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 and controlled subsidiaries, Infosys Technologies (Australia) Pty. Limited ("Infosys Australia"), Infosys Technologies (China) Co. Limited ("Infosys China"), Infosys Consulting, Inc. ("Infosys Consulting"), Infosys Technologies S. DE R.L. de C.V. ("Infosys Mexico") and Infosys Technologies (Sweden) AB. ("Infosys Sweden") is a leading global technology services corporation. 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 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. 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 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 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 loss is recognised 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, 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.

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 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 catch-up 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.

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 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.

23.1.4.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 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.

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 fulfilling 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 and are carried at cost less accumulated amortization and impairment.

23.1.6 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. 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.

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 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 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 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 recognised in 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 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 company contributes a part of the contributions to the Infosys Technologies Limited Employees' Provident Fund Trust. The remaining portion is contributed to the government administered pension fund. The rate at which the annual interest is payable to the beneficiaries by the trust is being administered 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 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 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

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 .

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 to hedge its exposure to movements in foreign exchange rates. The use of these foreign exchange forward and options contracts 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 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. 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 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 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, other than those relating to unabsorbed depreciation and carry forward business loss, 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. Tax benefits of deductions earned on exercise of employee share 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 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.

23.1.14. 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.

23.1.15. 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.

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

	Year ended March 31, 2009	2008
Salaries and bonus including overseas staff expenses*	9,533	7,531
Contribution to provident and other funds	227	184
Staff welfare		
Staff welfare	64	52
Overseas group health insurance#	145	41
Overseas travel expenses	493	395
Visa charges and others	121	137
Traveling and conveyance	82	95
Technical sub-contractors - subsidiaries	861	773
Technical sub-contractors - others	305	202
Software packages		
For own use	274	213
For service delivery to clients	41	25
Professional charges	228	185
Telephone charges	153	125
Communication expenses	58	57
Power and fuel	125	106
Office maintenance	138	120
Guest house maintenance**	5	2
Commission and earnout charges	21	14
Brand building	62	55
Rent	60	50
Insurance charges	18	20
Computer maintenance	23	24
Printing and stationery	10	14
Consumables	20	18
Donations	21	20
Advertisements	6	10
Marketing expenses	15	15
Repairs to building	31	22
Repairs to plant and machinery	21	18
Rates and taxes	29	34
Professional membership and seminar participation fees	9	9
Postage and courier	8	9
Provision for post-sales client support and warranties	39	46
Books and periodicals	3	4
Provision for bad and doubtful debts	74	42
Provision for doubtful loans and advances	1	-
Commission to non-whole time directors	6	4
Sales promotion expenses	1	3
Freight charges	1	1
Bank charges and commission	2	1
Auditor's remuneration		
Statutory audit fees	1	1
Certification charges	-	-
Others	-	-
Out-of-pocket expenses	-	-
Research grants	19	5
Miscellaneous expenses	4	3
	13,358	10,685
Fringe Benefit Tax (FBT) in India included in the above	25	17

* During the year ended March 31, 2008, the company paid an amount of Rs.102 crore to the California Division of Labor Standards Enforcement (DLSE) towards settlement of possible overtime payment to certain employees.

The Company records health insurance liabilities based on the maximum individual claimable amounts by employees. During the year ended March 31, 2008, the company completed its reconciliation of amounts actually claimed by employees to date, including past years, with the aggregate amount of recorded liability and the net excess provision of Rs. 71 crore was written back.

**for non-training purposes

23.2.2. Capital commitments and contingent liabilities

in Rs. Crore

Particulars		As at #		#
Estimated amount of unexecuted capital contracts (net of advances and deposits)		344		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*		3		3
(Net of Amount Rs.200 crore (Rs.101 crore) crore paid to statutory authorities)				
	in million	in Rs. Crore	in million	in Rs. Crore
Forward contracts outstanding				
In US$	$245	1,243	$521	2,085
In Euro	€ 20	135	€ 10	63
In GBP	£15	109	-	-
Options contracts outstanding				
Range barrier options in US $	$113	573	$100	400
Seagull options in US $	$60	304	-	-
Euro Accelerator in Euro	-	-	€ 12	76
Euro Forward extra	-	-	€ 5	32

* Claims against the company not acknowledged as debts include demand from the Indian tax authorities for payment of additional tax of Rs.197 crore (Rs.98 crore), including interest of Rs.43 crore (Rs.18 crore) upon completion of their tax review for fiscal 2004 and fiscal 2005. 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. 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 for fiscal 2004 and fiscal 2005 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 postion 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.1,136 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	Year ended March 31, 2009	2008
Capital goods	207	296
Software packages	8	8
	215	**304**

23.2.5. Activity in foreign currency

in Rs. Crore

Particulars	Year ended March 31, 2009	2008
Earnings in foreign currency (on receipts basis)		
Income from software services and products	19,812	14,468
Interest received from banks & others	24	22
Expenditure in foreign currency (on payments basis)		
Travel expenses (including visa charges)	480	400
Professional charges	124	74
Technical sub-contractors - subsidiaries	861	753
Other expenditure incurred overseas for software development	6,578	5,257
Net earnings in foreign currency (on receipts and payments basis)	**11,793**	**8,006**

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

The lease rentals charged during the year ended March 31, 2009 and March 31, 2008 and maximum obligations on long-term non-cancelable operating leases payable as per the rentals stated in the respective agreements:

in Rs. Crore

Particulars	Year ended March 31, 2009	2008
Lease rentals recognized during the period	60	50

in Rs. Crore

Lease obligations	As at March 31, 2009	March 31, 2008
Within one year of the balance sheet date	46	28
Due in a period between one year and five years	154	88
Due after five years	30	24
	230	**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 March 31, 2009 and March 31, 2008 :

in Rs. Crore

Particulars	Cost	Accumulated depreciation	Net book value
Building	59	17	42
	58	*13*	*45*
Plant and machinery	18	12	6
	22	*13*	*9*
Computer equipment	1	1	-
	2	*2*	-
Furniture & fixtures	3	2	1
	10	*8*	*2*
Total	81	32	49
	92	*36*	*56*

The aggregate depreciation charged on the above during the year ended March 31, 2009 amounted to Rs. 8 crore (Rs.9 crore for the year ended March 31, 2008).

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 March 31, 2009	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 year ended March 31, 2009 amounted to Rs.16 crore and Rs.18 crore for the year ended March 31, 2008.

23.2.7. Related party transactions

List of related parties:

Name of subsidiaries	Country	Holding, as at March 31, 2009	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 Sweden*	Sweden	-	-
Infosys BPO s. r. o **	Czech Republic	99.98%	99.98%
Infosys BPO (Poland) Sp Z.o.o **	Poland	99.98%	-
Infosys BPO (Thailand) Limited **	Thailand	99.98%	-
P-Financial Services Holding B.V. Netherlands ***	Netherlands	-	99.98%
Mainstream Software Pty Limited****	Australia	100%	-

* On March 5, 2009 the company incorporated a wholly owned subsidiary, Infosys Technologies (Sweden) AB which is yet to be capitalized.

** Infosys BPO s.r.o, Infosys BPO (Poland) Sp Z.o.o and Infosys BPO (Thailand) Limited are wholly owned subsidiaries of Infosys BPO.

*** During the year ended March 31, 2009, the investments held by P-Financial Services Holding B.V in its wholly owned subsidiaries Pan-Financial Shared Services India Private Limited, Infosys BPO (Poland) Sp. Z.o.o., and Infosys BPO (Thailand) Limited was transferred to Infosys BPO, consequent to which P-Financial Services Holding B.V was liquidated.During the quarter ended March 31, 2009, Infosys BPO merged its wholly owned subsidiary Pan-Financial Shared Services India Private Limited, retrospectively with effect from April 1,2008 vide a scheme of amalgamation sanctioned by the court.

**** 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 year ended March 31, 2009 and 2008 are as follows:

in Rs. Crore

Particulars	Year ended March 31, 2009	2008
Capital transactions:		
Financing transactions		
Infosys BPO	-	22
Infosys Mexico	-	22
Infosys China	19	-
Infosys Consulting	22	81
Loans/Advances		
Infosys China	10	10
Revenue transactions:		
Purchase of services		
Infosys Australia	471	482
Infosys China	81	54
Infosys Consulting	275	231
Infosys BPO	1	-
Infosys Mexico	33	3
Purchase of shared services including facilities and personnel		
Infosys BPO (Including subsidiaries)	32	11
Interest Income		
Infosys China	3	-
Sale of services		
Infosys Australia	10	4
Infosys China	2	-
Infosys Consulting	4	1
Infosys BPO (Including subsidiaries)	1	-
Sale of shared services including facilities and personnel		
Infosys BPO (Including subsidiaries)	53	44
Infosys Consulting	3	2

Details of amounts due to or due from and maximum dues from subsidiaries for the year ended March 31, 2009 and year ended March 31, 2008:

in Rs. Crore

Particulars	As at March 31, 2009	March 31, 2008
Loans and advances		
Infosys China	51	32
Debtors		
Infosys China	-	8
Infosys Australia	4	-
Infosys Mexico	1	-
Creditors		
Infosys China	4	7
Infosys Australia	16	-
Infosys BPO (Including subsidiaries)	1	-
Maximum balances of loans and advances		
Infosys BPO (Including subsidiaries)	-	2
Infosys Australia	35	31
Infosys China	51	32
Infosys Mexico	4	-
Infosys Consulting	26	16

During the year ended March 31, 2009, an amount of Rs.20 crore (Rs.20 crore for the year ended March 31, 2008) was donated to Infosys Foundation, a not-for-profit foundation, in which certain directors of the company are trustees.

During the year ended March 31,2009, an amount of Rs 15 crores (Rs. Nil for the year ended March 31,2008) has been granted to Infosys Science 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 year ended March 31, 2009 and March 31, 2008 have been detailed in Schedule 23.3 since the amounts are less than a crore.

The aggregate managerial remuneration under Section 198 of the Companies Act 1956, to the directors (including managing director) is:

in Rs. crore

Particulars	Year ended March 31, 2009	2008
Whole-time directors		
Salary	2	2
Contribution to provident and other funds	-	-
Perquisites and incentives	6	4
Total remuneration	8	6
Non-Whole-time directors		
Commission	6	4
Sitting fees	-	-
Reimbursement of expenses	1	1
Total remuneration	7	5

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

in Rs. crore

Particulars	Year ended March 31, 2009	2008
Net profit after tax from ordinary activities	5,819	4,470
Add:		
Whole-time directors' remuneration	8	6
Directors' sitting fees	-	-
Commission to non-whole time-directors	6	4
Provision for bad and doubtful debts	74	42
Provision for doubtul loans and advances	1	-
Provision on investments	-	-
Depreciation as per books of accounts	694	546
Provision for taxation	895	630
	7,497	5,698
Less:		
Depreciation as envisaged under Section 350 of the Companies Act*	694	546
Profit of a capital nature	-	-
Net profit on which commission is payable	6,803	5,152
Commission payable to non-whole-directors:		
Maximum allowed as per the Companies Act, 1956 at 1%	68	52
Maximum approved by the share holders at 1% (0.5%)	68	26
Commission approved by the Board	6	4

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

During the year ended March 31, 2009 and 2008, Infosys BPO has provided for commission of Rs. 0.12 crore and Rs 0.12 crore to a non-whole-time director of Infosys.

23.2.9. Research and development expenditure

in Rs. crore

Particulars	Year ended March 31, 2009	2008
Capital	31	-
Revenue	236	201

23.2.10. Dues to micro and small enterprises

The company has no dues to micro and small enterprises during the year ended March 31, 2009 and March 31 ,2008 and as at March 31,2009 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	Year ended March 31, 2009	2008
Options outstanding, beginning of period	15,30,447	20,84,124
Less: exercised	4,55,586	5,00,465
forfeited	1,58,102	53,212
Options outstanding, end of period	**9,16,759**	**15,30,447**

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	Year ended March 31, 2009	2008
Options outstanding, beginning of period	14,94,693	18,97,840
Less: exercised	3,78,699	2,85,431
forfeited	1,90,188	1,17,716
Options outstanding, end of period	**9,25,806**	**14,94,693**

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	Year ended March 31, 2009	2008
Net Profit:		
As Reported	5,819	4,470
Less: Stock-based employee compensation expense	7	13
Adjusted Proforma	5,812	4,457
Basic Earnings per share as reported	101.65	78.24
Proforma Basic Earnings per share	101.52	78.00
Diluted Earnings per share as reported	101.48	77.98
Proforma Diluted Earnings per share	101.35	77.74

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 year ended March 31, 2009, 4,55,586 and 3,78,699 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. 3 crore for the year ended March 31, 2009 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 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 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 262 crores and Rs 169 crores was carried forward and shown under "Loans and Advances" in the balance sheet as of March 31, 2009 and March 31, 2008 respectively.

The tax provision for the year ended March 31, 2009 includes a net reversal of Rs. 108 crore pertaining to earlier periods, comprising of Rs.323 crore for provisions no longer required which is offset by a charge of Rs. 215 crore due to re-assessment of uncertain tax positions. The tax provision for the year ended March 31, 2008 includes a reversal of Rs. 121 crore 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 March 31, 2009	As at March 31, 2008
In Current accounts		
ABN Amro Bank, Taiwan	2	-
Bank of America, USA	574	272
Citibank NA, Australia	33	30
Citibank NA, Singapore	7	-
Citibank NA, Thailand	1	-
Citibank NA, Japan	2	2
Deutsche Bank, Belgium	6	5
Deutsche Bank, Germany	5	5
Deutsche Bank, Netherlands	1	3
Deutsche Bank, France	1	2
Deutsche Bank, Zurich, Switzerland	-	1
Deutsche Bank, UK	58	76
Deutsche Bank, Spain	1	2
HSBC Bank, UK	7	2
Nordbanken, Stockholm, Sweden	-	1
Royal Bank of Canada, Canada	5	12
Svenska Handelsbanken, Sweden	-	1
The Bank of Tokyo - Mitsunhishi UFJ,Ltd.,Japan	1	-
	704	**414**

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

in Rs. crore

Balances with scheduled banks in India	As at March 31, 2009	As at March 31, 2008
In Current accounts		
Citibank-Unclaimed dividend account	1	1
Deustche Bank	11	39
Deustche Bank-EEFC account in Euro	26	23
Deustche Bank-EEFC account in Swiss Franc	3	10
Deustche Bank-EEFC account in United Kingdom Pound Sterling	-	17
Deustche Bank-EEFC account in US dollar	11	127
ICICI Bank	14	20
ICICI Bank-EEFC account in US dollar	34	5
ICICI bank-Unclaimed dividend account	1	1
	101	**243**
In Deposit accounts		
Andhra Bank	80	-
Axis Bank	-	250
Bank of Baroda	781	500
Bank of India	-	500
Bank of Maharashtra	493	362
Barclays Bank	140	280
Canara Bank	794	115
Corporation Bank	335	440
DBS Bank	25	-
HDFC Bank	-	450
HSBC Bank	258	250
ICICI Bank	510	1,000
IDBI Bank	500	475
ING Vysya Bank	25	-
Punjab National Bank	480	-
State Bank of Hyderabad	200	
State Bank of India	2,083	1,000
State Bank of Mysore	500	-
Syndicate Bank	500	-
The Bank of Nova Scotia	350	150
Union Bank of India	85	
Vijaya Bank	95	
	8,234	**5,772**
Total cash and bank balances as per balance sheet	**9,039**	**6,429**

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

in Rs. crore

Maximum balance with non-scheduled banks during the period	Year ended March 31, 2009	2008
In current accounts		
ABN Amro Bank , Taipei, Taiwan	4	2
Bank of America, Palo Alto, USA	956	637
Citibank NA, Melbourne, Australia	192	126
Citibank NA, Singapore	24	-
Citibank NA, Tokyo, Japan	45	14
Citibank NA, Thailand	1	-
Deutsche Bank, Brussels, Belgium	33	38
Deutsche Bank, Frankfurt, Germany	52	20
Deutsche Bank, Amsterdam, Netherlands	41	3
Deutsche Bank, Paris, France	9	5
Deutsche Bank, Spain	2	2
Deutsche Bank, Zurich, Switzerland	36	15
Deutsche Bank, Zurich, Switzerland US dollar	31	-
Deutsche Bank, UK	350	311
HSBC Bank PLC, Croydon, UK	11	32
Nordbanken, Stockholm, Sweden	1	1
Royal Bank of Canada, Toronto, Canada	42	17
Svenska Handels Bank, Stockholm, Sweden	3	2
The Bank of Tokyo-Mitsubishi UFJ, Ltd., Japan	6	3
Morgan Stanley Bank,US-Account	3	9

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 March 31, 2009	March 31, 2008
Deposits with financial institutions and body corporate:		
HDFC Limited	1,250	1,000
GE Capital Services India	-	260
Life Insurance Corporation of India (LIC)	253	161
	1,503	**1,421**

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

in Rs. crore

	Year ended March 31, 2009	2008
Deposits with financial institutions and body corporate:		
HDFC Limited	1,250	1,031
GE Capital Services India	271	312
Life Insurance Corporation of India	253	161

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 23.2.25.b.)

23.2.15. Fixed assets

Profit / (loss) on disposal of fixed assets during year ended March 31, 2009 and 2008 is less than Rs. 1 crore and accordingly disclosed in note 23.3

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. crore

	Year ended March 31, 2009	2008
Charged during the period	71	16

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 March 31, 2009.

23.2.16. Details of Investments

in Rs. crore

Particulars	As at March 31, 2009	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 #		
Nil (100) ordinary shares of Singapore $ 1 each, fully paid, par value Singapore $ 1 each	-	-
Nil (563) redeemable preference shares of Singapore $ 1, fully paid, at a premium of Singapore $ 1,110 per redeemable preferred stock	-	2
Nil (337) redeemable preference shares of Singapore $ 1, fully paid, par value Singapore $ 1 each	-	-
Merasport Technologies Private Limited **		
2,420 equity shares at Rs. 8,052 each, fully paid, par value Rs. 10 each	2	-
	11	**11**
Less: Provision for investment	11	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 year ended March 31, 2009 investments in M-Commerce Ventures Pte Ltd., Singapore were liquidated.

** During the year ended March 31, 2009, Infosys received 2,420 shares of Mera Sport Technologies Private Limited valued at Rs. 2 crore in lieu of provision of usage rights to the software developed by Infosys. The Investment was fully provided for during this year based on dimunition other than temporary.

Details of investments in and disposal of securities during the year ended March 31, 2009 and 2008:

in Rs. crore

Particulars	Year Ma 2009	2008
Investment in securities		
Subsidiaries	41	125
Long-term investments	2	-
Certificate of deposits	193	-
Liquid Mutual funds	608	1,518
	844	1,643
Redemption / Disposal of Investment in securities		
Long-term investments	-	-
Certificate of deposits*	200	-
Liquid Mutual funds	608	1,518
	808	**1,518**
Net movement in investments	**36**	**125**

* Represents redemption value inclusive of Rs 7 crore interest

Investment purchased and sold during the year ended March 31, 2009 :

in Rs. crore

Name of the fund	**Face Value Rs./-**	**Units**	**Cost**
Tata Floater Fund - Weekly Dividend Plan	10	151,193,892	153
Kotak Floater Long-term - Weekly Dividend Plan	10	175,574,233	177
Reliance Medium Term Fund - Weekly Dividend Plan	10	32,132,737	55
Birla Sunlife Short-term Fund Institutional Fortnightly Dividend Payout	10	105,880,534	107
ICICI Prudential Floating Rate Plan D - Weekly Dividend	10	115,884,116	116

Certifiate of deposits purchased and sold during the year ended March 31, 2009 :

in Rs. crore

Particulars	**Face Value Rs./-**	**Units**	**Cost**
ICICI Bank	1,00,000	10,000	97
Punjab National Bank	1,00,000	10,000	96

Particulars of investments made during the year ended March 31, 2009 and 2008:

in Rs. crore

Particulars of investee companies	Year Ma 2009	2008
Infosys Consulting	22	81
Infosys Mexico	-	22
Infosys China	19	-
Infosys BPO	-	22
	41	**125** *

* Excludes Rs 2 crore due to option holders of Infosys BPO relating to option purchases paid during the year ended March 31,2008

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 March 31, 2009, 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 year ended March 31, 2009, the company made an additional investment of US$ 5 million (Rs. 22 crore) . As of March 31, 2009, the company has invested an aggregate of US$ 45 million (Rs.193 crore) in the subsidiary.

Investment in Infosys China

During the year ended March 31, 2009 and year ended March 31, 2008, the company disbursed an amount of US$ 2 million (Rs. 9 crore) and US$ 3 million (Rs.10 crore) as loan to its wholly owned subsidiary, Infosys Technologies (China) Co. Limited. The loan is repayable within five years from the date of disbursement at the discretion of the subsidiary. Further, during the year ended March 31, 2009, an additional investment of US$ 4 million (Rs.19 crore) was made in Infosys China. As of March 31, 2009, the company has invested US$ 14 million (Rs.65 crore) as equity capital and US$ 10 million (Rs.51 crore) as loan 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

Year ended March 31, 2009 and 2008:

in Rs. crore

	Financial services	Manufacturing	Telecom	Retail	Others	Total
Revenues	7,020	3,876	3,450	2,699	3,219	20,264
	5,706	*2,291*	*3,215*	*1,945*	*2,491*	*15,648*
Identifiable operating expenses	3,008	1,675	1,445	1,140	1,359	8,627
	2,426	*1,028*	*1,401*	*836*	*1,085*	*6,776*
Allocated expenses	1,638	905	807	630	751	4,731
	1,424	*572*	*804*	*485*	*624*	*3,909*
Segmental operating income	2,374	1,296	1,198	929	1,109	6,906
	1,856	*691*	*1,010*	*624*	*782*	*4,963*
Unallocable expenses						694
						546
Operating income						6,212
						4,417
Other income (expense), net						502
						683
Net profit before taxes						6,714
						5,100
Income taxes						895
						630
Net profit after taxes						5,819
						4,470

Geographic Segments

Year ended March 31, 2009 and 2008:

in Rs. crore

	North America	Europe	India	Rest of the World	Total
Revenues	13,123	5,060	260	1,821	20,264
	9,873	*4,207*	*219*	*1,349*	*15,648*
Identifiable operating expenses	5,626	2,082	63	856	*8,627*
	4,308	*1,668*	*46*	*754*	*6,776*
Allocated expenses	3,060	1,183	61	427	*4,731*
	2,466	*1,050*	*56*	*337*	*3,909*
Segmental operating income	4,437	1,795	136	538	6,906
	3,099	*1,489*	*117*	*258*	*4,963*
Unallocable expenses					694
					546
Operating income					6,212
					4,417
Other income (expense), net					502
					683
Net profit before taxes					6,714
					5,100
Income taxes					895
					630
Net profit after taxes					5,819
					4,470

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 March 31, 2009 the company has provided for doubtful debts of Rs. 66 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	Year ended March 31, 2009	2008
Interim dividend for fiscal 2009	10,97,63,357	110	-
Interim dividend for fiscal 2008	10,92,19,011	-	66
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	Year ended March 2009	2008
Number of shares considered as basic weighted average shares outstanding	57,24,90,211	57,13,98,340
Add: Effect of dilutive issues of shares/stock options	9,72,970	19,08,547
Number of shares considered as weighted average shares and potential shares outstanding	**57,34,63,181**	**57,33,06,887**

23.2.21 Provision for Post-sales client support and warranties

The movement in the provision for post-sales client support and warranties is as follows:

in Rs. crore

Particulars	Year ended March 31, 2009	2008
Balance at the beginning	**43**	21
Provision recognized	**39**	46
Provision utilized	**(7)**	(24)
Balance at the end	**75**	**43**

Provision for post sales client support is expected to be utilized over a period of 6 months to 1 year.

23.2.22 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 March 31, 2009	March 31, 2008	March 31, 2007
Obligations at period beginning	217	221	180
Service Cost	47	47	44
Interest cost	15	16	14
Actuarial (gain)/ loss	-	(9)	-
Benefits paid	(23)	(21)	(17)
Amendment in benefit plans	-	(37)	-
Obligations at period end	**256**	**217**	**221**
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	167
Expected return on plan assets	16	18	16
Actuarial gain	5	2	3
Contributions	29	9	52
Benefits paid	(23)	(21)	(17)
Plans assets at period end, at fair value	**256**	**229**	**221**
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	256	229	221
Present value of the defined benefit obligations at the end of the period	256	217	221
Asset recognized in the balance sheet	**-**	**12**	**-**
Assumptions			
Interest rate	7.01%	7.92%	7.99%
Estimated rate of return on plan assets	7.01%	7.92%	7.99%

in Rs. Crore

	Year ended March 31, 2009	2008
Gratuity cost for the period		
Service cost	47	47
Interest cost	15	16
Expected return on plan assets	(16)	(18)
Actuarial (gain)/loss	(5)	(11)
Plan amendment amortization	(4)	(4)
Net gratuity cost	**37**	**30**
Actual return on plan assets	21	20

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.

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 March 31, 2009 and March 31, 2008 amounted to Rs.29 crore and Rs.33 crore, respectively and disclosed under "Current Liabilities".

The company expects to contribute approximately Rs.40 crores to the gratuity trust during fiscal 2010.

23.2.23.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.137 crore and Rs.110 crore during the year ended March 31, 2009 and 2008 respectively.

23.2.23.b Superannuation

The company contributed Rs.52 crore and Rs.42 crore during the year ended March 31, 2009 and 2008 respectively.

23.2.24 Miscellaneous Income

Miscellaneous income of Rs. 36 crore during the year ended March 31, 2009 includes a net amount of Rs. 18 crore consisting of Rs. 33 crore received from Axon Group Plc, towards the inducement fee offset by Rs. 15 crore towards expenses incurred in relation to this transaction.

23.2.25 Cashflow statement

23.2.25.a Unclaimed dividend

The balance of cash and cash equivalents includes Rs.2 crore as at March 31, 2009 (Rs. 2 crore as at March 31, 2008) set aside for payment of dividends.

23.2.25.b Restricted cash

Deposits with financial institutions and body corporate as at March 31, 2009 include an amount of Rs.253 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 March 31, 2009	March 31, 2008
3	Fixed assets		
	Depreciation & Amortization for the period		
	Vehicles	0.57	0.36
7	Cash on Hand	0.01	-
23.2.7	Related party transactions		
	Debtors- Infosys BPO s.r.o.	0.02	-
	Debtors- Infosys China	0.16	8.00
	Debtors- Infosys Consulting	0.34	-
	Debtors- Infosys Thailand	0.01	-
	Creditors- Infosys Mexico	(0.04)	-
	Advances - Infosys Sweden	0.06	-
23.2.13	Balances with scheduled banks		
	- HDFC Bank - Unclaimed dividend account	0.46	-
	- Deutsche Bank - EEFC account in United Kingdom Pound Sterling	0.05	16.99
	Balances with non-scheduled banks		
	- ABN Amro Bank, Copenhagen, Denmark	0.06	0.01
	- ABN Amro Bank, Taiwan	1.49	0.23
	- Citibank NA, Singapore	7.17	0.02
	- Citibank NA, Thailand	0.54	0.31
	- Nordbanken, Sweden	0.05	0.89
	- Svenska Handelsbanken, Sweden	-	1.23
	- Deutsche Bank, Zurich, Switzerland	0.22	1.34
	- Deutsche Bank, Zurich, Switzerland US dollar	0.05	-

Profit & Loss Items

in Rs. crore

Schedule	Description	Year ended March 31, 2009	2008
Profit & Loss	Provision for investment	1.95	(0.36)
12	Selling and Marketing expenses		
	Printing & Stationery	0.99	1.16
	Office maintenance	0.34	0.39
	Computer maintenance	-	0.02
	Software Packages for own use	0.04	0.12
	Rates and Taxes	0.01	0.02
	Sales Promotion expenses	1.36	-
	Consumables	0.15	0.23
	Insurance charges	0.03	-
13	General and Administrative expenses		
	Provision for doubtful loans and advances	0.74	0.54
	Overseas group health insurance	0.48	(2.30)
	Visa charges others	2.72	0.59
	Auditor's remuneration :		
	Statutory audit fees	0.62	0.64
	Others	-	0.11
	Certification Charges	0.05	0.05
	Out-of-pocket expenses	0.03	0.03
	Frieght Charges	1.07	0.76
23.2.1	Aggregate expenses		
	Provision for doubtful loans and advances	0.74	0.54
	Auditor's remuneration		
	Statutory audit fees	0.62	0.64
	Others	-	0.11
	Certification Charges	0.05	0.05
	Out-of-pocket expenses	0.03	0.03
	Frieght charges	1.07	0.76
23.2.7	Related party transactions		
	Revenue transactions		
	Interest income - Infosys China	2.68	0.96
23.2.15	Profit on disposal of fixed assets, included in miscellaneous income	0.16	0.18
	(Loss) on disposal of fixed assets, included in miscellaneous expenses	-	(0.01)
	Profit/(loss) on disposal of fixed assets, net	0.16	0.17
23.2.13	Maximum Balances with non-scheduled banks		
	- ABN Amro Bank, Copenhagen, Denmark	0.08	0.25
	- Citibank NA, Singapore	23.95	0.08
	- Citibank NA, Thailand	0.54	0.33

Cash Flow Statement Items

in Rs. crore

Schedule	Description	Year ended March 31, 2009	2008
Cash Flow Statement	Profit/ loss on sale of fixed assets	0.16	0.17
	Provisions for investments	1.95	(0.36)
	Proceeds on disposal of fixed assets	0.21	0.38

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 year ended March 31, 2009 and *2008* :

in Rs. crore

Name	Salary	Contributions to provident and other funds	Perquisites and incentives	Total Remuneration
Co-Chairman				
Nandan M Nilekani	0.30	0.07	0.54	0.91
	0.21	*0.05*	*0.56*	*0.82*
Chief Executive Officer and Managing Director				
S Gopalakrishnan	0.30	0.07	0.55	0.92
	0.21	*0.05*	*0.55*	*0.81*
Chief Operating Officer				
S D Shibulal	0.28	0.07	0.52	0.87
	0.20	*0.05*	*0.53*	*0.78*
Whole-time Directors				
K Dinesh	0.30	0.07	0.54	0.91
	0.21	*0.05*	*0.56*	*0.82*
T V Mohandas Pai	0.36	0.09	2.14	2.59
	0.33	*0.11*	*1.36*	*1.80*
Srinath Batni	0.35	0.09	1.43	1.87
	0.31	*0.08*	*0.88*	*1.27*
Chief Financial Officer				
V Balakrishnan	0.29	0.07	2.00	2.36
	0.26	*0.08*	*0.29*	*0.63*
Executive Council Members				
Ashok Vemuri	1.99	-	2.05	4.04
	1.57	*-*	*1.24*	*2.81*
Chandra Shekar Kakal	0.26	0.06	1.26	1.58
	0.23	*0.06*	*0.49*	*0.78*
B.G. Srinivas	1.82	-	2.85	4.67
	1.67	*-*	*1.40*	*3.07*
Subhash B. Dhar	0.23	0.06	0.98	1.27
	0.18	*0.05*	*0.32*	*0.55*

Particulars of remuneration and other benefits of non-executive/ independent directors for the year ended March 31, 2009 and *2008* :

Name	Commission	Sitting fees	Reimbursement of expenses	Total remuneration
Non-Whole time Directors				
Deepak M Satwalekar	0.68	-	0.02	0.70
	0.56	*-*	*0.01*	*0.57*
Prof.Marti G. Subrahmanyam	0.71	-	0.25	0.96
	0.47	*-*	*0.12*	*0.59*
Dr.Omkar Goswami	0.58	-	0.03	0.61
	0.44	*-*	*0.01*	*0.45*
Claude Smadja	0.67	-	0.26	0.93
	0.42	*-*	*0.20*	*0.62*
Rama Bijapurkar	0.56	-	0.01	0.57
	0.44	*-*	*0.01*	*0.45*
Sridar A Iyengar	0.70	-	0.20	0.90
	0.46	*-*	*0.09*	*0.55*
David L. Boyles	0.69	-	0.21	0.90
	0.47	*-*	*-*	*0.47*
Jeffrey S. Lehman	0.63	-	0.22	0.85
	0.43	*-*	*0.02*	*0.45*
N R Narayana Murthy *	0.63	-	-	0.63
	0.50	*-*	*-*	*0.50*

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