23 Significant accounting policies and notes on accounts

Company overview

Infosys Technologies Limited ("Infosys" or "the company") along with its majority owned and controlled subsidiary, Infosys BPO Limited ("Infosys BPO") and wholly owned subsidiaries, Infosys Technologies (Australia) Pty. Limited ("Infosys Australia"), Infosys Technologies (China) Co. Limited ("Infosys China"), Infosys Consulting, Inc. ("Infosys Consulting") and Infosys Technologies S. DE R.L. de C.V. ("Infosys Mexico") is a leading global technology services organization. The Company provides end-to-end business solutions that leverage technology thereby enabling clients to enhance business performance. The Company provides 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 offers software products for the banking industry.

23.1 Significant accounting policies

23.1.1 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 specified in the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India. These financial statements should be read in conjunction with the annual financial statements for the year ended March 31, 2008. 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.

23.1.2 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 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 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.

Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. An impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined above.

23.1.3. 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, where there is no uncertainty as to measurement or collectibility of consideration, is recognized based upon the percentage-of-completion. 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 services are performed. Maintenance revenue is recognized ratably over the term of the underlying maintenance agreement.

The company accounts for volume discounts and pricing incentives to customers by reducing the amount of discount from the amount of revenue recognized at the time of sale. In some arrangements, the level of discount varies with increases in the levels of revenue transactions. The discounts are passed on to the customer either as direct payments or as a reduction of payments due from the customer. The company recognizes discount obligations as a reduction of revenue based on the ratable allocation of the discount to each of the underlying revenue transactions that result in progress by the customer toward earning the discount. The company recognizes the liability based on its estimate of the customer's future purchases. 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 catch-up adjustment.

The company presents revenues net of sales and value-added taxes in its profit and loss account.

Profit on sale of investments is recorded on transfer of title from the company and is determined as the difference between the sale price and carrying value of the investment. Lease rentals are recognized ratably on a straight line basis over the lease term. Interest is recognized using the time-proportion method, based on rates implicit in the transaction. Dividend income is recognized when the company's right to receive dividend is established.

23.1.4 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 expenditure required to settle the present obligation at the reporting date. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated. Where no reliable estimate can be made, a disclosure is made as contingent liability.

23.1.4.a 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 related revenues are recorded and included in cost of sales. The company estimates such costs based on historical experience and estimates are reviewed on a periodic basis for any material changes in assumptions and likelihood of occurrence.

23.1.4.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 continuing with the contract.

23.1.5 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.

23.1.6 Depreciation and amortization

Depreciation on fixed assets is applied on the straight-line basis 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 within a year 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. Management estimates the useful lives for the other fixed assets as follows:-

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

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

23.1.7 Retirement benefits to employees

23.1.7.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.

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 Technologies Limited Employees' Gratuity Fund Trust (the Trust). Trustees administer contributions made to the Trust and contributions are invested in specific investments as permitted by law. The company recognizes the net obligation of a defined benefit plan in the balance sheet as an asset or liability, respectively in accordance with AS-15. The discount rate is based on the Government securities yield. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the profit and loss account in the period in which they arise.

23.1.7.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 Technologies Limited Employees' Superannuation Fund Trust (the Superannuation Trust). The company has no further obligations to the Plan beyond its monthly contributions. Effective April 1, 2005, 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.

23.1.7.c Provident fund

Eligible employees receive benefits from a provident fund, which is a defined contribution plan. Aggregate contributions along with interest thereon is paid at retirement, death, incapacitation or termination of employment. Both the employee and the company make monthly contributions to the Infosys Technologies Limited Employee's Provident Fund Trust equal to a specified percentage of the covered employee's salary. The company also contributes certain portion to a government administered pension fund on behalf of its employees. The interest rate payable by the trust to the beneficiaries every year is being notified by the government. The company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

23.1.7.d Compensated absences

The company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is measured 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.

23.1.8. Research and development

Revenue expenditure incurred on research and development is expensed as incurred. Capital expenditure incurred on research and development is depreciated over the estimated useful lives of the related assets.

23.1.9. 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.

23.1.10 Forward and options contracts in foreign currencies

The company uses foreign exchange forward and options contracts and futures to hedge its exposure to movements in foreign exchange rates. The use of these foreign exchange forward and options contracts and futures reduce the risk or cost to the company and the company does not use those 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 did not conflict with existing accounting standards and other authoritative pronouncements of Company Law and other regulatory requirements.

Forward and options contracts are fair valued at each reporting date and the futures are fair valued at the close of each trading day. The resultant gain or loss from these transactions is recognized in the profit or loss account. The Company records the gain or loss on effective hedges, if any, 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 or options contract 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 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.

23.1.11. Income taxes

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 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 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. 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 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 are recognized only if there is reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each reporting date. The income tax provision for the interim period is made based on the best estimate of the annual average tax rate expected to be applicable for the full fiscal year. Tax benefits of deductions earned on exercise of employee stock options in excess of compensation charged to profit and loss account are credited to the share premium account.

23.1.12. 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. Diluted earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

23.1.13. 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. 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 decline, other than temporary, in the carrying value of each investment.

23.1.14. 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 and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the company are segregated.

23.2 **Notes on accounts**

Amounts in the financial statements are presented in Rupees crore, except for per share data and as otherwise stated. Certain amounts do not appear due to rounding off, and are detailed in Note 23.3. All exact amounts are stated with the suffix "/-". One crore equals 10 million.

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

23.2.1 **Aggregate expenses**

The aggregate amounts incurred on certain specific expenses

in Rs. crore

	Quarter ended September 30,		Half-year ended September 30,	
	2008	**2007**	**2008**	**2007**
Salaries and bonus including overseas staff expenses	2,320	1,863	4,498	3,599
Contribution to provident and other funds	54	45	104	90
Staff welfare				
Staff welfare	24	12	35	21
Overseas group health insurance	26	26	75	52
Overseas travel expenses	141	99	268	196
Visa charges and others	19	13	79	77
Traveling and conveyance	24	23	45	43
Technical sub-contractors - subsidiaries	225	193	435	383
Technical sub-contractors - others	90	56	158	119
Software packages				
For own use	80	47	142	89
For service delivery to clients	6	2	22	14
Professional charges	71	43	122	85
Telephone charges	42	32	75	60
Communication expenses	16	12	30	25
Power and fuel	33	27	64	53
Office maintenance	34	27	67	54
Guest house maintenance**	-	1	1	1
Commission and earnout charges	5	6	11	7
Brand building	29	17	43	27
Rent	16	13	30	25
Insurance charges	4	5	9	12
Computer maintenance	7	5	12	10
Printing and stationery	4	3	6	8
Consumables	6	4	11	9
Donations	7	5	12	10
Advertisements	2	3	3	7
Marketing expenses	4	3	8	9
Repairs to building	7	5	12	8
Repairs to plant and machinery	5	4	9	9
Rates and taxes	8	7	16	12
Professional membership and seminar participation fees	1	2	3	5
Postage and courier	3	2	5	5
Provision for post-sales client support and warranties	7	5	3	6
Books and periodicals	-	1	1	2
Provision for bad and doubtful debts	25	7	38	21
Provision for doubtful loans and advances	-	-	-	-
Commission to non-whole time directors	2	1	3	2
Sales promotion expenses	-	-	1	1
Freight charges	-	-	-	-
Bank charges and commission	1	-	1	1
Auditor's remuneration				
statutory audit fees	-	-	-	-
certification charges	-	-	-	-
others	-	-	-	-
out-of-pocket expenses	-	-	-	-
Research grants	-	-	2	4
Miscellaneous expenses	-	1	1	2
	3,348	**2,620**	**6,460**	**5,163**
Fringe Benefit Tax (FBT) in India included in the above	4	5	10	9

**for non-training purposes

23.2.2. Capital commitments and contingent liabilities

in Rs. Crore

Particulars	As at September 30, 2008		As at March 31, 2008	
Estimated amount of unexecuted capital contracts (net of advances and deposits)		460		600
Outstanding guarantees and counter guarantees to various banks, in respect of the guarantees given by those banks in favour of various government authorities and others		3		2
Claims against the company, not acknowledged as debts*		2		3
(Net of Amount Rs.101 crore (Rs.101 crore) crore paid to statutory authorities)				
	in million	in Rs. Crore	in million	in Rs. Crore
Forward contracts outstanding				
In US$	$441.00	2,071	$521.00	2,085
In Euro	€ 12.00	81	€ 10.00	63
In GBP	£16.50	140	-	-
Options contracts outstanding				
Range barrier options in US $	$306.00	1,437	$100.00	400
Euro Accelerator in Euro	-	-	€ 12.00	76
Target Redemption structure (GBP)	-	-	-	-
Euro Forward extra	-	-	€ 5.00	32

* Claims against the company not acknowledged as debts include demand from the Indian tax authorities for payment of additional tax of Rs.98 crore (Rs.98 crore), including interest of Rs.18 crore (Rs.18 crore) upon completion of their tax review for fiscal 2004. The tax demand is mainly on account of disallowance of a portion of the deduction claimed by the company under Section 10A of the Income tax Act, 1961. The deductible amount is determined by the ratio of export turnover to total turnover. The disallowance arose from certain expenses incurred in foreign currency being reduced from export turnover but not reduced from total turnover. The matter is pending before the Commissioner of Income tax (Appeals) Bangalore.

The company is contesting the demand and the management including its tax advisors believes that its position will likely be upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Company's financial position and results of operations.

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.524 crore (Nil as at March 31, 2008).

23.2.3 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.

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

in Rs. Crore

Particulars	Quarter ended September 30, 2008	Quarter ended September 30, 2007	Half-year ended September 30, 2008	Half-year ended September 30, 2007
Capital goods	83	96	122	169
Software packages	-	3	1	4
	83	99	123	173

23.2.5. Activity in foreign currency

in Rs. Crore

Particulars	Quarter ended September 30, 2008	Quarter ended September 30, 2007	Half-year ended September 30, 2008	Half-year ended September 30, 2007
Earnings in foreign currency (on receipts basis)				
Income from software services and products	4,842	3,665	9,369	7,118
Interest received on deposits with banks	-	4	17	9
Expenditure in foreign currency (on payments basis)				
Travel expenses (including visa charges)	118	81	268	211
Professional charges	31	20	57	38
Technical sub-contractors - subsidiaries	225	179	435	364
Other expenditure incurred overseas for software development	1,689	1,305	3,162	2,590
Net earnings in foreign currency (on the receipts and payments basis)	2,779	2,084	5,464	3,924

23.2.6. 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:

in Rs. Crore

Particulars	Quarter ended September 30, 2008	Quarter ended September 30, 2007	Half-year ended September 30, 2008	Half-year ended September 30, 2007
Lease rentals recognized during the period	16	13	30	25

in Rs. Crore

Lease obligations	As at September 30, 2008	As at March 31, 2008
Within one year of the balance sheet date	42	28
Due in a period between one year and five years	148	88
Due after five years	22	24
	212	**140**

The operating lease arrangements extend upto 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.

Fixed assets provided on operating lease to Infosys BPO, a subsidiary company, as at September 30, 2008 and March 31, 2008 :

in Rs. Crore

Particulars	Cost	Accumulated depreciation	Net book value
Building	58	15	43
	58	*13*	*45*
Plant and machinery	18	11	7
	22	*13*	*9*
Computer equipment	1	1	-
	2	*2*	-
Furniture & fixtures	7	5	2
	10	*8*	*2*
Total	84	32	52
	92	*36*	*56*

The aggregate depreciation charged on the above during the quarter and Half-year ended September 30, 2008 amounted to Rs.1 crore and Rs.4 crore respectively (Rs.2 crore and Rs.4 crore respectively for the quarter and Half-year ended September 30, 2007.)

The company has non-cancelable operating leases on equipped premises leased to Infosys BPO. The leases extend for periods between 36 months and 58 months from the date of inception. The lease rentals received are included as a component of sale of shared services (Refer to note 23.2.7). Lease Rental commitments from Infosys BPO:

in Rs. Crore

Lease rentals	As at September 30, 2008	March 31, 2008
Within one year of the balance sheet date	-	4
Due in a period between one year and five years	-	-
Due after five years	-	-
	-	4

The rental income from Infosys BPO for the quarter and half-year ended September 30, 2008 amounted to Rs.4 crore and Rs.8 crore respectively (including payment of Rs.3 crore and Rs.4 crore for an extension period) and Rs.5 crore and Rs.10 crore respectively for the quarter and half-year ended September 30, 2007.

23.2.7. Related party transactions

List of related parties:

Name of subsidiaries	Country	Holding, as at September 30, 2008	March 31, 2008
Infosys BPO	India	99.98%	99.98%
Infosys Australia	Australia	100%	100%
Infosys China	China	100%	100%
Infosys Consulting	USA	100%	100%
Infosys Mexico	Mexico	100%	100%
Infosys BPO s. r. o *	Czech Republic	99.98%	99.98%
P-Financial Services Holding B.V. Netherlands **	Netherlands	99.98%	99.98%
Mainstream Software Pty Limited***	Australia	100%	-

* Infosys BPO s.r.o is a wholly owned subsidiary of Infosys BPO.

**P-Financial Services Holding B.V. Netherlands is a wholly owned subsidiary of Infosys BPO

*** Mainstream Software Pty Limited is a wholly owned subsidiary of Infosys Australia

Infosys guarantees the performance of certain contracts entered into by Infosys BPO.

The details of the related party transactions entered into by the company, in addition to the lease commitments described in note 23.2.6, for the quarter and half-year ended September 30, 2008 and 2007 are as follows:

in Rs. Crore

Particulars	Quarter ended September 30, 2008	2007	Half-year ended September 30, 2008	2007
Capital transactions:				
Financing transactions				
Infosys Mexico	-	4	-	4
Infosys Consulting	22	81	22	81
Loans				
Infosys China	-	-	9	11
Revenue transactions:				
Purchase of services				
Infosys Australia	120	116	243	249
Infosys China	18	15	32	25
Infosys Consulting	79	62	147	109
Infosys Mexico	8	-	13	-
Purchase of shared services including facilities and personnel				
Infosys BPO (Including Infosys BPO s.r.o)	6	-	11	2
Interest Income				
Infosys China	-	-	1	-
Sale of services				
Infosys Australia	1	1	1	1
Infosys Consulting	-	-	4	-
Sale of shared services including facilities and personnel				
Infosys BPO (Including Infosys BPO s.r.o)	11	11	24	21
Infosys Consulting	-	-	1	-

Details of amounts due to or due from and maximum dues from subsidiaries for the half-year ended September 30, 2008 and year ended March 31, 2008:

in Rs. Crore

Particulars	As at September 30, 2008	March 31, 2008
Loans and advances		
Infosys China	48	32
Debtors		
Infosys China	7	8
Infosys Australia	4	-
Infosys Consulting	5	-
Infosys Mexico	1	-
Creditors		
Infosys China	4	7
Infosys Australia	57	-
Infosys Consulting	16	-
Infosys Mexico	4	-
Maximum balances of loans and advances		
Infosys BPO (Including Infosys BPO s.r.o)	-	2
Infosys Australia	31	31
Infosys China	5	32
Infosys Consulting	26	16

During the quarter and half-year ended September 30, 2008, an amount of Rs.5 crore and Rs.10 crore respectively (Rs.5 crore and Rs.10 crore respectively for the quarter and half-year ended September 30, 2007) was donated to Infosys Foundation, a not-for-profit foundation, in which certain directors of the company are trustees.

23.2.8. Transactions with key management personnel

Key Management personnel comprise directors and members of executive council.

Particulars of remuneration and other benefits paid to key management personnel during the quarter and half-year ended September 30, 2008 and September 30, 2007 have been detailed in Schedule 23.3 since the amounts are less than a crore.

23.2.9. Research and development expenditure

in Rs. crore

Particulars	Quarter ended September 30, 2008	Quarter ended September 30, 2007	Half-year ended September 30, 2008	Half-year ended September 30, 2007
Revenue	51	54	97	109

23.2.10. Dues to micro and small enterprises

The company has no dues to micro and small enterprises during the quarter and half-year ended September 30, 2008 and as at September 30, 2008 and March 31, 2008.

23.2.11. Stock option plans

The company has two stock option plans that are currently operational.

1998 Stock Option Plan ("the 1998 Plan")

The 1998 Plan was approved by the board of directors in December 1997 and by the shareholders in January 1998, and is for issue of 1,17,60,000 ADSs representing 1,17,60,000 equity shares. All options under the 1998 Plan are exercisable for ADSs representing equity shares. A compensation committee comprising independent members of the Board of Directors administers the 1998 Plan. All options have been granted at 100% of fair market value. The 1998 Plan lapsed on January 6, 2008, and consequently no further shares will be issued to employees under this plan.

Number of options granted, exercised and forfeited during the	Quarter ended September 30, 2008	Quarter ended September 30, 2007	Half-year ended September 30, 2008	Half-year ended September 30, 2007
Options outstanding, beginning of period	12,98,838	20,84,124	15,30,447	20,84,124
Granted	-	-	-	-
Less: exercised	75,213	-	2,75,602	-
forfeited	7,680	-	38,900	-
Options outstanding, end of period	**12,15,945**	**20,84,124**	**12,15,945**	**20,84,124**

1999 Stock Option Plan ("the 1999 Plan")

In fiscal 2000, the company instituted the 1999 Plan. The shareholders and the Board of Directors approved the plan in September 1999, which provides for the issue of 5,28,00,000 equity shares to the employees. The compensation committee administers the 1999 Plan. Options were issued to employees at an exercise price that is not less than the fair market value.

Number of options granted, exercised and forfeited during the	Quarter ended September 30, 2008	Quarter ended September 30, 2007	Half-year ended September 30, 2008	Half-year ended September 30, 2007
Options outstanding, beginning of period	13,15,327	18,62,895	14,94,693	18,97,840
Granted	-	-	-	-
Less: exercised	81,466	-	2,28,495	-
forfeited	1,29,999	31,677	1,62,336	66,622
Options outstanding, end of period	**11,03,862**	**18,31,218**	**11,03,862**	**18,31,218**

The aggregate options considered for dilution are set out in note 23.2.20

Proforma Accounting for Stock Option Grants

Infosys applies the intrinsic value-based method of accounting for determining compensation cost for its stock-based compensation plan. Had the compensation cost been determined using the fair value approach, the Company's net Income and basic and diluted earnings per share as reported would have reduced to the proforma amounts as indicated:-

in Rs. crore

Particulars	Quarter ended September 30, 2008	Quarter ended September 30, 2007	Half-year ended September 30, 2008	Half-year ended September 30, 2007
Net Profit:				
As Reported	1,390	1,074	2,652	2,102
Less: Stock-based employee compensation expense	2	3	4	6
Adjusted Proforma	1,388	1,071	2,648	2,096
Basic Earnings per share as reported	24.28	18.81	46.34	36.81
Proforma Basic Earnings per share	24.25	18.75	46.27	36.69
Diluted Earnings per share as reported	24.23	18.74	46.24	36.67
Proforma Diluted Earnings per share	24.21	18.68	46.17	36.56

The Finance Act, 2007 included Fringe Benefit Tax ("FBT") on Employee Stock Option's Plan (ESOPs). FBT liability crystallizes on the date of exercise of stock options. During the quarter and half-year ended September 30, 2008, 75,213 and 2,75,602 equity shares, 81,466 and 2,28,495 equity shares were issued pursuant to the exercise of stock options by employees under the 1998 and 1999 stock option plans, respectively. FBT on exercise of stock options of Rs.1 crore and Rs.2 crores for the quarter and half-year ended September 30, 2008 has been paid by the Company and subsequently recovered from the employees. Consequently, there is no impact on the Profit and loss account.

23.2.12. 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. Most of Infosys' operations are conducted through Software Technology Parks ("STPs"). Income from STPs are tax exempt for the earlier of 10 years commencing from the fiscal year in which the unit commences software development, or March 31, 2010.

Infosys also has operations in 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 a sum of Rs.286 crore and Rs.169 crore was carried forward and disclosed under "Loans and Advances" in the balance sheet as of September 30, 2008 and March 31, 2008, respectively.

The tax provision for the half-year ended September 30, 2008 and 2007 includes a net reversal of Rs.31 crore and Rs.51 crore, respectively, relating to liabilities no longer required.

23.2.13. Cash and bank balances

Details of balances as on balance sheet dates with non-scheduled banks:-

in Rs. crore

Balances with non-scheduled banks	As at September 30, 2008	As at March 31, 2008
In current accounts		
ABN Amro Bank , Taipei, Taiwan	2	-
Bank of America, Palo Alto, USA	242	272
Citibank NA, Melbourne, Australia	21	30
Citibank NA, Singapore	2	-
Citibank NA, Thailand	1	-
Citibank NA, Tokyo, Japan	2	2
Deutsche Bank, Brussels, Belgium	12	5
Deutsche Bank, Frankfurt, Germany	12	5
Deutsche Bank, Amsterdam, Netherlands	2	3
Deutsche Bank, Paris, France	1	2
Deutsche Bank, Zurich, Switzerland	2	1
Deutsche Bank, UK	182	76
HSBC Bank PLC, Croydon, UK	6	2
Royal Bank of Canada, Toronto, Canada	14	12
Deutsche Bank, Spain	1	2
UFJ Bank, Tokyo, Japan	-	-
Nordbanken, Stockholm, Sweden	-	1
Svenska Handelsbanken, Sweden	-	1
	502	**414**

Details of maximum balances during the period with non-scheduled banks:-

in Rs. crore

Maximum balance with non-scheduled banks during the period	Quarter ended September 30, 2008	Quarter ended September 30, 2007	Half-year ended September 30, 2008	Half-year ended September 30, 2007
In current accounts				
ABN Amro Bank , Taipei, Taiwan	3	2	3	2
Bank of America, Palo Alto, USA	495	573	495	573
Citibank NA, Melbourne, Australia	120	117	120	117
Citibank NA, Tokyo, Japan	14	9	21	11
Deutsche Bank, Brussels, Belgium	31	31	33	31
Deutsche Bank, Frankfurt, Germany	20	11	26	17
Deutsche Bank, Amsterdam, Netherlands	5	2	5	2
Deutsche Bank, Paris, France	5	5	5	5
Deutsche Bank, Spain	2	2	2	2
Deutsche Bank, Zurich, Switzerland	36	7	36	10
Deutsche Bank, UK	199	169	350	169
HSBC Bank PLC, Croydon, UK	8	30	8	30
Nordbanken, Stockholm, Sweden	1	1	1	1
Royal Bank of Canada, Toronto, Canada	21	9	21	9
Svenska Handels Bank, Stockholm, Sweden	1	1	3	1
UFJ Bank, Tokyo, Japan	1	-	6	3
Morgan Stanley Bank,US-Account	3	-	9	-
ABN Amro Bank, Copenhagen, Denmark	-	-	-	-
Citibank NA, Singapore	24	-	24	-
Citibank NA, Thailand	1	-	1	-
Deutsche Bank, Zurich, Switzerland USD account	31	-	31	-

23.2.14. Loans and advances

"Advances" mainly comprises prepaid travel and per-diem expenses and advances to vendors.
Deposits with financial institutions and body corporate:

in Rs. crore

Particulars	As at September 30, 2008	As at March 31, 2008
Deposits with financial institutions and body corporate:		
HDFC Limited	1,000	1,000
GE Capital Services India	-	260
Life Insurance Corporation of India (LIC)	211	161
	1,211	**1,421**

Maximum balance (Including accrued Interest) held as deposits with financial institutions and body corporate:

in Rs. crore

	Quarter ended September 30, 2008	Quarter ended September 30, 2007	Half-year ended September 30, 2008	Half-year ended September 30, 2007
Deposits with financial institutions and body corporate:				
HDFC Limited	1,000	1,006	1,056	1,007
GE Capital Services India	271	177	271	268
Life Insurance Corporation of India	211	138	211	138

Mr. Deepak M. Satwalekar, Director, is also a Director of HDFC Limited. Except as director in this financial institution, he has no direct interest in any transactions.

Deposit with LIC represents amount deposited to settle employee benefit obligations as and when they arise during the normal course of business. (refer to note 23.2.23.b.)

23.2.15. Fixed assets

Profit / (loss) on disposal of fixed assets during the quarter and half-year ended September 30, 2008 and 2007 is less than Rs. 1 crore and accordingly disclosed in note 23.3

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

in Rs. crore

	Quarter ended September 30, 2008	Quarter ended September 30, 2007	Half-year ended September 30, 2008	Half-year ended September 30, 2007
Charged during the period	4	2	5	3

The company has entered into lease-cum-sale agreements to acquire certain properties. In accordance with the terms of these agreements, the company has the option to purchase the properties on expiry of the lease period. The company has already paid 99% of the value of the properties at the time of entering into the lease-cum-sale agreements. These amounts are disclosed as "Land - leasehold" under "Fixed assets" in the financial statements. Additionally, certain land has been purchased for which the company has possession certificate for which sale deeds are yet to be executed as at September 30, 2008.

23.2.16. Details of Investments

in Rs. crore

Particulars	As at September 30, 2008	As at March 31, 2008
Long- term investments		
OnMobile Systems Inc., (formerly Onscan Inc.) USA		
53,85,251 (53,85,251) common stock at US$ 0.4348 each, fully paid, par value US$ 0.001 each *	9	9
M-Commerce Ventures Pte Ltd, Singapore		
563 (563) redeemable preference shares of Singapore $ 1, fully paid, at a premium of Singapore $ 1,110 per redeemable preferred stock #	-	2
	9	**11**
Less: Provision for investment	9	11
	-	-

* During the year ended March 31, 2008 all of the Preferred Stock investments in OnMobile Systems Inc., U.S.A had been converted to Common Stock.
# During the quarter ended September 30, 2008 investments in M-Commerce Ventures Pte Ltd., Singapore were liquidated.

Details of investments in and disposal of securities during the quarter and half-year ended September 30, 2008 and 2007:

in Rs. crore

Particulars	Quarter ended September 30, 2008	Quarter ended September 30, 2007	Half-year ended September 30, 2008	Half-year ended September 30, 2007
Investment in securities				
Subsidiaries	22	85	22	85
Long-term investments	-	-	-	-
Liquid Mutual funds	-	1,056	-	1,518
	22	1,141	22	1,603
Redemption / Disposal of Investment in securities				
Long-term investments	-	-	-	-
Liquid Mutual funds	-	1,056	-	1,518
	-	**1,056**	**-**	**1,518**
Net movement in investments	**22**	**85**	**22**	**85**

Particulars of investments made during the quarter and half-year ended September 30, 2008 and 2007:

in Rs. crore

Particulars of investee companies	Quarter ended September 30, 2008	Quarter ended September 30, 2007	Half-year ended September 30, 2008	Half-year ended September 30, 2007
Infosys Consulting	22	81	22	81
Infosys Mexico	-	4	-	4
Infosys China	-	-	-	-
Infosys BPO	-	-	-	-
	22	85	22	85

Investment in Infosys Mexico

On June 20, 2007 the company incorporated a wholly owned subsidiary, Infosys Technologies S. DE R.L. de C.V. in Mexico ("Infosys Mexico"). As of September 30, 2008, the Company has invested an aggregate of Mexican Peso 60 million (Rs. 22 crore) in the subsidiary.

Investment in Infosys BPO

Buyback of shares and options

During the year ended March 31, 2008 Infosys completed the purchase of 3,60,417 shares of Infosys BPO from its employee shareholders by paying an aggregrate consideration of Rs.22 crore consequent to the forward share purchase agreement entered with them in February 2007.

Investment in Infosys Consulting

During the year ended March 31, 2008, the company invested US$ 20 million (Rs. 81 crore) in its wholly owned subsidiary Infosys Consulting Inc. During the quarter and half-year ended September 30, 2008, the company made an additional investment of US$ 5 million (Rs.22 crore). As of September 30, 2008, the company has invested an aggregate of US$ 45 million (Rs.193 crore) in the subsidiary.

23.2.17. 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, 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

Quarter ended September 30, 2008 and 2007:

in Rs. crore

	Financial services	Manufacturing	Telecom	Retail	Others	Total
Revenues	1,721	989	908	646	802	5,066
	1,431	*553*	*758*	*503*	*617*	*3,862*
Identifiable operating expenses	727	398	362	278	338	2,103
	600	*246*	*345*	*215*	*277*	*1,683*
Allocated expenses	423	243	223	159	197	1,245
	347	*134*	*184*	*122*	*150*	*937*
Segmental operating income	571	348	323	209	267	1,718
	484	*173*	*229*	*166*	*190*	*1,242*
Unallocable expenses						161
						133
Operating income						1,557
						1,109
Other income (expense), net						77
						143
Net profit before taxes						1,634
						1,252
Income taxes						244
						178
Net profit after taxes						1,390
						1,074

Industry Segments

Half-year ended September 30, 2008 and 2007:

in Rs. crore

	Financial services	Manufacturing	Telecom	Retail	Others	Total
Revenues	3,311	1,785	1,753	1,228	1,505	9,582
	2,728	*1,046*	*1,504*	*906*	*1,230*	*7,414*
Identifiable operating expenses	1,454	760	715	542	661	4,132
	1,204	*474*	*685*	*398*	*541*	*3,302*
Allocated expenses	805	434	426	299	364	2,328
	684	*262*	*378*	*227*	*310*	*1,861*
Segmental operating income	1,052	591	612	387	480	3,122
	840	*310*	*441*	*281*	*379*	*2,251*
Unallocable expenses						316
						266
Operating income						2,806
						1,985
Other income (expense), net						208
						398
Net profit before taxes						3,014
						2,383
Income taxes						362
						281
Net profit after taxes						2,652
						2,102

Geographic Segments

Quarter ended September 30, 2008 and 2007:

in Rs. crore

	North America	Europe	India	Rest of the World	Total
Revenues	3,189	1,351	62	464	5,066
	2,444	*1,033*	*41*	*344*	*3,862*
Identifiable operating expenses	1,351	534	8	210	*2,103*
	1,066	*431*	*5*	*181*	*1,683*
Allocated expenses	783	332	15	115	*1,245*
	593	*251*	*10*	*83*	*937*
Segmental operating income	1,055	485	39	139	1,718
	785	*351*	*26*	*80*	*1,242*
Unallocable expenses					161
					133
Operating income					1,557
					1,109
Other income (expense), net					77
					143
Net profit before taxes					1,634
					1,252
Income taxes					244
					178
Net profit after taxes					1,390
					1,074

Geographic Segments

Half-year ended September 30, 2008 and 2007:

in Rs. crore

	North America	Europe	India	Rest of the World	Total
Revenues	6,091	2,510	125	856	9,582
	4,685	*1,956*	*108*	*665*	*7,414*
Identifiable operating expenses	2,662	1,006	35	429	*4,132*
	2,095	*808*	*24*	*375*	*3,302*
Allocated expenses	1,480	610	30	208	*2,328*
	1,176	*490*	*28*	*167*	*1,861*
Segmental operating income	1,949	894	60	219	3,122
	1,414	*658*	*56*	*123*	*2,251*
Unallocable expenses					316
					266
Operating income					2,806
					1,985
Other income (expense), net					208
					398
Net profit before taxes					3,014
					2,383
Income taxes					362
					281
Net profit after taxes					2,652
					2,102

23.2.18. 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 September 30, 2008 the company has provided for doubtful debts of Rs.49 crore (Rs. 20 crore as at March 31, 2008) 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.

23.2.19. Dividends remitted in foreign currencies

The company remits the equivalent of the dividends payable to the holders of ADS ("ADS holders") in Indian Rupees to the depository bank, which is the registered shareholder on record for all owners of the company's ADSs. The depositary bank purchases the foreign currencies and remits dividends to the ADS holders.

Particulars of dividends remitted:

in Rs. crore

Particulars	Number of shares to which the dividends relate	Quarter ended September 30, 2008	Quarter ended September 30, 2007	Half-year ended September 30, 2008	Half-year ended September 30, 2007
Final dividend for fiscal 2007	10,92,18,536	-	-	-	71
Final dividend for fiscal 2008	10,95,11,049	-	-	79	-
Special dividend for fiscal 2008	10,95,11,049	-	-	219	-

23.2.20. Reconciliation of basic and diluted shares used in computing earnings per share

Particulars	Quarter ended September 30, 2008	Quarter ended September 30, 2007	Half-year ended September 30, 2008	Half-year ended September 30, 2007
Number of shares considered as basic weighted average shares outstanding	57,24,25,798	57,12,09,862	57,23,12,623	57,12,09,862
Add: Effect of dilutive issues of shares/stock options	11,29,108	20,73,512	12,43,994	21,02,364
Number of shares considered as weighted average shares and potential shares outstanding	**57,35,54,906**	**57,32,83,374**	**57,35,56,617**	**57,33,12,226**

23.2.21 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:

in Rs. Crore

Particulars	As at September 30, 2008	As at March 31, 2008
Obligations at period beginning	217	221
Service Cost	17	47
Interest cost	9	16
Actuarial gain	(2)	(9)
Benefits paid	(13)	(21)
Amendment in benefit plans	-	(37)
Obligations at period end	**228**	**217**
Defined benefit obligation liability as at the balance sheet is wholly funded by the company		
Change in plan assets		
Plans assets at period beginning, at fair value	229	221
Expected return on plan assets	10	18
Actuarial gain	-	2
Contributions	4	9
Benefits paid	(13)	(21)
Plans assets at period end, at fair value	**230**	**229**
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	230	229
Present value of the defined benefit obligations at the end of the period	228	217
Asset recognized in the balance sheet	**2**	**12**
Assumptions		
Interest rate	8.62%	7.92%
Estimated rate of return on plan assets	8.62%	7.92%

in Rs. Crore

	Quarter ended September 30, 2008	Quarter ended September 30, 2007	Half-year ended September 30, 2008	Half-year ended September 30, 2007
Gratuity cost for the period				
Service cost	12	10	17	20
Interest cost	4	4	9	8
Expected return on plan assets	(5)	(4)	(10)	(9)
Actuarial gain	(4)	(1)	(2)	(1)
Plan amendment amortization	(1)	(2)	(2)	(2)
Net gratuity cost	**6**	**7**	**12**	**16**
Actual return on plan assets	5	5	10	10

Investment details of plan assets
100% of the plan assets are invested in debt instruments.

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.

Effective July 1, 2007, the company revised the employee death benefits provided under the gratuity plan, and included all eligible employees under a consolidated term insurance cover. Accordingly, the obligations under the gratuity plan reduced by Rs 37 crore, which is being amortised on a straight line basis to the net profit and loss account over 10 years representing the average future service period of the employees. The unamortized liability as at September 30, 2008 and March 31, 2008 amounted to Rs.31 crore and Rs.33 crore, respectively and disclosed under "Current Liabilities".

The company expects to contribute approximately Rs. 20 crores to the gratuity trust during fiscal 2009.

23.2.22 Provident Fund

The Guidance on Implementing AS 15, Employee Benefits (revised 2005) issued by Accounting Standards Board (ASB) states benefit 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.

23.2.23 Cashflow statement

23.2.23.a Unclaimed dividend

The balance of cash and cash equivalents includes Rs.3 crore as at September 30, 2008 (Rs. 2 crore as at March 31, 2008) set aside for payment of dividends.

23.2.23.b Restricted cash

Deposits with financial institutions and body corporate as at September 30, 2008 include an amount of Rs.211 crore (Rs. 161 crore as at March 31, 2008) deposited with Life Insurance Corporation of India to settle employee benefit obligations as and when they arise during the normal course of business. This amount is considered as restricted cash and is hence not considered "cash and cash equivalents".

23.3 Details of rounded off amounts

The financial statements are represented in Rs. crore as per the approval received from Department of Company Affairs "DCA" earlier. Those items which were not represented in the financial statement due to rounding off to the nearest Rs. crore are given below.

Balance Sheet Items

in Rs. crore

Schedule	Description	As at September 30, 2008	As at March 31, 2008
3	Fixed assets		
	Additions		
	Vehicles	0.55	-
	Depreciation & Amortization for the period		
	Vehicles	0.26	0.36
7	Cash in Hand	0.03	-
23.2.13	Balances with non-scheduled banks		
	- ABN Amro Bank, Copenhagen, Denmark	0.01	0.01
	- ABN Amro Bank , Taipei, Taiwan	-	0.23
	- Citibank NA, Singapore	-	0.02
	- Citibank NA, Thailand	-	0.31
	- Deutsche Bank, Switzerland USD account	0.37	-
	- Nordbanken, Stockholm, Sweden	0.21	0.89
	- Svenska Handels Bank, Stockholm, Sweden	0.05	1.23
	- UFJ Bank, Tokyo, Japan	0.05	-
	- Deutsche Bank, Zurich, Switzerland	-	1.34

Profit & Loss Items

in Rs. crore

Schedule	Description	Quarter ended September 30, 2008	Quarter ended September 30, 2007	Half-year ended September 30, 2008	Half-year ended September 30, 2007
Profit & Loss	Provision for investments	-	(0.40)	-	(0.40)
12	Selling and Marketing expenses				
	Contribution to provident and other funds	-	0.44	-	0.86
	Visa charges and others	-	0.39	-	1.13
	Printing & Stationery	0.24	0.19	0.48	0.57
	Office maintenance	0.11	0.10	0.20	0.15
	Computer maintenance	-	-	-	0.02
	Software Packages for own use	-	0.03	0.02	0.07
	Communication Expenses	0.38	0.19	-	0.43
	Rates and Taxes	-	0.01	-	0.01
	Sales Promotion expenses	0.85	0.46	-	0.94
	Consumables	0.10	0.04	0.12	0.11
13	General and Administrative expenses				
	Provision for doubtful loans and advances	0.29	0.08	0.30	0.18
	Overseas group health insurance	0.17	(0.19)	(0.05)	(0.17)
	Visa charges others	-	(0.06)	-	0.23
	Guest house maintenance	-	0.69	-	1.43
	Auditor's remuneration :				
	Statutory audit fees	0.14	0.16	0.31	0.32
	Certification Charges	0.01	0.01	0.02	0.02
	Out-of-pocket expenses	0.01	0.01	0.02	0.02
	Research grants	0.43	0.12	-	3.52
	Freight charges	0.19	0.18	0.38	0.39
	Bank charges and commission	-	0.25	-	0.60
23.2.1	Aggregate expenses				
	Provision for doubtful loans and advances	0.29	0.08	0.30	0.18
	Sales promotion expenses	0.85	0.46	-	0.94
	Guest house maintenance	-	0.69	-	1.43
	Auditor's remuneration				
	Statutory audit fees	0.14	0.16	0.31	0.32
	Certification Charges	0.01	0.01	0.02	0.02
	Out-of-pocket expenses	0.01	0.01	0.02	0.02
	Bank charges and commission	0.36	0.25	-	0.60
	Freight charges	0.19	0.18	0.38	0.39
	Research grants	0.43	0.12	-	3.52
23.2.15	Profit on disposal of fixed assets, included in miscellaneous income	0.05	-	0.06	-
	Profit/(loss) on disposal of fixed assets, net	0.05	-	0.06	-
23.2.13	Maximum Balances with non-scheduled banks				
	- ABN Amro Bank, Copenhagen, Denmark	0.52	0.11	0.52	0.25
	- Citibank NA, Singapore	-	0.08	-	0.08
	- Citibank NA, Thailand	-	0.31	-	0.31

Cash Flow Statement Items

in Rs. crore

Schedule	Description	Half-year ended September 30, 2008	Half-year ended September 30, 2007
Cash Flow Statement	(Profit) / loss on sale of fixed assets	0.06	-
	Proceeds on disposal of fixed assets	0.08	-
	Provisions for investments	-	(0.36)

Transactions with key management personnel

Key management personnel comprise directors and members of executive council.
Particulars of remuneration and other benefits paid to whole-time directors and members of executive council during the quarter and half-year ended September 30, 2008 and *2007* :

in Rs. crore

Name	Salary	Contributions to provident and other funds	Perquisites and incentives	Total Remuneration
Co-Chairman				
Nandan M Nilekani	0.08	0.03	0.04	0.15
	0.06	0.01	0.03	0.10
	0.14	0.04	0.22	0.40
	0.10	*0.02*	*0.16*	*0.28*
Chief Executive Officer and Managing Director				
S Gopalakrishnan	0.08	0.03	0.04	0.15
	0.06	0.01	0.03	0.10
	0.14	0.04	0.23	0.41
	0.10	*0.02*	*0.16*	*0.28*
Chief Operating Officer				
S D Shibulal	0.07	0.02	0.04	0.13
	0.06	0.01	0.03	0.10
	0.13	0.03	0.22	0.38
	0.09	*0.02*	*0.15*	*0.26*
Whole-time Directors				
K Dinesh	0.08	0.02	0.04	0.14
	0.06	0.01	0.03	0.10
	0.14	0.03	0.22	0.39
	0.10	*0.02*	*0.17*	*0.29*
T V Mohandas Pai	0.09	0.02	0.22	0.33
	0.09	0.02	0.17	0.28
	0.18	0.04	1.23	1.45
	0.15	*0.04*	*0.42*	*0.61*
Srinath Batni	0.09	0.03	0.12	0.24
	0.08	0.02	0.09	0.19
	0.17	0.04	0.87	1.08
	0.13	*0.03*	*0.29*	*0.45*
Chief Financial Officer				
V Balakrishnan	0.07	0.01	0.06	0.14
	0.09	0.02	0.05	0.16
	0.14	0.03	1.50	1.67
	0.13	*0.03*	*0.20*	*0.36*
Executive Council Members				
Ashok Vemuri	0.47	-	0.09	0.56
	0.53	-	-	0.53
	0.90	-	1.55	2.45
	0.77	*-*	*0.43*	*1.20*
Chandra Shekar Kakal	0.07	0.02	0.05	0.14
	0.09	0.02	0.05	0.16
	0.13	0.03	0.90	1.06
	0.12	*0.03*	*0.19*	*0.34*
B.G. Srinivas	0.49	-	0.06	0.55
	0.47	-	0.06	0.53
	0.95	-	1.82	2.77
	0.79	*-*	*0.63*	*1.42*
Subhash B. Dhar	0.06	0.01	0.05	0.12
	0.07	0.02	0.03	0.12
	0.11	0.03	0.77	0.91
	0.08	*0.02*	*0.06*	*0.16*

Particulars of remuneration and other benefits of non-executive/ independent directors and for the quarter and half-year ended September 30, 2008 and *2007* :

Name	Commission	Sitting fees	Reimbursement of expenses	Total remuneration
Non-Whole time Directors				
Deepak M Satwalekar	0.18	-	-	0.18
	0.14	-	-	0.14
	0.33	-	-	0.33
	0.28	*-*	*-*	*0.28*
Prof.Marti G. Subrahmanyam	0.18	-	-	0.18
	0.11	-	0.04	0.15
	0.33	-	0.15	0.48
	0.23	*-*	*0.10*	*0.33*
David L. Boyles	0.17	-	0.06	0.23
	0.11	-	-	0.11
	0.32	-	0.13	0.45
	0.23	*-*	*-*	*0.23*
Dr.Omkar Goswami	0.15	-	0.01	0.16
	0.11	-	0.01	0.12
	0.27	-	0.02	0.29
	0.23	*-*	*0.01*	*0.24*
Rama Bijapurkar	0.14	-	-	0.14
	0.11	-	-	0.11
	0.26	-	0.01	0.27
	0.23	*-*	*-*	*0.23*
Claude Smadja	0.17	-	0.10	0.27
	0.11	-	0.08	0.19
	0.32	-	0.15	0.47
	0.22	*-*	*0.12*	*0.34*
Sridar A Iyengar	0.18	-	0.05	0.23
	0.11	-	-	0.11
	0.33	-	0.14	0.47
	0.23	*-*	*0.06*	*0.29*
Jeffrey S. Lehman	0.17	-	0.05	0.22
	0.10	-	-	0.10
	0.31	-	0.17	0.48
	0.21	*-*	*-*	*0.21*
N R Narayana Murthy *	0.16	-	-	0.16
	0.12	-	-	0.12
	0.29	-	-	0.29
	0.24	*-*	*-*	*0.24*

* Non-executive chairman of the board and chief mentor.