Infosys BPO (Poland) Sp.Z.o.o

Auditors Report

To

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

We have audited the attached Balance Sheet of Infosys BPO (Poland) Sp.Z.o.o ('the Company') as at March 31 2010, the Profit and Loss account ('Financial Statements') of the Company for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Further, we report that:

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

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

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

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

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

For Shenoy & Kamath
Chartered Accountants

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

Bangalore
April 8, 2010

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

in Rs.

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

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

For Shenoy & Kamath
Chartered Accountants

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

Bangalore
April 8, 2010

in Rs.

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

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

For Shenoy & Kamath
Chartered Accountants

M Rathnakar Kamath
Membership No. 202841

B.G.Srinivas
Director

Abraham Mathews
Director

Ritesh M Idnani
Director

Bangalore
April 8, 2010

in Rs.

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

Schedules to the Balance Sheet

3. FIXED ASSETS

in Rs.

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

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

in Rs.

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

**Includes tax deducted at source.*

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

14. Significant accounting policies and Notes on accounts

Company overview

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

14.1. Significant accounting policies

14.1.1. Basis of preparation of financial statements

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

14.1.2. Use of estimates

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

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

14.1.3. Revenue recognition

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

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

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

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

14.1.5. Depreciation

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

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

14.1.6. Compensated absences

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

14.1.7. Provisions

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

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

14.1.8. Foreign currency transactions

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

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

14.1.9. Forward contracts and option contracts in foreign currencies

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

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

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

14.1.10. Income taxes

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

14.1.11. Earnings per share

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

14.1.12. Cash and cash equivalents

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

14.1.13. Leases

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

14.2. Notes on accounts

14.2.1. Capital commitments and contingent liabilities

in Rs.

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

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

14.2.2. Aggregate expenses

The aggregate amounts incurred on expenses are as follows:

in Rs.

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

14.2.2. Quantitative details

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

14.2.3. Related party transactions

List of related parties:

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

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

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

in Rs.

Particulars	As at March 31,

in Rs.

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

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

in Rs.

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

14.2.4. Cash and bank balances

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

in Rs.

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

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

in Rs.

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

14.2.5. Provision for SLA compliance

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

in Rs.

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

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

14.2.6. Segment reporting

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

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

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

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

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

Industry segments

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

in Rs.

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

Geographical segments

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

in Rs.

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

McCamish Systems LLC

Auditors Report

To

The Members of McCamish Systems LLC

We have audited the attached Balance Sheet of McCamish Systems LLC, USA ('the Company') as at March 31 2010, the Profit and Loss account ('Financial Statements') of the Company for the year ended on that date. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Financial Statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement.

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

Further, we report that:

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

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

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

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

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

For Shenoy & Kamath
Chartered Accountants

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

Bangalore
April 8, 2010

Financial statements of McCamish Systems LLC, USA

in Rs.

Balance Sheet as at	Schedule	March 31, 2010
SOURCES OF FUNDS		
SHAREHOLDERS' FUNDS		
Share capital	1	1,15,06,82,854
		1,15,06,82,854
Unsecured loans		15,49,973
		1,15,22,32,827
APPLICATION OF FUNDS		
FIXED ASSETS	2	
Original cost		5,63,21,685
Less: Accumulated depreciation		2,31,74,189
Net book value		3,31,47,496
CURRENT ASSETS, LOANS AND ADVANCES		
Sundry debtors	3	15,20,35,951
Cash and bank balances	4	6,51,38,613
Loans and advances	5	3,82,69,113
		25,54,43,677
LESS: CURRENT LIABILITIES AND PROVISIONS		
Current liabilities	6	13,44,51,717
Provisions	7	1,50,25,584
		14,94,77,301
NET CURRENT ASSETS		10,59,66,376
PROFIT AND LOSS ACCOUNT		1,01,31,18,955
		1,15,22,32,827
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	12	

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

For Shenoy & Kamath
Chartered Accountants

M Rathnakar Kamath
Membership No. 202841

D. Swaminathan
Chairman

Gordon Beckam
Chief Executive Officer

Eric Paternoster
Member

Ritesh M Idnani
Member

Sam Thomas
Member

Bangalore
April 8, 2010

in Rs.

Profit and Loss account for the	Schedule	Year Ended March 31, 2010
Income from business process management		38,02,29,857
Business process management expenses	8	46,26,48,128
GROSS PROFIT		**(8,24,18,271)**
Selling and marketing expenses	9	2,04,14,765
General and administration expenses	10	4,84,95,133
		6,89,09,898
OPERATING PROFIT before interest and depreciation		**(15,13,28,169)**
Interest		15,84,169
Depreciation		2,38,96,325
OPERATING PROFIT before tax		**(17,68,08,663)**
Other income, net	11	98,061
Provision for investments		–
NET PROFIT before tax		**(17,67,10,602)**
Provision for taxation		–
NET PROFIT after tax		**(17,67,10,602)**
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	12	

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

For Shenoy & Kamath
Chartered Accountants

M Rathnakar Kamath
Membership No. 202841

D. Swaminathan
Chairman

Gordon Beckam
Chief Executive Officer

Eric Paternoster
Member

Ritesh M Idnani
Member

Sam Thomas
Member

Bangalore
April 8, 2010

in Rs.

Schedules to the Balance Sheet as at	March 31, 2010
1 SHARE CAPITAL	
Membership equity	1,15,06,82,854
	1,15,06,82,854

2 FIXED ASSETS

in Rs.

Particulars	**Original cost**				**Accumulated depreciation**				**Net book value**	
	As at April 1, 2009	**Additions/ Adjustments**	**Deletions/ Retirement/ Adjustments**	**As at March 31, 2010**	**As at April 1, 2009**	**For the period**	**Deletions / Adjustments**	**As at March 31, 2010**	**As at March 31, 2010**	**As at March 31, 2009**
Goodwill	–	–	–	–	–	–	–	–	–	–
Land - Leasehold	–	–	–	–	–	–	–	–	–	–
Buildings	–	–	–	–	–	–	–	–	–	–
Leasehold improvements	–	22,19,222	–	22,19,222	–	2,38,495	6,102	2,32,393	19,86,829	–
Plant and machinery	–	5,00,135	–	5,00,135	–	1,71,794	4,885	1,66,909	3,33,226	–
Computer equipment	–	4,34,53,921	–	4,34,53,921	–	2,21,37,758	6,75,140	2,14,62,618	2,19,91,303	–
Furniture and fixtures	–	1,01,48,407	–	1,01,48,407	–	13,48,235	35,966	13,12,269	88,36,138	–
Vehicles	–	–	–	–	–	–	–	–	–	–
Total	**–**	**5,63,21,685**	**–**	**5,63,21,685**	**–**	**2,38,96,282**	**7,22,093**	**2,31,74,189**	**3,31,47,496**	**–**

in Rs.

Schedules to Profit and Loss account for the	Year ended Mar 31, 2010
3 SUNDRY DEBTORS	
Other debts	
Unsecured	
Considered good	15,20,35,951
	15,20,35,951
Less: Provision for doubtful debts	–
	15,20,35,951
4 CASH AND BANK BALANCES	
Cash on hand	22,450
Balances with non-scheduled banks in foreign currency	
In current accounts	6,51,16,163
	6,51,38,613
5 LOANS AND ADVANCES	
Advances	
Prepaid expenses	2,29,51,036
Unbilled revenues	1,46,44,577
Electricity and other deposits	6,73,500
	3,82,69,113
6 CURRENT LIABILITIES	
Sundry creditors	
Goods and services	35,80,920
Accrued salaries and benefits	
Bonus and incentives	3,29,42,929
For other liabilities	
Provision for expenses	4,78,91,430
Others	1,01,72,515
	9,45,87,794
Unearned revenue	3,98,63,923
	13,44,51,717
7 PROVISIONS	
Provision for	
Post-sales client support and warranties	1,01,95,668
Unavailed leave	48,29,916
	1,50,25,584
8 BUSINESS PROCESS MANAGEMENT EXPENSES	
Salaries and bonus including overseas staff expenses	30,12,63,405
Group health insurance	2,26,14,129
Staff welfare	11,35,953
Technical sub-contractors	7,75,82,539
Overseas travel expenses	22,45,486
Software packages	
For own use	31,58,298
Communication expenses	22,48,225
Computer maintenance	3,50,59,710
Consumables	7,13,100
Rent	1,12,57,123
Miscellaneous expenses	53,70,160
	46,26,48,128
9 SELLING AND MARKETING EXPENSES	
Salaries and bonus including overseas staff expenses	99,88,630
Group health insurance	1,78,301
Staff welfare	3,31,196
Overseas travel expenses	16,76,679
Travelling and conveyance	1,50,486

in Rs.

Schedules to Profit and Loss account for the	Year ended Mar 31, 2010
Commission and earnout charges	70,01,914
Brand building	5,69,980
Rent	2,38,604
Marketing expenses	1,07,705
Sales promotion expenses	1,59,732
Communication expenses	11,538
	2,04,14,765
10 GENERAL AND ADMINISTRATION EXPENSES	
Salaries and bonus including overseas staff expenses	3,05,61,369
Group health insurance	1,89,941
Telephone charges	10,12,616
Professional charges	22,91,189
Power and fuel	2,26,026
Travel and conveyance	6,42,649
Overseas travel expenses	10,33,688
Office maintenance	2,30,979
Printing and stationery	9,34,740
Donations	1,80,302
Rent	8,11,472
Repairs to plant and machinery	6,36,689
Rates and taxes	9,79,508
Postage and courier	38,22,688
Books and periodicals	94,104
Recruitment and training	54,502
Bank charges and commission	92,124
Auditor's remuneration	
Statutory audit fees	6,17,715
Miscellaneous expenses	40,82,832
	4,84,95,133
11 OTHER INCOME, NET	
Interest received on deposits with banks and others	98,061
	98,061

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

12. Significant accounting policies and Notes on accounts

Company overview

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

12.1. Significant accounting policies

12.1.1. Basis of preparation of financial statements

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

12.1.2. Use of estimates

The preparation of the Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the Financial Statements and reported amounts of income and expenses during the period. Examples of such estimates include computation of percentage of completion which requires the Company to estimate the efforts expended to date as a proportion of the total efforts to be expended, provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets and intangible assets. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the Financial Statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the Financial Statements.

12.1.3. Revenue recognition

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

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

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

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

12.1.5. Depreciation

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

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

12.1.6. Compensated absences

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

12.1.7. Provisions

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

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

12.1.8. Foreign currency transactions

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

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

12.1.9. Income taxes

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

12.1.10. Earnings per share

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

12.1.11. Cash and cash equivalents

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

12.1.12. Leases

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

12.2. Notes on accounts

12.2.1. Aggregate expenses

The aggregate amounts incurred on expenses are as follows:

in Rs.

	Year ended March 31,
	2010
Salaries and bonus including overseas staff expenses	36,31,09,918
Staff welfare	31,52,994
Foreign travel expenses	39,22,155
Consumables	48,05,926
Computer maintenance	3,50,59,727
Cost of software for own use	31,58,307
Communication expenses	32,72,362
Consultancy charges	7,75,82,531
Travel and conveyance	21,69,293
Rent	1,23,07,230
Printing and stationery	18,02,151
Legal and professional charges	22,91,169
Brand building	5,69,923
Recruitment and training expenses	4,72,391
Power and fuel	2,25,253
Insurance charges	36,78,703
Rates and taxes	9,77,258
Donations	1,80,287
Auditor's remuneration	
Audit fees	6,17,715
Bank charges and commission	91,979
Postage and courier	38,22,671
Marketing expenses	1,07,705
Sales promotion expenses	1,59,726
Other miscellaneous expenses	80,20,758
	53,15,58,132

12.2.2. Quantitative details

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

12.2.3. Related party transactions

List of related parties:

Name of Related parties	Country	Holding, as at March 31,	
		2010	2009
Infosys BPO Limited	India	100.00%	0.00%
Infosys Technologies Limited *	India	0.00%	0.00%

* Holding company of Infosys BPO Limited.

On December 4, 2009, Infosys BPO Limited acquired 100% of the voting interests in McCamish Systems LLC (McCamish), a business process solutions provider based in Atlanta, USA. The business acquisition was conducted by entering into Membership Interest Purchase Agreement for a cash consideration of Rs. 171 crore and a contingent consideration of Rs. 67 crore. The acquisition was completed during the year and accounted as a business combination which resulted in goodwill of Rs. 227 crore.

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

in Rs.

Particulars	As at March 31, 2010	2009
Sundry debtors		
Infosys Technologies Limited	97,63,056	–
Sundry creditors		
Infosys Technologies Limited	11,89,401	–

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

in Rs.

Particulars	Year ended March 31, 2010	2009
Capital transactions:		
Financing transactions		
Infosys BPO Limited	15,49,993	–
Revenue transactions:		
Sale of services		
Infosys Technologies Limited	80,35,068	–
Sale of shared services including facilities and personnel		
Infosys Technologies Limited	18,89,300	–
Purchase of shared services including facilities and personnel		
Infosys BPO Limited	23,90,915	–

12.2.4. Cash and bank balances

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

in Rs.

Balances with non-scheduled banks	As at March 31, 2010	2009
Cash balance	22,450	–
	22,450	–
In current accounts		
Wachovia Bank N.A, United States	6,51,16,163	–
	6,51,16,163	**–**
Total cash and bank balances as per balance sheet	**6,51,38,613**	**–**

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

in Rs.

Maximum balance with non-scheduled banks during the period	Year ended March 31, 2010	2009
In current accounts		
Wachovia Bank N.A, United States	23,90,23,722	–

12.2.5. Provision for SLA compliance

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

in Rs.

	As at March 31, 2010
Balance at the beginning of the period	–
Additional provision made during the period	1,01,95,668
Provision used during the period	–
Unused amounts reversed during the period	–
Balance at the end of the period	**1,01,95,668**

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

12.2.6. Segment reporting

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

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

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

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

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

Industry Segment

Year ended March 31, 2010

in Rs.

Particulars	Financial services	Manufacturing	Telecom	Retail	Others	Total
Revenues	**38,02,29,857**	–	–	–	–	**38,02,29,857**
Identifiable operating expenses	**3,72,164**	–	–	–	–	**3,72,164**
Allocated expenses	**53,11,85,862**	–	–	–	–	**53,11,85,862**
Segmental operating profit	**(15,13,28,169)**	–	–	–	–	**(15,13,28,169)**
Unallocable expenses						**2,38,96,325**
Operating profit						**(17,52,24,494)**
Other income net						**(14,86,108)**
Net profit before taxes						**(17,67,10,602)**
Taxes						–
Net profit after taxes						**(17,67,10,602)**

Geographical segments

Year ended March 31, 2010

in Rs.

Particulars	United States of America	Europe	Others	Total
Revenues	**38,02,29,857**	–	–	**38,02,29,857**
Identifiable operating expenses	**3,72,164**	–	–	**3,72,164**
Allocated expenses	**53,11,85,862**	–	–	**53,11,85,862**
Segmental operating profit	**(15,13,28,169)**	–	–	**(15,13,28,169)**
Unallocable expenses				**2,38,96,325**
Operating profit				**(17,52,24,494)**
Other income net				**(14,86,108)**
Net profit before taxes				**(17,67,10,602)**
Taxes				–
Net profit after taxes				**(17,67,10,602)**