INFOSYS LIMITED

in ₹ crore

Balance Sheet as at	Note	December 31, 2012	March 31, 2012
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	287	287
Reserves and surplus	2.2	35,280	29,470
		35,567	29,757
NON-CURRENT LIABILITIES			
Deferred tax liabilities (net)	2.3	16	-
Other long-term liabilities	2.4	54	21
		70	21
CURRENT LIABILITIES			
Trade payables	2.5	27	68
Other current liabilities	2.6	3,080	2,365
Short-term provisions	2.7	1,917	3,604
		5,024	6,037
		40,661	**35,815**
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.8	4,304	4,045
Intangible assets	2.8	31	16
Capital work-in-progress		928	588
		5,263	4,649
Non-current investments	2.10	2,451	1,068
Deferred tax assets (net)	2.3	313	189
Long-term loans and advances	2.11	1,537	1,431
Other non-current assets	2.12	39	13
		9,603	7,350
CURRENT ASSETS			
Current investments	2.10	7,247	341
Trade receivables	2.13	6,146	5,404
Cash and cash equivalents	2.14	13,812	19,557
Short-term loans and advances	2.15	3,853	3,163
		31,058	28,465
		40,661	**35,815**
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	1 & 2		

As per our report attached
for B S R & Co.
Chartered Accountants
Firm's Registration Number:101248W

Natrajh Ramakrishna
Partner
Membership No. 32815

K.V.Kamath
Chairman

S. Gopalakrishnan
Executive Co-Chairman

S. D. Shibulal
Chief Executive Officer and Managing Director

Deepak M. Satwalekar
Director

Dr. Omkar Goswami
Director

David L. Boyles
Director

Prof. Jeffrey S. Lehman
Director

R.Seshasayee
Director

Ann M. Fudge
Director

Ravi Venkatesan
Director

Srinath Batni
Director

V. Balakrishnan
Director

Bangalore
January 11, 2013

Ashok Vemuri
Director

B. G. Srinivas
Director

Rajiv Bansal
Chief Financial Officer

N.R. Ravikrishnan
Company Secretary

INFOSYS LIMITED

in ₹ crore, except per share data

Statement of Profit and Loss for the	Note	Quarter ended December 31,		Nine months ended December 31,	
		2,012	2011	2012	2011
Income from software services and products	2.16	9,398	8,696	27,436	23,071
Other income	2.17	481	422	1,568	1,220
Total revenue		**9,879**	**9,118**	**29,004**	**24,291**
Expenses					
Employee benefit expenses	2.18	5,086	4,175	14,733	11,422
Cost of technical sub-contractors	2.18	421	657	1,207	1,827
Travel expenses	2.18	332	258	1,011	713
Cost of software packages and others	2.18	244	163	552	443
Communication expenses	2.18	80	58	219	150
Professional charges		132	163	387	352
Depreciation and amortisation expense	2.8	248	198	700	590
Other expenses	2.18	286	300	943	809
Total expenses		**6,829**	**5,972**	**19,752**	**16,306**
PROFIT BEFORE TAX		**3,050**	**3,146**	**9,252**	**7,985**
Tax expense:					
Current tax	2.19	871	838	2,609	2,238
Deferred tax	2.19	(86)	73	(99)	36
PROFIT AFTER TAX BEFORE EXCEPTIONAL ITEM		**2,265**	**2,235**	**6,742**	**5,711**
Dividend income, net of taxes	2.35	-	-	69	-
PROFIT AFTER TAX AND EXCEPTIONAL ITEM		**2,265**	**2,235**	**6,811**	**5,711**
EARNINGS PER EQUITY SHARE					
Equity shares of par value ₹5/- each					
Before Exceptional item					
Basic		39.46	38.92	117.41	99.46
Diluted		39.46	38.92	117.41	99.45
After Exceptional item					
Basic		39.46	38.92	118.62	99.46
Diluted		39.46	38.92	118.62	99.45
Number of shares used in computing earnings per share	2.31				
Basic		57,42,33,686	57,42,10,684	57,42,31,729	57,41,90,202
Diluted		57,42,34,017	57,42,30,160	57,42,32,618	57,42,28,549
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	1 & 2				

As per our report attached
for B S R & Co.
Chartered Accountants
Firm's Registration Number : 101248W

Natrajh Ramakrishna	K.V.Kamath	S. Gopalakrishnan	S. D. Shibulal	Deepak M. Satwalekar
Partner	*Chairman*	*Executive Co-Chairman*	*Chief Executive Officer and Managing Director*	*Director*
Membership No. 32815				
	Dr. Omkar Goswami	David L. Boyles	Prof. Jeffrey S. Lehman	R.Seshasayee
	Director	*Director*	*Director*	*Director*
	Ann M. Fudge	Ravi Venkatesan	Srinath Batni	V. Balakrishnan
	Director	*Director*	*Director*	*Director*
Bangalore	Ashok Vemuri	B. G. Srinivas	Rajiv Bansal	N.R. Ravikrishnan
January 11, 2013	*Director*	*Director*	*Chief Financial Officer*	*Company Secretary*

INFOSYS LIMITED

in ₹ crore

Cash Flow Statement for the	**Note**	**Nine months ended**	
		December 31, 2012	**December 31, 2011**
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax and exceptional item		9,252	7,985
Adjustments to reconcile profit before tax to cash provided by operating activities			
Depreciation and amortisation expense		700	590
Interest and dividend income		(1,409)	(1,156)
Effect of exchange differences on translation of assets and liabilities		22	29
Effect of exchange differences on translation of foreign currency cash and cash equivalents		(31)	(47)
Changes in assets and liabilities			
Trade receivables	2.34.1	(742)	(1,508)
Loans and advances and other assets	2.34.2	(592)	(491)
Liabilities and provisions	2.34.3	789	1,034
		7,989	6,436
Income taxes paid	2.34.4	(2,394)	(1,962)
NET CASH GENERATED BY OPERATING ACTIVITIES		**5,595**	**4,474**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment towards capital expenditure	2.34.5	(1,348)	(769)
Investments in subsidiaries	2.34.6	(1,342)	(83)
Investment of other investments	2.34.7	(16,852)	(2,816)
Disposal of other investments	2.34.7	9,946	2,693
Interest and dividend received	2.34.8	1,412	1,141
CASH FLOWS FROM INVESTING ACTIVITIES BEFORE EXCEPTIONAL ITEM		(8,184)	166
Dividend received, net of taxes	2.35	69	-
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES		**(8,115)**	**166**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of share capital on exercise of stock options		1	5
Loan given to subsidiary	2.33.9	(121)	(3)
Dividends paid including residual dividend		(2,698)	(2,011)
Dividend tax paid		(438)	(327)
NET CASH USED IN FINANCING ACTIVITIES		**(3,256)**	**(2,336)**
Effect of exchange differences on translation of foreign currency cash and cash equivalents		31	47
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(5,745)**	**2,351**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		19,557	15,165
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**13,812**	**17,516**
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	1 & 2		

As per our report attached
for B S R & Co.
Chartered Accountants
Firm's Registration Number : 101248W

Natrajh Ramakrishna *Partner* Membership No. 32815	K.V.Kamath *Chairman*	S. Gopalakrishnan *Executive Co-Chairman*	S. D. Shibulal *Chief Executive Officer and Managing Director*	Deepak M. Satwalekar *Director*
	Dr. Omkar Goswami *Director*	David L. Boyles *Director*	Prof. Jeffrey S. Lehman *Director*	R.Seshasayee *Director*
	Ann M. Fudge *Director*	Ravi Venkatesan *Director*	Srinath Batni *Director*	V. Balakrishnan *Director*
Bangalore January 11, 2013	Ashok Vemuri *Director*	B. G. Srinivas *Director*	Rajiv Bansal *Chief Financial Officer*	N.R. Ravikrishnan *Company Secretary*

Significant accounting policies and notes on accounts

Company overview

Infosys Limited ('Infosys' or 'the Company') along with its majority-owned and controlled subsidiary, Infosys BPO Limited and its controlled subsidiaries ('Infosys BPO') and wholly-owned and controlled subsidiaries, Infosys Technologies (Australia) Pty. Limited ('Infosys Australia'), Infosys Technologies (China) Co. Limited ('Infosys China'), Infosys Consulting India Limited ('Infosys Consulting India'), Infosys Technologies S. de R. L. de C. V. ('Infosys Mexico'), Infosys Technologies (Sweden) AB. ('Infosys Sweden'), Infosys Tecnologia DO Brasil LTDA. ('Infosys Brasil'), Infosys Public Services, Inc, USA ('Infosys Public Services') Infosys Technologies (Shanghai) Company Limited ('Infosys Shanghai') and Lodestone Holding AG and its controlled subsidiaries ('Lodestone') is a leading global technology services corporation. The Company provides business consulting, technology, engineering and outsourcing services to help clients build tomorrow's enterprise. In addition, the Company offers software products for the banking industry.

1 Significant accounting policies

1.1 Basis of preparation of financial statements

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

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 or costs expended to date as a proportion of the total efforts or costs to be expended, provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets and intangible assets.

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

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

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 and fixed-timeframe contracts, where there is no uncertainty as to measurement or collectability of consideration, is recognized based upon the percentage of completion method. 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 billings 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 method. Revenue from client training, support and other services arising due to the sale of software products is recognized as the related services are performed.

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

The Company presents revenues net of value-added taxes in its statement of profit and loss.

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.

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.

1.5 Post-sales client support and warranties

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

1.6 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.

1.7 Fixed assets, intangible assets and capital work-in-progress

Fixed assets are stated at cost, less accumulated depreciation and impairment, if any. Direct costs are capitalized until fixed assets are ready for use. Capital work-in-progress comprises of 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.

1.8 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 ₹5,000/- or less) are depreciated over a period of one year from the date of acquisition. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use. The Management estimates the useful lives for the other fixed assets as follows :

Buildings	15 years
Plant and machinery	5 years
Office equipment	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.

1.9 Retirement benefits to employees

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 recognized in the statement of profit and loss in the period in which they arise.

b Superannuation

Certain employees of Infosys are also participants in the superannuation plan ('the Plan') which is a defined contribution plan. The Company has no obligations to the Plan beyond its monthly contributions.

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.

d Compensated absences

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

1.10 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.

1.11 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 Statement of profit and loss. 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.

1.12 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 the 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 are recognized in the statement of profit and loss. 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 statement of profit and loss of that period. To designate a forward or options contract as an effective hedge, the 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 statement of profit and loss. Currently hedges undertaken by the Company are all ineffective in nature and the resultant gain or loss consequent to fair valuation is recognized in the statement of profit and loss at each reporting date.

1.13 Income taxes

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax annually, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. Minimum alternate tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of tax credit against future income tax liability, is recognized as an asset in the Balance Sheet if there is convincing evidence that the Company will pay normal tax after the tax holiday period and the resultant asset can be measured reliably. The Company offsets, on a year on year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount of timing difference. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on enacted or substantively enacted regulations. Deferred tax assets in situation where unabsorbed depreciation and carry forward business loss exists, are recognized only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized. Deferred tax assets, other than in situation of unabsorbed depreciation and carry forward business loss, are recognized only if there is reasonable certainty that they will be realized. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date. Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority. Tax benefits of deductions earned on exercise of employee share options in excess of compensation charged to statement of profit and loss are credited to the share premium account.

1.14 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 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 which is 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.

1.15 Investments

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

1.16 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.

1.17 Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, 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.

1.18 Leases

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

2 NOTES ON ACCOUNTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2012

Amounts in the financial statements are presented in ₹ crore, except for per share data and as otherwise stated. Certain amounts that are required to be disclosed and do not appear due to rounding off are detailed in note 2.37. All exact amounts are stated with the suffix "/-". One crore equals 10 million.

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

2.1 SHARE CAPITAL

in ₹ crore, except as otherwise stated

Particulars	**As at**	
	December 31, 2012	**March 31, 2012**
Authorized		
Equity shares, ₹5/- par value		
60,00,00,000 (60,00,00,000) equity shares	300	300
Issued, Subscribed and Paid-Up		
Equity shares, ₹5/- par value [(1)]	287	287
57,42,36,166 (57,42,30,001) equity shares fully paid-up		
[Of the above, 53,53,35,478 (53,53,35,478) equity shares, fully paid up have been issued as bonus shares by capitalization of the general reserve.]		
	287	**287**

Forfeited shares amounted to ₹1,500/- (₹1,500/-)

[(1)] *Refer to note 2.31 for details of basic and diluted shares*

The Company has only one class of shares referred to as equity shares having a par value of ₹5/-. Each holder of equity shares is entitled to one vote per share.

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2012, the amount of per share dividend recognized as distributions to equity shareholders was ₹47. The dividend for the year ended March 31, 2012 includes ₹22 per share of final dividend, ₹15 per share of interim dividend and ₹10 per share of special dividend - 10 years of Infosys BPO operations. The total dividend appropriation amounted to ₹3,137 crore including corporate dividend tax of ₹438 crore.

The Board of Directors, in their meeting on October 12, 2012, declared an interim dividend of ₹15 per equity share. The total dividend appropriation for the nine months ended December 31, 2012 amounted to ₹ 1,002 crore including corporate dividend tax of ₹ 140 crore.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

The details of shareholder holding more than 5% shares as at December 31, 2012 and March 31, 2012 is set out below :

Name of the shareholder	**As at December 31, 2012**		**As at March 31, 2012**	
	No. of shares	**% held**	**No. of shares**	**% held**
Life Insurance Corporation of India[(1)]	4,15,71,616	7.24	2,82,68,104	4.92
Deutsche Bank Trust Company Americas (Depository of ADR's - legal ownership)	5,84,57,846	10.18	7,73,63,322	13.47

[(1)] *includes all schemes under their management*

The reconciliation of the number of shares outstanding and the amount of share capital as at December 31, 2012 and March 31, 2012 is set out below:

Particulars	**As at December 31, 2012**		**As at March 31, 2012**	
	Number of shares	**Amount**	**Number of shares**	**Amount**
Number of shares at the beginning of the period	57,42,30,001	287	57,41,51,559	287
Add: Shares issued on exercise of employee stock options	6,165	-	78,442	-
Number of shares at the end of the period	**57,42,36,166**	**287**	**57,42,30,001**	**287**

Stock option plans

The Company has two Stock Option Plans.

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. The 1998 Plan is administered through the Infosys Limited Employees' Welfare Trust (the Trust). All options had 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.

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. The 1999 Plan is administered through the Infosys Limited Employees' Welfare Trust (the Trust). Options were issued to employees at an exercise price that is not less than the fair market value. The 1999 Plan lapsed on June 11, 2009, and consequently no further shares will be issued to employees under this plan.

The activity in the 1998 Plan and 1999 Plan during the quarter and nine months ended December 31, 2012 and December 31, 2011, respectively, is set out below:

Particulars	**Quarter ended**		**Nine months ended**	
	December 31, 2012	**December 31, 2011**	**December 31, 2012**	**December 31, 2011**
The 1998 Plan :				
Options outstanding, beginning of the period	-	13,560	-	50,070
Less: Exercised	-	9,910	-	46,420
Forfeited	-	480	-	480
Options outstanding, end of the period	**-**	**3,170**	**-**	**3,170**
Options exercisable, end of the period	-	3,170	-	3,170
The 1999 Plan :				
Options outstanding, beginning of the period	3,720	26,643	11,683	48,720
Less: Exercised	3,720	6,125	6,165	21,138
Forfeited	-	-	5,518	7,064
Options outstanding, end of the period	**-**	**20,518**	**-**	**20,518**
Options exercisable, end of the period	-	16,263	-	16,263

The weighted average share price of options exercised under the 1998 Plan during the quarter ended December 31, 2012 and December 31, 2011 was Nil and ₹2,749, respectively. The weighted average share price of options exercised under the 1999 Plan during the quarter ended December 31, 2012 and December 31, 2011 was ₹2,319 and ₹2,726, respectively.

The weighted average share price of options exercised under the 1998 Plan during the nine months ended December 31, 2012 and December 31, 2011 was Nil and ₹2,777, respectively. The weighted average share price of options exercised under the 1999 Plan during the nine months ended December 31, 2012 and December 31, 2011 was ₹2,374 and ₹2,649, respectively.

The following tables summarize information about the options outstanding under the 1999 Plan as at December 31, 2012 and March 31, 2012 respectively. There were no options outstanding under the 1998 Plan as at December 31, 2012 and March 31, 2012 and under the 1999 Plan as at December 31, 2012.

Range of exercise prices per share (₹)	**As at December 31, 2012**		
	Number of shares arising out of options	**Weighted average remaining contractual life (in years)**	**Weighted average exercise price (in ₹)**
The 1999 Plan:			
300-700	-	-	-
701-2,500	-	-	-
	-	-	-

Range of exercise prices per share (₹)	**As at March 31, 2012**		
	Number of shares arising out of options	**Weighted average remaining contractual life (in years)**	**Weighted average exercise price (in ₹)**
The 1999 Plan:			
300-700	-	-	-
701-2,500	11,683	0.71	2,121
	11,683	**0.71**	**2,121**

As at December 31, 2012 and March 31, 2012, the Company had Nil and 11,683 number of shares reserved for issue under the 1999 employee stock option plan, respectively.

2.2 RESERVES AND SURPLUS

in ₹ crore

Particulars	As at	
	December 31, 2012	March 31, 2012
Capital reserve - Opening balance	54	54
Add: Transferred from Surplus	-	-
	54	**54**
Securities premium account - Opening balance	3,064	3,057
Add: Receipts on exercise of employee stock options	1	6
Income tax benefit arising from exercise of stock options	-	1
	3,065	**3,064**
General reserve - Opening balance	6,359	5,512
Add: Transferred from Surplus	-	847
	6,359	**6,359**
Surplus - Opening balance	19,993	15,591
Add: Net profit after tax transferred from Statement of Profit and Loss	6,811	8,470
Reserves on transfer of assets and liabilities of Infosys Consulting Inc., *(refer to note 2.25)*	-	(84)
Amount available for appropriation	26,804	23,977
Appropriations:		
Interim dividend	862	862
Special dividend - 10 years of Infosys BPO operations	-	574
Final dividend	-	1,263
Total dividend	862	2,699
Dividend tax	140	438
Amount transferred to general reserve	-	847
Surplus- Closing Balance	**25,802**	**19,993**
	35,280	**29,470**

2.3 DEFERRED TAXES

in ₹ crore

Particulars	As at	
	December 31, 2012	**March 31, 2012**
Deferred tax assets		
Fixed assets	297	266
Trade receivables	17	18
Unavailed leave	125	101
Computer software	42	35
Accrued compensation to employees	26	31
Others	81	8
	588	**459**
Deferred tax liabilities		
Branch profit tax	291	270
	291	**270**
Deferred tax asset after set off	**313**	**189**
Deferred tax liabilities after set off	**16**	**-**

Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

As at December 31, 2012 and March 31, 2012, the Company has provided for branch profit tax of ₹291 crore and ₹270 crore, respectively, for its overseas branches, as the Company estimates that these branch profits would be distributed in the foreseeable future. The provision for branch profit tax increased by ₹22 crore during the nine months ended December 31, 2012 due to change in exchange rate.

2.4 OTHER LONG-TERM LIABILITIES

in ₹ crore

Particulars	As at	
	December 31, 2012	**March 31, 2012**
Others		
Gratuity obligation - unamortised amount relating to plan amendment (*refer to note 2.28*)	12	14
Payable for acquisition of business *(refer to note 2.10.1)*	35	-
Rental deposits received from subsidiary *(refer to note 2.25)*	7	7
	54	**21**

2.5 TRADE PAYABLES

in ₹ crore

Particulars	As at	
	December 31, 2012	**March 31, 2012**
Trade payables	27	68
	27	**68**
Includes dues to subsidiaries (refer to note 2.25)	10	61

2.6 OTHER CURRENT LIABILITIES

in ₹ crore

Particulars	As at	
	December 31, 2012	**March 31, 2012**
Accrued salaries and benefits		
Salaries and benefits	42	53
Bonus and incentives	382	394
Other liabilities		
Provision for expenses[(1)]	1,067	824
Retention monies	56	42
Withholding and other taxes payable	646	454
Gratuity obligation - unamortised amount relating to plan amendment, current (*refer to note 2.28)*	3	4
Other payables[(2)]	79	31
Advances received from clients	46	14
Unearned revenue	750	519
Mark-to-market loss on forward and options contracts	6	28
Unpaid dividends	3	2
	3,080	**2,365**
[(1)] *Includes dues to subsidiaries (refer to note 2.25)*	77	-
[(2)] *Includes dues to subsidiaries (refer to note 2.25)*	76	29

2.7 SHORT-TERM PROVISIONS

in ₹ crore

Particulars	As at	
	December 31, 2012	**March 31, 2012**
Provision for employee benefits		
Unavailed leave	506	379
Others		
Proposed dividend	-	1,837
Provision for		
Tax on dividend	-	298
Income taxes	1,211	967
Post-sales client support and warranties	200	123
	1,917	**3,604**

Provision for post-sales client support and warranties

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

in ₹ crore

Particulars	Quarter ended December 31,		Nine months ended December 31,		Year ended
	2012	**2011**	**2012**	**2011**	**March 31, 2012**
Balance at the beginning	190	89	123	78	78
Provision recognized/(reversal)	5	48	72	68	60
Provision utilised	-	(2)	-	(11)	(15)
Exchange difference during the period	5	-	5	-	-
Balance at the end	**200**	**135**	**200**	**135**	**123**

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

2.8 FIXED ASSETS

in ₹ crore, except as otherwise stated

Particulars	Original cost				Depreciation and amortization				Net book value	
	As at April 1, 2012	Additions/Adjustments during the period	Deductions/ Retirement during the period	As at December 31, 2012	As at April 1, 2012	For the period	Adjustments during the period	As at December 31, 2012	As at December 31, 2012	As at March 31, 2012
Tangible assets :										
Land : Free-hold	424	69	4	489	-	-	-	-	489	424
Leasehold	275	-	-	275	-	-	-	-	275	275
Buildings [(1)(2)]	3,727	230	-	3,957	1,205	196	-	1,401	2,556	2,522
Plant and equipment [(2)(4)]	810	92	-	902	544	111	1	656	246	266
Office equipment [(2)(4)(5)]	272	43	-	315	155	43	1	199	116	117
Computer equipment [(2)(3)(4)]	1,088	499	6	1,581	848	249	49	1,146	435	240
Furniture and fixtures [(2)(4)]	539	84	-	623	343	91	7	441	182	196
Vehicles	9	1	-	10	4	1	-	5	5	5
	7,144	1,018	10	8,152	3,099	691	58	3,848	4,304	4,045
Intangible assets :										
Intellectual property rights [(4)]	29	29	-	58	13	9	5	27	31	16
	29	29	-	58	13	9	5	27	31	16
Total	**7,173**	**1,047**	**10**	**8,210**	**3,112**	**700**	**63**	**3,875**	**4,335**	**4,061**
Previous year	**6,934**	**807**	**568**	**7,173**	**2,878**	**794**	**560**	**3,112**	**4,061**	

Notes: [(1)] *Buildings include ₹ 250/- being the value of 5 shares of ₹ 50/- each in Mittal Towers Premises Co-operative Society Limited.*

[(2)] *Includes certain assets provided on operating lease to Infosys BPO, a subsidiary.*

[(3)] *The opening balance as of April 1, 2012, includes computer equipment having gross book value of ₹10 crore (net book value ₹2 crore) transferred from Infosys Consulting Inc.,*

[(4)] *Includes plant and equipment having gross book value of ₹1 crore (net book value Nil), office equipment having gross book value of ₹1 crore (net book value Nil), computer equipment having gross book value of ₹62 crore (net book value ₹7 crore), furniture and fixtures having gross book value of ₹11 crore (net book value ₹4 crore) and intellectual property rights having gross book value of ₹21 crore (net book value ₹16 crore) transferred from Infosys Australia aggregating to a cumulative amount of ₹96 crores of gross book value (net book value of ₹27 crore). (Refer to note 2.25)*

[(5)] *During the year ended March 31, 2012, certain assets which were old and not in use having gross book value of ₹559 crore (Net Book value Nil) were retired*

Profit / (loss) on disposal of fixed assets during the quarter and nine months ended December 31, 2012 and December 31, 2011 is less than ₹1 crore and accordingly disclosed under note 2.37.

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 'Tangible assets' in the financial statements. Additionally, certain land has been purchased for which though the Company has possession certificate, the sale deeds are yet to be executed as at December 31, 2012

Tangible assets provided on operating lease to Infosys BPO, a subsidiary company, as at December 31, 2012 and *March 31, 2012* are as follows:

in ₹ crore

Particulars	Cost	Accumulated depreciation	Net book value
Buildings	60	32	28
	60	*29*	*31*
Plant and machinery	2	2	-
	3	*3*	-
Computer equipment	1	1	-
	1	*1*	-
Office equipment	1	1	-
	-	-	-
Furniture and fixtures	2	2	-
	2	*2*	-
Total	**66**	**38**	**28**
	66	***35***	***31***

The aggregate depreciation charged on the above assets during the quarter and nine months ended December 31, 2012 amounted to ₹1 crore and ₹3 crore respectively (₹1 crore and ₹4 crore for the quarter and nine months ended December 31, 2011, respectively).

The rental income from Infosys BPO for the quarter and nine months ended December 31, 2012 amounted to ₹4 crore and ₹11 crore respectively. (₹3 crore and ₹9 crore for the quarter and nine months ended December 31, 2011, respectively).

2.9 LEASES

Obligations on long-term, non-cancelable operating leases

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

in ₹ crore

Particulars	Quarter ended December 31,		Nine months ended December 31,	
	2012	**2011**	**2012**	**2011**
Lease rentals recognized during the period	38	26	108	66

in ₹ crore

	As at	
Lease obligations payable	**December 31, 2012**	**March 31, 2012**
Within one year of the balance sheet date	110	93
Due in a period between one year and five years	257	161
Due after five years	83	41

The operating lease arrangements, are renewable on a periodic basis and extend upto a maximum of ten years from their respective dates of inception and relates to rented premises. Some of these lease agreements have price escalation clauses.

2.10 INVESTMENTS

in ₹ crore, except as otherwise stated

Particulars	As at December 31, 2012	As at March 31, 2012
Non-current investments		
Long term investments - at cost		
Trade (unquoted) *(refer to note 2.10.2)*		
Investments in equity instruments	6	6
Less: Provision for investments	2	2
	4	**4**
Others (unquoted)		
Investments in equity instruments of subsidiaries		
Infosys BPO Limited [(1)]		
3,38,22,319 (3,38,22,319) equity shares of ₹ 10/- each, fully paid	659	659
Infosys Technologies (China) Co. Limited	107	107
Infosys Technologies (Australia) Pty Limited		
1,01,08,869 (1,01,08,869) equity shares of AUD 0.11 par value, fully paid	66	66
Infosys Technologies, S. de R.L. de C.V., Mexico		
17,49,99,990 (14,99,99,990) equity shares of MXN 1/- par value, fully paid up	65	54
Infosys Technologies Sweden AB		
1,000 (1,000) equity shares of SEK 100 par value, fully paid	-	-
Infosys Technologies DO Brasil LTDA		
3,80,00,000 (2,20,00,000) shares of BRL 1.00 par value, fully paid	104	60
Infosys Technologies (Shanghai) Company Limited	234	93
Infosys Consulting India Limited		
10,00,000 (10,00,000) equity shares of ₹ 10/- each, fully paid	1	1
Infosys Public Services, Inc		
1,00,00,000 (1,00,00,000) common stock of USD 0.50 par value, fully paid	24	24
Lodestone Holding AG *(refer to note 2.10.1)*		
2,800 (Nil) - Class A shares of CHF 1,000 each and 26,710 (Nil) - Class B Shares of CHF100 each, fully paid up	1,187	-
	2,447	**1,064**
	2,451	**1,068**
Current investments – at the lower of cost and fair value		
Others Non-trade (unquoted)		
Liquid mutual fund units *(refer to note 2.10.3)*	7,247	5
Certificates of deposit *(refer to note 2.10.3)*	-	336
	7,247	**341**
Aggregate amount of unquoted investments	**9,698**	**1,409**
Aggregate amount of provision made for non-current investments	**2**	**2**

[(1)] *Investments include Nil (4,76,250) options of Infosys BPO*

2.10.1 Investment in Lodestone Holding AG

On October 22, 2012, Infosys acquired 100% of the outstanding share capital of Lodestone Holding AG, a global management consultancy firm headquartered in Zurich, Switzerland. The acquisition was executed through a share purchase agreement for an upfront cash consideration of ₹ 1,187 crore and a deferred consideration of ₹ 608 crores.

The deferred consideration is payable to the selling shareholders of Lodestone on the third anniversary of the acquisition date and is contingent upon their continued employment for a period of three years. The investment in Lodestone has been recorded at the acquisition cost and the deferred consideration is being recognised on a proportionate basis over a period of three years from the date of acquisition. An amount of ₹ 35 crores, representing the proportionate charge of the deferred consideration has been recognised as an expense during the quarter ended 31 December 2012.

2.10.2 Details of Investments

The details of non-current trade investments in equity instruments as at December 31, 2012 and March 31, 2012 are as follows:

in ₹ crore

Particulars	As at December 31, 2012	As at March 31, 2012
OnMobile Systems Inc., (formerly Onscan Inc.) USA		
21,54,100 (21,54,100) common stock at USD 0.4348 each, fully paid, par value USD 0.001 each	4	4
Merasport Technologies Private Limited		
2,420 (2,420) equity shares at ₹ 8,052 each, fully paid, par value ₹ 10 each	2	2
	6	**6**
Less: Provision for investment	2	2
	4	**4**

2.10.3 Details of Investments in liquid mutual fund units and certificates of deposit

The balances held in liquid mutual fund units as at December 31, 2012 is as follows:

Particulars	Units	Amount (in ₹ Crore)
Tata Liquid Fund Plan A - Daily Dividend	2,726,441	304
Tata Floater Fund Plan A -Daily Dividend	2,372,024	238
Kotak Liquid Scheme Plan A- Daily Dividend	264,454,867	323
Kotak Floater Long Term-Daily Dividend	228,562,057	230
Reliance liquidity fund- Daily Dividend Reinvestment	3,079,007	308
Birla Sun Life Savings Fund-Daily Dividend Reinvestment	40,384,438	404
Birla Sun Life Cash Plus - Daily Dividend Reinvestment	61,037,475	612
ICICI Prudential Liquid Plan - Daily Dividend	62,236,763	623
ICICI Prudential Flexible Income - Daily Dividend	30,870,739	326
DSP BlackRock Liquidity Fund - Institutional Plan - Daily Dividend	918,942	92
IDFC Cash Fund - Plan C - Daily Dividend Reinvestment	3,200,103	320
UTI Liquid Cash Plan Institutional - Daily Income Option Reinvestment	5,865,896	598
UTI Treasury Advantage Fund - Institutional Plan - Daily Dividend	6,439,513	644
HDFC Floating Rate Income Fund-short term Plan	290,125,418	293
DWS Insta Cash Plus Fund - Super Institutional Plan - Daily Dividend - Reinvestment	6,731,582	68
SBI Premier Liquid Fund - Daily Dividend - reinvestment	1,619,319	162
SBI SHF Ultra STD Fund-Institutional Plan-Daily Dividend	4,237,631	424
Religare Liquid Fund - Super Institutional Daily Dividend	3,069,084	307
JP Morgan India Liquid Fund - Super Institutional - Daily Dividend Reinvestment	352,431,936	353
Axis Liquid Fund - Institutional Daily Dividend Reinvestment	766,381	77
L&T Liquid Fund Daily Dividend Reinvestment Plan	1,456,867	147
DWS Ultra Short Term Fund -Institutional Plan-Daily Dividend	177,201,969	178
SBI SHF Ultra Short Term - Institutional Plan - Daily Dividend	251,180	25
HDFC Liquid Fund - Daily Dividend Reinvestment	125,473,910	128
Principal Cash Management Fund-Dividend Plan Daily-Reinvestment	629,495	63
	1,676,143,036	**7,247**

The balances held in liquid mutual fund units as at March 31, 2012 is as follows:

Particulars	Units	Amount (in ₹ Crore)
JP Morgan India Liquid Fund - Super Institutional - Daily Dividend Reinvestment	4,997,115	5
	4,997,115	**5**

The balances held in certificates of deposit as at March 31, 2012 is as follows:

Particulars	Face Value ₹	Units	Amount (in ₹ Crore)
State Bank of Mysore	1,00,000	10,000	91
Union Bank of India	1,00,000	2,500	23
Andhra Bank	1,00,000	14,000	128
Corporation Bank	1,00,000	10,000	94
		36,500	**336**

2.11 LONG-TERM LOANS AND ADVANCES

in ₹ crore

Particulars	As at December 31, 2012	As at March 31, 2012
Unsecured, considered good		
Capital advances	508	433
Electricity and other deposits	28	26
Rental deposits	27	22
Other loans and advances		
Advance income taxes	958	929
Prepaid expenses	10	15
Loans and advances to employees		
Housing and other loans	6	6
	1,537	**1,431**

2.12 OTHER NON-CURRENT ASSETS

in ₹ crore

Particulars	As at December 31, 2012	As at March 31, 2012
Others		
Advance to gratuity trust (*refer to note 2.28*)	39	13
	39	**13**

2.13 TRADE RECEIVABLES [(1)]

in ₹ crore

Particulars	As at December 31, 2012	As at March 31, 2012
Debts outstanding for a period exceeding six months		
Unsecured		
Considered doubtful	64	47
Less: Provision for doubtful debts	64	47
	-	-
Other debts		
Unsecured		
Considered good[(2)]	6,146	5,404
Considered doubtful	18	33
	6,164	5,437
Less: Provision for doubtful debts	18	33
	6,146	5,404
	6,146	**5,404**
[(1)] *Includes dues from companies where directors are interested*	48	8
[(2)] *Includes dues from subsidiaries (refer to note 2.25)*	137	152

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 six months or longer from the invoice date, as at the Balance Sheet date. The Company pursues the recovery of the dues, in part or full.

2.14 CASH AND CASH EQUIVALENTS

in ₹ crore

Particulars	As at	
	December 31, 2012	March 31, 2012
Cash on hand	-	-
Balances with banks		
In current and deposit accounts	11,812	18,057
Others		
Deposits with financial institutions	2,000	1,500
	13,812	19,557
Balances with banks in unpaid dividend accounts	3	2
Deposit accounts with more than 12 months maturity	469	379
Balances with banks held as margin money deposits against guarantees	180	117

Cash and cash equivalents as of December 31, 2012 and March 31, 2012 include restricted cash and bank balances of ₹183 crore and ₹119 crore, respectively. The restrictions are primarily on account of cash and bank balances held as margin money deposits against guarantees and unclaimed dividends.

The deposits maintained by the Company with banks and financial institutions comprise of time deposits, which can be withdrawn by the Company at any point without prior notice or penalty on the principal.

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

in ₹ crore

Particulars	As at	
	December 31, 2012	March 31, 2012
In current accounts		
ANZ Bank, Taiwan	1	2
Bank of America, USA	228	566
BNP Paribas, Norway	1	-
Citibank NA, Australia	75	68
Citibank NA, Thailand	1	1
Citibank NA, Dubai	4	-
Citibank NA, Japan	15	9
Citibank NA, India	1	-
Citibank NA, NewZealand	7	1
Deutsche Bank, Belgium	6	6
Deutsche Bank, Germany	8	12
Deutsche Bank, Netherlands	16	3
Deutsche Bank, France	2	4
Deutsche Bank, Switzerland	1	1
Deutsche Bank, Singapore	-	8
Deutsche Bank, UK	54	31
Deutsche Bank, Spain	1	1
Deutsche Bank, Russia	1	-
Nordbanken, Sweden	3	2
Royal Bank of Canada, Canada	27	5
RBS, Denmark	1	-
Deustche Bank, India	7	8
Deustche Bank-EEFC (Euro account)	17	9
Deustche Bank-EEFC (U.S. Dollar account)	58	23
Deustche Bank-EEFC (Swiss Franc account)	5	2
ICICI Bank, India	7	13
ICICI Bank-EEFC (U.S. Dollar account)	11	14
Standard Chartered Bank, UAE	1	1
The Bank of Tokyo-Mitsubishi UFJ, Ltd., Japan	1	1
Punjab National Bank, India	1	1
	561	**792**
In deposit accounts		
Allahabad Bank	92	852
Andhra Bank	667	510
Axis Bank	1,000	746
Bank of Baroda	2,000	1,732
Bank of India	1,224	1,500
Bank of Maharashtra	-	475
Canara Bank	653	1,399
Central Bank of India	850	700
Corporation Bank	51	395
DBS Bank	-	40
Federal Bank	-	20
HDFC Bank	-	1,357
ICICI Bank	854	1,418

in ₹ crore

Particulars	As at	
	December 31, 2012	March 31, 2012
IDBI Bank	622	1,000
ING Vysya Bank	137	82
Indian Overseas Bank	221	600
Jammu and Kashmir Bank	25	25
Kotak Mahindra Bank	-	95
Oriental Bank of Commerce	850	700
Punjab National Bank	654	1,285
Ratnakar Bank	5	5
State Bank of Hyderabad	500	500
State Bank of Mysore	249	249
South Indian Bank	25	25
Syndicate Bank	-	550
Union Bank of India	189	602
Vijaya Bank	-	153
Yes Bank	200	131
	11,068	**17,146**
In unpaid dividend accounts		
HDFC Bank - Unclaimed dividend account	1	1
ICICI bank - Unclaimed dividend account	2	1
	3	**2**
In margin money deposits against guarantees		
Canara Bank	122	56
State Bank of India	58	61
	180	**117**
Deposits with financial institutions		
HDFC Limited	2,000	1,500
	2,000	**1,500**
Total cash and cash equivalents as per Balance Sheet	**13,812**	**19,557**

2.15 SHORT-TERM LOANS AND ADVANCES

in ₹ crore

Particulars	As at	
	December 31, 2012	March 31, 2012
Unsecured, considered good		
Loans to subsidiary (*refer to note 2.25)*	121	-
Others		
Advances		
Prepaid expenses	109	38
For supply of goods and rendering of services	21	20
Withholding and other taxes receivable	716	654
Others[(1)]	5	14
	972	726
Restricted deposits *(refer to note 2.32)*	526	461
Unbilled revenues[(2)]	2,095	1,766
Interest accrued but not due	28	31
Loans and advances to employees		
Housing and other loans	59	49
Salary advances	135	89
Electricity and other deposits	32	35
Rental deposits[(3)]	6	6
	3,853	3,163
Unsecured, considered doubtful		
Loans and advances to employees	5	3
	3,858	3,166
Less: Provision for doubtful loans and advances to employees	5	3
	3,853	**3,163**
[(1)] *Includes dues from subsidiaries (refer to note 2.25)*	4	13
[(2)] *Includes dues from subsidiaries (refer to note 2.25)*	26	-
[(3)] *Includes deposits from subsidiaries (refer to note 2.25)*	3	3

2.16 INCOME FROM SOFTWARE SERVICES AND PRODUCTS

in ₹ crore

Particulars	Quarter ended December 31, 2012	Quarter ended December 31, 2011	Nine months ended December 31, 2012	Nine months ended December 31, 2011
Income from software services	9,001	8,247	26,251	21,961
Income from software products	397	449	1,185	1,110
	9,398	**8,696**	**27,436**	**23,071**

2.17 OTHER INCOME

in ₹ crore

Particulars	Quarter ended December 31, 2012	Quarter ended December 31, 2011	Nine months ended December 31, 2012	Nine months ended December 31, 2011
Interest received on deposits with banks and others	371	398	1,240	1,136
Dividend received on investment in mutual fund units	84	9	169	20
Miscellaneous income, net	8	9	18	22
Gains / (losses) on foreign currency, net	18	6	141	42
	481	**422**	**1,568**	**1,220**

2.18 EXPENSES

in ₹ crore

Particulars	Quarter ended December 31, 2012	Quarter ended December 31, 2011	Nine months ended December 31, 2012	Nine months ended December 31, 2011
Employee benefit expenses				
Salaries and bonus including overseas staff expenses	4,991	4,079	14,422	11,086
Contribution to provident and other funds	86	84	288	297
Staff welfare	9	12	23	39
	5,086	**4,175**	**14,733**	**11,422**
Cost of technical sub-contractors				
Technical sub-contractors - subsidiaries	93	464	303	1,366
Technical sub-contractors - others	328	193	904	461
	421	**657**	**1,207**	**1,827**
Travel expenses				
Overseas travel expenses	303	230	928	641
Traveling and conveyance	29	28	83	72
	332	**258**	**1,011**	**713**
Cost of software packages and others				
For own use	198	129	444	314
Third party items bought for service delivery to clients	46	34	108	129
	244	**163**	**552**	**443**
Communication expenses				
Telephone charges	59	39	164	110
Communication expenses	21	19	55	40
	80	**58**	**219**	**150**

in ₹ crore

Particulars	Quarter ended December 31,		Nine months ended December 31,	
	2012	2011	2012	2011
Other expenses				
Office maintenance	69	58	200	172
Power and fuel	44	38	135	117
Brand building	23	16	68	61
Rent	38	26	108	66
Rates and taxes, excluding taxes on income	16	13	53	36
Repairs to building	6	4	29	34
Repairs to plant and machinery	10	9	31	28
Computer maintenance	17	14	50	33
Consumables	5	9	17	19
Insurance charges	9	7	25	19
Research grants	-	1	5	2
Marketing expenses	8	6	23	14
Commission charges	9	5	23	19
Printing and Stationery	2	2	9	8
Professional membership and seminar participation fees	1	4	12	9
Postage and courier	2	1	8	7
Advertisements	2	1	4	3
Provision for post-sales client support and warranties	5	48	72	68
Commission to non-whole time directors	2	2	6	6
Freight Charges	-	1	1	1
Provision for bad and doubtful debts and advances	(20)	19	14	57
Books and periodicals	1	1	2	2
Auditor's remuneration				
Statutory audit fees	-	1	1	1
Other expenses	-	-	1	-
Bank charges and commission	1	1	3	2
Deferred Purchase Price *(refer to note 2.10.1)*	35	-	35	-
Miscellaneous expenses	1	-	(2)	-
Donations	-	13	10	25
	286	**300**	**943**	**809**

2.19 TAX EXPENSE

in ₹ crore

	Quarter ended December 31,		Nine months ended December 31,	
	2012	2011	2012	2011
Current tax				
Income taxes	871	838	2,609	2,238
Deferred taxes	(86)	73	(99)	36
	785	**911**	**2,510**	**2,274**

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. Infosys' operations are conducted through Software Technology Parks('STPs') and Special Economic Zones ('SEZs'). Income from STPs were tax exempt for the earlier of 10 years commencing from the fiscal year in which the unit commences software development, or March 31, 2011. 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.

2.20 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

in ₹ crore

Particulars		As at		
		December 31, 2012		March 31, 2012
Contingent liabilities :				
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		19		3
Claims against the Company, not acknowledged as debts[(1)] [Net of amount paid to statutory authorities ₹1,114 crore (*₹1,114 crore*)]		337		72
Commitments :				
Estimated amount of unexecuted capital contracts (net of advances and deposits)		1,021		949
	in million	in ₹ crore	in million	in ₹ crore
Forward contracts outstanding				
In USD	846	4,653	677	3,445
In Euro	40	290	20	136
In GBP	45	400	20	163
In AUD	55	314	23	121
Options outstanding				
In USD	-	-	50	254
		5,657		**4,119**

[(1)] Claims against the company not acknowledged as debts include demand from the Indian Income tax authorities for payment of additional tax of ₹1,088 crore (₹1,088 crore), including interest of ₹313 crore (₹313 crore) upon completion of their tax review for fiscal 2005, fiscal 2006, fiscal 2007 and fiscal 2008. Claims also include demand of service tax on certain services availed during fiscal 2006 to fiscal 2010 amounting to ₹191 crore. The income tax tax demands are 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 tax demand for fiscal 2007 and fiscal 2008 also includes disallowance of portion of profit earned outside India from the STP units and disallowance of profits earned from SEZ units.The matter for fiscal 2005, fiscal 2006, fiscal 2007 and fiscal 2008 are 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. 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 exposures that are not hedged by a derivative instrument or otherwise is ₹158 crore (₹1,081 crore as at March 31, 2012).

The foreign exchange forward and option contracts mature between 1 to 12 months. The table below analyzes the derivative financial instruments into relevant maturity groupings based on the remaining period as of the balance sheet date:

in ₹ crore

Particulars	As at	
	December 31, 2012	March 31, 2012
Not later than one month	1,017	304
Later than one month and not later than three months	2,126	650
Later than three months and not later than one year	2,514	3,165
	5,657	**4,119**

The Company recognized a loss on derivative financial instruments of ₹149 crore and ₹239 crore during the quarter ended December 31, 2012 and December 31, 2011, respectively, which is included in other income.

The Company recognized a loss on derivative financial instruments of ₹121 crore and ₹448 crore during the nine months ended December 31, 2012 and December 31, 2011, respectively, which is included in other income.

2.21 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 5 (viii)(c) of general instructions for preparation of the statement of profit and loss as per revised Schedule VI to the Companies Act, 1956.

2.22 IMPORTS (VALUED ON THE COST, INSURANCE AND FREIGHT BASIS)

in *₹ crore*

Particulars	Quarter ended		Nine months ended	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Capital goods	83	29	255	107
	83	**29**	**255**	**107**

2.23 ACTIVITY IN FOREIGN CURRENCY

in *₹ crore*

Particulars	Quarter ended		Nine months ended	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Earnings in foreign currency				
Income from software services and products	9,229	8,540	26,957	21,776
Interest received from banks and others	1	-	3	10
Dividend received from subsidiary	-	-	83	-
	9,230	8,540	27,043	21,786
Expenditure in foreign currency				
Overseas travel expenses (including visa charges)	262	200	797	503
Professional charges	92	132	281	254
Technical sub-contractors - subsidiaries	65	464	225	1,366
Overseas salaries and incentives	3,303	2,563	9,689	6,663
Other expenditure incurred overseas for software development	314	330	1,387	972
	4,036	3,689	12,379	9,758
Net earnings in foreign currency	**5,194**	**4,851**	**14,664**	**12,028**

2.24 DIVIDENDS REMITTED IN FOREIGN CURRENCIES

The Company remits the equivalent of the dividends payable to equity shareholders and holders of ADS. For ADS holders the dividend is remitted 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.

The particulars of dividends remitted during the quarter ended December 31, 2012 and December 31, 2011 are as follows:

in ₹ crore

Particulars	Number of Non-resident share holders	Number of shares to which the dividends relate	Quarter ended December 31,	
			2012	2011
Interim dividend for fiscal 2013	3	6,45,41,612	97	-
Interim dividend for fiscal 2012	5	8,13,31,029	-	122

The particulars of dividends remitted are as follows:

in ₹ crore

Particulars	Number of Non-resident share holders	Number of shares to which the dividends relate	Nine months ended	
			December 31, 2012	December 31, 2011
Interim dividend for fiscal 2013	3	6,45,41,612	97	-
Final dividend for fiscal 2012	4	7,73,18,432	170	-
Special dividend for fiscal 2012 - 10 years of Infosys BPO operations	4	7,73,18,432	77	-
Interim dividend for fiscal 2012	5	8,13,31,029	-	122
Final dividend for fiscal 2011	4	8,74,37,368	-	175

2.25 RELATED PARTY TRANSACTIONS

List of related parties:

Name of subsidiaries	Country	Holding as at	
		December 31, 2012	March 31, 2012
Infosys BPO	India	99.98%	99.98%
Infosys China	China	100%	100%
Infosys Consulting Inc [(1)]	USA	-	-
Infosys Mexico	Mexico	100%	100%
Infosys Sweden	Sweden	100%	100%
Infosys Shanghai	China	100%	100%
Infosys Brasil	Brazil	100%	100%
Infosys Public Services, Inc.	USA	100%	100%
Infosys BPO s. r. o [(2)]	Czech Republic	99.98%	99.98%
Infosys BPO (Poland) Sp Z.o.o [(2)]	Poland	99.98%	99.98%
Infosys Consulting India Limited [(3)]	India	100%	100%
McCamish Systems LLC [(2)]	USA	99.98%	99.98%
Portland Group Pty Ltd[(2)(4)]	Australia	99.98%	99.98%
Portland Procurement Services Pty Ltd[(2)(4)]	Australia	99.98%	99.98%
Infosys Australia [(5)]	Australia	100%	100%
Lodestone Holding AG[(6)]	Switzerland	100%	-
Lodestone Management Consultants (Canada) Inc. [(7)]	Canada	100%	-
Lodestone Management Consultants Inc. [(7)]	USA	100%	-
Lodestone Management Consultants Pty Limited [(7)]	Australia	100%	-
Lodestone Management Consultants (Asia Pacific) Limited [(7)(8)]	Thailand	100%	-
Lodestone Management Consultants AG [(7)]	Switzerland	100%	-
Lodestone Augmentis AG [(7)]	Switzerland	100%	-
Hafner Bauer & Ödman GmbH [(7)]	Switzerland	100%	-
Lodestone Management Consultants (Belgium) S.A. [(7)(9)]	Belgium	99.90%	-
Lodestone Management Consultants GmbH [(7)]	Germany	100%	-
Lodestone Management Consultants Pte Ltd. [(7)]	Singapore	100%	-
Lodestone Management Consultants SAS [(7)]	France	100%	-
Lodestone Management Consultants s.r.o. [(7)]	Czech Republic	100%	-
Lodestone Management Consultants GmbH [(7)]	Austria	100%	-
Lodestone Management Consultants China Co., Ltd. [(7)]	China	100%	-
Lodestone Management Consultants Ltd. [(7)]	UK	100%	-
Lodestone Management Consultants B.V. [(7)]	Netherlands	100%	-
Lodestone Management Consultants Ltda. [(7)(9)]	Brazil	99.99%	-
Lodestone Management Consultants Sp. z.o.o. [(7)]	Poland	100%	-
Lodestone Management Consultants Portugal, Unipessoal, Lda. [(7)]	Portugal	100%	-
S.C. Lodestone Management Consultants S.R.L. [(7)]	Romania	100%	-

[(1)] *On October 7, 2011, the board of directors of Infosys Consulting Inc., approved the termination and winding down of the entity, and entered into a scheme of amalgamation and initiated its merger with Infosys Limited. The termination of Infosys Consulting, Inc. became effective on January 12, 2012, in accordance with the Texas Business Organizations Code. Effective January 12, 2012, the assets and liabilities of Infosys Consulting, Inc, were transferred to Infosys Limited.*

[(2)] *Wholly owned subsidiaries of Infosys BPO.*

[(3)] *On February 9, 2012, Infosys Consulting India Limited filed a petition in the Honourable High court of Karnataka for its merger with Infosys Limited.*

[(4)] *On January 4, 2012, Infosys BPO acquired 100% of the voting interest in Portland Group Pty Ltd*

[(5)] *On July 4, 2012, the board of directors of Infosys Australia , have passed a resolution approving in principle the transfer of assets and liabilities to Infosys Limited effective April 1, 2012. Infosys Australia is currently being liquidated.*

[(6)] *On October 22, 2012, Infosys acquired 100% voting interest in Loadstone Holding AG*

[(7)] *Wholly owned and controlled subsidiaries of Lodestone Holding AG acquired on October 22, 2012*

[(8)] *Under liquidation*

[(9)] *Majority owned and controlled subsidiaries*

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

The details of amounts due to or due from as at December 31, 2012 and March 31, 2012 are as follows:

in ₹ *crore*

Particulars	As at	
	December 31, 2012	March 31, 2012
Trade Receivables		
Infosys China	4	12
Infosys Australia	-	-
Infosys BPO (Including subsidiaries)	1	9
Infosys Public Services	132	131
	137	152
Other receivables		
Infosys Australia	-	1
Infosys BPO (Including subsidiaries)	4	1
Infosys Public Services	-	11
	4	13
Unbilled revenues		
Infosys BPO (Including subsidiaries)	26	-
Trade payables		
Infosys China	-	6
Infosys Australia	-	52
Infosys BPO (Including subsidiaries)	-	2
Infosys Mexico	1	-
Infosys Brazil	1	-
Infosys Sweden	-	1
Infosys Shanghai	8	-
	10	61
Other payables		
Infosys Australia	21	2
Infosys BPO (Including subsidiaries)	10	8
Lodestone Holding AG (including subsidiaries)[(1)]	41	-
Infosys Consulting India	2	2
Infosys Public Services	2	17
	76	29
Provision for expenses		
Lodestone Holding AG (including subsidiaries)	2	-
Infosys BPO (Including subsidiaries)	75	-
	77	-
Rental Deposit given for shared services		
Infosys BPO	3	3
Rental Deposit taken for shared services		
Infosys BPO	7	7

[(1)] Payable towards sellers taxes arising from acquistion of Lodestone.

The details of the related party transactions entered into by the Company, in addition to the lease commitments described in note 2.8, for the quarter and nine months ended December 31, 2012 and December 31, 2011 are as follows:

in ₹ *crore*

Particulars	Quarter ended		Nine months ended	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Capital transactions:				
Financing transactions				
Infosys Shanghai	-	24	141	82
Lodestone Holding AG	1,187	-	1,187	-
Infosys Mexico	-	-	11	-
Infosys Brasil	-	1	44	1
	1,187	25	1,383	83
Loans				
Lodestone Holding AG	121	-	121	-
Infosys Brasil	-	3	-	3
	121	3	121	3
Revenue transactions:				
Purchase of services				
Infosys Australia	-	339	2	973
Infosys China	54	88	183	194
Infosys Consulting	-	15	-	145
Infosys Consulting India	-	-	-	2
Lodestone Holding AG (including subsidiaries)	2	-	2	-
Infosys BPO (Including subsidiaries)	32	8	99	20
Infosys Sweden	1	3	5	8
Infosys Mexico	3	11	10	23
Infosys Brasil	1	-	2	1
	93	464	303	1,366
Purchase of shared services including facilities and personnel				
Infosys Consulting (including subsidiaries)	-	-	-	2
Infosys BPO (including subsidiaries)	16	32	50	77
	16	32	50	79
Interest income				
Infosys Brasil	-	1	-	1
Infosys China	-	-	-	1
	-	1	-	2
Sale of services				
Infosys Australia	-	-	1	14
Infosys China	-	2	1	6
Infosys Brasil	-	-	-	1
Infosys Mexico	1	1	1	4
Infosys BPO (including subsidiaries)	14	8	45	23
Infosys Consulting	-	2	-	43
Infosys Public Services	114	42	320	42
	129	55	368	133
Sale of shared services including facilities and personnel				
Infosys BPO (including subsidiaries)	8	14	25	43
Infosys Consulting	-	-	-	21
	8	14	25	64
Dividend income				
Infosys Australia	-	-	83	-

During the quarter and nine months ended December 31, 2012, an amount of Nil and ₹10 crore (₹10 and ₹20 crore for the quarter and nine months ended December 31, 2011) was donated to Infosys Foundation, a not-for-profit foundation, in which certain directors of the Company are trustees.

The table below describes the compensation to key managerial personnel which comprise directors and members of executive council:

in ₹ *crore*

Particulars	Quarter ended		Nine months ended	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Salaries and other employee benefits[(1)]	8	13	39	34

[(1)] *Includes a one time earn out payment of ₹6 crore made to Stephen Pratt during the nine months ended December 31, 2012*

2.26 RESEARCH AND DEVELOPMENT EXPENDITURE

in ₹ *crore*

Particulars	Quarter ended December 31,		Nine months ended December	
	2012	2011	2012	2011
Capital	1	4	3	4
Revenue	237	168	679	478

2.27 SEGMENT REPORTING

The Company's operations predominantly relate to providing end-to-end business solutions thereby enabling clients to enhance business performance, delivered to customers globally operating in various industry segments. Effective quarter ended June 30, 2011, the Company reorganized its business to increase its client focus. Consequent to the internal reorganization there were changes effected in the reportable segments based on the "management approach", as laid down in AS 17, Segment reporting. The Chief Executive Officer evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by industry classes and geographic segmentation of customers. Accordingly, segment information has been presented both along industry classes and geographic segmentation of customers, industry being the primary segment. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the significant accounting policies.

Industry segments for the Company are primarily financial services and insurance (FSI) comprising enterprises providing banking, finance and insurance services, manufacturing enterprises (MFG), enterprises in the energy, utilities and telecommunication services (ECS) and retail, logistics, consumer product group, life sciences and health care enterprises (RCL). Geographic segmentation is based on business sourced from that geographic region and delivered from both on-site and off-shore. 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. Consequent to the above change in the composition of reportable segments, the prior year comparatives have been restated.

Revenue and identifiable operating expenses in relation to segments are categorized based on items that are individually identifiable to that segment. Allocated expenses of segments include expenses incurred for rendering services from the company's offshore software development centers and on-site expenses, which 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 assets are used interchangeably. Management 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 adjusted against the total income of the Company.

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. Geographical information on revenue and industry revenue information is collated based on individual customers invoiced or in relation to which the revenue is otherwise recognized.

Industry Segments

Quarter ended December 31, 2012 and *December 31, 2011*

in ₹ crore

Particulars	FSI	MFG	ECS	RCL	Total
Income from software services and products	3,250	1,909	1,963	2,276	9,398
	3,114	*1,692*	*1,810*	*2,080*	8,696
Identifiable operating expenses	1,472	936	821	970	4,199
	1,380	*744*	*809*	*838*	3,771
Allocated expenses	803	490	505	584	2,382
	692	*397*	*425*	*489*	2,003
Segmental operating income	975	483	637	722	2,817
	1,042	*551*	*576*	*753*	*2,922*
Unallocable expenses					248
					198
Other income					481
					422
Profit before taxes					3,050
					3,146
Tax expense					785
					911
Profit after taxes before exceptional item					2,265
					2,235
Exceptional item- Dividend income, net of taxes					-
					-
Profit after taxes and exceptional item					2,265
					2,235

Nine months ended December 31, 2012 and *December 31, 2011*

in ₹ crore

Particulars	FSI	MFG	ECS	RCL	Total
Income from software services and products	9,490	5,714	5,593	6,639	27,436
	8,302	*4,466*	*4,834*	*5,469*	23,071
Identifiable operating expenses	4,245	2,723	2,520	2,849	12,337
	3,870	*2,045*	*2,236*	*2,324*	10,475
Allocated expenses	2,281	1,411	1,383	1,640	6,715
	1,845	*1,027*	*1,110*	*1,259*	5,241
Segmental operating income	2,964	1,580	1,690	2,150	8,384
	2,587	*1,394*	*1,488*	*1,886*	*7,355*
Unallocable expenses					700
					590
Other income					1,568
					1,220
Profit before taxes					9,252
					7,985
Tax expense					2,510
					2,274
Profit after taxes before exceptional item					6,742
					5,711
Exceptional item- Dividend income, net of taxes					69
					-
Profit after taxes and exceptional item					6,811
					5,711

Geographic Segments

Quarter ended December 31, 2012 and *December 31, 2011*

in ₹ crore

Particulars	North America	Europe	India	Rest of the World	Total
Income from software services and products	5,914	2,079	231	1,174	9,398
	5,632	*1,914*	*188*	*962*	8,696
Identifiable operating expenses	2,700	908	103	488	4,199
	2,362	*827*	*101*	*481*	3,771
Allocated expenses	1,518	530	51	283	2,382
	1,319	*439*	*38*	*207*	2,003
Segmental operating income	1,696	641	77	403	2,817
	1,951	*648*	*49*	*274*	*2,922*
Unallocable expenses					248
					198
Other income, net					481
					422
Profit before taxes					3,050
					3,146
Tax expense					785
					911
Profit after taxes before exceptional item					2,265
					2,235
Exceptional item- Dividend income, net of taxes					-
					-
Profit after taxes and exceptional item					2,265
					2,235

Nine months ended December 31, 2012 and *December 31, 2011*

in ₹ crore

Particulars	North America	Europe	India	Rest of the World	Total
Income from software services and products	17,638	5,892	581	3,325	27,436
	15,132	*4,764*	*560*	*2,615*	23,071
Identifiable operating expenses	7,846	2,744	336	1,411	12,337
	6,588	*2,211*	*282*	*1,394*	10,475
Allocated expenses	4,354	1,444	129	788	6,715
	3,476	*1,082*	*117*	*566*	5,241
Segmental operating income	5,438	1,704	116	1,126	8,384
	5,068	*1,471*	*161*	*655*	*7,355*
Unallocable expenses					700
					590
Other income, net					1,568
					1,220
Profit before taxes					9,252
					7,985
Tax expense					2,510
					2,274
Profit after taxes before exceptional item					6,742
					5,711
Exceptional item- Dividend income, net of taxes					69
					-
Profit after taxes and exceptional item					6,811
					5,711

2.28 GRATUITY PLAN

The following table set out the status of the Gratuity Plan as required under AS 15.

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

in ₹ crore

Particulars	As at				
	December 31, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Obligations at year beginning	569	459	308	256	217
Transfer of obligation	-	-	-	(2)	-
Service cost	162	143	171	72	47
Interest cost	28	37	24	19	15
Actuarial (gain)/ loss	(29)	(6)	15	(4)	-
Benefits paid	(60)	(64)	(59)	(33)	(23)
Curtailment gain	(55)	-	-	-	-
Obligations at year/period end	**615**	**569**	**459**	**308**	**256**

Defined benefit obligation liability as at the balance sheet date is fully funded by the Company.

Change in plan assets					
Plan assets at year beginning, at fair value	582	459	310	256	229
Expected return on plan assets	43	47	34	24	16
Actuarial gain	3	-	1	1	5
Contributions	86	140	173	62	29
Benefits paid	(60)	(64)	(59)	(33)	(23)
Plan assets at year/period end, at fair value	**654**	**582**	**459**	**310**	**256**
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 year/period	654	582	459	310	256
Present value of the defined benefit	615	569	459	308	256
Asset recognized in the balance sheet	**39**	**13**	**-**	**2**	**-**
Assumptions					
Interest rate	8.05%	8.57%	7.98%	7.82%	7.01%
Estimated rate of return on plan assets	9.51%	9.45%	9.36%	9.00%	7.01%
Weighted expected rate of salary increase	7.27%	7.27%	7.27%	7.27%	5.10%

Net gratuity cost for the quarter and nine months ended December 31, 2012 and December 31, 2011 comprises of the following components:

in ₹ crore

Particulars	Quarter ended December 31,		Nine months ended December 31,	
	2012	2011	2012	2011
Gratuity cost for the year				
Service cost	63	31	162	119
Interest cost	7	8	28	27
Expected return on plan assets	(15)	(12)	(43)	(35)
Actuarial (gain)/loss	7	(14)	(32)	(19)
Curtailment	(55)	-	(55)	-
Plan amendment amortization	(1)	(1)	(3)	(3)
Net gratuity cost	**6**	**12**	**57**	**89**
Actual return on plan assets	15	12	46	37

Gratuity cost, as disclosed above, is included under Employee benefit expenses and is segregated between software development expenses, selling and marketing expenses and general and administration expenses on the basis of number of employees.

During the year ended March 31, 2010, a reimbursement obligation of ₹2 crore has been recognized towards settlement of gratuity liability of Infosys Consulting India Limited.

As at December 31, 2012 and March 31, 2012, the plan assets have been primarily invested in government securities. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. The Company expects to contribute approximately ₹25 crore to the gratuity trust during the remainder of fiscal 2013.

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 ₹37 crore, which is being amortised on a straight line basis to the statement of profit and loss over 10 years representing the average future service period of the employees. The unamortized liability as at December 31, 2012 and March 31, 2012 amounted to ₹15 crore and ₹18 crore, respectively and disclosed under 'Other long-term liabilities and other current liabilities'.

Effective December 1, 2012 the company has aligned the gratuity entitlement of certain cadre of employees prospectively to the Payment of Gratuity Act. This amendment has resulted in a curtailment gain of ₹55 crores which has been recognized in the statement of profit and loss for the quarter ended December 31, 2012.

2.29 PROVIDENT FUND

The Company contributed ₹61 crore and ₹177 crore towards provident fund during the quarter and nine months ended December 31, 2012 respectively (₹54 crore and ₹158 crore during the quarter and nine months ended December 31, 2011, respectively).

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. The Actuarial Society of India has issued the final guidance for measurement of provident fund liabilities during the quarter ended December 31, 2011. The actuary has accordingly provided a valuation and based on the below provided assumptions there is no shortfall as at December 31, 2012, March 31, 2012, March 31, 2011, March 31, 2010 and March 31, 2009.

The details of fund and plan asset position are given below:

in ₹ crore

Particulars	As at				
	December 31, 2012	**March 31, 2012**	**March 31, 2011**	**March 31, 2010**	**March 31, 2009**
Plan assets at period end, at fair value	2,156	1,816	1,579	1,295	997
Present value of benefit obligation at period end	2,156	1,816	1,579	1,295	997
Asset recognized in balance sheet	-	-	-	-	-

Assumptions used in determining the present value obligation of the interest rate guarantee under the Deterministic Approach:

Particulars	As at				
	December 31, 2012	**March 31, 2012**	**March 31, 2011**	**March 31, 2010**	**March 31, 2009**
Government of India (GOI) bond yield	8.05%	8.57%	7.98%	7.83%	7.01%
Remaining term of maturity	8 years	8 years	7 years	7 years	6 years
Expected guaranteed interest rate	8.25%	8.25%	9.50%	8.50%	8.50%

2.30 SUPERANNUATION

The Company contributed ₹47 crore and ₹130 crore to the superannuation trust during the quarter and nine months ended December 31, 2012, respectively (₹15 crore and ₹46 crore during the quarter and nine months ended December 31, 2011, respectively).

2.31 RECONCILIATION OF BASIC AND DILUTED SHARES USED IN COMPUTING EARNINGS PER SHARE

Particulars	Quarter ended December 31,		Nine months ended December 31,	
	2012	**2011**	**2012**	**2011**
Number of shares considered as basic weighted average shares outstanding	57,42,33,686	57,42,10,684	57,42,31,729	57,41,90,202
Add: Effect of dilutive issues of shares/stock options	331	19,476	,889	38,347
Number of shares considered as weighted average shares and potential shares outstanding	**57,42,34,017**	**57,42,30,160**	**57,42,32,618**	**57,42,28,549**

2.32 RESTRICTED DEPOSITS

Deposits with financial institutions as at December 31, 2012 include ₹526 crore (₹426 crore as at December 31, 2011 and ₹461 crore as at March 31, 2012) deposited with Life Insurance Corporation of India to settle employee-related 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'.

2.33 LITIGATION

On May 23, 2011, the company received a subpoena from a grand jury in the United States District Court for the Eastern District of Texas. The subpoena requires that the company provide to the grand jury certain documents and records related to its sponsorships for, and uses of, B1 business visas. The company is complying with the subpoena. In connection with the subpoena, during a meeting with the United States Attorney's Office for the Eastern District of Texas, the company was advised that its and certain of its employees are targets of the investigation. The company is engaged in discussions with the U.S. Attorney's Office regarding this matter; however, it cannot predict the outcome of the discussions with the U.S. Attorney's Office.

In addition, the U.S. Department of Homeland Security ("DHS") has reviewed the company's employer eligibility verifications on Form I-9 with respect to its employees working in the United States. In connection with this review, the company has been advised that the DHS has found errors in a significant percentage of its Forms I-9 that the DHS has reviewed, and the government may seek to impose fines and penalties on the company in connection with such alleged errors. At this time, the company cannot predict the outcome of the discussions with the DHS or other governmental authority regarding the review of the company's Forms I-9.

In light of the fact that, among other things, the foregoing investigation and review may not be complete and the company remains in discussions with the U.S. Attorney's Office regarding these matters, the company is unable to make an estimate of the amount or range of loss that it may incur from unfavorable outcomes in such matters. In the event that any government undertakes any actions which limit any visa program that the company utilizes, or imposes sanctions, fines or penalties on the company or its employees, this could materially and adversely affect the company's business and results of operations.

2.34 NOTES TO CASH FLOW STATEMENTS

in ₹ crore, except as otherwise stated

Particulars	Nine months ended	
	December 31, 2012	December 31, 2011
2.34.1 CHANGE IN TRADE RECEIVABLES		
As per the balance sheet	6,146	5,720
Less: Opening balance considered	5,404	4,212
	742	**1,508**
2.34.2 CHANGE IN LOANS AND ADVANCES AND OTHER ASSETS		
As per the balance sheet (current and non current) [(1)]	5,418	4,003
Less: Gratuity obligation - unamortised amount relating to plan amendment[(2)]	15	19
Interest accrued but not due	28	28
Loan to subsidiary	121	41
Advance income taxes	958	673
Capital Advance	508	376
	3,788	**2,866**
Less: Opening balance considered	3,196	2,375
	592	**491**

[(1)] *excludes loans and advances and other assets of ₹11 crore taken over from Infosys Australia during the quarter ended June 30, 2012*

[(2)] *refer to note 2.28*

2.34.3 CHANGE IN LIABILITIES AND PROVISIONS		
As per the balance sheet (current and non current) [(1)]	5,009	4,083
Less:Unpaid dividend	3	3
Retention monies	56	31
Gratuity obligation - unamortised amount relating to plan amendment	15	19
Payable to subsidiary for acquisition	41	-
Provisions separately considered in cash flow statement		
Income taxes	1,211	781
	3,683	3,249
Less: Opening balance considered	2,894	2,215
	789	**1,034**

[(1)] *excludes liabilities and provisions of ₹69 crore taken over from Infosys Australia during the quarter ended June 30, 2012*

2.34.4 INCOME TAXES PAID		
Charge as per the profit and loss account	2,510	2,274
Add/(Less) :Increase/(Decrease) in advance income taxes	29	(251)
Increase/(Decrease) in deferred taxes [(1)(2)]	99	(36)
(Increase)/Decrease in income tax provision	(244)	(25)
	2,394	**1,962**

[(1)] *excludes exchange difference of ₹22 crore for the nine months ended December 31, 2012*

[(2)] *excludes deferred tax assets of ₹31 crore taken over from Infosys Australia during the quarter ended June 30, 2012*

2.34.5 PAYMENT TOWARDS CAPITAL EXPENDITURE		
As per the balance sheet [(1)]	951	423
Less: Proceeds from sale of fixed assets	4	-
Less: Opening capital work-in-progress	588	249
Add: Closing capital work-in-progress	928	479
Add: Opening retention monies	42	21
Less: Closing retention monies	56	31
Add: Closing capital advance	508	376
Less: Opening capital advance	433	250
	1,348	**769**

[(1)] *excludes gross book value of assets taken over from Infosys Australia of ₹96 crore during the quarter ended June 30, 2012*

2.34.6 INVESTMENTS IN SUBSIDIARIES [(1)]		
As per the balance sheet	2,447	1,285
Less : Payable to subsidiary for acquisition	41	-
Less: Opening balance considered	1,064	1,202
	1,342	**83**

[(1)] *refer to note 2.25 for investment made in subsidiaries*

2.34.7 INVESTMENT/(DISPOSAL) OF OTHER INVESTMENTS		
Opening balance considered	341	119
Add: Investment in other investments	16,852	2,816
Less: Disposal of other investments	9,946	2,693
Closing balance	**7,247**	**242**
2.34.8 INTEREST AND DIVIDEND RECEIVED		
Interest and dividend income as per profit and loss account	1,409	1,156
Add: Opening interest accrued but not due	31	14
Less: Closing interest accrued but not due	28	29
	1,412	**1,141**
2.34.9 LOAN GIVEN TO SUBSIDIARIES		
Closing Balance	121	35
Less: Opening balance	-	32
	121	**3**

2.35 EXCEPTIONAL ITEM

During the nine months ended December 31, 2012, the Company received dividend of ₹69 crore, net of taxes of ₹14 crore from its wholly owned subsidiary Infosys Australia.

2.36 FUNCTION WISE CLASSIFICATION OF STATEMENT OF PROFIT AND LOSS

in ₹ crore

Statement of Profit and Loss account for the	Quarter ended		Nine months ended	
	December 31, 2012	**December 31, 2011**	**December 31, 2012**	**December 31, 2011**
Income from software services and products	9,398	8,696	27,436	23,071
Software development expenses	5,544	4,843	15,992	13,183
GROSS PROFIT	**3,854**	**3,853**	**11,444**	**9,888**
Selling and marketing expenses	499	382	1,391	1,073
General and administration expenses	538	549	1,669	1,460
	1,037	931	3,060	2,533
OPERATING PROFIT BEFORE DEPRECIATION	**2,817**	**2,922**	**8,384**	**7,355**
Depreciation and amortization	248	198	700	590
OPERATING PROFIT	**2,569**	**2,724**	**7,684**	**6,765**
Other income	481	422	1,568	1,220
PROFIT BEFORE TAX	**3,050**	**3,146**	**9,252**	**7,985**
Tax expense:				
Current tax	871	838	2,609	2,238
Deferred tax	(86)	73	(99)	36
PROFIT AFTER TAX BEFORE EXCEPTIONAL ITEM	**2,265**	**2,235**	**6,742**	**5,711**
Dividend income, net of taxes	-	-	69	-
PROFIT AFTER TAX AND EXCEPTIONAL ITEM	**2,265**	**2,235**	**6,811**	**5,711**

2.37 DETAILS OF ROUNDED OFF AMOUNTS

The financial statements are presented in ₹ crore . Those items which are required to be disclosed and which were not presented in the financial statement due to rounding off to the nearest ₹ crore are given as follows :

Balance Sheet Items *in ₹ crore*

Note	Description	As at	
		December 31, 2012	**March 31, 2012**
2.8	Fixed assets - Plant and equipment		
	Deletion during the period	0.28	-
	Depreciation on deletions	0.19	-
2.8	Fixed assets - Office equipment		
	Deletion during the period	0.06	-
	Depreciation on deletions	0.05	-
2.8	Fixed assets - Vehicles		
	Deletion during the period	0.07	0.47
	Depreciation on deletions	0.05	0.47
2.10	Investments		
	Investment in Infosys Sweden	0.06	0.06

Profit & Loss Items *in ₹ crore*

Note	Description	Quarter ended		Nine months ended	
		December 31, 2012	**December 31, 2011**	**December 31, 2012**	**December 31, 2011**
Profit & Loss	Additional dividend	-	-	-	0.02
2.18	Auditor's remuneration				
	Statutory Audit Fee	-	-	-	-
	Certification charges	0.01	0.01	0.05	0.05
	Out-of-pocket expenses	0.01	0.01	0.03	0.03
2.17	Profit/(loss) on disposal of fixed assets	(0.41)	0.07	(0.22)	0.72

As per our report attached
for B S R & Co.
Chartered Accountants
Firm's Registration Number:101248W

Natrajh Ramakrishna
Partner
Membership No. 32815

K.V.Kamath
Chairman

S. Gopalakrishnan
Executive Co-Chairman

S. D. Shibulal
Chief Executive Officer and Managing Director

Deepak M. Satwalekar
Director

Dr. Omkar Goswami
Director

David L. Boyles
Director

Prof. Jeffrey S. Lehman
Director

R.Seshasayee
Director

Ann M. Fudge
Director

Ravi Venkatesan
Director

Srinath Batni
Director

V. Balakrishnan
Director

Ashok Vemuri
Director

B. G. Srinivas
Director

Rajiv Bansal
Chief Financial Officer

N.R. Ravikrishnan
Company Secretary

Bangalore
January 11, 2013