

INFOSYS LIMITED
in ₹ crore

Balance Sheet as at	Note	September 30, 2012	March 31, 2012
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	287	287
Reserves and surplus	2.2	33,015	29,470
		<u>33,302</u>	<u>29,757</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities (net)	2.3	42	-
Other long-term liabilities	2.4	19	21
		<u>61</u>	<u>21</u>
CURRENT LIABILITIES			
Trade payables	2.5	27	68
Other current liabilities	2.6	2,788	2,365
Short-term provisions	2.7	2,891	3,604
		<u>5,706</u>	<u>6,037</u>
		<u>39,069</u>	<u>35,815</u>
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.8	4,288	4,045
Intangible assets	2.8	35	16
Capital work-in-progress		762	588
		<u>5,085</u>	<u>4,649</u>
Non-current investments	2.10	1,264	1,068
Deferred tax assets (net)	2.3	264	189
Long-term loans and advances	2.11	1,394	1,431
Other non-current assets	2.12	46	13
		<u>8,053</u>	<u>7,350</u>
CURRENT ASSETS			
Current investments	2.10	5,204	341
Trade receivables	2.13	6,140	5,404
Cash and cash equivalents	2.14	16,079	19,557
Short-term loans and advances	2.15	3,593	3,163
		<u>31,016</u>	<u>28,465</u>
		<u>39,069</u>	<u>35,815</u>

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 and
 Chief Financial Officer*

 Bangalore
 October 12, 2012

 Ashok Vemuri
Director

 B. G. Srinivas
Director

 N.R. Ravikrishnan
Company Secretary

INFOSYS LIMITED

Statement of Profit and Loss for the	Note	Quarter ended September 30,		in ₹ crore, except per share data Half-year ended September 30,	
		2,012	2011	2012	2011
Income from software services and products	2.16	9,129	7,470	18,038	14,375
Other income	2.17	628	383	1,087	798
Total revenue		9,757	7,853	19,125	15,173
Expenses					
Employee benefit expenses	2.18	4,882	3,713	9,647	7,247
Cost of technical sub-contractors	2.18	418	617	786	1,170
Travel expenses	2.18	343	243	679	455
Cost of software packages and others	2.18	156	138	308	280
Communication expenses	2.18	73	49	139	92
Professional charges		138	115	255	189
Depreciation and amortisation expense	2.8	238	201	452	392
Other expenses	2.18	354	236	657	509
Total expenses		6,602	5,312	12,923	10,334
PROFIT BEFORE TAX		3,155	2,541	6,202	4,839
Tax expense:					
Current tax	2.19	896	757	1,738	1,400
Deferred tax	2.19	(14)	(38)	(13)	(37)
PROFIT AFTER TAX BEFORE EXCEPTIONAL ITEM		2,273	1,822	4,477	3,476
Dividend income, net of taxes	2.35	69	-	69	-
PROFIT AFTER TAX AND EXCEPTIONAL ITEM		2,342	1,822	4,546	3,476
EARNINGS PER EQUITY SHARE					
Equity shares of par value ₹5/- each					
Before Exceptional item					
Basic		39.57	31.73	77.95	60.54
Diluted		39.57	31.73	77.95	60.53
After Exceptional item					
Basic		40.78	31.73	79.16	60.54
Diluted		40.78	31.73	79.16	60.53
Number of shares used in computing earnings per share					
Basic	2.31	57,42,31,349	57,41,92,822	57,42,30,750	57,41,79,961
Diluted		57,42,32,213	57,42,26,524	57,42,31,953	57,42,27,991
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	1 & 2				

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for B S R & Co.

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Firm's Registration Number : 101248W

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Bangalore
October 12, 2012

Ashok Vemuri
Director

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Director

N.R. Ravikrishnan
Company Secretary

Cash Flow Statement for the	Note	Half-year ended	
		September 30, 2012	September 30, 2011
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax and exceptional item		6,202	4,839
Adjustments to reconcile profit before tax to cash provided by operating activities			
Depreciation and amortisation expense		452	392
Interest and dividend income		(954)	(749)
Effect of exchange differences on translation of assets and liabilities		11	14
Effect of exchange differences on translation of foreign currency cash and cash equivalents		(13)	(6)
Changes in assets and liabilities			
Trade receivables	2.34.1	(736)	(773)
Loans and advances and other assets	2.34.2	(395)	(295)
Liabilities and provisions	2.34.3	511	567
		5,078	3,989
Income taxes paid	2.34.4	(1,511)	(1,150)
NET CASH GENERATED BY OPERATING ACTIVITIES		3,567	2,839
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment towards capital expenditure	2.34.5	(828)	(541)
Investments in subsidiaries	2.34.6	(196)	(58)
Investment of other investments	2.34.7	(9,213)	(2,574)
Disposal of other investments	2.34.7	4,350	2,669
Interest and dividend received	2.34.8	893	745
CASH FLOWS FROM INVESTING ACTIVITIES BEFORE EXCEPTIONAL ITEM		(4,994)	241
Dividend received, net of taxes	2.35	69	-
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES		(4,925)	241
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of share capital on exercise of stock options		1	4
Dividends paid including residual dividend		(1,836)	(1,150)
Dividend tax paid		(298)	(187)
NET CASH USED IN FINANCING ACTIVITIES		(2,133)	(1,333)
Effect of exchange differences on translation of foreign currency cash and cash equivalents		13	6
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(3,478)	1,753
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		19,557	15,165
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		16,079	16,918

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS 1 & 2

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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 ('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') and Infosys Technologies (Shanghai) Company Limited ('Infosys Shanghai') 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 expended to date as a proportion of the total efforts to be expended, provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets and intangible assets.

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

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

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 HALF-YEAR ENDED SEPTEMBER 30, 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

Particulars	<i>in ₹ crore, except as otherwise stated</i>	
	As at	
	September 30, 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
57,42,32,446 (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.

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 September 30, 2012 and March 31, 2012 is set out below :

Name of the shareholder	As at September 30, 2012		As at March 31, 2012	
	No. of shares	% held	No. of shares	% held
Life Insurance Corporation of India ⁽¹⁾	3,78,98,355	6.60	2,82,68,104	4.92
Deutsche Bank Trust Company Americas (Depository of ADR's - legal ownership)	6,67,38,613	11.62	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 September 30, 2012 and March 31, 2012 is set out below:

Particulars	As at September 30, 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	2,445	-	78,442	-
Number of shares at the end of the period	57,42,32,446	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. 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. 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 half-year ended September 30, 2012 and September 30, 2011, respectively, is set out below:

Particulars	Quarter ended		Half year ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
The 1998 Plan :				
Options outstanding, beginning of the period	-	21,905	-	50,070
Less: Exercised	-	8,345	-	36,510
Forfeited	-	-	-	-
Options outstanding, end of the period	-	13,560	-	13,560
Options exercisable, end of the period	-	13,560	-	13,560
The 1999 Plan :				
Options outstanding, beginning of the period	11,233	36,952	11,683	48,720
Less: Exercised	1,995	7,045	2,445	15,013
Forfeited	5,518	3,264	5,518	7,064
Options outstanding, end of the period	3,720	26,643	3,720	26,643
Options exercisable, end of the period	3,720	22,388	3,720	22,388

The weighted average share price of options exercised under the 1998 Plan during the quarter ended September 30, 2012 and September 30, 2011 was Nil and ₹2,293, respectively. The weighted average share price of options exercised under the 1999 Plan during the quarter ended September 30, 2012 and September 30, 2011 was ₹2458 and ₹2,364, respectively.

The weighted average share price of options exercised under the 1998 Plan during the half-year ended September 30, 2012 and September 30, 2011 was Nil and ₹2,725, respectively. The weighted average share price of options exercised under the 1999 Plan during the half-year ended September 30, 2012 and September 30, 2011 was ₹2458 and ₹2,617, respectively.

The following tables summarize information about the options outstanding under the 1999 Plan as at September 30, 2012 and March 31, 2012 respectively. There were no options outstanding under the 1998 Plan as at September 30, 2012 and March 31, 2012.

Range of exercise prices per share (₹)	As at September 30, 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	3,720	0.21	2,121
	3,720	0.21	2,121
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 September 30, 2012 and March 31, 2012, the Company had 3,720 and 11,683 number of shares reserved for issue under the 1999 employee stock option plan, respectively. All the shares reserved for issue under the 1999 employee stock option plan are vested and are exercisable at any point of time.

2.2 RESERVES AND SURPLUS

in ₹ crore

Particulars	As at	
	September 30, 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	4,546	8,470
Reserves on transfer of assets and liabilities of Infosys Consulting Inc., (refer to note 2.25)	-	(84)
Amount available for appropriation	24,539	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	23,537	19,993
	33,015	29,470

2.3 DEFERRED TAXES

Particulars	<i>in ₹ crore</i>	
	As at	
	September 30, 2012	March 31, 2012
Deferred tax assets		
Fixed assets	291	266
Trade receivables	23	18
Unavailed leave	118	101
Computer software	37	35
Accrued compensation to employees	20	31
Others	14	8
	503	459
Deferred tax liabilities		
Branch profit tax	281	270
	281	270

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 September 30, 2012 and March 31, 2012, the Company has provided for branch profit tax of ₹281 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 ₹11 crore during the half year ended September 30, 2012 due to change in exchange rate.

2.4 OTHER LONG-TERM LIABILITIES

Particulars	<i>in ₹ crore</i>	
	As at	
	September 30, 2012	March 31, 2012
Others		
Gratuity obligation - unamortised amount relating to plan amendment (<i>refer to note 2.28</i>)	12	14
Rental deposits received from subsidiary (<i>refer to note 2.25</i>)	7	7
	19	21

2.5 TRADE PAYABLES

Particulars	<i>in ₹ crore</i>	
	As at	
	September 30, 2012	March 31, 2012
Trade payables	27	68
	27	68
<i>Includes dues to subsidiaries (refer to note 2.25)</i>	11	61

2.6 OTHER CURRENT LIABILITIES

Particulars	<i>in ₹ crore</i>	
	As at	
	September 30, 2012	March 31, 2012
Accrued salaries and benefits		
Salaries and benefits	54	53
Bonus and incentives	281	394
Other liabilities		
Provision for expenses ⁽¹⁾	1,018	824
Retention monies	46	42
Withholding and other taxes payable	616	454
Gratuity obligation - unamortised amount relating to plan amendment, current (<i>refer to note 2.28</i>)	4	4
Other payables ⁽²⁾	41	31
Advances received from clients	8	14
Unearned revenue	717	519
Mark-to-market loss on forward and options contracts	-	28
Unpaid dividends	3	2
	2,788	2,365
⁽¹⁾ <i>Includes dues to subsidiaries (refer to note 2.25)</i>	54	-
⁽²⁾ <i>Includes dues to subsidiaries (refer to note 2.25)</i>	39	29

2.7 SHORT-TERM PROVISIONS

in ₹ crore

Particulars	As at	
	September 30, 2012	March 31, 2012
Provision for employee benefits		
Unavailed leave	515	379
Others		
Proposed dividend	862	1,837
Provision for		
Tax on dividend	140	298
Income taxes	1,184	967
Post-sales client support and warranties	190	123
	2,891	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 September 30,		Half-year ended September 30,		Year ended
	2012	2011	2012	2011	March 31, 2012
Balance at the beginning	137	113	123	78	78
Provision recognized/(reversal)	58	(15)	67	20	60
Provision utilised	-	(9)	-	(9)	(15)
Exchange difference during the period	(5)	-	-	-	-
Balance at the end	190	89	190	89	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 September 30, 2012	As at April 1, 2012	For the period	Adjustments during the period	As at September 30, 2012	As at September 30, 2012	As at March 31, 2012
Tangible assets :										
Land : Free-hold	424	34	-	458	-	-	-	-	458	424
Leasehold	275	-	-	275	-	-	-	-	275	275
Buildings ^{(1)/(2)}	3,727	208	-	3,935	1,205	128	-	1,333	2,602	2,522
Plant and equipment ^{(2)/(4)}	810	73	-	883	544	74	1	619	264	266
Office equipment ^{(2)/(4)}	272	27	-	299	155	28	1	184	115	117
Computer equipment ^{(2)/(3)/(4)}	1,088	345	-	1,433	848	156	55	1,059	374	240
Furniture and fixtures ^{(2)/(4)}	539	66	-	605	343	60	7	410	195	196
Vehicles	9	1	-	10	4	1	-	5	5	5
	7,144	754	-	7,898	3,099	447	64	3,610	4,288	4,045
Intangible assets :										
Intellectual property rights ⁽⁴⁾	29	29	-	58	13	5	5	23	35	16
	29	29	-	58	13	5	5	23	35	16
Total	7,173	783	-	7,956	3,112	452	69	3,633	4,323	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 of a cumulative amount of ₹96 crores of gross book value (net book value of ₹27 crore). (Refer to note 2.25)

Profit / (loss) on disposal of fixed assets during the quarter and half-year ended September 30, 2012 and September 30, 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 September 30, 2012.

Tangible assets provided on operating lease to Infosys BPO, a subsidiary company, as at September 30, 2012 and *March 31, 2012* are as follows:

<i>in ₹ crore</i>			
Particulars	Cost	Accumulated depreciation	Net book value
Buildings	60	31	29
	<i>60</i>	<i>29</i>	<i>31</i>
Plant and machinery	2	2	-
	<i>3</i>	<i>3</i>	<i>-</i>
Computer equipment	1	1	-
	<i>1</i>	<i>1</i>	<i>-</i>
Furniture and fixtures	2	2	-
	<i>2</i>	<i>2</i>	<i>-</i>
Total	65	36	29
	<i>66</i>	<i>35</i>	<i>31</i>

The aggregate depreciation charged on the above assets during the quarter and half-year ended September 30, 2012 amounted to ₹1 crore and ₹2 crore respectively (₹2 crore and ₹3 crore for the quarter and half-year ended September 30, 2011, respectively).

The rental income from Infosys BPO for the quarter and half-year ended September 30, 2012 amounted to ₹3 crore and ₹7 crore respectively. (₹3 crore and ₹6 crore for the quarter and half-year ended September 30, 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:

Particulars	<i>in ₹ crore</i>			
	Quarter ended September 30,		Half-year ended September 30,	
	2012	2011	2012	2011
Lease rentals recognized during the period	36	21	70	40

Lease obligations payable	<i>in ₹ crore</i>	
	As at	
	September 30, 2012	March 31, 2012
Within one year of the balance sheet date	102	93
Due in a period between one year and five years	182	161
Due after five years	50	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

Particulars	<i>in ₹ crore, except as otherwise stated</i>	
	As at	
	September 30, 2012	March 31, 2012
Non-current investments		
Long term investments - at cost		
Trade (unquoted) (refer to note 2.10.1)		
Investments in equity instruments	6	6
Less: Provision for investments	2	2
	<u>4</u>	<u>4</u>
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
	<u>1,260</u>	<u>1,064</u>
	<u>1,264</u>	<u>1,068</u>
Current investments – at the lower of cost and fair value		
Others Non-trade (unquoted)		
Liquid mutual fund units (refer to note 2.10.2)	4,962	5
Certificates of deposit (refer to note 2.10.2)	242	336
	<u>5,204</u>	<u>341</u>
Aggregate amount of unquoted investments	6,468	1,409
Aggregate amount of provision made for non-current investments	2	2

⁽¹⁾ Investments include 3,10,000 (4,76,250) options of Infosys BPO

2.10.1 Details of Investments

The details of non-current trade investments in equity instruments as at September 30, 2012 and March 31, 2012 are as follows:

Particulars	<i>in ₹ crore</i>	
	As at	
	September 30, 2012	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
	<u>6</u>	<u>6</u>
Less: Provision for investment	2	2
	<u>4</u>	<u>4</u>

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

The balances held in liquid mutual fund units as at September 30, 2012 is as follows:

Particulars	Units	Amount (in ₹ Crore)
Tata Liquid Super High Investment Fund - Daily Dividend Reinvestment	27,08,294	302
Kotak Liquid (Institutional Premium) - Daily Dividend Reinvestment	23,13,23,592	283
Birla Sun Life Cash Plus - Institutional Premium - Daily Dividend Reinvestment	6,91,92,963	693
ICICI Prudential Liquid Super Institutional Plan - Daily Dividend Reinvestment	6,76,99,876	677
Axis Liquid Fund - Institutional Daily Dividend Reinvestment	17,51,058	175
IDFC Cash Fund - Super Institutional Plan C - Daily Dividend Reinvestment	15,80,208	158
UTI Liquid Cash Plan Institutional - Daily Income Option Reinvestment	67,13,446	685
SBI Premier Liquid Fund - Super Institutional - Daily Dividend - reinvestment	46,87,636	470
SBI SHF - Ultra Short Term Fund - Institutional Plan - Daily Dividend	2,49,836	25
JP Morgan India Liquid Fund - Super Institutional - Daily Dividend Reinvestment	8,71,48,727	87
DSP BlackRock Liquidity Fund - Institutional Plan - Daily Dividend	19,01,030	190
HDFC Liquid Fund Premium Plan - Dividend - Daily Reinvestment	36,15,77,160	444
HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Daily Dividend Reinvestment	20,93,40,577	210
DWS Insta Cash Plus Fund - Super Institutional Plan - Daily Dividend - Reinvestment	1,65,63,598	166
DWS Ultra Short Term Fund Institutional Plan - Daily Dividend - Reinvestment	10,88,05,239	109
Religare Liquid Fund - Super Institutional Daily Dividend	25,49,889	255
L&T Liquid Super Institutional Daily Dividend Reinvestment Plan	3,27,246	33
	1,174,120,175	4,962

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	49,97,115	5
	49,97,115	5

The balances held in certificates of deposit as at September 30, 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
	26,500		242

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	
	September 30, 2012	March 31, 2012
Unsecured, considered good		
Capital advances	404	433
Electricity and other deposits	27	26
Rental deposits	26	22
Other loans and advances		
Advance income taxes	919	929
Prepaid expenses	12	15
Loans and advances to employees		
Housing and other loans	6	6
	1,394	1,431

2.12 OTHER NON-CURRENT ASSETS

in ₹ crore

Particulars	As at	
	September 30, 2012	March 31, 2012
Others		
Advance to gratuity trust (refer to note 2.28)	46	13
	46	13

2.13 TRADE RECEIVABLES ⁽¹⁾

in ₹ crore

Particulars	As at	
	September 30, 2012	March 31, 2012
Debts outstanding for a period exceeding six months		
Unsecured		
Considered doubtful	81	47
Less: Provision for doubtful debts	81	47
	-	-
Other debts		
Unsecured		
Considered good ⁽²⁾	6,140	5,404
Considered doubtful	23	33
	6,163	5,437
Less: Provision for doubtful debts	23	33
	6,140	5,404
	6,140	5,404
	79	8
	109	152

⁽¹⁾ Includes dues from companies where directors are interested

⁽²⁾ Includes dues from subsidiaries (refer to note 2.25)

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

Particulars	<i>in ₹ crore</i>	
	As at	
	September 30, 2012	March 31, 2012
Cash on hand	-	-
Balances with banks		
In current and deposit accounts	14,414	18,057
Others		
Deposits with financial institutions	1,665	1,500
	<u>16,079</u>	<u>19,557</u>
<i>Balances with banks in unpaid dividend accounts</i>	3	2
<i>Deposit accounts with more than 12 months maturity</i>	6,589	379
<i>Balances with banks held as margin money deposits against guarantees</i>	163	117

Cash and cash equivalents as of September 30, 2012 and March 31, 2012 include restricted cash and bank balances of ₹166 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:

Particulars	<i>in ₹ crore</i>	
	As at	
	September 30, 2012	March 31, 2012
In current accounts		
ANZ Bank, Taiwan	2	2
Bank of America, USA	150	566
Citibank NA, Australia	94	68
Citibank NA, Thailand	1	1
Citibank NA, Japan	15	9
Citibank NA, NewZealand	4	1
Deutsche Bank, Belgium	10	6
Deutsche Bank, Germany	37	12
Deutsche Bank, Netherlands	4	3
Deutsche Bank, France	1	4
Deutsche Bank, Switzerland	1	1
Deutsche Bank, Singapore	1	8
Deutsche Bank, UK	29	31
Deutsche Bank, Spain	2	1
Deutsche Bank, Russia	1	-
Nordbanken, Sweden	2	2
Royal Bank of Canada, Canada	16	5
Deutsche Bank, India	39	8
Deutsche Bank-EEFC (Euro account)	12	9
Deutsche Bank-EEFC (U.S. Dollar account)	79	23
Deutsche Bank-EEFC (Swiss Franc account)	3	2
ICICI Bank, India	52	13
ICICI Bank-EEFC (U.S. Dollar account)	4	14
Standard Chartered Bank, UAE	-	1
The Bank of Tokyo-Mitsubishi UFJ, Ltd., Japan	1	1
Punjab National Bank, India	-	1
	<u>560</u>	<u>792</u>
In deposit accounts		
Allahabad Bank	92	852
Andhra Bank	510	510
Axis Bank	622	746
Bank of Baroda	1,949	1,732
Bank of India	1,717	1,500
Bank of Maharashtra	125	475
Canara Bank	989	1,399
Central Bank of India	700	700
Corporation Bank	51	395
DBS Bank	-	40
Federal Bank	20	20
HDFC Bank	-	1,357
ICICI Bank	1,871	1,418

Particulars	<i>in ₹ crore</i>	
	As at	
	September 30, 2012	March 31, 2012
IDBI Bank	761	1,000
ING Vysya Bank	88	82
Indian Overseas Bank	374	600
Jammu and Kashmir Bank	25	25
Kotak Mahindra Bank	-	95
Oriental Bank of Commerce	635	700
Punjab National Bank	1,200	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	500	550
Union Bank of India	602	602
Vijaya Bank	-	153
Yes Bank	78	131
	13,688	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	105	56
State Bank of India	58	61
	163	117
Deposits with financial institutions		
HDFC Limited	1,665	1,500
	1,665	1,500
Total cash and cash equivalents as per Balance Sheet	16,079	19,557

2.15 SHORT-TERM LOANS AND ADVANCES

Particulars	<i>in ₹ crore</i>	
	As at	
	September 30, 2012	March 31, 2012
Unsecured, considered good		
Others		
Advances		
Prepaid expenses	83	38
For supply of goods and rendering of services	27	20
Withholding and other taxes receivable	666	654
Others ⁽¹⁾	4	14
	780	726
Mark to market forward contracts and options	133	-
Restricted deposits (refer to note 2.32)	526	461
Unbilled revenues ⁽²⁾	1,857	1,766
Interest accrued but not due	92	31
Loans and advances to employees		
Housing and other loans	56	49
Salary advances	110	89
Electricity and other deposits	33	35
Rental deposits ⁽³⁾	6	6
	3,593	3,163
Unsecured, considered doubtful		
Loans and advances to employees	5	3
	3,598	3,166
Less: Provision for doubtful loans and advances to employees	5	3
	3,593	3,163
	2	13
	19	-
	3	3

⁽¹⁾ Includes dues from subsidiaries (refer to note 2.25)

⁽²⁾ Includes dues from subsidiaries (refer to note 2.25)

⁽³⁾ Includes deposits from subsidiaries (refer to note 2.25)

2.16 INCOME FROM SOFTWARE SERVICES AND PRODUCTS

Particulars	<i>in ₹ crore</i>			
	Quarter ended September 30,		Half-year ended September 30,	
	2012	2011	2012	2011
Income from software services	8,767	7,151	17,250	13,714
Income from software products	362	319	788	661
	9,129	7,470	18,038	14,375

2.17 OTHER INCOME

Particulars	<i>in ₹ crore</i>			
	Quarter ended September 30,		Half-year ended September 30,	
	2012	2011	2012	2011
Interest received on deposits with banks and others	411	380	869	738
Dividend received on investment in mutual fund units	61	7	85	11
Miscellaneous income, net	6	5	10	13
Gains / (losses) on foreign currency, net	150	(9)	123	36
	628	383	1,087	798

2.18 EXPENSES

Particulars	<i>in ₹ crore</i>			
	Quarter ended September 30,		Half-year ended September 30,	
	2012	2011	2012	2011
<i>Employee benefit expenses</i>				
Salaries and bonus including overseas staff expenses	4,780	3,607	9,431	7,007
Contribution to provident and other funds	93	91	202	213
Staff welfare	9	15	14	27
	4,882	3,713	9,647	7,247
<i>Cost of technical sub-contractors</i>				
Technical sub-contractors - subsidiaries	101	482	210	902
Technical sub-contractors - others	317	135	576	268
	418	617	786	1,170
<i>Travel expenses</i>				
Overseas travel expenses	315	220	625	411
Traveling and conveyance	28	23	54	44
	343	243	679	455
<i>Cost of software packages and others</i>				
For own use	123	97	246	185
Third party items bought for service delivery to clients	33	41	62	95
	156	138	308	280
<i>Communication expenses</i>				
Telephone charges	55	36	105	71
Communication expenses	18	13	34	21
	73	49	139	92

in ₹ crore

Particulars	Quarter ended September 30,		Half-year ended September 30,	
	2012	2011	2012	2011
<i>Other expenses</i>				
Office maintenance	66	55	131	114
Power and fuel	46	42	91	79
Brand building	26	29	45	45
Rent	36	21	70	40
Rates and taxes, excluding taxes on income	19	12	37	23
Repairs to building	12	18	23	30
Repairs to plant and machinery	10	9	21	19
Computer maintenance	14	8	33	19
Consumables	6	5	12	10
Insurance charges	9	6	16	12
Research grants	1	1	5	1
Marketing expenses	5	4	15	8
Commission charges	11	12	14	14
Printing and Stationery	4	3	7	6
Professional membership and seminar participation fees	6	2	11	5
Postage and courier	4	4	6	6
Advertisements	-	1	2	2
Provision for post-sales client support and warranties	58	(15)	67	20
Commission to non-whole time directors	2	2	4	4
Freight Charges	1	-	1	-
Provision for bad and doubtful debts and advances	13	10	34	38
Books and periodicals	-	1	1	1
Auditor's remuneration				
Statutory audit fees	1	-	1	-
Other expenses	1	-	1	-
Bank charges and commission	1	-	2	1
Miscellaneous expenses	(3)	-	(3)	-
Donations	5	6	10	12
	354	236	657	509

2.19 TAX EXPENSE

in ₹ crore

	Quarter ended September 30,		Half-year ended September 30,	
	2012	2011	2012	2011
<i>Current tax</i>				
Income taxes	896	757	1,738	1,400
<i>Deferred taxes</i>				
	(14)	(38)	(13)	(37)
	882	719	1,725	1,363

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)

Particulars	<i>in ₹ crore</i>			
	As at			
	September 30, 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		4		3
Claims against the Company, not acknowledged as debts ⁽¹⁾ [Net of amount paid to statutory authorities ₹1,114 crore (₹1,114 crore)]		327		72
Commitments :				
Estimated amount of unexecuted capital contracts (net of advances and deposits)		986		949
	in million	in ₹ crore	in million	in ₹ crore
Forward contracts outstanding				
In USD	901	4,763	677	3,445
In Euro	35	239	20	136
In GBP	35	300	20	163
In AUD	30	165	23	121
Options outstanding				
In USD	10	53	50	254
		5,520		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 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 position 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 ₹246 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:

Particulars	<i>in ₹ crore</i>	
	As at	
	September 30, 2012	March 31, 2012
Not later than one month	623	304
Later than one month and not later than three months	1,429	650
Later than three months and not later than one year	3,468	3,165
	5,520	4,119

The Company recognized a gain on derivative financial instruments of ₹350 crore and loss on derivative financial instruments of ₹246 crore during the quarter ended September 30, 2012 and September 30, 2011, respectively, which is included in other income.

The Company recognized a gain on derivative financial instruments of ₹28 crore and loss on derivative financial instruments of ₹209 crore during the half-year ended September 30, 2012 and September 30, 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)

Particulars	<i>in ₹ crore</i>			
	Quarter ended		Half-year ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Capital goods	92	46	172	78
	92	46	172	78

2.23 ACTIVITY IN FOREIGN CURRENCY

in ₹ crore

Particulars	Quarter ended		Half-year ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Earnings in foreign currency				
Income from software services and products	8,985	6,882	17,728	13,236
Interest received from banks and others	1	7	2	10
Dividend received from subsidiary	83	-	83	-
	9,069	6,889	17,813	13,246
Expenditure in foreign currency				
Overseas travel expenses (including visa charges)	271	157	535	303
Professional charges	104	60	189	122
Technical sub-contractors - subsidiaries	75	481	160	902
Overseas salaries and incentives	3,210	2,123	6,386	4,100
Other expenditure incurred overseas for software development	591	311	1,073	642
	4,251	3,132	8,343	6,069
Net earnings in foreign currency	4,818	3,757	9,470	7,177

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 depository bank purchases the foreign currencies and remits dividends to the ADS holders.

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	Half-year ended	
			September 30, 2012	September 30, 2011
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	-
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	
		September 30, 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%

⁽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.

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

The details of amounts due to or due from as at September 30, 2012 and March 31, 2012 are as follows:

in ₹ crore

Particulars	As at	
	September 30, 2012	March 31, 2012
Trade Receivables		
Infosys China	4	12
Infosys Australia	-	-
Infosys BPO (Including subsidiaries)	1	9
Infosys Mexico	5	-
Infosys Public Services	99	131
	109	152

in ₹ crore

Particulars	As at	
	September 30, 2012	March 31, 2012
Other receivables		
Infosys Australia	1	1
Infosys BPO (Including subsidiaries)	6	1
Infosys Mexico	(5)	-
Infosys Public Services	-	11
	<u>2</u>	<u>13</u>
Unbilled revenues		
Infosys BPO (Including subsidiaries)	19	-
Trade payables		
Infosys China	7	6
Infosys Australia	-	52
Infosys BPO (Including subsidiaries)	2	2
Infosys Mexico	1	-
Infosys Sweden	1	1
	<u>11</u>	<u>61</u>
Other payables		
Infosys Australia	21	2
Infosys BPO (Including subsidiaries)	15	8
Infosys Consulting India	2	2
Infosys Public Services	1	17
	<u>39</u>	<u>29</u>
Provision for expenses		
Infosys BPO (Including subsidiaries)	54	-
Deposit given for shared services		
Infosys BPO	3	3
Deposit taken for shared services		
Infosys BPO	7	7

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 half-year ended September 30, 2012 and September 30, 2011 are as follows:

Particulars	in ₹ crore			
	Quarter ended		Half-year ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Capital transactions:				
Financing transactions				
Infosys Shanghai	141	-	141	58
Infosys Mexico	-	-	11	-
Infosys Brasil	39	-	44	-
	<u>180</u>	<u>-</u>	<u>196</u>	<u>58</u>
Revenue transactions:				
Purchase of services				
Infosys Australia	-	331	2	634
Infosys China	62	54	129	106
Infosys Consulting	-	81	-	130
Infosys Consulting India	-	1	-	2
Infosys BPO (Including subsidiaries)	34	7	67	12
Infosys Sweden	2	3	4	5
Infosys Mexico	2	5	7	12
Infosys Brasil	1	-	1	1
	<u>101</u>	<u>482</u>	<u>210</u>	<u>902</u>
Purchase of shared services including facilities and				
Infosys Consulting (including subsidiaries)	-	2	-	2
Infosys BPO (including subsidiaries)	17	23	34	45
	<u>17</u>	<u>25</u>	<u>34</u>	<u>47</u>
Interest income				
Infosys China	-	-	-	1
Sale of services				
Infosys Australia	-	4	1	14
Infosys China	1	2	1	4
Infosys Brasil	-	1	-	1
Infosys Mexico	-	3	-	3
Infosys BPO (including subsidiaries)	19	10	31	15
Infosys Consulting	-	20	-	41
Infosys Public Services	102	-	206	-
	<u>122</u>	<u>40</u>	<u>239</u>	<u>78</u>
Sale of shared services including facilities and personnel				
Infosys BPO (including subsidiaries)	8	15	17	29
Infosys Consulting	-	-	-	21
	<u>8</u>	<u>15</u>	<u>17</u>	<u>50</u>
Dividend income				
Infosys Australia	83	-	83	-

During the quarter and half-year ended September 30, 2012, an amount of ₹5 crore and ₹10 crore (₹5 and ₹10 crore for the quarter and half-year ended September 30, 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:

Particulars	in ₹ crore			
	Quarter ended		Half-year ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Salaries and other employee benefits ⁽¹⁾	17	11	31	21

⁽¹⁾ Includes a one time earn out payment of ₹6 crore made to Stephen Pratt during the three months ended September 30, 2012

2.26 RESEARCH AND DEVELOPMENT EXPENDITURE

Particulars	in ₹ crore			
	Quarter ended September 30, 2012		Half-year ended September 30, 2011	
	2012	2011	2012	2011
Capital	1	-	2	-
Revenue	240	161	442	310

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 September 30, 2012 and September 30, 2011

Particulars	in ₹ crore				
	FSI	MFG	ECS	RCL	Total
Income from software services and products	3,118	1,923	1,871	2,217	9,129
	2,691	1,444	1,558	1,777	7,470
Identifiable operating expenses	1,389	911	888	968	4,156
	1,269	670	716	764	3,419
Allocated expenses	752	466	453	537	2,208
	603	329	355	405	1,692
Segmental operating income	977	546	530	712	2,765
	819	445	487	608	2,359
Unallocable expenses					238
					201
Other income					628
					383
Profit before taxes					3,155
					2,541
Tax expense					882
					719
Profit after taxes before exceptional item					2,273
					1,822
Exceptional item- Dividend income, net of taxes					69
					-
Profit after taxes and exceptional item					2,342
					1,822

Half-year ended September 30, 2012 and September 30, 2011

Particulars	in ₹ crore				
	FSI	MFG	ECS	RCL	Total
Income from software services and products	6,240	3,805	3,630	4,363	18,038
	5,188	2,774	3,024	3,389	14,375
Identifiable operating expenses	2,773	1,787	1,699	1,879	8,138
	2,490	1,301	1,427	1,486	6,704
Allocated expenses	1,478	921	878	1,056	4,333
	1,153	630	685	770	3,238
Segmental operating income	1,989	1,097	1,053	1,428	5,567
	1,545	843	912	1,133	4,433
Unallocable expenses					452
					392
Other income					1,087
					798
Profit before taxes					6,202
					4,839
Tax expense					1,725
					1,363
Profit after taxes before exceptional item					4,477
					3,476
Exceptional item- Dividend income, net of taxes					69
					-
Profit after taxes and exceptional item					4,546
					3,476

Geographic Segments

Quarter ended September 30, 2012 and *September 30, 2011*

Particulars	<i>in ₹ crore</i>				Total
	North America	Europe	India	Rest of the World	
Income from software services and products	5,916	1,963	160	1,090	9,129
	4,983	1,449	176	862	7,470
Identifiable operating expenses	2,608	920	137	491	4,156
	2,164	703	85	467	3,419
Allocated expenses	1,433	475	38	262	2,208
	1,135	329	38	190	1,692
Segmental operating income	1,875	568	(15)	337	2,765
	1,684	417	53	205	2,359
Unallocable expenses					238
					201
Other income, net					628
					383
Profit before taxes					3,155
					2,541
Tax expense					882
					719
Profit after taxes before exceptional item					2,273
					1,822
Exceptional item- Dividend income, net of taxes					69
					-
Profit after taxes and exceptional item					2,342
					1,822

Half-year ended September 30, 2012 and *September 30, 2011*

Particulars	<i>in ₹ crore</i>				Total
	North America	Europe	India	Rest of the World	
Income from software services and products	11,724	3,813	350	2,151	18,038
	9,500	2,850	372	1,653	14,375
Identifiable operating expenses	5,146	1,836	233	923	8,138
	4,226	1,384	181	913	6,704
Allocated expenses	2,836	914	78	505	4,333
	2,157	643	79	359	3,238
Segmental operating income	3,742	1,063	39	723	5,567
	3,117	823	112	381	4,433
Unallocable expenses					452
					392
Other income, net					1,087
					798
Profit before taxes					6,202
					4,839
Tax expense					1,725
					1,363
Profit after taxes before exceptional item					4,477
					3,476
Exceptional item- Dividend income, net of taxes					69
					-
Profit after taxes and exceptional item					4,546
					3,476

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 :

Particulars	As at				
	September 30, 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	99	143	171	72	47
Interest cost	21	37	24	19	15
Actuarial (gain)/ loss	(36)	(6)	15	(4)	-
Benefits paid	(42)	(64)	(59)	(33)	(23)
Obligations at year/period end	611	569	459	308	256

in ₹ crore

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	28	47	34	24	16
Actuarial gain	3	-	1	1	5
Contributions	86	140	173	62	29
Benefits paid	(42)	(64)	(59)	(33)	(23)
Plan assets at year/period end, at fair value	657	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	657	582	459	310	256
Present value of the defined benefit	611	569	459	308	256
Asset recognized in the balance sheet	46	13	-	2	-

Assumptions

Interest rate	8.15%	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 half-year ended September 30, 2012 and September 30, 2011 comprises of the following components:

Particulars	Quarter ended September 30,		Half-year ended September 30,	
	2012	2011	2012	2011
Gratuity cost for the year				
Service cost	25	21	99	88
Interest cost	10	10	21	19
Expected return on plan assets	(14)	(12)	(28)	(23)
Actuarial (gain)/loss	(4)	5	(39)	(5)
Plan amendment amortization	(1)	(1)	(2)	(2)
Net gratuity cost	16	23	51	77
Actual return on plan assets	15	13	31	25

in ₹ crore

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 September 30, 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 ₹80 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 September 30, 2012 and March 31, 2012 amounted to ₹16 crore and ₹18 crore, respectively and disclosed under 'Other long-term liabilities and other current liabilities'.

2.29 PROVIDENT FUND

The Company contributed ₹58 crore and ₹116 crore towards provident fund during the quarter and half-year ended September 30, 2012 respectively (₹53 crore and ₹104 crore during the quarter and half-year ended September 30, 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 September 30, 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:

Particulars	As at				
	September 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Plan assets at period end, at fair value	2,087	1,816	1,579	1,295	997
Present value of benefit obligation at period end	2,087	1,816	1,579	1,295	997
Asset recognized in balance sheet	-	-	-	-	-

in ₹ crore

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

Particulars	As at				
	September 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Government of India (GOI) bond yield	8.15%	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 ₹42 crore and ₹83 crore to the superannuation trust during the quarter and half-year ended September 30, 2012, respectively (₹16 crore and ₹31 crore during the quarter and half-year ended September 30, 2011, respectively).

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

Particulars	Quarter ended September 30,		Half-year ended September 30,	
	2012	2011	2012	2011
Number of shares considered as basic weighted average shares outstanding	57,42,31,349	57,41,92,822	57,42,30,750	57,41,79,961
Add: Effect of dilutive issues of shares/stock options	864	33,702	1,203	48,030
Number of shares considered as weighted average shares and potential shares outstanding	57,42,32,213	57,42,26,524	57,42,31,953	57,42,27,991

2.32 RESTRICTED DEPOSITS

Deposits with financial institutions as at September 30, 2012 include ₹526 crore (₹401 crore as at September 30, 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	Half-year ended	
	September 30, 2012	September 30, 2011
2.34.1 CHANGE IN TRADE RECEIVABLES		
As per the balance sheet	6,140	4,985
Less: Opening balance considered	5,404	4,212
	736	773
2.34.2 CHANGE IN LOANS AND ADVANCES AND OTHER ASSETS		
As per the balance sheet (current and non current) ⁽¹⁾	5,022	4,025
Less: Gratuity obligation - unamortised amount relating to plan amendment ⁽²⁾	16	20
Interest accrued but not due	92	18
Loan to subsidiary	-	35
Advance income taxes	919	932
Capital Advance	404	350
	3,591	2,670
Less: Opening balance considered	3,196	2,375
	395	295
⁽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⁾	5,656	4,848
Less: Unpaid dividend	3	2
Retention monies	46	28
Gratuity obligation - unamortised amount relating to plan amendment	16	20
Provisions separately considered in cash flow statement		
Income taxes	1,184	1,014
Proposed dividend	862	862
Tax on dividend	140	140
	3,405	2,782
Less: Opening balance considered	2,894	2,215
	511	567
⁽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	1,725	1,363
Add/(Less) : Increase/(Decrease) in advance income taxes	(10)	8
Increase/(Decrease) in deferred taxes ⁽¹⁾⁽²⁾	13	37
(Increase)/Decrease in income tax provision	(217)	(258)
	1,511	1,150
⁽¹⁾ excludes exchange difference of ₹11 crore for the half year ended September 30, 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⁾	687	304
Less: Opening capital work-in-progress	588	249
Add: Closing capital work-in-progress	762	393
Add: Opening retention monies	42	21
Less: Closing retention monies	46	28
Add: Closing capital advance	404	350
Less: Opening capital advance	433	250
	828	541
⁽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	1,260	1,260
Less: Opening balance considered	1,064	1,202
	196	58
⁽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	9,213	2,574
Less: Disposal of other investments	(4,350)	(2,669)
Closing balance	5,204	24
2.34.8 INTEREST AND DIVIDEND RECEIVED		
Interest and dividend income as per profit and loss account	954	749
Add: Opening interest accrued but not due	31	14
Less: Closing interest accrued but not due	92	18
	893	745
2.34.9 LOAN GIVEN TO SUBSIDIARIES		
Closing Balance	-	32
Less: Opening balance	-	32
	-	-
2.35 EXCEPTIONAL ITEM		

During the quarter ended September 30, 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		Half-year ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Income from software services and products	9,129	7,470	18,038	14,375
Software development expenses	5,324	4,263	10,448	8,340
GROSS PROFIT	3,805	3,207	7,590	6,035
Selling and marketing expenses	467	369	892	691
General and administration expenses	573	479	1,131	911
	1,040	848	2,023	1,602
OPERATING PROFIT BEFORE DEPRECIATION	2,765	2,359	5,567	4,433
Depreciation and amortization	238	201	452	392
OPERATING PROFIT	2,527	2,158	5,115	4,041
Other income	628	383	1,087	798
PROFIT BEFORE TAX	3,155	2,541	6,202	4,839
Tax expense:				
Current tax	896	757	1,738	1,400
Deferred tax	(14)	(38)	(13)	(37)
PROFIT AFTER TAX BEFORE EXCEPTIONAL ITEM	2,273	1,822	4,477	3,476
Dividend income, net of taxes	69	-	69	-
PROFIT AFTER TAX AND EXCEPTIONAL ITEM	2,342	1,822	4,546	3,476

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		As at	
Note	Description	September 30, 2012	March 31, 2012
2.8	Fixed assets - Plant and equipment		
	Deletion during the period	0.25	-
	Depreciation on deletions	0.16	-
2.8	Fixed assets - Office equipment		
	Deletion during the period	0.06	-
	Depreciation on deletions	0.04	-
2.8	Fixed assets - Computer equipment		
	Deletion during the period	0.48	-
	Depreciation on deletions	0.47	-
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		Half-year ended	
		September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Profit & Loss	Additional dividend	-	-	-	0.02
2.18	Auditor's remuneration				
	Statutory Audit Fee	-	0.23	-	0.46
	Certification charges	0.02	0.02	0.04	0.04
	Out-of-pocket expenses	0.01	0.01	0.02	0.02
2.17	Profit/(loss) on disposal of fixed assets	0.15	0.62	0.19	0.65

As per our report attached

for B S R & Co.

Chartered Accountants

Firm's Registration Number: 101248W

Natraj 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
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Dr. Omkar Goswami Director	David L. Boyles Director	Prof. Jeffrey S. Lehman Director	R.Seshasayee Director
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Ann M. Fudge Director	Ravi Venkatesan Director	Srinath Batni Director	V. Balakrishnan Director and Chief Financial Officer
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Bangalore October 12, 2012	Ashok Vemuri Director	B. G. Srinivas Director	N.R. Ravikrishnan Company Secretary
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