

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

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, 2012, the Profit and Loss account ('Financial Statement') 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. These 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:

- a. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
- b. 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;
- c. The Balance Sheet and the Profit and Loss account dealt with by this report are in agreement with the books of accounts;
- d. 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.
 1. in the case of the Balance Sheet, of the State of affairs of the Company as at March 31, 2012; and
 2. in the case of Profit and Loss account, of the Profit of the Company for the year ended on that date.

for Shenoy & Kamath
Chartered Accountants
Firm's Registration No. 0066735

M. Rathnakar Kamath
Partner
Membership No. 202841

Bangalore
April 13, 2012

Balance Sheet

Particulars	Note	As at March 31,	
		2012	2011
in ₹			
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	3,93,50,000	3,93,50,000
Reserves and surplus	2.2	121,35,53,665	75,58,83,554
		125,29,03,665	79,52,33,554
CURRENT LIABILITIES			
Trade payables		29,71,070	50,18,136
Other current liabilities	2.3	23,28,73,133	19,18,79,189
Short-term provisions	2.4	8,84,83,443	6,40,18,819
		32,43,27,646	26,09,16,144
		157,72,31,311	105,61,49,698
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.5	4,29,66,113	4,06,72,083
Intangible assets	2.5	35,20,12,240	35,20,12,240
Capital work-in-progress		–	4,59,578
		39,49,78,353	39,31,43,901
Long-term loans and advances	2.6	1,23,99,210	1,66,26,880
CURRENT ASSETS			
Trade receivables	2.7	51,41,85,838	30,14,90,730
Cash and cash equivalents	2.8	43,21,90,170	23,88,86,650
Short-term loans and advances	2.9	22,34,77,740	10,60,01,537
		116,98,53,748	64,63,78,917
		157,72,31,311	105,61,49,698
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	1 & 2		

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

As per our report attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration No. 006673S

M. Rathnakar Kamath
Partner
Membership No. 202841

Abraham Mathews
Director

Ritesh M. Idnani
Director

B. G. Srinivas
Director

Bangalore
April 13, 2012

Statement of Profit and Loss

in ₹

Particulars	Note	Year ending March 31,	
		2012	2011
Revenues from business process management services		191,67,36,026	140,03,70,324
Other income	2.10	4,43,50,296	45,66,439
Total revenue		196,10,86,322	140,49,36,763
EXPENSES			
Employee benefit expenses	2.11	98,45,72,324	80,79,30,602
Cost of technical sub-contractors	2.11	2,31,33,847	1,90,80,749
Travel expenses	2.11	10,55,93,469	11,63,84,917
Cost of software packages	2.11	40,38,674	–
Communication expenses	2.11	3,00,36,770	7,01,20,776
Professional charges	2.11	6,20,72,810	4,74,08,510
Office maintenance	2.11	3,41,00,688	4,67,75,501
Power and fuel	2.11	1,57,41,517	–
Insurance	2.11	25,38,769	21,77,890
Rent	2.11	10,02,85,891	7,79,09,304
Depreciation and amortization expenses	2.5	2,99,74,287	2,87,44,637
Other expenses	2.11	6,69,91,741	4,86,84,554
		145,90,80,787	126,52,17,440
PROFIT BEFORE TAX		50,20,05,535	13,97,19,323
Provision for taxation	2.12		
Current tax		8,48,89,341	2,53,02,906
		8,48,89,341	2,53,02,906
NET PROFIT AFTER TAX		41,71,16,194	11,44,16,417
Earnings per share			
Basic		83,423	22,883
Number of shares used in computing earnings per share			
Basic		5,000	5,000
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	1 & 2		

Note: The notes referred to above are an integral part of Statement of Profit and Loss.

As per our report attached

for Shenoy & Kamath

Chartered Accountants

Firm's Registration No. 006673S

M. Rathnakar Kamath

Partner

Membership No. 202841

Abraham Mathews

Director

Ritesh M. Idnani

Director

B. G. Srinivas

Director

Bangalore

April 13, 2012

Notes to the financial statements for the year ended March 31, 2012

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.

1. Significant accounting policies

1.1. Basis of preparation of financial statements

These financial statements are prepared under the historical cost convention, in accordance with Generally Accepted Accounting Principles (GAAP) in India on accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises accounting standards as specified in rule 3 of the Companies (Accounting Standards) Rules 2006, and the relevant provisions of the Companies Act, 1956 to the extent applicable. 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 that the Management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as of the date of the financial statements. Examples of such estimates includes 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, provision for doubtful debts, future obligations under employee retirement benefit plans, provision for income taxes, provision for Service Level Agreement (SLA) 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.

1.3. Revenue recognition

The Company derives its revenues primarily from business process management services, on time-and-material, fixed-price, fixed-time frame and unit-price basis. Revenue on time-and-material contracts is recognized as the related services are rendered and revenue from the end of the last billing to the Balance Sheet date is recognized as unbilled revenues. 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 percentage of completion method. When there is uncertainty as to measurement or ultimate collectability revenue recognition is postponed until such uncertainty is resolved. Revenues from unit-priced contracts are recognized as transactions are processed based on objective measures of output. 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 period in which such

losses become probable based on the current estimates. 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. 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.

Profit on sale of investment is recorded on the transfer of title from the Company and is determined as the difference between the sale price and the carrying value of the investment. Interest on deployment of surplus funds is recognized using time proportion method, based on underlying interest rates. Dividend income is recognized when the Company's right to receive dividend is established.

1.4. Expenditure

The cost of software user licenses purchased for rendering business process management services is charged to revenue when put to use. 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.

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

Fixed assets are stated at cost, after reducing accumulated depreciation and impairment up to 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 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 amortization and impairment. Goodwill on amalgamation is tested periodically for impairment.

1.6. 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 ₹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.

The Management estimates the useful lives for the various fixed assets as follows:

Building	15 years
Computer equipment	2 years
Office equipment	5 years
Furniture and fixtures	5 years

1.7. Foreign currency transactions

Revenue from overseas clients and collections deposited in bank accounts are recorded at the exchange rate as of the date of the respective transactions. Expenditure in foreign currency is accounted at the exchange rate prevalent when such expenditure is incurred. Disbursements made out of bank accounts are reported at a rate that approximates the actual monthly rate. Exchange differences are recorded when the amount actually received on sales or actually paid when expenditure is incurred is converted into Indian rupees. The exchange differences arising on foreign currency transactions are recognized as income or expense in the period in which they arise. Monetary assets and monetary liabilities denominated in foreign currency are translated at the exchange rate prevalent at the date of the Balance Sheet. The resulting difference is also recorded in the Profit and Loss account. 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.

1.8. 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, 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 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.

1.9. Income tax

Income taxes are computed using the tax effect accounting method, where taxes are accrued in the same period the related revenue and expenses arise. A provision is made for income tax for the period 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.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of an accounting period

based on prevailing enacted or substantively enacted regulations. Deferred tax assets in situation of unabsorbed depreciation and carry forward business losses exist, are recognized only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets, other than in situation of unabsorbed depreciation and carry forward business losses 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 Balance Sheet date. The income tax provision for the interim period is made based on the best estimate of the annual average tax rate expected to be applicable for the full fiscal year.

1.10. Provisions and contingent liability

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a present obligation that cannot be estimated reliably or a possible or present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made. Provisions are made for all known losses and liabilities and future unforeseeable factors that may affect the profit on fixed-price business process management contracts.

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.

1.11. Impairment of assets

The Management periodically assesses using external and internal sources, whether there is an indication that an asset (including goodwill) 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 i.e. the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if there has been a change in the estimates used to determine the recoverable amount since the last 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 the prior years.

1.12. Earnings per share

In determining earnings per share, the Company considers the net profit after tax. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year. Diluted earnings per share are computed using the weighted average number of basic and dilutive common equivalent shares outstanding during the year, except where the result would be anti-dilutive. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date.

1.13. Employee benefits

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 an 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.

2. Notes on accounts for the year ended March 31, 2012

2.1. Share capital

Particulars	As at March 31,	
	2012	2011
Authorized Share capital 5000 (5000) equity shares of PLN 500 each fully paid up	3,93,50,000	3,93,50,000
Issued, Subscribed and Paid Up Share capital 5000 (5000) equity shares of PLN 500 each fully paid up	3,93,50,000	3,93,50,000
	3,93,50,000	3,93,50,000

2.2. Reserves and surplus

Particulars	As at March 31,	
	2012	2011
Securities premium account	39,34,96,852	39,34,96,852
Foreign currency translation reserve	5,50,35,156	1,44,81,239
Balance in Profit and Loss account – Opening	34,79,05,463	23,34,89,046
Add: Profit during the year	41,71,16,194	11,44,16,417
Balance in Profit and Loss account – Closing	76,50,21,657	34,79,05,463
	121,35,53,665	75,58,83,554

2.3. Other current liabilities

Particulars	As at March 31,	
	2012	2011
Accrued salaries and benefits		
Salaries	2,80,42,680	2,67,49,950
Bonus and incentives	5,63,37,871	4,06,02,650
For other liabilities		
Provision for expenses	5,28,03,503	3,49,06,586
Withholding and other taxes	7,15,11,013	6,55,80,206
	20,86,95,067	16,78,39,392
Advances subsidy claim received	4,88,318	–
Unearned revenue	2,36,89,748	65,34,082
Mark to market gain on forward contract	–	1,75,05,715
	23,28,73,133	19,18,79,189

2.4. Short-term provisions

	As at March 31,	
	2012	2011
Provision for employee benefits		
Unavailed leave	4,07,02,168	3,95,04,262
Others		
Provision for		
Income taxes	4,03,39,223	1,23,52,593
SLA compliance	74,42,052	1,21,61,964
	8,84,83,443	6,40,18,819

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 as follows:

Particulars	As at March 31,	
	2012	2011
Balance at the beginning of the year	1,21,61,964	1,02,32,497
Additional provision made during the year	15,61,671	47,84,927
Provisions used during the year	–	–
Unused amount reversed during the year	62,81,583	28,55,460
Balance at the end of the year	74,42,052	1,21,61,964

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

2.5. Fixed assets

Particulars	Original cost			Depreciation and amortization			Net book value		
	Cost as at April 01, 2011	Additions during the period	Deletions during the period	Cost as at March 31, 2012	As at April 01, 2011	Charge for the period	Deductions during the period	As at March 31, 2012	As at March 31, 2011
Tangible assets :									
Leasehold improvements	63,49,966	5,72,519	—	69,22,485	6,97,364	36,81,205	(1,88,551)	45,67,120	23,55,365
Office equipment	4,11,83,574	32,38,343	—	4,44,21,917	2,54,38,168	83,41,231	(15,39,031)	3,53,18,430	91,03,487
Computer equipment	7,66,60,527	2,87,31,740	16,91,423	10,37,00,844	6,36,32,337	1,53,81,825	(19,16,400)	8,09,30,562	2,27,70,282
Furniture and fixtures	2,45,01,513	60,06,356	—	3,05,07,869	1,82,55,628	25,70,026	(9,45,236)	2,17,70,890	87,36,979
Vehicles	10,62,555	49,217	7,62,498	3,49,274	10,62,555	—	7,13,281	3,49,274	—
	14,97,58,135	3,85,98,175	24,53,921	18,59,02,389	10,90,86,052	2,99,74,287	(38,75,937)	14,29,36,276	4,29,66,113
Intangible assets :									
Goodwill	35,20,12,240	—	—	35,20,12,240	—	—	—	—	35,20,12,240
	35,20,12,240	—	—	35,20,12,240	—	—	—	—	35,20,12,240
Total	50,17,70,375	3,85,98,175	24,53,921	53,79,14,629	10,90,86,052	2,99,74,287	(38,75,937)	14,29,36,276	39,49,78,353
Previous year	47,69,00,310	2,66,65,980	17,95,915	50,17,70,375	8,03,67,713	2,87,44,637	26,298	10,90,86,052	39,26,84,323

2.6. Long-term loans and advances

Particulars	As at March 31,	
	2012	2011
Advance income tax	1,23,99,210	1,66,26,880
	1,23,99,210	1,66,26,880

2.7. Trade receivables

Particulars	As at March 31,	
	2012	2011
Debt outstanding for a period exceeding six months		
Unsecured		
Considered doubtful	37,35,577	6,894
Less: Provision for doubtful debts	37,35,577	6,894
	-	-
Other debts		
Unsecured		
Considered good ⁽¹⁾	51,41,85,838	30,14,90,730
Considered doubtful	6,54,671	4,56,436
	51,48,40,509	30,19,47,166
Less: Provision for doubtful debts	6,54,671	4,56,436
	51,41,85,838	30,14,90,730

⁽¹⁾ Of which are dues from subsidiary companies (Also Refer to Note 2.16)

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 as at the Balance Sheet date.

2.8. Cash and cash equivalents

Particulars	As at March 31,	
	2012	2011
Cash on hand	18,43,318	2,79,952
Balances with bank		
In current and deposit accounts	43,03,46,852	23,86,06,698
	43,21,90,170	23,88,86,650

The details of balances with banks as at March 31,2012 and March 31,2011 are as follows:

Balances with scheduled banks	As at March 31,	
	2012	2011
In current accounts		
Deutsche Bank – PLN account	1,21,79,481	1,18,20,599
Deutsche Bank – EUR account	61,06,379	3,40,542
Deutsche Bank, Esfund – PLN account	11,99,054	1,64,24,962
Deutsche Bank, EU subsidy	15,27,370	-
	2,10,12,284	2,85,86,103
In deposit account		
Deutsche Bank	40,93,34,568	21,00,20,595
	43,03,46,852	23,86,06,698

2.9. Short-term loans and advances

Particulars	As at March 31,	
	2012	2011
Unsecured, considered good		
Prepaid expenses	1,23,58,843	1,25,46,953
Loans to subsidiary	5,20,36,339	-
Withholding and other taxes receivables	6,21,17,401	5,66,13,194
	12,65,12,583	6,91,60,147
Unbilled revenue	1,88,30,244	-
Interest accrued but not due	3,94,292	1,11,803
Loans and advances to employees	1,15,40,939	94,78,016
Electricity and other deposits	41,90,290	19,22,355
Rental deposits	2,64,76,954	2,53,04,846
Customer recoverables	-	24,370
Mark to market loss on forward exchange contract	3,55,32,438	-
	22,34,77,740	10,60,01,537

2.10. Other income

Particulars	Year ended March 31,	
	2012	2011
Interest income	73,07,260	21,68,752
Miscellaneous income	89,75,257	15,78,847
Exchange differences	2,80,67,779	8,18,840
	4,43,50,296	45,66,439

2.11. Expenses

in ₹

Particulars	Year ended March 31,	
	2012	2011
Employee benefit expenses		
Salaries and bonus excluding overseas staff expenses	82,01,98,602	68,11,91,866
Staff welfare	2,91,58,060	1,99,91,584
Contribution to provident and other funds	13,52,15,662	10,67,47,152
	98,45,72,324	80,79,30,602
Cost of technical sub-contractors		
Consultancy charges	2,31,33,847	1,90,80,749
	2,31,33,847	1,90,80,749
Travel expenses		
Overseas travel expenses	10,55,71,072	11,63,84,917
Travelling expenses	22,397	–
	10,55,93,469	11,63,84,917
Cost of software for own use		
Cost of software for own use	40,38,674	–
	40,38,674	–
Communication expenses		
Communication expenses	3,00,36,770	7,01,20,776
	3,00,36,770	7,01,20,776
Professional charges		
Legal and professional charges	1,98,29,695	1,10,54,564
Auditor's remuneration		
Audit fees	16,18,020	9,95,278
Recruitment and training expenses	4,06,25,095	3,53,58,668
	6,20,72,810	4,74,08,510
Office expenses		
Printing and stationery	4,32,725	20,24,268
Office maintenance	3,36,67,963	4,47,51,233
	3,41,00,688	4,67,75,501
Power and fuel		
Power and fuel	1,57,41,517	–
	1,57,41,517	–
Insurance		
Insurance	25,38,769	21,77,890
	25,38,769	21,77,890
Rent		
Rent	10,02,85,891	7,79,09,304
	10,02,85,891	7,79,09,304
Other expenses		
Brand building and advertisement	86,44,888	95,74,813
Sales promotion expenses	36,73,441	18,05,662
Rates and taxes	1,61,92,374	1,29,00,120
Donations	7,82,069	11,61,989
Bank charges and commission	15,44,486	10,95,626
Postage and courier	1,87,07,959	1,66,49,527
Provision for doubtful debts	36,85,940	3,49,419
Other miscellaneous expenses	1,37,60,584	51,47,398
	6,69,91,741	4,86,84,554

2.12. Tax expense

in ₹

Particulars	Year ended March 31	
	2012	2011
Current tax		
Income taxes	8,48,89,341	2,53,02,906
	8,48,89,341	25,302,906

2.13. Leases

The lease rentals charged during the year is as follows:

in ₹

Particulars	Year ended March 31,	
	2012	2011
Lease rentals charged during the period	10,02,85,891	7,79,09,304

2.14. Contingent liabilities and commitments (to the extent not provided for)

in ₹

Particulars	As at March 31,	
	2012	2011
Contingent:		
Estimated amount of unexecuted capital contracts (net of advance and deposits)	1,01,54,968	–
Commitments:		
Forward contracts outstanding		
EUR / PLN	1,80,00,000	80,00,000
(Equivalent approximate in ₹)	(122,16,60,000)	(50,70,40,000)
USD / PLN	10,00,000	–
(Equivalent approximate in ₹)	(5,08,80,000)	–

As at the Balance Sheet date, the Company's net foreign currency exposure that is not hedged by a derivative instrument or otherwise is ₹ Nil (₹ Nil as at March 31, 2011).

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

in ₹

Particulars	As at March 31,	
	2012	2011
Not later than one month	13,57,40,000	6,33,80,000
Later than one month and not later than three months	32,23,60,000	9,50,70,000
Later than three months and not later than one year	81,44,40,000	34,85,90,000
	127,25,40,000	50,70,40,000

The Company recognized a profit on derivative financial instruments of ₹ 2,40,72,878 and a loss on derivative financial instruments of ₹ 53,061 during the year ended March 31, 2012 and March 31, 2011, respectively, which is included in other income.

2.15. 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 5(viii)(c) of general instructions for preparation of Statement of Profit and Loss as per revised Schedule VI to the Companies Act, 1956.

2.16. Related party transactions

List of related parties:

Name of the related party	Country	Holding as at March 31,	
		2012	2011
Infosys BPO Limited	India	100%	100%

Name of ultimate holding company	Country
Infosys Limited	India

Name of fellow subsidiaries	Country
Infosys BPO s.r.o. ⁽¹⁾	Czech Republic
McCamish Systems LLC ⁽¹⁾	U.S.
Portland Group Pty. Limited ⁽¹⁾	Australia
Portland Procurement Services Pty. Limited ⁽¹⁾	Australia
Infosys Consulting India Limited ⁽²⁾	India
Infosys Technologies (Australia) Pty. Limited ('Infosys Australia') ⁽²⁾	Australia
Infosys Technologies S. de R. L. de C. V. ('Infosys Mexico') ⁽²⁾	Mexico
Infosys Technologies (China) Co. Limited ('Infosys China') ⁽²⁾	China
Infosys Technologies (Shanghai) Co. Limited ('Infosys Shanghai') ⁽²⁾	China
Infosys Tecnologia do Brasil Ltda ('Infosys Brasil') ⁽²⁾	Brazil

⁽¹⁾ Wholly-owned subsidiaries of Infosys BPO Limited.

⁽²⁾ Wholly-owned subsidiaries of Infosys Limited.

The details of the related party transactions entered into by the Company, for the year ended March 31, 2012 and March 31, 2011 are as follows:

Particulars	Year ended March 31,	
	2012	2011
Capital transactions:		
Financial transactions		
Loans given		
McCamish Systems LLC	5,20,36,339	–
Revenue transactions:		
Purchase of services		
Infosys Limited	–	–
Infosys BPO s.r.o.	46,33,800	–
Purchase of shared services including facilities and personnel		
Infosys Limited	51,860	–
Infosys BPO Limited	2,67,431	–
Infosys BPO s.r.o.	9,10,964	–
Interest income		
McCamish Systems LLC	5,71,560	–
Sale of services		
Infosys Limited	7,89,14,173	19,78,456
Infosys BPO Limited	4,47,99,535	–
Infosys Brasil	–	1,84,54,166
Sale of shared services including facilities and personnel		
Infosys BPO s.r.o.	27,93,415	–
Infosys BPO Limited	2,29,108	–

Details of amounts due to or due from related party for the year ended March 31, 2012 and year ended March 31, 2011.

in ₹

Particulars	As at March 31,	
	2012	2011
Loans		
McCamish Systems, LLC	5,20,36,339	–
Debtors		
Infosys Limited	95,78,297	5,68,440
Infosys BPO Limited	3,36,35,133	–
Creditors		
Infosys Limited	–	6,68,204
Infosys BPO Limited	–	25,341

2.17. 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 and insurance (FSI), manufacturing (MFG), enterprises in energy, utilities and telecommunication services (ECS) and retail, logistics, consumer packaged goods, life sciences and healthcare enterprises (RCL). 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

For the years ending March 31, 2012 and March 31, 2011:

in ₹

Particulars	FSI	MFG	RCL	ECS	Total
Revenues	– 173,77,77,209	17,78,38,052		11,20,765	191,67,36,026
	– 130,13,32,988	9,81,13,667		9,23,669	140,03,70,324
Identifiable operating expenses	– 71,43,01,894	4,66,96,441		2,57,708	76,12,56,043
	– 59,43,09,163	4,57,34,885		7,44,059	64,07,88,107
Allocated expenses	– 60,57,63,091	6,16,81,184		4,06,182	66,78,50,457
	– 55,26,47,501	4,26,40,203		3,96,992	59,56,84,696
Segmental operating profit	– 41,77,12,224	6,94,60,427		4,56,875	48,76,29,526
	– 15,43,76,324	97,38,579		(2,17,382)	16,38,97,521
Unallocable expenses					2,99,74,287
					2,87,44,637
Profit before other income					45,76,55,239
					13,51,52,884
Other income, net					4,43,50,296
					45,66,439
Net profit before tax					50,20,05,535
					13,97,19,323
Tax expense					8,48,89,341
					2,53,02,906
Profit for the period					41,71,16,194
					11,44,16,417

Geographical segments

For the years ending March 31, 2012 and March 31, 2011:

in ₹

Particulars	North America	Europe	Others	Total
Revenues	6,05,14,444	168,62,93,523	16,99,28,059	191,67,36,026
	41,16,679	132,40,52,101	7,22,01,544	140,03,70,324
Identifiable operating expenses	89,68,744	67,06,32,484	8,16,54,815	76,12,56,043
	–	60,67,49,358	3,40,38,749	64,07,88,107
Allocated expenses	2,11,49,965	58,77,35,862	5,89,64,630	66,78,50,457
	17,69,318	56,43,07,618	2,96,07,760	59,56,84,696
Segmental operating profit	3,03,95,735	42,79,25,177	2,93,08,614	48,76,29,526
	23,47,361	15,29,95,125	85,55,035	16,38,97,521
Unallocable expenses				2,99,74,287
				2,87,44,637
Profit before other income				45,76,55,239
				13,51,52,884
Other income, net				4,43,50,296
				45,66,439
Net profit before tax				50,20,05,535
				13,97,19,323
Tax expense				8,48,89,341
				2,53,02,906
Profit for the period				41,71,16,194
				11,44,16,417

2.18. Function-wise classification of the Statement of Profit and Loss

in ₹

Particulars	Year ended March 31,	
	2012	2011
Revenues from business process management services	191,67,36,026	140,03,70,324
Cost of revenue	117,16,52,672	100,52,86,296
GROSS PROFIT	74,50,83,354	39,50,84,028
Selling and marketing expenses	1,31,01,679	51,66,805
General and administration expenses	24,43,52,149	22,59,58,433
	25,74,53,828	23,11,25,238
OPERATING PROFIT BEFORE DEPRECIATION	48,76,29,526	16,39,58,790
Depreciation	2,99,74,287	2,87,44,637
OPERATING PROFIT	45,76,55,239	13,52,14,153
Other income, net	4,43,50,296	45,05,170
PROFIT BEFORE TAX	50,20,05,535	13,97,19,323
Tax expense :		
Current tax	8,48,89,341	2,53,02,906
PROFIT FOR THE PERIOD	41,71,16,194	11,44,16,417

As per our report attached

for Shenoy & Kamath

Chartered Accountants

Firm's Registration No. 0066735

M. Rathnakar Kamath

Partner

Membership No. 202841

Abraham Mathews

Director

Ritesh M. Idnani

Director

B. G. Srinivas

Director

Bangalore

April 13, 2012

Financial statements of Infosys BPO s.r.o.

To

The Members of Infosys BPO s.r.o.

We have audited the attached Balance Sheet of Infosys BPO s.r.o. ('the Company') as at March 31, 2012, the Profit and Loss account ('Financial Statement') 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. These 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:

- a. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
- b. 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;
- c. The Balance Sheet and the Profit and Loss account dealt with by this report are in agreement with the books of accounts;
- d. 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.
 1. in the case of the Balance Sheet, of the State of affairs of the Company as at March 31, 2012; and
 2. in the case of Profit and Loss account, of the loss of the Company for the year ended on that date.

for Shenoy & Kamath
Chartered Accountants
Firm's Registration No. 0066735

M. Rathnakar Kamath
Partner
Membership No. 202841

Bangalore
April 13, 2012

Balance Sheet

Particulars	Note	As at March 31,	
		2012	2011
in ₹			
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	3,49,78,993	3,49,78,993
Reserves and surplus	2.2	30,30,71,280	28,37,62,401
		33,80,50,273	31,87,41,394
CURRENT LIABILITIES			
Trade payables		88,82,629	1,55,855
Other current liabilities	2.3	11,18,25,795	12,73,26,233
Short-term provisions	2.4	1,41,34,706	2,95,18,492
		13,48,43,130	15,70,00,580
		47,28,93,403	47,57,41,974
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.5	2,45,72,949	1,66,72,490
		2,45,72,949	1,66,72,490
Deferred tax assets (net)	2.6	–	63,26,583
Long-term loans and advances	2.7	2,68,33,165	1,76,02,987
		2,68,33,165	2,39,29,570
CURRENT ASSETS			
Trade receivables	2.8	13,93,90,638	15,16,42,608
Cash and cash equivalents	2.9	10,22,62,451	8,68,17,205
Short-term loans and advances	2.10	17,98,34,200	19,66,80,101
		42,14,87,289	43,51,39,914
		47,28,93,403	47,57,41,974
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS			
	1 & 2		

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

*As per our report attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration No. 006673S*

M. Rathnakar Kamath
Partner
Membership No. 202841

D. Swaminathan
Chairman Supervisory Board

Abraham Mathews
Director

Ritesh M. Idnani
Director

Bangalore
April 13, 2012

B. G. Srinivas
Director

Statement of Profit and Loss

in ₹

Particulars	Note	Year ending March 31,	
		2012	2011
Revenues from business process management services		57,25,83,219	55,86,98,102
Other income	2.11	1,66,48,630	(13,61,850)
Total revenue		58,92,31,849	55,73,36,252
EXPENSES			
Employee benefit expenses	2.12	41,69,04,319	36,01,68,744
Cost of technical sub-contractors	2.12	1,84,22,876	1,90,75,754
Travel expenses	2.12	2,23,29,688	4,22,09,491
Cost of software packages	2.12	(87,534)	24,73,585
Communication expenses	2.12	54,33,602	66,16,998
Professional charges	2.12	3,10,55,921	2,15,94,979
Office expenses	2.12	1,10,69,932	1,07,75,835
Power and fuel	2.12	1,27,03,793	1,21,20,018
Insurance charges	2.12	(13,93,096)	12,40,362
Rent	2.12	4,87,02,488	3,99,35,640
Depreciation expense	2.6	1,31,50,053	1,05,34,482
Other expenses	2.12	49,89,544	25,10,053
		58,32,81,586	52,92,55,941
PROFIT BEFORE TAX		59,50,263	2,80,80,311
Provision for taxation	2.13		
Current tax		25,88,104	1,25,96,716
Deferred tax		67,67,973	–
		93,56,077	1,25,96,716
PROFIT / (LOSS) FOR THE PERIOD		(34,05,814)	1,54,83,595
SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS	1 & 2		

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

As per our report attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration No. 006673S

M. Rathnakar Kamath
Partner
Membership No. 202841

D. Swaminathan
Chairman
Supervisory Board

Abraham Mathews
Director

Ritesh M. Idnani
Director

Bangalore
April 13, 2012

B. G. Srinivas
Director

Notes to the financial statements for the year ended March 31, 2012

Significant accounting policies and notes on accounts

Company overview

Infosys BPO s.r.o. is a leading provider of business process management services to organizations that outsource their business processes. Infosys BPO s.r.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 improves their competitive position by managing their business processes in addition to providing increased value.

1. Significant accounting policies

1.1. Basis of preparation of financial statements

These financial statements are prepared under the historical cost convention, in accordance with Generally Accepted Accounting Principles (GAAP) in India on accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises accounting standards as specified in rule 3 of the Companies (Accounting Standards) Rules 2006, and the relevant provisions of the Companies Act, 1956 to the extent applicable. 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 that the Management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as of the date of the financial statements. Examples of such estimates includes 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; provision for doubtful debts; future obligations under employee retirement benefit plans; provision for income taxes; provision for Service Level Agreement (SLA) 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.

1.3. Revenue recognition

The Company derives its revenues primarily from business process management services, on time-and-material, fixed-price, fixed-timeframe and unit-price basis. Revenue on time-and-material contracts is recognized as the related services are rendered and revenue from the end of the last billing to the Balance Sheet date is recognized as unbilled revenues. Revenue from fixed-price, fixed-timeframe contracts, where there is no uncertainty as to measurement and collectability of consideration, is recognized as per the percentage of completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Revenues from unit-priced contracts are recognized, as transactions are processed based on objective measures of output. 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 period in which such losses become probable, based on the current estimates. 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. 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 to the customer either as direct payments or as a reduction of payments due from customer.

Profit on sale of investment is recorded on the transfer of title from the Company and is determined as the difference between the sale price and the carrying value of the investment. Interest on deployment of surplus funds is recognized using time proportion method, based on underlying interest rates. Dividend income is recognized when the company's right to receive dividend is established.

1.4. Expenditure

The cost of software user licenses purchased for rendering business process management services is charged to revenue when put to use. 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.

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

Fixed assets are stated at cost, after reducing accumulated depreciation and impairment up to 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 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 amortization and impairment. Goodwill on amalgamation is tested periodically for impairment.

1.6. 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 ₹ 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.

The Management estimates the useful lives for the various fixed assets as follows:

Building	15 years
Computer equipment	2 years
Office equipment	5 years
Furniture and fixtures	5 years

1.7. Foreign currency transactions

Revenue from overseas clients and collections deposited in bank accounts are recorded at the exchange rate as of the date of the respective transactions. Expenditure in foreign currency is accounted at the exchange rate prevalent when such expenditure is incurred. Disbursements made out of bank accounts are reported at a rate that approximates the actual monthly rate. Exchange differences are recorded when the amount actually received on sales or actually paid when expenditure is incurred is converted into Indian rupees. The exchange differences arising on foreign currency transactions are recognized as income or expense in the period in which they arise. Monetary assets and monetary liabilities denominated in foreign currency are translated at the exchange rate prevalent at the date of the Balance Sheet. The resulting difference is also recorded in the Profit and Loss account. 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.

1.8. 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, 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 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.

1.9. Income tax

Income taxes are computed using the tax effect accounting method, where taxes are accrued in the same period the related revenue and expenses arise. A provision is made for income tax for the period 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.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on the prevailing

enacted or substantively enacted regulations. Deferred tax assets in situation of unabsorbed depreciation and carry forward business losses exist, are recognized only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets, other than in situation of unabsorbed depreciation and carry forward business losses 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 Balance Sheet date. The income tax provision for the interim period is made based on the best estimate of the annual average tax rate expected to be applicable for the full fiscal year.

1.10. Provisions and contingent liability

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a present obligation that cannot be estimated reliably or a possible or present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made. Provisions are made for all known losses and liabilities and future unforeseeable factors that may affect the profit on fixed-price business process management contracts.

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.

1.11. Earnings per share

In determining earnings per share, the Company considers the net profit after tax. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year. Diluted earnings per share are computed using the weighted average number of basic and dilutive common equivalent shares outstanding during the year, except where the result would be anti-dilutive. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date.

1.12. Employee benefits

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 an 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.

1.13. Impairment of assets

The Management periodically assesses using external and internal sources, whether there is an indication that an asset (including goodwill) 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, i.e. the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if there has been a change in the estimates used to determine the recoverable amount since the last 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.

2. Notes on accounts for the year ended March 31, 2012

2.1. Share capital

Particulars	As at March 31,	
	2012	2011
Authorized Share capital	3,49,78,993	3,49,78,993
Issued, Subscribed and Paid Up Share capital	3,49,78,993	3,49,78,993

2.2. Reserves and surplus

Particulars	As at March 31,	
	2012	2011
Foreign currency translation reserve	5,01,91,197	2,74,76,504
Balance in Profit and Loss account – opening balance	25,62,85,897	24,08,02,302
Add: Profit during the year	(34,05,814)	1,54,83,595
Balance in Profit and Loss account – closing balance	25,28,80,083	25,62,85,897
	30,30,71,280	28,37,62,401

2.3. Other current liabilities

Particulars	As at March 31,	
	2012	2011
Accrued salaries and benefits		
Salaries	3,68,63,747	3,49,18,801
Bonus and incentives	59,71,131	69,51,469
For other liabilities		
Provision for expenses	2,59,13,430	3,92,70,939
Withholding and other taxes	1,45,01,272	1,59,390
	8,32,49,580	8,13,00,599
Advances received from clients	–	9,30,467
Unearned revenue	1,04,18,865	4,50,95,167
Mark to market loss on forward exchange contract	1,81,57,350	–
	11,18,25,795	12,73,26,233

2.4. Short-term provisions

Particulars	As at March 31,	
	2012	2011
Provision for employee benefits		
Unavailed leave	1,27,04,860	96,14,863
Provision for		
Income taxes	–	1,63,21,080
SLA compliance	14,29,846	35,82,549
	1,41,34,706	2,95,18,492

Provision for SLA compliance

The provision for SLA 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 SLA is given below.

Particulars	As at March 31,	
	2012	2011
Balance at the beginning of the year	35,82,549	35,23,273
Additional provision made during the year	26,40,881	16,23,852
Provisions used during the year	–	–
Unused amount reversed during the year	47,93,584	15,64,576
Balance at the end of the period	14,29,846	35,82,549

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

2.5. Fixed assets

Particulars	Original cost		Depreciation and amortization		Net book value	
	Cost as at April 01, 2011	Cost as at March 31, 2012	As at April 01, 2011	Charge for the Period	As at March 31, 2012	As at March 31, 2011
Tangible assets:						
Leasehold improvements	1,67,56,667	12,34,018	1,29,35,300	21,14,275	1,60,78,858	38,21,367
Plant and machinery	73,00,105	51,31,444	48,92,575	17,70,248	70,71,331	24,07,530
Computer equipment	4,96,57,352	1,62,06,869	4,42,50,147	53,61,979	5,25,71,393	54,07,205
Furniture and fixtures	1,79,64,128	47,31,986	1,29,27,740	39,03,551	1,78,91,469	50,36,388
Total	9,16,78,252	2,73,04,317	7,50,05,762	1,31,50,053	9,36,13,051	1,66,72,490
Previous year	7,83,49,899	1,36,61,612	5,93,82,555	1,05,34,482	7,50,05,762	—

in ₹

2.6. Deferred tax assets

	As at March 31,	
	2012	2011
Deferred tax assets		
Unavailed leave	–	18,26,823
Others	–	44,99,760
	–	63,26,583

2.7. Long-term loans and advances

	As at March 31,	
	2012	2011
Rental deposits	1,22,26,955	1,13,88,283
Advance income tax	1,46,06,210	62,14,704
	2,68,33,165	1,76,02,987

2.8. Trade receivables

Particulars	As at March 31,	
	2012	2011
Other debts		
Unsecured		
Considered good ⁽¹⁾	13,93,90,638	15,16,42,608
	13,93,90,638	15,16,42,608
⁽¹⁾ Of which are dues from subsidiary companies (Also Refer to Note 2.16)	1,24,77,540	1,01,80,339

Provision for doubtful debts

Periodically, the Company evaluates all customer dues for collectability. The need for provision is assessed based on various factors including collectability of specific dues, risk perceptions of the industry in which the customer operates and 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 as at the Balance Sheet date. As at March 31, 2012 the Company has not provided for doubtful debts since there are no outstandings due from customers exceeding 180 days.

2.9. Cash and cash equivalents

Particulars	As at March 31,	
	2012	2011
Cash on hand	21,922	3,27,059
Balances with bank		
In current and deposit accounts	10,22,40,529	8,64,90,146
	10,22,62,451	8,68,17,205

The details of balances with banks as at March 31, 2012 and March 31, 2011 are as follows:

Balances with scheduled banks	As at March 31,	
	2012	2011
In current accounts		
Deutsche bank – USD account	2,06,17,440	4,41,843
Deutsche bank – EUR account	1,19,93,011	1,86,826
Deutsche bank – CZK account	1,09,47,575	77,37,353
Citibank – subsidy account	7,892	7,890
Citibank – CZK account	91,32,286	1,16,21,236
Citibank – USD account	77,80,614	18,19,019
Citibank – EUR account	4,17,61,711	30,83,226
In deposit account		
Citibank, N.A.	–	6,15,92,753
	10,22,40,529	8,64,90,146

2.10. Short-term loans and advances

Particulars	As at March 31,	
	2012	2011
Unsecured, considered good		
Prepaid expenses	71,737	–
Advances for goods and services	39,40,707	54,78,125
Loan to subsidiary	15,52,03,300	17,72,14,658
Withholding and other taxes receivable	–	45,37,660
	15,92,15,744	18,72,30,443
Unbilled revenue	1,45,16,418	–
Interest accrued but not due	–	6,465
Loans and advances to employees	43,94,402	78,86,703
Electricity and other deposits	17,07,636	15,56,490
	17,98,34,200	20,28,94,805

2.11. Other income

Particulars	Year ending March 31,	
	2012	2011
Miscellaneous income, net	1,26,85,423	1,16,83,011
Gains / (losses) on foreign currency, net	39,63,207	(1,30,44,861)
	1,66,48,630	(13,61,850)

2.12. Expenses

Particulars	Year ending March 31,	
	2012	2011
Employee benefit expenses		
Salaries and bonus excluding overseas staff expenses	31,63,77,410	26,43,71,745
Staff welfare	1,02,00,487	93,33,929
Contribution to provident and other funds	9,03,26,422	8,64,63,070
	41,69,04,319	36,01,68,744
Cost of technical sub-contractors		
Consultancy charges	1,84,22,876	1,90,75,754
	1,84,22,876	1,90,75,754
Travel expenses		
Overseas travel expenses	2,23,29,688	4,22,09,491
	2,23,29,688	4,22,09,491
Cost of software packages		
Cost of software for own use	(87,534)	24,73,585
	(87,534)	24,73,585
Communication expenses		
Communication expenses	54,33,602	66,16,998
	54,33,602	66,16,998
Professional charges		
Legal and professional charges	51,68,780	37,66,510

in ₹

Particulars	Year ending March 31,	
	2012	2011
Auditor's remuneration		
Audit fees	9,73,873	10,40,609
Recruitment and training expenses	2,49,13,268	1,67,87,860
	3,10,55,921	2,15,94,979
Office expenses		
Computer maintenance	2,76,633	84,204
Printing and stationery	3,99,024	10,14,615
Office maintenance	1,03,94,275	96,77,016
	1,10,69,932	2,15,94,979
Power and fuel		
Power and fuel	1,27,03,793	1,21,20,018
	1,27,03,793	1,21,20,018
Insurance		
Insurance	(13,93,096)	12,40,362
	(13,93,096)	12,40,362
Rent		
Rent	4,87,02,488	3,99,35,640
	4,87,02,488	3,99,35,640
Other expenses		
Consumables	5,71,974	1,67,066
Brand building and advertisement	4,35,624	9,09,400
Sales promotion expenses	1,49,035	50,555
Rates and taxes	1,85,942	1,89,488
Donations	23,573	–
Bank charges and commission	9,20,501	5,96,543
Postage and courier	1,45,570	13,08,765
Provision for doubtful debts	–	(1,73,117)
Professional membership and seminar participation fees	44,540	92,607
Other miscellaneous expenses	25,12,785	(6,31,254)
	49,89,544	25,10,053

2.13. Tax expenses

in ₹

Particulars	Year ending March 31,	
	2012	2011
Current tax		
Income taxes	(25,88,104)	1,25,96,716
Deferred tax	67,67,973	–
	93,56,077	1,25,96,716

2.14. Commitments and contingent liabilities

in ₹

Particulars	As at March 31,	
	2012	2011
Sell: Forward contracts outstanding		
USD / CZK	4,00,00,000	–
(Equivalent approximate in ₹)	(20,35,20,000)	–
Buy: Forward Contracts outstanding		
USD / CZK	1,91,11,000	–
(Equivalent approximate in ₹)	(5,29,37,470)	–

As at the Balance Sheet date, the Company's net foreign currency exposure that is not hedged by a derivative instrument or otherwise is ₹ Nil (₹ Nil as at March 31, 2011).

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

in ₹

Particulars	As at March 31,	
	2012	2011
Not later than one month	–	–
Later than one month and not later than three months	25,64,57,470	–
Later than three months and not later than one year	–	–
	25,64,57,470	–

The company recognized a loss on derivative financial instruments of ₹ 1,81,57,350 and a gain on derivative financial instruments of ₹ Nil during the year ended March 31, 2012 and March 31, 2011, respectively, which is included in other income.

2.15. 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 Statement of Profit and Loss as per revised Schedule VI to the Companies Act, 1956.

2.16. Related party transactions

List of related parties:

Name of the related party	Country	Holding as at March 31,	
		2012	2011
Infosys BPO Limited	India	100%	100%
Name of Ultimate Holding Company		Country	
Infosys Limited		India	
Name of Fellow Subsidiaries		Country	
Infosys BPO Poland Sp.Z.o.o ⁽¹⁾		Poland	
Infosys BPO (Thailand) Limited ⁽¹⁾		Thailand	
McCamish Systems LLC ⁽¹⁾		U.S.	
Portland Group Pty. Limited ⁽¹⁾		Australia	
Portland Procurement Services Pty. Limited ⁽¹⁾		Australia	
Infosys Consulting India Limited ⁽²⁾		India	
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) ⁽²⁾		Australia	
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico) ⁽²⁾		Mexico	
Infosys Technologies (China) Co. Limited (Infosys China) ⁽²⁾		China	
Infosys Technologies (Shanghai) Co. Limited (Infosys Shanghai) ⁽²⁾		China	
Infosys Tecnologia do Brasil Ltda (Infosys Brasil) ⁽²⁾		Brazil	

⁽¹⁾ Wholly-owned subsidiaries of Infosys BPO Limited. During the year ended March 31, 2011 Infosys BPO (Thailand) Limited was liquidated.

⁽²⁾ Wholly-owned subsidiaries of Infosys Limited.

The details of the related party transactions entered into by the company, for the year ended March 31, 2012 and March 31, 2011 are as follows:

Particulars	Year ending March 31,	
	2012	2011
Revenue transactions:		
Purchase of shared services including facilities and personnel		
Infosys Limited	16,810	11,19,461
Infosys BPO Limited	11,66,896	84,80,901
Infosys BPO Poland Sp.Z.o.o	27,49,659	2,57,043
Interest income		
McCamish Systems LLC	24,33,322	–
Sale of services		
Infosys Limited	15,55,98,534	20,36,589
Infosys BPO Limited	–	10,36,368
Infosys BPO Poland Sp.Z.o.o	45,55,324	–

Note: Details of amounts due to or due from related parties as at March 31, 2012 and March 31, 2011.

Particulars	As at March 31,	
	2012	2011
Loans		
McCamish Systems LLC	15,52,03,300	17,72,14,658
Debtors		
Infosys Limited	1,24,77,540	1,01,80,339
	1,24,77,540	
Creditors		
Infosys Limited	–	48,979
Infosys BPO Limited	–	41,938

2.17. 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 and insurance (FSI), manufacturing (MFG), enterprises in energy, utilities and telecommunication services (ECS) and retail, logistics, consumer packaged goods, life sciences and healthcare enterprises (RCL). 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

For the years ending **March 31, 2012** and **March 31, 2011**:

in ₹

Particulars	FSI	MFG	RCL	ECS	Total
Revenues	7,93,51,370	34,43,44,652	13,66,88,073	1,21,99,124	57,25,83,219
	7,97,13,790	42,03,54,005	5,78,80,592	7,49,715	55,86,98,102
Identifiable operating expenses	5,76,29,451	18,41,25,634	5,49,72,359	61,79,872	30,29,07,316
	3,60,57,915	23,18,58,060	4,42,43,828	7,61,858	31,29,21,661
Allocated expenses	3,62,54,765	15,85,94,780	6,77,91,682	45,82,990	26,72,24,217
	2,84,64,149	16,06,80,533	1,62,61,028	3,94,088	20,57,99,798
Segmental operating profit	(1,45,32,846)	16,24,238	1,39,24,032	14,36,262	24,51,686
	1,51,91,726	2,78,15,412	(26,24,264)	(4,06,241)	3,99,76,643
Unallocable expenses					1,31,50,053
					1,05,34,482
Profit / (Loss) before other income					(1,06,98,367)
					2,94,42,161
Other income					1,66,48,630
					(13,61,850)
Profit / (Loss) before tax					59,50,263
					2,80,80,311
Tax expenses					93,56,077
					1,25,96,716
Profit / (Loss) for the period					(34,05,814)
					1,54,83,595

Geographical segments

For the years ending **March 31, 2012** and **March 31, 2011**:

in ₹

Particulars	North America	Europe	Total
Revenues	17,76,46,139	39,49,37,080	57,25,83,219
	8,98,79,088	46,88,19,014	55,86,98,102
Identifiable operating expenses	7,30,90,335	22,98,16,981	30,29,07,316
	6,16,95,625	25,12,26,036	31,29,21,661
Allocated expenses	8,86,87,012	17,85,37,205	26,72,24,217
	2,86,86,701	17,71,13,097	20,57,99,798
Segmental operating profit	1,58,68,792	(1,34,17,106)	(24,51,686)
	(5,03,238)	4,04,79,872	3,99,76,643
Unallocable expenses			1,31,50,053
			1,05,34,482
Profit / (Loss) before other income			(1,06,98,367)
			2,94,42,161
Other income			1,66,48,630
			(13,61,850)
Profit / (Loss) before tax			59,50,263
			2,80,80,311
Tax expenses			93,56,077
			1,25,96,716
Profit / (Loss) for the period			(34,05,814)
			1,54,83,595

2.24. Function-wise classification of the Statement of Profit and Loss

in ₹

Particulars	Year ending March 31,	
	2012	2011
Revenues from business process management services	57,25,83,219	55,86,98,102
Cost of revenue	50,43,92,036	45,91,36,992
GROSS PROFIT	6,81,91,183	9,95,61,110
Selling and marketing expenses	13,77,212	16,20,972
General and administration expenses	6,43,62,285	5,78,50,464
	6,57,39,497	5,94,71,436
OPERATING PROFIT BEFORE DEPRECIATION	24,51,686	4,00,89,674
Depreciation	1,31,50,053	1,05,34,482
OPERATING PROFIT / (LOSS)	(1,06,98,367)	2,95,55,192
Other income, net	1,66,48,630	(14,74,881)
PROFIT BEFORE TAX	59,50,263	2,80,80,311
Tax expense :		
Current tax	93,56,077	1,25,96,716
PROFIT / (LOSS) FOR THE PERIOD	(34,05,814)	1,54,83,595

As per our report attached

for Shenoy & Kamath

Chartered Accountants

Firm's Registration No. 0066735

M. Rathnakar Kamath

Partner

Membership No. 202841

Bangalore

April 13, 2012

D. Swaminathan

Chairman

Supervisory Board

B. G. Srinivas

Director

Abraham Mathews

Director

Ritesh M. Idnani

Director

Financial statements of McCamish Systems LLC

To

The Members of McCamish Systems LLC

We have audited the attached Balance Sheet of McCamish Systems LLC('the Company') as at March 31, 2012, the Profit and Loss account('Financial Statement') 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. These 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:

- a. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
- b. 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;
- c. The Balance Sheet and the Profit and Loss account dealt with by this report are in agreement with the books of accounts;
- d. 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.
 1. in the case of the Balance Sheet, of the State of affairs of the company as at March 31, 2012; and
 2. in the case of Profit and Loss account, of the loss of the company for the year ended on that date.

for Shenoy & Kamath
Chartered Accountants
Firm's Registration No. 006673S

(M. Rathnakar Kamath)
Partner
Membership No. 202841

Bangalore
April 13, 2012

Balance Sheet

Particulars	Note	As at March 31,	
		2012	2011
<i>in ₹</i>			
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	147,52,47,854	115,06,82,854
Reserves and surplus	2.2	(147,52,80,161)	(120,71,82,789)
		(32,307)	(5,64,99,935)
NON-CURRENT LIABILITIES			
Long-term provisions	2.3	4,57,92,000	–
		4,57,92,000	–
CURRENT LIABILITIES			
Trade payables		11,61,82,038	2,12,56,430
Other current liabilities	2.4	33,19,48,650	28,68,42,667
Short-term provisions	2.5	1,20,77,589	1,04,37,297
		46,02,08,277	31,85,36,394
		50,59,67,970	26,20,36,459
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.6	5,65,03,411	4,22,64,310
		5,65,03,411	4,22,64,310
CURRENT ASSETS			
Trade receivables	2.8	31,96,04,857	15,34,13,460
Cash and cash equivalents	2.9	3,08,66,556	1,41,20,624
Short-term loans and advances	2.10	9,89,93,146	5,22,38,065
		44,94,64,559	21,97,72,149
		50,59,67,970	26,20,36,459
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	1 & 2		

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

*As per our report attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration No. 006673S*

M. Rathnakar Kamath
Partner
Membership No. 202841

D. Swaminathan
Chairman

Gordon Beckam
Chief Executive Officer

Eric S. Paternoster
Director

Bangalore
April 13, 2012

Ritesh M. Idnani
Director

Sam Thomas
Director

Statement of Profit and Loss

in ₹

Particulars	Note	Year ending March 31,	
		2012	2011
Revenues from business process management services		187,12,66,530	149,87,76,205
Other income	2.11	(60,04,163)	(10,57,460)
Total revenue		186,52,62,367	149,77,18,745
EXPENSES			
Employee benefit expenses	2.12	107,53,22,111	98,12,39,405
Cost of technical sub-contractors	2.12	68,27,33,001	33,28,60,033
Travel expenses	2.12	2,67,98,014	2,95,86,799
Cost of software packages	2.12	4,70,77,050	3,01,07,190
Communication expenses	2.12	2,42,63,158	1,08,24,807
Professional charges	2.12	1,33,09,524	7,62,20,973
Office expenses	2.12	7,79,95,679	11,22,91,322
Power and fuel	2.12	18,89,481	14,80,341
Insurance charges	2.12	56,87,616	91,35,713
Rent	2.12	3,31,08,463	3,23,08,734
Depreciation	2.6	5,09,82,903	3,33,75,215
Other expenses	2.12	6,65,94,357	4,51,32,227
		210,57,61,357	169,45,62,759
LOSS FOR THE PERIOD		(24,04,98,990)	(19,68,44,014)
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	1 & 2		

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

*As per our report attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration No. 006673S*

M. Rathnakar Kamath
Partner
Membership No. 202841

D. Swaminathan
Chairman

Gordon Beckam
Chief Executive Officer

Eric S. Paternoster
Director

Bangalore
April 13, 2012

Ritesh M. Idnani
Director

Sam Thomas
Director

Notes to the financial statements for the year ended March 31, 2012

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.

1. Significant accounting policies

1.1. Basis of preparation of financial statements

These financial statements are prepared under the historical cost convention, in accordance with Generally Accepted Accounting Principles (GAAP) in India on accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises accounting standards as specified in rule 3 of the Companies (Accounting Standards) Rules 2006, and the relevant provisions of the Companies Act, 1956 to the extent applicable. 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 that the Management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as of the date of the financial statements. Examples of such estimates includes 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, provision for doubtful debts, future obligations under employee retirement benefit plans, provision for income taxes, provision for Service Level Agreement (SLA) 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.

1.3. Revenue recognition

The Company derives its revenues primarily from business process management services, on time-and-material, fixed-price, fixed-time frame and unit-price basis. Revenue on time-and-material contracts is recognized as the related services are rendered and revenue from the end of the last billing to the Balance Sheet date is recognized as unbilled revenues. 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 percentage of completion method. When there is uncertainty as to measurement or ultimate collectability revenue recognition is postponed until such uncertainty is resolved. Revenues from unit-priced contracts are recognized as transactions are processed based on objective measures of output. 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 period in which such losses become probable based on the current estimates. 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. 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.

Profit on sale of investment is recorded on the transfer of title from the Company and is determined as the difference between the sale price and the carrying value of the investment. Interest on deployment of surplus funds is recognized using time proportion method, based on underlying interest rates. Dividend income is recognized when the Company's right to receive dividend is established.

1.4. Expenditure

The cost of software user licenses purchased for rendering business process management services is charged to revenue when put to use. 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.

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

Fixed assets are stated at cost, after reducing accumulated depreciation and impairment up to 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 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 amortization and impairment. Goodwill on amalgamation is tested periodically for impairment.

1.6. 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 ₹ 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.

The Management estimates the useful lives for the various fixed assets as follows :

Building	15 years
Computer equipment	2 years
Office equipment	5 years
Furniture and fixtures	5 years

1.7. Foreign currency transactions

Revenue from overseas clients and collections deposited in bank accounts are recorded at the exchange rate as of the date of the respective transactions. Expenditure in foreign currency is accounted at the exchange rate prevalent when such expenditure is incurred. Disbursements made out of bank accounts are reported at a rate that approximates the actual monthly rate. Exchange differences are recorded when the amount actually received on sales or actually paid when expenditure is incurred is converted into Indian rupees. The exchange differences arising on foreign currency transactions are recognized as income or expense in the period in which they arise. Monetary assets and monetary liabilities denominated in foreign currency are translated at the exchange rate prevalent at the date of the Balance Sheet. The resulting difference is also recorded in the Profit and Loss account. 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.

1.8. Impairment of assets

The Management periodically assesses using external and internal sources, whether there is an indication that an asset (including goodwill) 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 i.e. the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if there has been a change in the estimates used to determine the recoverable amount since the last 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 the prior years.

1.9. Employee benefits

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 an 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. Income tax

Income taxes are computed using the tax effect accounting method, where taxes are accrued in the same period the related revenue and expenses arise. A provision is made for income tax for the period 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.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on prevailing enacted or substantively enacted regulations. Deferred tax assets in situation of unabsorbed depreciation and carry forward business losses exist, are recognized only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets, other than in situation of unabsorbed depreciation and carry forward business losses 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 Balance Sheet date. The income tax provision for the interim period is made based on the best estimate of the annual average tax rate expected to be applicable for the full fiscal year.

1.11. Provisions and contingent liability

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a present obligation that cannot be estimated reliably or a possible or present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made. Provisions are made for all known losses and liabilities and future unforeseeable factors that may affect the profit on fixed-price business process management contracts.

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.

2. Notes on accounts for the year ended March 31, 2012

2.1. Share capital

Particulars	As at March 31,	
	2012	2011
Authorized Share capital	147,52,47,854	115,06,82,854
Issued, Subscribed and Paid Up Share capital	147,52,47,854	115,06,82,854

2.2. Reserves and surplus

Particulars	As at March 31,	
	2012	2011
Foreign currency translation reserve	(2,49,15,650)	26,82,732
Balance in Profit and Loss account – Opening balance	(120,98,65,521)	(101,30,21,507)
Add: Loss during the year	(24,04,98,990)	(19,68,44,014)
Balance in Profit and Loss account – Closing balance	(145,03,64,511)	(120,98,65,521)
	(147,52,80,161)	(120,71,82,789)

2.3. Long-term provisions

Particulars	As at March 31,	
	2012	2011
Provision for expenses	4,57,92,000	–
	4,57,92,000	–

2.4. Other current liabilities

Particulars	As at March 31,	
	2012	2011
Accrued salaries and benefits		
Salaries	1,20,98,552	2,20,61,265
For other liabilities		
Provision for expenses	9,00,82,226	6,08,23,374
Withholding and other taxes receivable	6,13,307	3,23,400
	10,27,94,085	8,32,08,039
Unearned revenue	2,37,55,567	2,62,88,643
Loans from subsidiary	20,53,98,998	17,73,45,985
	33,19,48,650	28,68,42,667

2.5. Short-term provisions

Particulars	As at March 31,	
	2012	2011
Provision for SLA compliance	1,20,77,589	1,04,37,297
	1,20,77,589	1,04,37,297

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:

Particulars	As at March 31,	
	2012	2011
Balance at the beginning of the year	1,04,37,297	1,01,95,668
Additional provision made during the year	54,76,904	24,29,181
Provisions used during the year	–	–
Unused amount reversed during the year	38,36,612	21,87,552
Balance at the end of the year	1,20,77,589	1,04,37,297

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

2.6. Fixed assets

Particulars	Original cost		Depreciation and amortization			Net book value	
	Cost as at April 01, 2011	Additions during the period	Deletions during the period	Charge for the period	As at March 31, 2012	As at March 31, 2012	As at March 31, 2011
Tangible assets:							
Leasehold improvements	22,04,395	3,10,400	–	7,70,147	18,92,532	6,22,263	12,59,517
Office equipment	16,28,742	41,51,328	–	5,35,200	11,49,125	46,30,945	11,11,015
Computer equipment	8,39,83,811	6,97,75,452	17,32,621	4,61,07,942	10,30,62,579	4,89,64,063	3,45,79,903
Furniture and fixtures	1,00,80,600	14,19,399	–	35,69,614	(8,77,520)	22,86,140	53,13,875
	9,78,97,548	7,56,56,579	17,32,621	5,09,82,903	11,53,18,095	5,65,03,411	4,22,64,310
Previous year	5,63,21,685	4,15,75,863	–	3,33,75,215	9,16,166	4,22,64,310	

2.7. Leases

The lease rentals charged during the year is as follows:

Particulars	Year ending March 31,	
	2012	2011
Lease rentals charged during the period	3,31,08,463	3,23,08,734

2.8. Trade receivables

Particulars	As at March 31,	
	2012	2011
Other debts		
Unsecured		
Considered good ⁽¹⁾	31,96,04,857	15,34,13,460
	31,96,04,857	15,34,13,460
⁽¹⁾ Of which dues from holding company and fellow subsidiaries (Also Refer to Note 2.16)	17,07,168	446

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 as at the Balance Sheet date. As at March 31, 2012, the Company has not provided for doubtful debts since there are no outstandings due from customers exceeding 180 days.

2.9. Cash and cash equivalents

Particulars	As at March 31,	
	2012	2011
Cash on hand	-	-
Balances with bank		
In current and deposit accounts	3,08,66,556	1,41,20,624
	3,08,66,556	1,41,20,624

The details of balances with banks as at March 31, 2012 and March 31, 2011 are as follows:

Balances with scheduled banks	As at March 31,	
	2012	2011
In current accounts		
Bank of America – US \$	3,06,12,156	1,38,97,624
Bank of America – US \$ – Trust Funds	2,54,400	2,23,000
	3,08,66,556	1,41,20,624

2.10. Short-term loans and advances

Particulars	As at March 31,	
	2012	2011
Unsecured, considered good		
Prepaid expenses	2,56,17,368	2,10,01,538
Advances for goods and services	11,25,262	10,73,879
	2,67,42,630	2,20,75,417
Unbilled revenue	7,11,39,653	2,94,71,645
Loans and advances to employees	3,47,663	22,003
Electricity and other deposits	7,63,200	6,69,000
	9,89,93,146	5,22,38,065

2.11. Other income

Particulars	Year ending March 31,	
	2012	2011
Interest income / (expenses)	(51,07,360)	(11,36,260)
Miscellaneous income	(4,25,886)	92,785
Exchange differences	(13,22,689)	(13,985)
	(60,04,163)	(10,57,460)

2.12. Expenses

Particulars	Year ending March 31,	
	2012	2011
Employee benefit expenses		
Salaries and bonus excluding overseas staff expenses	106,96,26,807	97,56,75,319
Staff welfare	56,95,304	55,64,086
	107,53,22,111	98,12,39,405
Cost of technical sub-contractors		
Consultancy charges	68,27,33,001	33,28,60,033
	68,27,33,001	33,28,60,033
Travel expenses		
Overseas travel expenses	2,58,20,873	2,62,36,105
Travelling expenses	9,77,141	33,50,694
	2,67,98,014	2,95,86,799
Cost of software packages		
Cost of software for own use	4,70,77,050	3,01,07,190
	4,70,77,050	3,01,07,190
Communication expenses		
Communication expenses	2,42,63,158	1,08,24,807
	2,42,63,158	1,08,24,807
Professional charges		
Legal and professional charges	86,55,391	7,39,79,344
Auditor's remuneration		
Audit fees	14,58,557	12,00,490
Recruitment and training expenses	25,30,696	10,41,139
	1,26,44,644	7,62,20,973
Office expenses		
Computer maintenance	7,67,81,833	10,76,68,535
Printing and stationery	4,50,169	35,39,305
Office maintenance	7,63,677	10,83,482
	7,79,95,679	11,22,91,322
Power and fuel		
Power and fuel	18,89,481	14,80,341
	18,89,481	14,80,341
Insurance		
Insurance	56,87,616	91,35,713
	56,87,616	91,35,713
Rent		
Rent	3,31,08,463	3,23,08,734
	3,31,08,463	3,23,08,734
Other expenses		
Consumables	31,37,173	15,87,113
Brand building and advertisement	33,34,751	24,55,441
Marketing expenses	4,32,392	10,79,918
Rates and taxes	51,59,696	28,32,921
Bank charges and commission	1,91,687	8,53,402
Postage and courier	1,05,11,325	87,22,641
Professional membership and seminar participation fees	6,64,880	21,539
Provision for doubtful debts	25,028	680
Other miscellaneous expenses	4,38,02,305	2,75,78,572
	6,72,59,237	4,51,32,227

2.13. Commitments and contingent liabilities

in ₹

Particulars	As at March 31,	
	2012	2011
Estimated amount of unexecuted capital contracts (net of advance and deposits)	53,07,194	–

2.14. 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 5(viii)(c) of general instructions for preparation of Statement of Profit and Loss as per revised Schedule VI to the Companies Act, 1956.

2.15. Related party transactions

List of related parties :

Name of the related party	Country	Holding as at March 31,	
		2012	2011
Infosys BPO Limited	India	100%	100%

Name of Ultimate Holding Company	Country
Infosys Limited	India

Name of Fellow Subsidiaries	Country
Infosys BPO Poland Sp.Z.o.o ⁽¹⁾	Poland
Infosys BPO s.r.o. ⁽¹⁾	Czech Republic
Portland Group Pty. Limited ⁽¹⁾	Australia
Portland Procurement Services Pty. Limited ⁽¹⁾	Australia
Infosys Consulting India Limited ⁽²⁾	India
Infosys Technologies (Australia) Pty. Limited ⁽²⁾	Australia
Infosys Technologies S. de R. L. de C. V. ⁽²⁾	Mexico
Infosys Technologies (China) Co. Limited ⁽²⁾	China
Infosys Technologies (Shanghai) Co. Limited ⁽²⁾	China
Infosys Tecnologia do Brasil Ltda ⁽²⁾	Brazil

⁽¹⁾ Wholly-owned subsidiaries of Infosys BPO Limited.

⁽²⁾ Wholly-owned subsidiaries of Infosys Limited.

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

The details of the related party transactions entered into by the Company, for the year ended March 31, 2012 and 2011 are as follows:

in ₹

Particulars	Year ending March 31,	
	2012	2011
Capital transactions:		
Financial transactions		
Loans		
Infosys BPO Poland Sp.Z.o.o	5,02,49,342	–
Infosys BPO s.r.o.	19,50,04,979	–
Revenue transactions:		
Purchase of services		
Infosys Limited	33,54,09,090	–
Infosys Consulting Inc.	4,31,52,937	–
Infosys BPO Limited	18,25,92,890	–
Purchase of shared services including facilities and personnel		
Infosys Limited	49,832	–
Infosys BPO Limited	3,47,119	–
Interest expense		
Infosys BPO Limited	23,45,963	–
Infosys BPO Poland Sp.Z.o.o	5,66,850	–
Infosys BPO s.r.o.	21,94,547	–
Sale of services		
Infosys Limited	3,47,74,515	–
Infosys BPO Limited	1,11,19,857	–
Sale of shared services including facilities and personnel		
Infosys Limited	10,97,263	–
Infosys BPO Limited	20,35,005	–

Details of amounts due to or due from related parties for at March 31, 2012 and March 31, 2011.

in ₹

Particulars	As at March 31,	
	2012	2011
Loans		
Infosys BPO Poland Sp.Z.o.o	15,39,23,117	–
Infosys BPO s.r.o.	5,14,75,894	17,73,45,968
Debtors		
Infosys BPO Limited	17,07,168	–
Infosys Limited	–	446
Creditors		
Infosys Limited	8,62,67,294	1,93,19,089
Infosys Consulting Inc.	–	19,37,360
Infosys BPO Limited	2,83,26,809	–

2.17. 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 and insurance (FSI), manufacturing (MFG), enterprises in energy, utilities and telecommunication services (ECS) and retail, logistics, consumer packaged goods, life sciences and healthcare enterprises (RCL). 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

For the years ending **March 31, 2012** and **March 31, 2011** :

Particulars	in ₹				
	FSI	MFG	RCL	ECS	Total
Revenues	186,66,32,830	12,93,845	16,46,513	16,93,342	187,12,66,530
	149,32,18,020	19,02,889	16,14,558	20,40,738	149,87,76,205
Identifiable operating expenses	80,37,08,783	–	1,30,423	–	80,38,39,206
	61,02,85,889	4,12,791	3,44,704	4,10,349	61,14,53,733
Allocated expenses	124,77,12,553	8,65,018	11,35,043	12,26,634	125,09,39,248
	104,55,59,016	14,44,192	11,68,130	15,62,473	104,97,33,811
Segmental operating profit	(18,47,88,506)	4,28,827	3,81,050	4,66,708	(18,35,11,924)
	(16,26,26,885)	45,906	1,01,724	67,916	(16,24,11,339)
Unallocable expenses					5,09,82,903
					3,33,75,215
Profit before other income					(23,44,94,827)
					(19,57,86,554)
Other income, net					(60,04,163)
					(10,57,460)
Net profit before tax					(24,04,98,990)
					(19,68,44,014)
Profit for the period					(24,04,98,990)
					(19,68,44,014)

Geographical segments

For the years ending **March 31, 2012** and **March 31, 2011** :

Particulars	in ₹			
	North America	Europe	Others	Total
Revenues	186,02,63,131	1,10,03,399	–	187,12,66,530
	149,87,76,205	–	–	149,87,76,205
Identifiable operating expenses	80,38,39,206	–	–	80,38,39,206
	61,14,53,733	–	–	61,14,53,733
Allocated expenses	123,94,96,937	1,14,42,311	–	125,09,39,248
	104,97,33,811	–	–	104,97,33,811
Segmental operating profit	(18,30,73,009)	(4,38,912)	–	(18,35,11,924)
	(16,24,11,339)	–	–	(16,24,11,339)
Unallocable expenses				5,09,82,903
				3,33,75,215
Profit before other income				(23,44,94,827)
				(19,57,86,554)
Other income, net				(60,04,163)
				(10,57,460)
Net profit before tax				(24,04,98,990)
				(19,68,44,014)
Profit for the period				(24,04,98,990)
				(19,68,44,014)

2.18. Function-wise classification of Statement of Profit and Loss

in ₹

Particulars	Year ending March 31,	
	2012	2011
Revenues from business process management services	187,12,66,530	149,87,76,205
Cost of revenue	181,74,91,508	142,11,99,534
GROSS PROFIT / (LOSS)	(5,37,75,022)	7,75,76,671
Selling and marketing expenses	9,16,32,114	7,41,63,328
General and administration expenses	14,56,54,832	16,58,24,682
	23,72,86,946	23,99,88,010
OPERATING LOSS BEFORE DEPRECIATION	(18,35,11,924)	(16,24,11,339)
Depreciation	5,09,82,903	3,33,75,215
OPERATING LOSS	(23,44,94,827)	(19,57,86,554)
Other income, net	(60,04,163)	(10,57,460)
LOSS BEFORE TAX	(24,04,98,990)	(19,68,44,014)
Tax expense :		
Current tax	-	-
LOSS FOR THE PERIOD	(24,04,98,990)	(19,68,44,014)

*As per our report attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration No. 0066735*

M. Rathnakar Kamath
Partner
Membership No. 202841

D. Swaminathan
Chairman

Gordon Beckam
Chief Executive Officer

Eric S. Paternoster
Director

Bangalore
April 13, 2012

Ritesh M. Idnani
Director

Sam Thomas
Director

Financial statements of Portland Group Pty. Limited

To

The Members of Portland Group Pty. Limited

We have audited the attached Balance Sheet of Portland Group Pty. Limited ('the Company') as at March 31, 2012, the Profit and Loss account ('Financial Statement') 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. These 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:

- a. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
- b. 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;
- c. The Balance Sheet and the Profit and Loss account dealt with by this report are in agreement with the books of accounts;
- d. 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.
 1. in the case of the Balance Sheet, of the State of affairs of the company as at March 31, 2012; and
 2. in the case of Profit and Loss account, of the Loss of the company for the year ended on that date.

for Shenoy & Kamath
Chartered Accountants
Firm's Registration No. 0066735

M. Rathnakar Kamath
Partner
Membership No. 202841

Bangalore
April 13, 2012

Balance Sheet

Particulars	Note	As at March 31, 2012
<i>in ₹</i>		
EQUITY AND LIABILITIES		
SHAREHOLDERS' FUNDS		
Share capital	2.1	17,86,70,669
Reserves and surplus	2.2	15,79,04,766
		33,65,75,435
CURRENT LIABILITIES		
Trade payables	2.3	2,43,47,436
Other current liabilities	2.4	48,35,15,389
Short-term provisions	2.5	4,68,91,698
		55,47,54,523
		89,13,29,958
ASSETS		
NON-CURRENT ASSETS		
Fixed assets		
Tangible assets	2.6	2,41,49,717
		2,41,49,717
Non-current investments	2.7	34,80,95,947
Long-term loans and advances	2.8	89,37,875
		35,70,33,822
CURRENT ASSETS		
Trade receivables	2.9	33,11,74,007
Cash and cash equivalents	2.10	13,95,11,500
Short-term loans and advances	2.11	3,94,60,912
		51,01,46,419
		89,13,29,958
SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS	1 & 2	

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

As per our report attached

for Shenoy & Kamath

Chartered Accountants

Firm's Registration No. 0066735

M. Rathnakar Kamath

Partner

Membership No. 202841

Bangalore

April 13, 2012

D. Swaminathan

Chairman

David Gardiner

Director

Gavin Solsky

Managing Director and

Chief Executive Officer

Gautam Thakkar

Director

Abraham Mathews

Director

Jackie Korhonen

Director

Statement of Profit and Loss

Particulars	Note	From January 4 to March 31, 2012
Revenues from business process management services		33,19,41,962
Other income	2.12	(2,98,578)
Total revenue		33,22,40,540
EXPENSES		
Employee benefit expenses	2.13	23,19,32,177
Cost of technical sub-contractors	2.13	4,46,07,074
Travel expenses	2.13	60,87,059
Communication expenses	2.13	18,84,705
Professional charges	2.13	1,49,95,692
Office expenses	2.13	1,49,656
Insurance charges	2.13	3,13,117
Rent	2.13	84,71,198
Depreciation	2.6	33,48,933
Other expenses	2.13	1,76,51,236
		32,94,40,847
PROFIT BEFORE TAX		27,99,693
Provision for taxation		
Current tax	2.14	1,54,58,338
		1,54,58,338
LOSS FOR THE PERIOD		(1,26,58,645)
SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS	1 & 2	

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

As per our report attached

for Shenoy & Kamath

Chartered Accountants

Firm's Registration No. 006673S

M. Rathnakar Kamath
Partner
Membership No. 202841

D. Swaminathan
Chairman

Gavin Solsky
Managing Director and
Chief Executive Officer

Abraham Mathews
Director

Bangalore
April 13, 2012

David Gardiner
Director

Gautam Thakkar
Director

Jackie Korhonen
Director

Notes to the financial statements for the year ended March 31, 2012

Significant accounting policies and notes on accounts

Company overview

Portland Group Pty. Limited is a strategic sourcing and category management services provider. Portland Group Pty. Limited 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.

1. Significant accounting policies

1.1. Basis of preparation of financial statements

These financial statements are prepared under the historical cost convention, in accordance with Generally Accepted Accounting Principles (GAAP) in India on accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises accounting standards as specified in rule 3 of the Companies (Accounting Standards) Rules 2006, and the relevant provisions of the Companies Act, 1956 to the extent applicable. 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. The previous year comparatives have not been given since the Company became the subsidiary of Infosys BPO with effect from January 4, 2012.

1.2. Use of estimates

The preparation of the financial statements in conformity with GAAP requires that the Management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as of the date of the financial statements. Examples of such estimates includes 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, provision for doubtful debts, future obligations under employee retirement benefit plans, provision for income taxes, provision for Service Level Agreement (SLA) 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.

1.3. Revenue recognition

The Company derives its revenues primarily from strategic sourcing and category management services, on time-and-material, fixed-price, fixed-time frame and unit-price basis. Revenue on time-and-material contracts is recognized as the related services are rendered and revenue from the end of the last billing to the Balance Sheet date is recognized as unbilled revenues. 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 percentage of completion method. When there is uncertainty as to measurement or ultimate collectability revenue recognition is postponed until such uncertainty is resolved. Revenues from unit-

priced contracts are recognized as transactions are processed based on objective measures of output. 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 period in which such losses become probable based on the current estimates. 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. 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.

Profit on sale of investment is recorded on the transfer of title from the Company and is determined as the difference between the sale price and the carrying value of the investment. Interest on deployment of surplus funds is recognized using time proportion method, based on underlying interest rates. Dividend income is recognized when the company's right to receive dividend is established.

1.4. Expenditure

The cost of software user licenses purchased for rendering business process management services is charged to revenue when put to use. 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.

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

Fixed assets are stated at cost, after reducing accumulated depreciation and impairment up to 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 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 amortization and impairment. Goodwill on amalgamation is tested periodically for impairment.

1.6. 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 ₹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. The Management estimates the useful lives for the various fixed assets as follows:

Computer equipment	2 years
Office equipment	5 years
Furniture and fixtures	5 years

1.7. Foreign currency transactions

Revenue from overseas clients and collections deposited in bank accounts are recorded at the exchange rate as of the date of the respective transactions. Expenditure in foreign currency is accounted at the exchange rate prevalent when such expenditure is incurred. Disbursements made out of bank accounts are reported at a rate that approximates the actual monthly rate. Exchange differences are recorded when the amount actually received on sales or actually paid when expenditure is incurred is converted into Indian rupees. The exchange differences arising on foreign currency transactions are recognized as income or expense in the period in which they arise. Monetary assets and monetary liabilities denominated in foreign currency are translated at the exchange rate prevalent at the date of the Balance Sheet. The resulting difference is also recorded in the Profit and Loss account. 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.

1.8. Income tax

Income taxes are computed using the tax effect accounting method, where taxes are accrued in the same period the related revenue and expenses arise. A provision is made for income tax for the period 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

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on prevailing enacted or substantively enacted regulations. Deferred tax assets in situation of unabsorbed depreciation and carry forward business losses exist, are recognized only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets, other than in situation of unabsorbed depreciation and carry forward business losses 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 Balance Sheet date. The income tax provision for the interim period is made based on the best estimate of the annual average tax rate expected to be applicable for the full fiscal year.

1.9. Provisions and contingent liability

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a present obligation that cannot be estimated reliably or a possible or present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made. Provisions are made for all known losses and liabilities and future unforeseeable factors that may affect the profit on fixed-price business process management contracts.

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.

1.10. Impairment of assets

Management periodically assesses using, external and internal sources, whether there is an indication that an asset (including goodwill) 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 i.e. the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if there has been a change in the estimates used to determine the recoverable amount since the last 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

1.11. Earnings per share

In determining earnings per share, the Company considers the net profit after tax. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year. Diluted earnings per share are computed using the weighted average number of basic and dilutive common equivalent shares outstanding during the year, except where the result would be anti-dilutive. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date.

1.12. Employee benefits

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 an 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.

2. Notes on accounts for the year ended March 31, 2012

2.1. Share capital

Particulars	As at March 31, 2012
Authorized Share capital	17,86,70,669
Issued, Subscribed and Paid Up Share capital	
Equity shares, AUD 1 par value 17,45,00,000 equity shares fully paid up	17,86,70,669
	17,86,70,669

2.2. Reserves and surplus

Particulars	As at March 31, 2012
Foreign currency translation reserve	3,38,944
Balance in Profit and Loss account – Opening	17,02,24,467
Add: Loss during the period	(1,26,58,645)
Balance in Profit and Loss account – Closing	15,75,65,822
	15,79,04,766

2.3. Trade payables

Particulars	As at March 31, 2012
Trade payables	2,43,47,436
	2,43,47,436

2.4. Other current liabilities

Particulars	As at March 31, 2012
Accrued salaries and benefits	
Bonus and incentives	11,49,34,435
For other liabilities	
Provision for expenses	1,92,19,293
Withholding and other taxes	1,62,71,359
	15,04,25,087
Advances received from clients	33,30,90,302
	48,35,15,389

2.5. Short-term provisions

	As at March 31, 2012
Provision for employee benefits	
Unavailed leave	2,32,66,008
Others	
Provision for	
Income taxes	1,55,11,307
SLA compliance	81,14,383
	4,68,91,698

Provision for SLA compliance

The provision for Service Level Agreement compliance is based on estimates made by the Management for ongoing contracts. In accordance with paragraphs 66 and 67 of the Accounting Standard 29, the movement in provision for Service Level Agreement is given below.

Particulars	As at March 31, 2012
Balance at the beginning of the year	–
Additional provision made during the year	81,14,383
Provisions used during the year	–
Unused amount reversed during the year	–
Balance at the end of the year	81,14,383

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

2.6. Fixed assets

Particulars	Original cost			Depreciation and amortization			Net book value As at March 31, 2012	
	Opening Balance	Additions during the period	Deletions during the period	Cost as at March 31, 2012	Opening Balance	Additions during the period		Deductions/ adjustments during the period
<i>Tangible assets:</i>								
Office equipment	-	25,90,844	-	25,90,844	-	2,20,864	-	23,69,980
Computer equipment	-	85,49,568	-	85,49,568	-	18,60,275	-	66,89,293
Furniture and fixtures	-	1,63,58,238	-	1,63,58,238	-	12,67,794	-	1,50,90,444
Total	-	2,74,98,650	-	2,74,98,650	-	33,48,933	-	2,41,49,717

2.7. Non-current investments

Particulars	As at March 31, 2012
Other investment (unquoted)	
Long-term – at cost	
Investments in equity of subsidiaries	
Portland Procurement Services Pty. Limited	34,80,95,947
	34,80,95,947

2.8. Long-term loans and advances

Particulars	As at March 31, 2012
Advance income tax	89,37,875
	89,37,875

2.9. Trade receivables

Particulars	As at March 31, 2012
Other debts	
Unsecured	
Considered good	33,11,74,007
	33,11,74,007

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 as at the Balance Sheet date.

2.10. Cash and cash equivalents

Particulars	As at March 31, 2012
Cash on hand	–
Balances with bank	
In current and deposit accounts	13,95,11,500
	13,95,11,500

The details of balances with banks as at March 31, 2012 are as follows:

Balances with scheduled banks	As at March 31, 2012
In current accounts	
Bank of New Zealand	12,46,75,113
	12,46,75,113
In deposit account	
Deposits in banks	1,48,36,387
	13,95,11,500

2.11. Short-term loans and advances

Particulars	As at March 31, 2012
Unsecured, considered good	
Prepaid expenses	19,43,913
Loans to subsidiary	3,75,16,999
	3,94,60,912

2.12. Other income

Particulars	From January 4 to March 31, 2012
Miscellaneous income	2,98,578
	2,98,578

2.13. Expenses

Particulars	From January 4 to March 31, 2012
Employee benefit expenses	
Salaries and bonus excluding overseas staff expenses	22,95,34,494
Staff welfare	23,97,683
	23,19,32,177
Cost of technical sub-contractors	
Consultancy charges	4,46,07,074
	4,46,07,074
Travel expenses	
Overseas travel expenses	60,87,059
	60,87,059
Communication expenses	
Communication expenses	18,84,705
	18,84,705
Professional charges	
Legal and professional charges	(2,63,300)
Recruitment and training expenses	1,52,58,992
	1,49,95,692
Office expenses	
Printing and stationery	48,998
Office maintenance	1,00,658
	1,49,656
Insurance	
Insurance	3,13,117
	3,13,117
Rent	
Rent	84,71,198
	84,71,198
Other expenses	
Consumables	71,23,603
Marketing expenses	2,82,160
Rates and taxes	86,63,852
Bank charges and commission	80,041
Postage and courier	1,00,228
Other miscellaneous expenses	14,01,352
	1,76,51,236

2.14. Tax expenses

Particulars	From January 4 to March 31, 2012
Current tax	
Income taxes	1,54,58,338
	1,54,58,338

2.15. Quantitative details

The Company is primarily engaged in strategic sourcing and category 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 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.

2.16. Related party transactions

List of related parties:

Name of the related party	Country	Holding as at March 31, 2012
Infosys BPO Limited	India	100%
Name of ultimate holding company	Country	
Infosys Limited	India	
Name of fellow subsidiaries	Country	
Infosys BPO s.r.o. ⁽¹⁾	Czech Republic	
Infosys BPO (Thailand) Limited ⁽¹⁾	Thailand	
McCamish Systems LLC ⁽¹⁾	U.S.	
Infosys BPO (Poland) Sp.Z.o.o ⁽¹⁾	Poland	
Portland Procurement Services Pty. Limited ⁽¹⁾	Australia	
Infosys Consulting India Limited ⁽²⁾	India	
Infosys Technologies (Australia) Pty. Limited ⁽²⁾	Australia	
Infosys Technologies S. de R. L. de C. V. ⁽²⁾	Mexico	
Infosys Technologies (China) Co. Limited ⁽²⁾	China	
Infosys Technologies (Shanghai) Co. Limited ⁽²⁾	China	
Infosys Technologia do Brasil Ltda ⁽²⁾	Brazil	

⁽¹⁾ Wholly-owned subsidiaries of Infosys BPO Limited. During the year ended March 31, 2011 Infosys BPO (Thailand) Limited was liquidated.

⁽²⁾ Wholly-owned subsidiaries of Infosys Limited.

The details of the related party transactions entered into by the Company, for the period from January 04 to March 31, 2012 are as follows:

Particulars	in ₹
	From January 4 to March 31, 2012
Sale of shared services including facilities and personnel	
Infosys BPO Limited	1,15,51,015

Details of amounts due to or due from related party for the year ended March 31, 2012.

Particulars	in ₹
	As at March 31, 2012
Loans and advances given	
Portland Procurement Services Pty. Limited	2,59,65,959
Infosys BPO Limited	1,15,51,015
Loans and advances taken	
Portland Procurement Services Pty. Limited	33,91,14,158
Creditors	
Portland Procurement Services Pty. Limited	60,23,861

2.17. 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 and insurance (FSI), manufacturing (MFG), enterprises in energy, utilities and telecommunication services (ECS) and retail, logistics, consumer packaged goods, life sciences and healthcare enterprises (RCL). 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

From January 4 to March 31, 2012

in ₹

Particulars	FSI	MFG	RCL	ECS	Total
Revenues	3,34,35,815	7,28,04,867	13,04,76,032	9,52,25,248	33,19,41,962
Identifiable operating expenses	2,36,23,406	5,14,38,822	9,21,85,230	6,72,79,542	23,45,27,000
Allocated expenses	92,23,141	2,00,82,943	3,59,91,312	2,62,67,518	9,15,64,914
Segmental operating profit	5,89,268	12,83,102	22,99,490	16,78,188	58,50,048
Unallocable expenses					33,48,933
Profit before other income					25,01,115
Other income, net					2,98,578
Net profit before tax					27,99,693
Tax expense					1,54,58,338
Profit for the period					(1,26,58,645)

Geographical segments

From January 4 to March 31, 2012

in ₹

Particulars	North America	Europe	Others	Total
Revenues	–	8,06,513	33,11,35,449	33,19,41,962
Identifiable operating expenses	–	–	23,45,27,000	23,45,27,000
Allocated expenses	–	2,22,474	9,13,42,440	9,15,64,914
Segmental operating profit	–	5,84,039	52,66,009	58,50,048
Unallocable expenses				33,48,933
Profit before other income				25,01,115
Other income, net				2,98,578
Net profit before tax				27,99,693
Tax expense				1,54,58,338
Profit for the period				(1,26,58,645)

2.18. Function-wise classification of Statement of Profit and Loss

Particulars	From January 4 to March 31, 2012
Revenues from business process management services	33,19,41,962
Cost of revenue	31,69,17,772
GROSS PROFIT	1,50,24,190
Selling and marketing expenses	2,82,160
General and administration expenses	88,91,982
	91,74,142
OPERATING PROFIT BEFORE DEPRECIATION	58,50,048
Depreciation	33,48,933
OPERATING PROFIT	25,01,115
Other income, net	2,98,578
PROFIT BEFORE TAX	27,99,693
Tax expense:	
Current tax	1,54,58,338
PROFIT FOR THE PERIOD	(1,26,58,645)

As per our report attached

for Shenoy & Kamath

Chartered Accountants

Firm's Registration No. 0066735

M. Rathnakar Kamath

Partner

Membership No. 202841

D. Swaminathan

Chairman

Gavin Solsky

Managing Director and

Chief Executive Officer

Abraham Mathews

Director

Bangalore

April 13, 2012

David Gardiner

Director

Gautam Thakkar

Director

Jackie Korhonen

Director

Financial statements of Portland Procurement Services Pty. Limited

To

The Members of Portland Procurement Services Pty. Limited

We have audited the attached Balance Sheet of Portland Procurement Services Pty. Limited ('the Company') as at March 31, 2012, the Profit and Loss account ('Financial Statement') 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. These 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:

- a. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
- b. 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;
- c. The Balance Sheet and the Profit and Loss account dealt with by this report are in agreement with the books of accounts;
- d. 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.
 1. in the case of the Balance Sheet, of the State of affairs of the company as at March 31, 2012; and
 2. in the case of Profit and Loss account, of the Profit of the company for the year ended on that date.

for Shenoy & Kamath
Chartered Accountants
Firm's Registration No. 0066735

M. Rathnakar Kamath
Partner
Membership No. 202841

Bangalore
April 13, 2012

Balance Sheet

Particulars	Note	in ₹ As at March 31, 2012
EQUITY AND LIABILITIES		
SHAREHOLDERS' FUNDS		
Share capital	2.1	16,73,74,718
Reserves and surplus	2.2	18,44,46,039
		<u>35,18,20,757</u>
CURRENT LIABILITIES		
Trade payables	2.3	1,02,47,133
Other current liabilities	2.4	7,17,26,172
Short-term provisions	2.5	3,69,03,508
		<u>11,88,76,813</u>
		<u>47,06,97,570</u>
ASSETS		
CURRENT ASSETS		
Trade receivables	2.6	9,51,08,529
Cash and cash equivalents	2.7	3,58,37,530
Short-term loans and advances	2.8	33,97,51,511
		<u>47,06,97,570</u>
		<u>47,06,97,570</u>
SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS	1 & 2	

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

As per our report attached

for Shenoy & Kamath

Chartered Accountants

Firm's Registration No. 0066735

M. Rathnakar Kamath

Partner

Membership No. 202841

Bangalore

April 13, 2012

D. Swaminathan

Chairman

David Gardiner

Director

Gavin Solsky

Managing Director and

Chief Executive Officer

Gautam Thakkar

Director

Abraham Mathews

Director

Jackie Korhonen

Director

Statement of Profit and Loss

Particulars	Note	in ₹
		From January 4 to March 31, 2012
Revenues from business process management services		11,20,79,161
Other income	2.9	2,57,358
Total revenue		11,23,36,519
EXPENSES		
Employee benefit expenses	2.10	9,27,80,088
Cost of technical sub-contractors	2.10	4,74,750
Travel expenses	2.10	41,15,666
Cost of software packages	2.10	3,31,691
Communication expenses	2.10	98,819
Power and fuel	2.10	2,06,233
Other expenses	2.10	74,11,470
		10,54,18,717
PROFIT BEFORE TAX		69,17,802
Provision for taxation		
Current tax	2.11	24,31,921
		24,31,921
PROFIT FOR THE PERIOD		44,85,881
SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS	1 & 2	

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

As per our report attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration No. 006673S

M. Rathnakar Kamath
Partner
Membership No. 202841

D. Swaminathan
Chairman

Gavin Solsky
Managing Director and
Chief Executive Officer

Abraham Mathews
Director

Bangalore
April 13, 2012

David Gardiner
Director

Gautam Thakkar
Director

Jackie Korhonen
Director

Notes to the financial statements for the year ended March 31, 2012

Significant accounting policies and notes on accounts

Company overview

Portland Procurement Services Pty. Limited is a strategic sourcing and category management services provider. Portland Procurement Services Pty. Limited is a majority owned and controlled subsidiary of Portland Group Pty. Limited. Infosys BPO is the holding company of the Group with effect from January 4, 2012. 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.

1. Significant accounting policies

1.1. Basis of preparation of financial statements

These financial statements are prepared under the historical cost convention, in accordance with Generally Accepted Accounting Principles (GAAP) in India on accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises accounting standards as specified in rule 3 of the Companies (Accounting Standards) Rules 2006, and the relevant provisions of the Companies Act, 1956 to the extent applicable. 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. The previous year comparatives have not been given since the Company became the subsidiary of Infosys BPO with effect from January 4, 2012.

1.2. Use of estimates

The preparation of the financial statements in conformity with GAAP requires that the Management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as of the date of the financial statements. Examples of such estimates includes 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, provision for doubtful debts, future obligations under employee retirement benefit plans, provision for income taxes, provision for Service Level Agreement (SLA) 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.

1.3. Revenue recognition

The Company derives its revenues primarily from strategic sourcing and category management services, on time-and-material, fixed-price, fixed-timeframe and unit-price basis. Revenue on time-and-material contracts is recognized as the related services are rendered and revenue from the end of the last billing to the Balance Sheet date is recognized as unbilled revenues. 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 percentage of completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is

postponed until such uncertainty is resolved. Revenues from unit-priced contracts are recognized as transactions are processed based on objective measures of output. 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 period in which such losses become probable based on the current estimates. 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. 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.

Profit on sale of investment is recorded on the transfer of title from the Company and is determined as the difference between the sale price and the carrying value of the investment. Interest on deployment of surplus funds is recognized using time proportion method, based on underlying interest rates. Dividend income is recognized when the Company's right to receive dividend is established.

1.4. Expenditure

The cost of software user licenses purchased for rendering business process management services is charged to revenue when put to use. 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.

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

Fixed assets are stated at cost, after reducing accumulated depreciation and impairment up to 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 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 amortization and impairment. Goodwill on amalgamation is tested periodically for impairment.

1.6. 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 ₹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. The Management estimates the useful lives for the various fixed assets as follows:

Computer equipment	2 years
Office equipment	5 years
Furniture and fixtures	5 years

1.7. Foreign currency transactions

Revenue from overseas clients and collections deposited in bank accounts are recorded at the exchange rate as of the date of the respective transactions. Expenditure in foreign currency is accounted at the exchange rate prevalent when such expenditure is incurred. Disbursements made out of bank accounts are reported at a rate that approximates the actual monthly rate. Exchange differences are recorded when the amount actually received on sales or actually paid when expenditure is incurred is converted into Indian rupees. The exchange differences arising on foreign currency transactions are recognized as income or expense in the period in which they arise. Monetary assets and monetary liabilities denominated in foreign currency are translated at the exchange rate prevalent at the date of the Balance Sheet. The resulting difference is also recorded in the Profit and Loss account. 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.

1.8. Income tax

Income taxes are computed using the tax effect accounting method, where taxes are accrued in the same period the related revenue and expenses arise. A provision is made for income tax for the period 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.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified. Thereafter a deferred tax asset or deferred tax liability is recorded for timing difference. These are the differences that originate in one accounting period and reverse in another accounting period, based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on prevailing enacted or substantively enacted regulations. Deferred tax assets in situation of unabsorbed depreciation and carry forward business losses exist, are recognized only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets, other than in situation of unabsorbed depreciation and carry forward business losses 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 Balance Sheet date. The income tax provision for the interim period is made based on the best estimate of the annual average tax rate expected to be applicable for the full fiscal year.

1.9. Provisions and contingent liability

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a present obligation that cannot be estimated reliably or a possible or present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made. Provisions are made for all known losses and liabilities and future unforeseeable factors that may affect the profit on fixed-price business process management contracts.

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.

1.10. Impairment of assets

The Management periodically assesses using external and internal sources, whether there is an indication that an asset (including goodwill) 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 i.e. the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if there has been a change in the estimates used to determine the recoverable amount since the last 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.

1.11. Earnings per share

In determining earnings per share, the Company considers the net profit after tax. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year. Diluted earnings per share are computed using the weighted average number of basic and dilutive common equivalent shares outstanding during the year, except where the result would be anti-dilutive. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date.

1.12. Employee benefits

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 an 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.

2. Notes on accounts for the year ended March 31, 2012

2.1. Share capital

Particulars	As at March 31, 2012
Issued, Subscribed and Paid Up Share capital	16,73,74,718
	16,73,74,718

2.2. Reserves and surplus

Particulars	As at March 31, 2012
Foreign currency translation reserve	12,44,837
Balance in Profit and Loss account – Opening	17,87,15,321
Add: Profit during the period	44,85,881
Balance in Profit and Loss account – Closing	18,32,01,202
	18,44,46,039

2.3. Trade payables

Particulars	As at March 31, 2012
Trade payables	1,02,47,133
	1,02,47,133

2.4. Other current liabilities

Particulars	As at March 31, 2012
Accrued salaries and benefits	
Salaries	58,13,486
Bonus and incentives	3,85,92,766
For other liabilities	
Provision for expenses	35,89,626
Withholding and other taxes	78,84,437
	5,58,80,315
Advances received from clients	1,57,66,492
Unearned revenue	79,365
	7,17,26,172

2.5. Short-term provisions

Particulars	As at March 31, 2012
Provision for employee benefits	
Unavailed leave	1,77,28,289
Others	
Provision for Income taxes	1,91,75,219
	3,69,03,508

2.6. Trade receivables

Particulars	As at March 31, 2012
Other debts	
Unsecured	
Considered good	9,51,08,529
	9,51,08,529

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 as at the Balance Sheet date.

2.7. Cash and cash equivalents

Particulars	As at March 31, 2012
Cash on hand	–
Balances with bank	
In current and deposit accounts	3,58,37,530
	3,58,37,530

The details of balances with banks as at March 31, 2012 are as follows:

Balances with scheduled banks	As at March 31, 2012
In current accounts	
Commonwealth Bank	3,58,37,530
	3,58,37,530
	3,58,37,530

2.8. Short-term loans and advances

Particulars	As at March 31, 2012
Unsecured, considered good	
Prepaid expenses	4,91,216
Loans and advances to group companies	33,91,14,158
	33,96,05,374
Unbilled revenue	1,46,137
	33,97,51,511

2.9. Other income

Particulars	From January 4 to March 31, 2012
Miscellaneous income	2,57,358
	2,57,358

2.10. Expenses

Particulars	From January 4 to March 31, 2012	in ₹
Employee benefit expenses		
Salaries and bonus excluding overseas staff expenses	9,24,85,868	
Staff welfare	2,94,220	
	9,27,80,088	
Cost of technical sub-contractors		
Consultancy charges	4,74,750	
	4,74,750	
Travel expenses		
Overseas travel expenses	41,15,666	
	41,15,666	
Cost of software for own use		
Cost of software for own use	3,31,691	
	3,31,691	
Communication expenses		
Communication expenses	98,819	
	98,819	
Power and fuel		
Power and fuel	2,06,233	
	2,06,233	
Other expenses		
Consumables	48,151	
Marketing expenses	1,16,295	
Rates and taxes	50,34,300	
Bank charges and commission	8,178	
Postage and courier	16,693	
Other miscellaneous expenses	21,87,853	
	74,11,470	

2.11. Tax expenses

Particulars	From January 4 to March 31, 2012	in ₹
Current tax		
Income taxes	24,31,921	
	24,31,921	

2.12. Quantitative details

The Company is primarily engaged in strategic sourcing and category 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 5(viii)(c) of general instructions for preparation of Statement of Profit and Loss as per revised Schedule VI to the Companies Act, 1956.

2.13. Related party transactions

List of related parties:

Name of the related party	Country	Holding as at March 31, 2012
Portland Group Pty. Limited ⁽¹⁾	Australia	100%
Name of ultimate holding company	Country	
Infosys Limited	India	
Name of fellow subsidiaries	Country	
Infosys BPO s.r.o. ⁽¹⁾	Czech Republic	
McCamish Systems LLC ⁽¹⁾	U.S.	
Infosys BPO Poland Sp.Z.o.o ⁽¹⁾	Poland	
Infosys BPO Limited ⁽²⁾	India	
Infosys Consulting India Limited ⁽²⁾	India	
Infosys Technologies (Australia) Pty. Limited ⁽²⁾	Australia	
Infosys Technologies S. de R. L. de C. V. ⁽²⁾	Mexico	
Infosys Technologies (China) Co. Limited ⁽²⁾	China	
Infosys Technologies (Shanghai) Co. Limited ⁽²⁾	China	
Infosys Tecnologia do Brasil Ltda ⁽²⁾	Brazil	

⁽¹⁾ Wholly-owned subsidiaries of Infosys BPO Limited.

⁽²⁾ Wholly-owned subsidiaries of Infosys Limited.

Details of amounts due to or due from related party for the year ended March 31, 2012:

Particulars	As at March 31, 2012	in ₹
Loans and advances given		
Portland Procurement Services Pty. Limited	33,91,14,158	
Loans and advances taken		
Portland Procurement Services Pty. Limited	1,57,66,492	
Creditors		
Portland Group Pty. Limited	1,01,99,467	

2.14. 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 and insurance (FSI), manufacturing (MFG), enterprises in energy, utilities and telecommunication services (ECS) and retail, logistics, consumer packaged goods, life sciences and healthcare enterprises (RCL). 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

From January 4 to March 31, 2012:

					in ₹
Particulars	FSI	MFG	RCL	ECS	Total
Revenues	52,46,589	87,31,674	3,47,71,255	6,33,29,643	11,20,79,161
Identifiable operating expenses	–	–	9,68,45,305	–	9,68,45,305
Allocated expenses	4,01,330	6,67,917	26,59,778	48,44,387	85,73,412
Segmental operating profit	48,45,259	80,63,757	(6,47,33,828)	5,84,85,256	66,60,444
Unallocable expenses					–
Profit before other income					66,60,444
Other income, net					2,57,358
Net profit before tax					69,17,802
Tax expense					24,31,921
Profit for the period					44,85,881

Geographical segments

From January 4 to March 31, 2012:

					in ₹
Particulars	North America	Europe	Others	Total	
Revenues	–	–	11,20,79,161	11,20,79,161	
Identifiable operating expenses	–	–	9,68,45,305	9,68,45,305	
Allocated expenses	–	–	85,73,412	85,73,412	
Segmental operating profit	–	–	66,60,444	66,60,444	
Unallocable expenses				–	
Profit before other income				66,60,444	
Other income, net				2,57,358	
Net profit before tax				69,17,802	
Tax expense				24,31,921	
Profit for the period				44,85,881	

2.15. Function-wise classification of the Statement of Profit and Loss

Particulars	in ₹ From January 4 to March 31, 2012
Revenues from business process management services	11,20,79,161
Cost of revenue	10,00,37,018
GROSS PROFIT	1,20,42,143
Selling and marketing expenses	1,16,295
General and administration expenses	52,65,404
	53,81,699
OPERATING PROFIT	66,60,444
Other income, net	2,57,358
PROFIT BEFORE TAX	69,17,802
Tax expense :	
Current tax	24,31,921
PROFIT FOR THE PERIOD	44,85,881

As per our report attached

for Shenoy & Kamath

Chartered Accountants

Firm's Registration No. 006673S

M. Rathnakar Kamath
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