT BEFORE DEPRECIATION		1,11,79,757
Depreciation		997,667
OPERATING PROFIT BEFORE TAX		1,01,82,090
Other income, net	13	(9,06,936)
NET PROFIT BEFORE TAX		92,75,154
Provision for taxation	14	(31,31,734)
NET PROFIT AFTER TAX		1,24,06,887
AMOUNT AVAILABLE FOR APPROPRIATION		1,24,06,887
Balance in Profit and Loss account		1,24,06,887
		1,24,06,887
EARNINGS PER SHARE		
Equity shares of par value Rs. 5/- each		
Basic		23.96
Number of shares used in computing earnings per share		
Basic		5,17,808
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	15	

Note: The schedules referred to above are an integral part of the Profit and Loss account.

As per our report attached
for B S R & Co.
Chartered Accountants

Supreet Sachdev	S. D. Shibulal	Chandra Shekar Kakal	B. G. Srinivas
Partner	*Director*	*Director*	*Director*
Membership No. 205385			

Bangalore
April 8, 2010

In Rs.

Schedules to the Balance Sheet as at	March 31, 2010
1. SHARE CAPITAL	
Authorized	
Equity shares, Rs. 10/- par value	
10,00,000 equity shares	1,00,00,000
Issued, subscribed and paid up	
Equity shares, Rs. 10/- par value	1,00,00,000
10,00,000 equity shares fully paid up	
	1,00,00,000
2. RESERVES AND SURPLUS	
Balance in Profit and Loss Account	1,24,06,887
	1,24,06,887

Schedules to the Balance Sheet

3. FIXED ASSETS

In Rs.

Description	Original cost				Depreciation and amortization				Net book value	
	As at April 1, 2009	Additions/ Adjustments	Deletions/ Retirement/ Adjustments	As at March 31, 2010	As at April 1, 2009	For the period	Deletions / Adjustments	As at March 31, 2010	As at March 31, 2010	As at March 31, 2009
Computer Equipment	–	43,56,215	–	43,56,215	–	9,97,667	–	9,97,667	33,58,548	–
Total	**–**	**43,56,215**	**–**	**43,56,215**	**–**	**9,97,667**	**–**	**9,97,667**	**33,58,548**	**–**

In Rs.

Schedules to the Balance Sheet as at,	March 31, 2010
4. DEFERRED TAX ASSETS / (LIABILITIES)	
Other assets	32,34,441
	32,34,441
DEFERRED TAX LIABILITIES	
Fixed assets	(1,02,708)
	(1,02,708)
5. SUNDRY DEBTORS	
Debts outstanding for a period exceeding six months	
Unsecured	
Considered good*	2,10,69,587
Considered doubtful	–
	2,10,69,587
Less: Provision for doubtful debts	–
	2,10,69,587
	–
** Includes dues from related parties (refer to note 15.2.6)*	1,85,70,901
6. CASH AND BANK BALANCES	
Balances with scheduled banks (r*efer to Note 15.2.9 for details of balances with scheduled and non-scheduled banks)*	
In current accounts	2,55,86,189
In deposit accounts	50,000
	2,56,36,189
7. LOANS AND ADVANCES	
Unsecured, considered good	
Advances	
Prepaid expenses	12,84,996
For supply of goods and rendering of services	1,86,182
Advance to gratuity trust	13,982
Withholding and other taxes receivable	7,649
	14,92,809
Advance income taxes	12,00,000
MAT credit entitlement (refer to Note 15.2.8)	15,76,312
Interest accrued but not due	234
Loans and advances to employees	
Housing and other loans	7,43,124
Salary advances	40,40,274
Rental deposits	14,00,000
	1,04,52,753
Unsecured, considered doubtful	–
	1,04,52,753
Less: Provision for doubtful loans and advances to employees	–
	1,04,52,753

In Rs.

Schedules to the Balance Sheet as at,	March 31, 2010
8. CURRENT LIABILITIES	
Sundry creditors	
Goods and services *	35,31,151
Accrued salaries and benefits	
Salaries	14,10,482
Bonus and incentives	2,27,62,031
For other liabilities	
Provision for expenses	21,96,915
Withholding and other taxes payable	27,870
	2,99,28,449
**Includes dues to related parties (refer to note 15.2.6)*	35,31,151
9. PROVISIONS	
Provision for	
Income taxes (refer to Note 15.2.8)	15,76,312
Unavailed leave	97,37,162
	1,13,13,474

In Rs.

Schedules to Profit and Loss Account for the period ended	March 31, 2010
10 SOFTWARE DEVELOPMENT EXPENSES	
Salaries and bonus including overseas staff expenses	5,27,46,973
Overseas group health insurance	7,952
Contribution to provident and other funds	66,50,567
Staff welfare	9,72,439
Technical subcontractors	17,00,000
Overseas travel expenses	66,46,125
Visa charges and others	5,72,728
Software packages	
For own use	4,888
Consumables	1,26,877
	6,94,28,548
11 SELLING AND MARKETING EXPENSES	
Marketing expenses	779
	779
12 GENERAL AND ADMINISTRATION EXPENSES	
Salaries and bonus including overseas staff expenses	47,54,155
Contribution to provident and other funds	7,82,529
Professional charges	2,36,303
Telephone charges	8,13,378
Travel and conveyance	19,49,125
Overseas travel expenses	77,343
Office maintenance	5,407
Guest house maintenance	1,000
Printing and stationery	1,423
Rent	27,62,892
Rates and taxes	3,54,450
Professional membership and seminar participation fees	5,405
Postage and courier	5,037
Books and periodicals	19,075
Bank charges and commission	(835)
Auditor's remuneration	
Statutory audit fees	4,50,000
Certification charges	–
Others	–
Miscellaneous expenses	17,540
	1,22,34,227

In Rs.

Schedules to Profit and Loss Account for the period ended	March 31, 2010
13 OTHER INCOME, NET	
Interest received on deposits with banks and others*	91,951
Gains / (losses) on foreign currency, net	(9,98,886)
	(9,06,936)
*includes tax deducted at source	7,649
14 PROVISION FOR TAXATION	
Income taxes (refer to Note 15.2.8)	15,76,312
MAT credit entitlement	(15,76,312)
Deferred taxes	(31,31,734)
	(31,31,734)

Schedules to the Financial Statements for the period ended March 31, 2010

15. Significant accounting policies and notes on accounts

Company overview

Infosys Consulting India Limited (ICIL) is a wholly owned subsidiary of Infosys Consulting Inc, U.S. The Company provides end-to-end business solutions that leverage cutting-edge technology, thereby enabling clients to enhance business performance. ICIL is singularly focused on making clients more competitive, and does so with rigorous linkages to client value, a set of proprietary competitive benchmarking tools, and the Infosys Global Delivery Model.

15.1. Significant accounting policies

15.1.1. Basis of preparation of financial statements

These Financial Statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed by the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

15.1.2. Use of estimates

The preparation of the Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the Financial Statements and reported amounts of income and expenses during the period. Examples of such estimates include computation of percentage of completion which requires the Company to estimate the efforts expended to date as a proportion of the total efforts to be expended, provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets and intangible assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the Financial Statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the Financial Statements.

The Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) and no impairment loss would have been recognized for the asset in previous years.

15.1.3. Revenue recognition

Revenue is primarily derived from software development and related services. Arrangements with customers for software development and related services are either on a fixed-price, fixed-time frame or on a time-and-material basis.

Revenue on time-and material contracts are recognized as the related services are performed and revenue from the end of the last billing to the Balance Sheet date is recognized as unbilled revenues. Revenue from fixed-price and fixed time frame contracts, where there is no uncertainty as to measurement or collectability of consideration, is recognized based upon the percentage of completion. When there is uncertainty as to measurement or ultimate collectability revenue recognition is postponed until such uncertainty is resolved. Cost and earnings in excess of billings are classified as unbilled revenue while billing in excess of cost and earnings is classified as unearned revenue. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates.

15.1.4. Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

15.1.5. Fixed assets, intangible assets and capital work-in-progress

Fixed assets are stated at cost, less accumulated depreciation and impairments, if any. Direct costs are capitalized until fixed assets are ready for use. Capital work-in-progress comprises outstanding advances paid to acquire fixed assets, and the cost of fixed assets that are not yet ready for their intended use at the reporting date. Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment.

15.1.6. Depreciation and amortization

Depreciation on fixed assets is provided on the straight-line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased / sold during a period is proportionately charged. Individual low cost assets (acquired for less than Rs. 5,000/-) are depreciated over a period of one year from the date of acquisition. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use. The Management estimates the useful lives for the other fixed assets as follows:

Computer equipment	2-5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

15.1.7. Retirement benefits to employees

15.1.7.a. Gratuity

In accordance with the Payment of Gratuity Act, 1972, the Company provides for gratuity, a defined benefit retirement plan (‘the Gratuity Plan‘) covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company.

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation at each Balance Sheet date using the projected unit credit method. The Company fully contributes all ascertained liabilities to the Infosys Consulting India Limited Employees' Gratuity Fund Trust (the Trust). Trustees administer contributions made to the Trust and contributions are invested in specific investments as permitted by the law. The Company recognizes the net obligation of the gratuity plan in the Balance Sheet as an asset or liability, respectively in accordance with Accounting Standard (AS) 15, ’Employee Benefits‘. The Company's overall expected long-term rate-of-return on assets has been determined based on consideration of available market information, current provisions of Indian law specifying the instruments in which investments can be made, and historical returns. The discount rate is based on the Government securities yield. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the Profit and Loss account in the period in which they arise.

15.1.7.b. Superannuation

Certain employees of Infosys are also participants in the superannuation plan ("the Plan") which is a defined contribution plan. Until March 2005, the Company made contributions under the Plan to the Infosys Consulting India Limited Employees’ Superannuation Fund Trust (‘the Superannuation Trust‘). The Company has no further obligations to the Plan beyond its monthly contributions. A portion of the monthly contribution amount is paid directly to the employees as an allowance and the balance amount is contributed to the Superannuation Trust.

15.1.7.c. Provident fund

Eligible employees receive benefits from a provident fund, which is a defined benefit plan. Both the employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The contributions are paid to Life Insurance Corporation of India on a monthly basis.

15.1.7. d. Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

15.1.8. Research and development

Research costs are expensed as incurred. Software product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Company has an intention and ability to complete and use or sell the software and the costs can be measured reliably.

15.1.9. Foreign currency transactions

Foreign currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Profit or Loss account. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

15.1.10. Income taxes

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax annually, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. Minimum alternate tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of tax credit against future income tax liability, is recognized as an asset in the Balance Sheet if there is convincing evidence that the Company will pay normal tax after the tax holiday period and the resultant asset can be measured reliably. The Company offsets, on a year on year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

The differences that result between the profit considered for income taxes and the profit as per the Financial Statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount of timing difference. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on enacted or substantively enacted regulations. Deferred tax assets in the situation where unabsorbed depreciation and carry forward business loss exists, are recognized only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized. Deferred tax assets, other than in the situation of unabsorbed depreciation and carry forward business loss, are recognized only if there is reasonable certainty that they will be realized. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date.

15.1.11. Earnings per share

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period.

15.1.12. Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

15.1.13. Leases

Lease under which the Company assumes all substantial risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognized as an expense on a straight-line basis in the Profit and Loss account over the lease term.

15.1.14. Previous year figures

This being the first year of operation previous year comparatives are not available.

15.2. Notes on accounts

Amounts in the Financial Statements are presented in Rupees.

15.2.1. Aggregate expenses

The aggregate amounts incurred on expenses are as follows :

	Period ended March 31, 2010
Salaries and bonus including overseas staff expenses	5,75,01,128
Contribution to provident and other funds	74,33,096
Staff welfare	9,72,439
Overseas group health insurance	7,952
Overseas travel expenses	72,42,313
Visa charges and others	53,883
Travel and conveyance	19,49,125
Software packages	
For own use	4,888
Professional charges	2,36,303
Technical subcontractors	17,00,000
Telephone charges	8,13,378
Office maintenance	5,407
Guest house maintenance	1,000
Rent	27,62,892
Printing and stationery	1,423
Consumables	1,26,877
Marketing expenses	779
Rates and taxes	3,54,450
Professional membership and seminar participation fees	5,405
Postage and courier	5,037
Books and periodicals	19,075
Bank charges and commission	(835)
Auditor's remuneration	
Statutory audit fees	4,50,000
Miscellaneous expenses	17,540
	8,16,63,555

15.2.2. Capital commitments and contingent liabilities

in Rs.

Particulars	As at March 31, 2010
Estimated amount of unexecuted capital contracts	
(net of advances and deposits)	21,55,200
Outstanding guarantees and counter guarantees to various banks, in respect of the guarantees given by those banks in favor of various government authorities and others	50,000

15.2.3. Quantitative details

The Company is primarily engaged in the development of computer software. The production and sale of such software cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956.

15.2.4. Activity in foreign currency

in Rs.

Particulars	Year ended March 31, 2010
Earnings in foreign currency (on receipts basis)	
Income from software services and products	9,05,77,956
Expenditure in foreign currency (on payments basis)	42,91,180
Net earnings in foreign currency	8,62,86,776

15.2.5. Obligations on long-term, non-cancelable operating leases

The lease rentals charged during the period and maximum obligations on long-term, non-cancelable operating leases payable as per the rentals stated in the respective agreements are as follows:

in Rs.

	Year ended March 31, 2010
Lease rentals recognized during the period	27,62,892

in Rs.

Lease obligations payable:	As at March 31, 2010
Within one year of the balance sheet date	55,25,784
Due in a period between one year and five years	27,62,892
Due after five years	–

15.2.6. Related party transactions

List of related parties:

Name of related parties	Country
Infosys BPO Limited	India
Infosys Technologies (Australia) Pty Limited	Australia
Infosys Technologies (China) Co. Ltd	China
Infosys BPO s. r. o	Czech Republic
Infosys BPO (Poland) Sp Z.o.o	Poland
Infosys BPO (Thailand) Limited	Thailand
Mainstream Software Pty Limited	Australia
Infosys Technologies (Sweden) AB	Sweden
Infosys Tecnologia DO Brasil LTDA	Brazil
Infosys Consulting Inc	USA
Infosys Technologies S. de R. L. de C. V.	Mexico
Infosys Technologies limited	India
Infosys Public Services Inc	USA
McCamish Systems LLC	USA

Details of amounts due to or due from as at March 31, 2010:

in Rs.

Particulars	As at March 31, 2010
Loans and advances	
Sundry debtors	
Infosys Technologies Limited	1,01,97,771
Infosys Technologies (China) Co. Ltd	1,41,149
Infosys Consulting Inc	82,31,152
Sundry creditors	
Infosys Technologies Limited	17,67,597
Infosys Technologies (China) Co. Ltd	3,33,591
Infosys Consulting Inc	14,06,073
Infosys BPO Limited	23,891
Rental Deposit given	
Infosys Technologies Limited	14,00,000

The details of the related party transactions entered into by the company for the year ended March 31, 2010 are as follows:

in Rs.

Particulars	Year ended March 31, 2010
Purchase of fixed assets	
Infosys Technologies Limited	43,56,215
Purchase of shared services including facilities and personnel	
Infosys Technologies Limited	27,62,892
Infosys BPO Limited (including subsidiaries)	17,00,000
Sale of services	
Infosys Consulting Inc	9,05,77,956

15.2.7. Transactions with key management personnel

Key management personnel comprise of directors. There has been no transactions with key management personnel during the year.

15.2.8. Income taxes

The provision for taxation includes tax liabilities in India on the company's global income as reduced by exempt incomes and any tax liabilities arising overseas on income sourced from those countries. Income from STPs are exempt from tax for the earlier of 10 years commencing from the fiscal year in which the unit commences software development or March 31, 2011. Pursuant to the changes in the Indian Income Tax Act, the Company has calculated its tax liability after considering Minimum Alternate Tax (MAT). The MAT liability can be carried forward and set off against the future tax liabilities. Accordingly a sum of Rs. 15,76,312 was carried forward and shown under 'Loans and Advances' in the Balance Sheet as at March 31, 2010.

15.2.9. Cash and bank balances

Details of balances as on balance sheet dates with scheduled banks:-

in Rs.

Balances with scheduled banks in India	**As at March 31, 2010**
In current accounts	
Citibank	2,33,42,086
Citibank-EEFC account in U.S. dollar	22,44,103
	2,55,86,189

in Rs.

Balances with scheduled banks in India	**As at March 31, 2010**
In deposit accounts	
Canara Bank	50,000
	50,000
Total cash and bank balances as per balance sheet	**2,56,36,189**

15.2.10. Segment reporting

The Company's Services are predominantly rendered to its holding company, Infosys Consulting Inc and all costs are incurred in India and hence segment reporting is not applicable.

15.2.11. Gratuity Plan

The following table set out the status of the Gratuity Plan as required under AS 15.

Reconciliation of opening and closing balances of the present value of the defined benefit obligation and plan assets:

in Rs.

Particulars	**As at March 31, 2010**
Obligations at period beginning	–
Transfer of obligation	1,57,40,981
Service cost	15,40,325
Interest cost	6,15,472
Actuarial (gain)/ loss	(40,436)
Benefits paid	–
Amendment in benefit plans	–
Obligations at period end	**1,78,56,342**
Defined benefit obligation liability as at the Balance Sheet is fully funded by the Company	
Change in plan assets	
Plans assets at period beginning, at fair value	–
Expected return on plan assets	19,338
Actuarial gain/ (loss)	537
Contributions	21,09,469
Benefits paid	–
Plans assets at period end, at fair value	**21,29,344**

in Rs.

Particulars	As at March 31, 2010
Reconciliation of present value of the obligation and the fair value of the plan assets:	
Fair value of plan assets at the end of the period	21,29,344
Present value of the defined benefit obligations at the end of the period	1,78,56,342
Asset recognized in the Balance Sheet	**13,983**
Assumptions	
Interest rate	7.57%
Estimated rate of return on plan assets	9.00%
Weighted expected rate of salary increase	7.27%

	Year ended March 31, 2010
Gratuity cost for the period	
Service cost	15,40,325
Interest cost	6,15,472
Expected return on plan assets	(19,338)
Actuarial (gain) / loss	(40,973)
Plan amendment amortization	–
Net gratuity cost	**20,95,486**
Actual return on plan assets	19,875

Gratuity cost, as disclosed above, is included under salaries and bonus and is segregated between software development expenses, selling and marketing expenses and general and administration expenses on the basis of number of employees.

During the year ended March 31, 2010, a reimbursement asset of Rs. 2 crore has been recognized towards settlement of gratuity liability from Infosys Technologies Limited.

As of March 31, 2010, the Plan assets have been primarily invested in government securities. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

The Company expects to contribute approximately Rs. 1,02,47,623 to the gratuity trust for fiscal 2011.

15.2.11.a Provident Fund

The Guidance on Implementing AS 15, Employee Benefits (revised 2005) issued by Accounting Standards Board (ASB) states that benefits involving employer established provident funds, which require interest shortfalls to be recompensed are to be considered as defined benefit plans. Pending the issuance of the guidance note from the Actuarial Society of India, the Company's actuary has expressed an inability to reliably measure provident fund liabilities. Accordingly the Company is unable to exhibit the related information.

The Company contributed Rs. 39,58,869 during the year ended March 31, 2010, respectively.

15.2.11.b Superannuation

The Company contributed Rs. 35,13,689.93 to the Superannuation Trust during the year ended March 31, 2010, respectively.

15.2.12 Dues to micro and small enterprises

The company has no dues to micro and small enterprises during the quarter and year ended March 31, 2010 and as at March 31, 2010.

Auditors Report

To

The Members of Infosys Public Services Inc., USA

We have audited the attached Balance Sheet of Infosys Public Services Inc., USA ('the Company') as at March 31 2010, the Profit and Loss Account ('Financial Statements') of the Company for the period ended on that date. 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.

We conducted our audit in accordance with 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 misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and 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.

Further, we report that:

1. 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;

2. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

3. the Balance Sheet and the Profit and Loss account dealt with by this report are in agreement with the books of account;

4. 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 Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

   i. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010; and
   ii. in the case of the Profit and Loss account, of the loss of the Company for the period ended on that date

For Shenoy & Kamath
Chartered Accountants

M Rathnakar Kamath
Membership No. 202841
Reg. No. 006673S

Bangalore
April 8, 2010

Financial statements of Infosys Public Services Inc

in Rs.

Balance Sheet as at	Schedule	Year ended March 31,
		2010
SOURCES OF FUNDS		
SHAREHOLDERS' FUNDS		
Share capital	1	23,48,50,000
		23,48,50,000
APPLICATION OF FUNDS		
CURRENT ASSETS, LOANS AND ADVANCES		
Cash and bank balances	2	22,32,14,968
		22,32,14,968
LESS: CURRENT LIABILITIES AND PROVISIONS		–
NET CURRENT ASSETS		22,32,14,968
Reserves and Surplus	3	1,16,35,032
		23,48,50,000
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	6	

Note: The schedules referred to above are an integral part of the Balance Sheet.

For Shenoy & Kamath
Chartered Accountants

M Rathnakar Kamath
Membership No:202841

Prof. Jeffery S. Lehman
Chairperson

T. V. Mohandas Pai
Director

S. D. Shibulal
Director

Ashok Vemuri
Director

Bangalore
April 8, 2010

in Rs.

Profit and Loss account for the	Schedule	Period ended March 31, 2010
Income from software services		–
Software development expenses		–
GROSS PROFIT		–
Selling and marketing expenses		–
General and administration expenses	4	13,69,228
		13,69,228
OPERATING PROFIT before interest and depreciation		**(13,69,228)**
Interest		–
Depreciation		–
O**PERATING PROFIT before tax**		**(13,69,228)**
Other income, net	5	67,597
Provision for investments		–
NET PROFIT before tax		**(13,01,631)**
Provision for taxation		–
NET PROFIT after tax		**(13,01,631)**
Equity shares of par value USD 0.5 /- each		
Basic		(0.27)
Number of shares used in computing basic earnings per share		47,67,123
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	6	

Note: The schedules referred to above are an integral part of the Balance Sheet.

For Shenoy & Kamath
Chartered Accountants

M Rathnakar Kamath
Membership No:202841

Prof. Jeffery S. Lehman
Chairperson

T. V. Mohandas Pai
Director

S. D. Shibulal
Director

Ashok Vemuri
Director

Bangalore
April 8, 2010

in Rs.

Schedules to the Balance Sheet as at	Year Ended March 31, 2010
1 SHARE CAPITAL	
Authorized Capital	
2,50,00,000 common stock of US $0.50 par value	58,72,50,000
	58,72,50,000
Issued, subscribed and paid up	
1,00,00,000 (Nil) common stock of US $0.50 par value, fully paid	23,48,50,000
	23,48,50,000
2 CASH AND BANK BALANCES	
Balances with non-scheduled banks in foreign currency	
In current accounts	22,32,14,968
	22,32,14,968
3 Reserves and Surplus	
Translation difference	1,03,33,400
Balance in Profit and Loss account	13,01,631
	1,16,35,032

in Rs.

Schedules to Profit and Loss account for the	Period ended March 31, 2010
4 GENERAL AND ADMINISTRATION EXPENSES	
Professional charges	12,30,147
Bank charges and commission	1,39,081
	13,69,228
5 OTHER INCOME, NET	
Interest received on deposits with banks and others	67,597
	67,597

Schedules to the Financial Statements for the year ended March 31, 2010

6. Significant accounting policies and notes on accounts

Company overview

Infosys Public Services Inc (the Company) was incorporated on October 9,2009. The purpose of the Company is to engage in any lawful act or activity for which corporation may be organized under the Delaware General Corporation Law, as the same exists or as may hereafter be amended from time to time.

6.1. Significant accounting policies

6.1.1. Basis of preparation of financial statements

The Financial Statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed by the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

6.1.2. Use of estimates

The preparation of the Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the Financial Statements and reported amounts of income and expenses during the period. Examples of such estimates include computation of percentage of completion which requires the Company to estimate the efforts expended to date as a proportion of the total efforts to be expended, provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets and intangible assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the Financial Statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the Financial Statements.

6.1.3. Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date.

6.1.4. Foreign currency transactions

Foreign currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Profit or Loss account. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

6.1.5. Earnings per share

Basic earnings per share is computed by dividing the net profit / (loss) after tax by the weighted average number of equity shares outstanding during the period.

6.1.6. Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks.

6.2. Notes on accounts

6.2.1. Aggregate expenses

The aggregate amounts incurred on expenses are as follows:

in Rs.

	Year ended March 31, 2010
Professional charges	12,30,147
Bank charges and commission	1,39,081
	13,69,228

6.2.2. Cash and bank balances

The details of balances as on Balance Sheet dates with non-scheduled banks are as follows:

in Rs.

	Year ended March 31, 2010
In current accounts	
Bank of America, USA	22,32,14,968
	22,32,14,968

The details of maximum balances during the period with non-scheduled banks are as follows:

in Rs.

	Year ended March 31, 2010
In current accounts	
Bank of America, USA	23,33,50,000
	23,33,50,000

6.2.3. Quantitative details

The Company is primarily engaged in the development and maintenance of computer software. The production and sale of such software cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956.

6.2.4. Related party transactions

List of related parties:

Name of Related Party	Country	Holding, as at March 31, 2010
Infosys Technologies Limited	India	100.00%

The details of the related party transactions entered into by the Company and maximum dues from related parties for the year ended March 31, 2010 is follows:

in Rs.

Particulars	Year ended March 31, 2010
Capital transactions:	
Financing transactions	
Infosys Technologies Limited	23,48,50,000

Auditors Report

To

The Members of McCamish Systems LLC

We have audited the attached Balance Sheet of McCamish Systems LLC, USA (‘the Company’) as at March 31 2010, the Profit and Loss account (‘Financial Statements’) of the Company for the year ended on that date. 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.

We conducted our audit in accordance with 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 misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and 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.

Further, we report that:

1. 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;

2. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

3. the Balance Sheet and the Profit and Loss account dealt with by this report are in agreement with the books of account;

4. in our opinion and to the best of our information and according to the explanations given to us, the said accounts provide the information required by the Act, in the manner so required and also provide a true and fair view in conformity with the accounting principles generally accepted in India:

   i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2010; and
   ii. in the case of the Profit and Loss account, of the loss of the Company for the year ended on that date

For Shenoy & Kamath
Chartered Accountants

M Rathnakar Kamath
Membership No. 202841
Reg. No. 006673S

Bangalore
April 8, 2010

Financial statements of McCamish Systems LLC, USA

in Rs.

Balance Sheet as at	Schedule	March 31, 2010
SOURCES OF FUNDS		
SHAREHOLDERS' FUNDS		
Share capital	1	1,15,06,82,854
		1,15,06,82,854
Unsecured loans		15,49,973
		1,15,22,32,827
APPLICATION OF FUNDS		
FIXED ASSETS	2	
Original cost		5,63,21,685
Less: Accumulated depreciation		2,31,74,189
Net book value		3,31,47,496
CURRENT ASSETS, LOANS AND ADVANCES		
Sundry debtors	3	15,20,35,951
Cash and bank balances	4	6,51,38,613
Loans and advances	5	3,82,69,113
		25,54,43,677
LESS: CURRENT LIABILITIES AND PROVISIONS		
Current liabilities	6	13,44,51,717
Provisions	7	1,50,25,584
		14,94,77,301
NET CURRENT ASSETS		10,59,66,376
PROFIT AND LOSS ACCOUNT		1,01,31,18,955
		1,15,22,32,827
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	12	

Note: The schedules referred to above are an integral part of the Balance Sheet.

For Shenoy & Kamath
Chartered Accountants

M Rathnakar Kamath
Membership No. 202841

D. Swaminathan
Chairman

Gordon Beckam
Chief Executive Officer

Eric Paternoster
Member

Ritesh M Idnani
Member

Sam Thomas
Member

Bangalore
April 8, 2010

in Rs.

Profit and Loss account for the	Schedule	Year Ended March 31, 2010
Income from business process management		38,02,29,857
Business process management expenses	8	46,26,48,128
GROSS PROFIT		**(8,24,18,271)**
Selling and marketing expenses	9	2,04,14,765
General and administration expenses	10	4,84,95,133
		6,89,09,898
OPERATING PROFIT before interest and depreciation		**(15,13,28,169)**
Interest		15,84,169
Depreciation		2,38,96,325
OPERATING PROFIT before tax		**(17,68,08,663)**
Other income, net	11	98,061
Provision for investments		–
NET PROFIT before tax		**(17,67,10,602)**
Provision for taxation		–
NET PROFIT after tax		**(17,67,10,602)**
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	12	

Note: The schedules referred to above are an integral part of the Profit and Loss Account.

For Shenoy & Kamath
Chartered Accountants

M Rathnakar Kamath
Membership No. 202841

D. Swaminathan
Chairman

Gordon Beckam
Chief Executive Officer

Eric Paternoster
Member

Ritesh M Idnani
Member

Sam Thomas
Member

Bangalore
April 8, 2010

in Rs.

Schedules to the Balance Sheet as at	March 31, 2010
1 SHARE CAPITAL	
Membership equity	1,15,06,82,854
	1,15,06,82,854

2 FIXED ASSETS

in Rs.

Particulars	Original cost				Accumulated depreciation				Net book value	
	As at April 1, 2009	Additions/ Adjustments	Deletions/ Retirement/ Adjustments	As at March 31, 2010	As at April 1, 2009	For the period	Deletions / Adjustments	As at March 31, 2010	As at March 31, 2010	As at March 31, 2009
Goodwill	–	–	–	–	–	–	–	–	–	–
Land - Leasehold	–	–	–	–	–	–	–	–	–	–
Buildings	–	–	–	–	–	–	–	–	–	–
Leasehold improvements	–	22,19,222	–	22,19,222	–	2,38,495	6,102	2,32,393	19,86,829	–
Plant and machinery	–	5,00,135	–	5,00,135	–	1,71,794	4,885	1,66,909	3,33,226	–
Computer equipment	–	4,34,53,921	–	4,34,53,921	–	2,21,37,758	6,75,140	2,14,62,618	2,19,91,303	–
Furniture and fixtures	–	1,01,48,407	–	1,01,48,407	–	13,48,235	35,966	13,12,269	88,36,138	–
Vehicles	–	–	–	–	–	–	–	–	–	–
Total	**–**	**5,63,21,685**	**–**	**5,63,21,685**	**–**	**2,38,96,282**	**7,22,093**	**2,31,74,189**	**3,31,47,496**	**–**

in Rs.

Schedules to Profit and Loss account for the	Year ended Mar 31, 2010
3 SUNDRY DEBTORS	
Other debts	
Unsecured	
Considered good	15,20,35,951
	15,20,35,951
Less: Provision for doubtful debts	–
	15,20,35,951
4 CASH AND BANK BALANCES	
Cash on hand	22,450
Balances with non-scheduled banks in foreign currency	
In current accounts	6,51,16,163
	6,51,38,613
5 LOANS AND ADVANCES	
Advances	
Prepaid expenses	2,29,51,036
Unbilled revenues	1,46,44,577
Electricity and other deposits	6,73,500
	3,82,69,113
6 CURRENT LIABILITIES	
Sundry creditors	
Goods and services	35,80,920
Accrued salaries and benefits	
Bonus and incentives	3,29,42,929
For other liabilities	
Provision for expenses	4,78,91,430
Others	1,01,72,515
	9,45,87,794
Unearned revenue	3,98,63,923
	13,44,51,717
7 PROVISIONS	
Provision for	
Post-sales client support and warranties	1,01,95,668
Unavailed leave	48,29,916
	1,50,25,584
8 BUSINESS PROCESS MANAGEMENT EXPENSES	
Salaries and bonus including overseas staff expenses	30,12,63,405
Group health insurance	2,26,14,129
Staff welfare	11,35,953
Technical sub-contractors	7,75,82,539
Overseas travel expenses	22,45,486
Software packages	
For own use	31,58,298
Communication expenses	22,48,225
Computer maintenance	3,50,59,710
Consumables	7,13,100
Rent	1,12,57,123
Miscellaneous expenses	53,70,160
	46,26,48,128
9 SELLING AND MARKETING EXPENSES	
Salaries and bonus including overseas staff expenses	99,88,630
Group health insurance	1,78,301
Staff welfare	3,31,196
Overseas travel expenses	16,76,679
Travelling and conveyance	1,50,486

in Rs.

Schedules to Profit and Loss account for the	Year ended Mar 31, 2010
Commission and earnout charges	70,01,914
Brand building	5,69,980
Rent	2,38,604
Marketing expenses	1,07,705
Sales promotion expenses	1,59,732
Communication expenses	11,538
	2,04,14,765
10 GENERAL AND ADMINISTRATION EXPENSES	
Salaries and bonus including overseas staff expenses	3,05,61,369
Group health insurance	1,89,941
Telephone charges	10,12,616
Professional charges	22,91,189
Power and fuel	2,26,026
Travel and conveyance	6,42,649
Overseas travel expenses	10,33,688
Office maintenance	2,30,979
Printing and stationery	9,34,740
Donations	1,80,302
Rent	8,11,472
Repairs to plant and machinery	6,36,689
Rates and taxes	9,79,508
Postage and courier	38,22,688
Books and periodicals	94,104
Recruitment and training	54,502
Bank charges and commission	92,124
Auditor’s remuneration	
Statutory audit fees	6,17,715
Miscellaneous expenses	40,82,832
	4,84,95,133
11 OTHER INCOME, NET	
Interest received on deposits with banks and others	98,061
	98,061

Schedules to the Financial Statements for the year ended March 31, 2010

12. Significant accounting policies and Notes on accounts

Company overview

McCamish Systems LLC is a leading provider of business process management services to organizations that outsource their business processes. McCamish Systems LLC is a majority owned and controlled subsidiary of Infosys BPO Limited. The Company leverages the benefits of service delivery globalization, process redesign and technology and thus drives efficiency and cost effectiveness into client's business processes and thereby improve their competitive position by managing their business processes in addition to providing increased value.

12.1. Significant accounting policies

12.1.1. Basis of preparation of financial statements

The Financial Statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed by the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

12.1.2. Use of estimates

The preparation of the Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the Financial Statements and reported amounts of income and expenses during the period. Examples of such estimates include computation of percentage of completion which requires the Company to estimate the efforts expended to date as a proportion of the total efforts to be expended, provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets and intangible assets. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the Financial Statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the Financial Statements.

12.1.3. Revenue recognition

The Company derives its revenues primarily from business process management services, on both the time-and-material and fixed-price, fixed-time frame basis and unit-priced basis. Revenue on time-and-material contracts is recognized as the related services are rendered. Revenue from fixed-price, fixed-time frame contracts, where there is no uncertainty as to measurement and collectability of consideration is recognized as per the proportionate-completion method. Revenues from unit-priced contracts are recognized as transactions are processed based on objective measures of output. When the Company receives advances for its services, such amounts are reflected as advance received from clients until all conditions for revenue recognition are met. Cost and earnings in excess of billings are classified as unbilled revenue while billing in excess of cost and earnings is classified as deferred revenue. Provision for estimated losses, if any, on uncompleted contracts are recorded in the year in which such losses become probable based on the current estimates. The Company presents revenues net of service taxes and value added taxes in its Profit and Loss account.

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the ratable allocation of the discount/incentive amount to each of the underlying revenue transactions that result in progress by the customer towards earning the discount/incentive. Also, when the level of discount varies with increase in levels of revenue transactions, the Company recognizes the liability based on its estimate of the customer’s future purchases. If there is a probability that the criteria for the discount will not be met or if the amount thereof cannot be estimated reliably, the Company recognizes changes in the estimated amount of obligation for discount using cumulative catch-up approach. The discounts are passed on the customer either as direct payments or as a reduction of payments due from the customer.

12.1.4. Fixed assets, intangible assets and capital work-in-progress

Fixed assets are stated at cost, after reducing accumulated depreciation and impairment upto the date of the Balance Sheet. Direct costs are capitalized until the assets are ready for use and include financing costs relating to any borrowing attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use. Capital work-in-progress includes the cost of fixed assets that are not yet ready for their intended use and advances paid to acquire fixed assets before the Balance Sheet date. Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortisation and impairment. Goodwill on amalgamation is tested periodically for impairment.

12.1.5. Depreciation

Depreciation on fixed assets is determined using the straight-line method based on useful lives of assets as estimated by the company. Depreciation for assets purchased/sold during the period is proportionately charged. Individual assets costing Rs. 5,000 or less are depreciated within a year of acquisition. Leasehold improvements are written off over the lower of the lease term or the useful life of the asset. Leasehold land is amortized over the lease period. Intangible assets are amortized over their useful life on a straight line basis commencing from the date the asset is available to the company for its use. Management estimates the useful lives for the various fixed assets as follows:

Building	Fifteen years
Computer equipment	Two years
Plant and machinery	Five years
Furniture and fixtures	Five years

12.1.6. Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

12.1.7. Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

12.1.8. Foreign currency transactions

Foreign-currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Profit and Loss account. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

12.1.9. Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

12.1.10. Earnings per share

Basic earnings per share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the period.

12.1.11. Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks and corporations. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

12.1.12. Leases

Lease under which the Company assumes all substantial risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognized as an expense on a straight-line basis in the Profit and Loss account over the lease term.

12.2. Notes on accounts

12.2.1. Aggregate expenses

The aggregate amounts incurred on expenses are as follows:

in Rs.

	Year ended March 31,
	2010
Salaries and bonus including overseas staff expenses	36,31,09,918
Staff welfare	31,52,994
Foreign travel expenses	39,22,155
Consumables	48,05,926
Computer maintenance	3,50,59,727
Cost of software for own use	31,58,307
Communication expenses	32,72,362
Consultancy charges	7,75,82,531
Travel and conveyance	21,69,293
Rent	1,23,07,230
Printing and stationery	18,02,151
Legal and professional charges	22,91,169
Brand building	5,69,923
Recruitment and training expenses	4,72,391
Power and fuel	2,25,253
Insurance charges	36,78,703
Rates and taxes	9,77,258
Donations	1,80,287
Auditor's remuneration	
Audit fees	6,17,715
Bank charges and commission	91,979
Postage and courier	38,22,671
Marketing expenses	1,07,705
Sales promotion expenses	1,59,726
Other miscellaneous expenses	80,20,758
	53,15,58,132

12.2.2. Quantitative details

The Company is primarily engaged in providing business process management services. The sale of such services cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956.

12.2.3. Related party transactions

List of related parties:

Name of Related parties	**Country**	**Holding, as at March 31,**	
		2010	**2009**
Infosys BPO Limited	India	100.00%	0.00%
Infosys Technologies Limited *	India	0.00%	0.00%

* Holding company of Infosys BPO Limited.

On December 4, 2009, Infosys BPO Limited acquired 100% of the voting interests in McCamish Systems LLC (McCamish), a business process solutions provider based in Atlanta, USA. The business acquisition was conducted by entering into Membership Interest Purchase Agreement for a cash consideration of Rs. 171 crore and a contingent consideration of Rs. 67 crore. The acquisition was completed during the year and accounted as a business combination which resulted in goodwill of Rs. 227 crore.

Details of amounts due to or due from as at March 31, 2010 and March 31, 2009:

in Rs.

Particulars	As at March 31,	
	2010	2009
Sundry debtors		
Infosys Technologies Limited	97,63,056	–
Sundry creditors		
Infosys Technologies Limited	11,89,401	–

The details of the related party transactions entered into by the Company and maximum dues from subsidiaries for the year ended March 31, 2010 and March 31, 2009 are as follows:

in Rs.

Particulars	Year ended March 31,	
	2010	2009
Capital transactions:		
Financing transactions		
Infosys BPO Limited	15,49,993	–
Revenue transactions:		
Sale of services		
Infosys Technologies Limited	80,35,068	–
Sale of shared services including facilities and personnel		
Infosys Technologies Limited	18,89,300	–
Purchase of shared services including facilities and personnel		
Infosys BPO Limited	23,90,915	–

12.2.4. Cash and bank balances

The details of balances as on balance sheet dates with non-scheduled banks are as follows:

in Rs.

Balances with non-scheduled banks	As at March 31,	
	2010	2009
Cash balance	22,450	–
	22,450	–
In current accounts		
Wachovia Bank N.A, United States	6,51,16,163	–
	6,51,16,163	**–**
Total cash and bank balances as per balance sheet	**6,51,38,613**	**–**

The details of maximum balances during the period with non-scheduled banks are as follows:

in Rs.

Maximum balance with non-scheduled banks during the period	Year ended March 31,	
	2010	2009
In current accounts		
Wachovia Bank N.A, United States	23,90,23,722	–

12.2.5. Provision for SLA compliance

The provision for service level agreement compliance is based on estimates made by the management for on going contracts. In accordance with paragraphs 66 and 67 of the Accounting Standard 29, the movement in provision for service level agreement is given below

in Rs.

	As at March 31, 2010
Balance at the beginning of the period	–
Additional provision made during the period	1,01,95,668
Provision used during the period	–
Unused amounts reversed during the period	–
Balance at the end of the period	**1,01,95,668**

Management believes that the aforesaid provision will be utilized within a year.

12.2.6. Segment reporting

The company's operations primarily relate to providing business process management services to organizations that outsource their business processes. Accordingly, revenues represented along industry classes comprise the primary basis of segmental information set out in these financial statements. Secondary segmental reporting is performed on the basis of the geographical location of customers.

The accounting principles consistently used in the preparation of the financial statements are also consistently applied to record income in individual segments. These are set out in the note on significant accounting policies.

Industry segments at the company primarily comprise customers relating to financial services, manufacturing, telecom, retail and other industries. Income in relation to segments is categorized based on items that are individually identified to those segments while expenditure is categorized in relation to the associated turnover of the segment. Expenses which form a significant component of total expenses are not specifically allocable to specific segments as the underlying services are used interchangeably. These expenses are separately disclosed as "unallocated" and adjusted only against the total income of the company. The company believes that it is not practical to provide segment disclosures relating to these costs and expenses, and accordingly these expenses are separately disclosed as unallocated and directly charged against total income. Fixed assets or liabilities contracted have not been identified to any reportable segments, as these are used interchangeably between segments. Accordingly no disclosure relating to total segment assets and liabilities are made.

Geographical segments are segregated based on the location of the customers, or in relation to which the revenue is otherwise recognized.

All direct costs are identified to its respective verticals/ geographies on the basis of revenues from the respective verticals/ geographies while unallocable cost consists of depreciation only.

Industry Segment

Year ended March 31, 2010

in Rs.

Particulars	Financial services	Manufacturing	Telecom	Retail	Others	Total
Revenues	**38,02,29,857**	**–**	**–**	**–**	**–**	**38,02,29,857**
Identifiable operating expenses	**3,72,164**	**–**	**–**	**–**	**–**	**3,72,164**
Allocated expenses	**53,11,85,862**	**–**	**–**	**–**	**–**	**53,11,85,862**
Segmental operating profit	**(15,13,28,169)**	**–**	**–**	**–**	**–**	**(15,13,28,169)**
Unallocable expenses						**2,38,96,325**
Operating profit						**(17,52,24,494)**
Other income net						**(14,86,108)**
Net profit before taxes						**(17,67,10,602)**
Taxes						**–**
Net profit after taxes						**(17,67,10,602)**

Geographical segments

Year ended March 31, 2010

in Rs.

Particulars	United States of America	Europe	Others	Total
Revenues	**38,02,29,857**	**–**	**–**	**38,02,29,857**
Identifiable operating expenses	**3,72,164**	**–**	**–**	**3,72,164**
Allocated expenses	**53,11,85,862**	**–**	**–**	**53,11,85,862**
Segmental operating profit	**(15,13,28,169)**	**–**	**–**	**(15,13,28,169)**
Unallocable expenses				**2,38,96,325**
Operating profit				**(17,52,24,494)**
Other income net				**(14,86,108)**
Net profit before taxes				**(17,67,10,602)**
Taxes				**–**
Net profit after taxes				**(17,67,10,602)**

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