Infosys BPO Poland, Sp.z.o.o

(in ₹)

Balance Sheet as at	Note	March 31,2013	March 31, 2012
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	3,93,50,000	3,93,50,000
Reserves and surplus	2.2	170,14,35,291	121,35,53,665
		174,07,85,291	125,29,03,665
CURRENT LIABILITIES			
Trade payables		2,22,81,292	29,71,070
Other current liabilities	2.3	30,82,04,366	23,28,73,133
Short-term provisions	2.4	20,35,45,173	8,84,83,443
		53,40,30,831	32,43,27,646
		227,48,16,122	157,72,31,311
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.5	19,54,12,121	4,29,66,113
Intangible assets	2.5	35,20,12,240	35,20,12,240
Capital work-in-progress		-	-
		54,74,24,361	39,49,78,353
Long-term loans and advances	2.6	5,07,57,092	1,23,99,210
		5,07,57,092	1,23,99,210
CURRENT ASSETS			
Trade receivables	2.7	70,96,33,301	51,41,85,838
Cash and cash equivalents	2.8	70,06,91,647	43,21,90,170
Short term loans and advances	2.9	26,63,09,721	22,34,77,740
		167,66,34,669	116,98,53,748
		227,48,16,122	**157,72,31,311**
SIGNIFICANT ACCOUNTING POLICIES	1		
NOTES ON ACCOUNTS	2		

D. Swaminathan
Director

Abraham Mathews
Director

Anantha Radhakrishnan
Director

B.G. Srinivas
Director

Bangalore
April 12,2013

(in ₹)

Profit and Loss Account for the	Note	Year ending March 31st	
		2013	**2012**
Revenues from business process management services		264,79,66,368	191,67,36,026
Other income	2.10	7,37,17,391	4,43,50,296
Total Revenue		**272,16,83,759**	**196,10,86,322**
Expenses			
Employee benefit expenses		139,47,45,520	98,45,72,324
Cost of technical sub-contractors	2.11	2,01,93,643	2,31,33,847
Travel expenses	2.11	17,36,03,573	10,55,93,469
Cost of software packages	2.11	2,82,03,972	40,38,674
Communication expenses	2.11	4,54,12,742	3,00,36,770
Professional charges	2.11	11,02,34,332	6,20,72,810
Office Maintenance	2.11	5,72,98,031	3,41,00,688
Power and fuel	2.11	1,57,46,419	1,57,41,517
Insurance	2.11	56,78,664	25,38,769
Rent	2.11	14,75,65,534	10,02,85,891
Depreciation and amortization expense	2.5	4,59,37,440	2,99,74,287
Other expenses	2.11	6,62,93,440	6,69,91,741
		211,09,13,310	**145,90,80,787**
PROFIT BEFORE TAX		**61,07,70,449**	**50,20,05,535**
Provision for taxation			
Current tax	2.12	12,36,67,210	8,48,89,341
		12,36,67,210	8,48,89,341
PROFIT AFTER TAX		**48,71,03,239**	**41,71,16,194**
SIGNIFICANT ACCOUNTING POLICIES	1		
NOTES ON ACCOUNTS	2		

D. Swaminathan
Director

Abraham Mathews
Director

Anantha Radhakrishnan
Director

B.G. Srinivas
Director

Bangalore
April 12,2013

Schedules to the financial statements for the year ended March 31, 2013

Significant accounting policies and notes on accounts

Company overview

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

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 in India ("GAAP") 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 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 recognised as unbilled revenues.Revenue from fixed-price, fixed-time frame contracts, where there is no uncertainity as to measurement and collectibility 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 recognised 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 recognised 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 upto the date of the balance sheet. Direct costs are capitalized until the assets are ready for use and include financing costs relating to any borrowing attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use. Capital work-in-progress includes the cost of fixed assets that are not yet ready for their intended use before the balance sheet date. Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortisation and impairment. Goodwill on amalgamation is tested periodically for impairment.

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 amortised over the lease period. Intangible assets are amortised over their useful life on a straight line basis commencing from the date the asset is available to the company for its use. Management estimates the useful lives for the various fixed assets as follows:

Building	Fifteen years
Computer equipment	Two years
Office equipment	Five years
Furniture and fixtures	Five 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, 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 recognised 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 recognised 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 realised. 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 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 recognises 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 recognised 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

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 recognised wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use i.e. the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if 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.

1.12 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 recognised in the period in which the absences occur.

1.14 Cash and Cash Equivalents

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

2 NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2013

2.1 SHARE CAPITAL

(in ₹)

Particulars	As at	
	March 31, 2013	March 31, 2012
AUTHORISED		
Share capital	3,93,50,000	3,93,50,000
	3,93,50,000	**3,93,50,000**
ISSUED, SUBSCRIBED AND PAID UP		
Share capital	3,93,50,000	3,93,50,000
	3,93,50,000	**3,93,50,000**

2.2 RESERVES AND SURPLUS

(in ₹)

Particulars	As at	
	March 31, 2013	March 31, 2012
Securities premium account	39,34,96,852	39,34,96,852
Foreign currency translation reserve	5,58,13,543	5,50,35,156
Balance in profit and loss account - opening	76,50,21,657	34,79,05,463
Add: Profit during the period	48,71,03,239	41,71,16,194
Balance in profit and loss account - closing	125,21,24,896	76,50,21,657
	170,14,35,291	**121,35,53,665**

2.3 OTHER CURRENT LIABILITIES

(in ₹)

Particulars	As at	
	March 31, 2013	March 31, 2012
Accrued salaries and benefits		
Salaries	7,03,74,437	2,80,42,680
Bonus and incentives	6,58,80,339	5,63,37,871
For other liabilities		
Provision for expenses	11,12,79,750	5,28,03,503
Withholding and other taxes	4,61,81,009	7,15,11,013
	29,37,15,535	20,86,95,067
Advances subsidy claim received	84,95,619	4,88,318
Unearned revenue	59,93,212	2,36,89,748
	30,82,04,366	**23,28,73,133**

2.4 SHORT TERM PROVISIONS

(in ₹)

	As at	
	March 31, 2013	March 31, 2012
Provision for employee benefits		
Unavailed leave	5,79,68,435	4,07,02,168
Others		
Provision for		
Income taxes	13,11,90,759	4,03,39,223
SLA compliance	1,43,85,979	74,42,052
	20,35,45,173	**8,84,83,443**

Provision for SLA compliance

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

(in ₹)

Particulars	As at	
	March 31, 2013	March 31, 2012
Balance at the beginning of the year	74,42,052	1,21,61,964
Additional provision made during the year	1,14,56,143	15,61,671
Provisions used during the year	-	-
Unused amount reversed during the year	45,12,216	62,81,583
Balance at the end of the period	**1,43,85,979**	**74,42,052**

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

2.5 FIXED ASSETS

(in ₹)

Particulars	Original cost				Depreciation and amortization				Net book value	
	Cost as at April 01, 2012	Additions during the year	Deletions during the year	Cost as at March 31, 2013	As at April 01, 2012	Charge for the year	Deductions during the year	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012
Tangible assets:										
Buildings	-	-	-	-	-	(80)	(80)	-	-	-
Leasehold improvements	69,22,485	12,47,98,956	-	13,17,21,441	45,67,120	71,44,807	1,01,966	1,16,09,961	12,01,11,480	23,55,365
Office equipment	4,44,21,917	69,34,614	-	5,13,56,531	3,53,18,430	39,72,661	(2,76,766)	3,95,67,857	1,17,88,674	91,03,487
Computer equipment	10,37,00,844	5,05,57,347	-	15,42,58,191	8,09,30,562	3,06,34,877	(3,48,728)	11,19,14,167	4,23,44,024	2,27,70,282
Furniture and fixtures	3,05,07,869	1,67,12,374	-	4,72,20,243	2,17,70,890	41,78,570	(102,840)	2,60,52,300	2,11,67,943	87,36,979
Vehicles	3,49,274	3,178	-	3,52,452	3,49,274	6,605	3,427	3,52,452	-	-
	18,59,02,389	19,90,06,469	-	38,49,08,858	14,29,36,276	4,59,37,440	(6,23,021)	18,94,96,737	19,54,12,121	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	-	-	-	-	35,20,12,240	35,20,12,240
Total	**53,79,14,629**	**19,90,06,469**	**-**	**73,69,21,098**	**14,29,36,276**	**4,59,37,440**	**(6,23,021)**	**18,94,96,737**	**54,74,24,361**	**39,49,78,353**
Previous year	49,72,08,347	5,46,91,984	24,53,927	54,94,46,404	10,90,86,054	2,99,74,287	(38,75,935)	14,29,36,276	40,65,10,128	

2.6 LONG-TERM LOANS AND ADVANCES

(in ₹)

	As at	
	March 31, 2013	March 31, 2012
Advance Income tax	5,07,57,092	1,23,99,210
	5,07,57,092	**1,23,99,210**

2.7 TRADE RECEIVABLES

(in ₹)

Particulars	As at	
	March 31, 2013	March 31, 2012
Debt outstanding for a period exceeding six months		
Unsecured		
Considered doubtful	16,44,454	37,35,577
Less: Provision for Doubtful Debts	16,44,454	37,35,577
	-	-
Other debts		
Unsecured		
Considered good*	70,96,33,301	51,41,85,838
Considered doubtful	10,33,594	6,54,671
	71,06,66,895	51,48,40,509
Less: Provision for doubtful debts	10,33,594	6,54,671
	70,96,33,301	**51,41,85,838**

*Includes dues from subsidiary companies (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

(in ₹)

Particulars	As at	
	March 31, 2013	March 31, 2012
Cash on hand	7,66,971	18,43,318
Balances with bank		
In current and deposit accounts	69,99,24,676	43,03,46,852
	70,06,91,647	**43,21,90,170**

The details of balances with banks as at December 31,2012 and March 31,2012 are as follows: (in ₹)

Balances with scheduled banks	As at	
	March 31, 2013	March 31, 2012
In current accounts		
Deutsche Bank - PLN Account	12,34,45,754	1,21,79,481
Deutsche Bank - EUR Account	1,61,12,495	61,06,379
Deutsche Bank, Esfund - PLN Account	8,43,615	11,99,054
DB-Wklad-Wlasny(EU Subsidy)	1,96,685	-
Deutsche Bank, EU Subsidy	1,02,06,127	15,27,370
	15,08,04,676	2,10,12,284
In deposit account		
Deutsche Bank	54,91,20,000	40,93,34,568
	69,99,24,676	**43,03,46,852**

2.9 SHORT TERM LOANS AND ADVANCES:

(in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Unsecured, considered good		
Prepaid Expenses	89,79,694	1,23,58,843
Advances for goods and services	1,22,138	-
Loans to subsidary	11,16,22,467	5,20,36,339
Withholding and other taxes receivables	8,10,97,403	6,21,17,401
	20,18,21,702	12,65,12,583
Unbilled Revenue	-	1,88,30,244
Interest Accrued but not due	6,07,060	3,94,292
Loans and advances to employees	2,13,27,736	1,15,40,939
Electricity and other deposits	1,31,45,966	41,90,290
Rental Deposits	2,67,17,800	2,64,76,954
Mark to market loss on forward exchange contract	26,89,457	3,55,32,438
	26,63,09,721	**22,34,77,740**

2.10 OTHER INCOME

(in ₹)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Interest Income	1,84,90,501	73,07,260
Miscellaneous income	2,06,94,621	89,75,257
Exchange differences	3,45,32,269	2,80,67,779
	7,37,17,391	**4,43,50,296**

2.11 EXPENSES

(in ₹)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Employee benefit expenses		
Salaries and bonus excluding overseas staff expenses	115,02,07,417	82,01,98,602
Staff welfare	3,70,43,574	2,91,58,060
Contribution to provident and other funds	20,74,94,529	13,52,15,662
	139,47,45,520	**98,45,72,324**
Cost of technical sub-contractors		
Consultancy charges	2,01,93,643	2,31,33,847
	2,01,93,643	**2,31,33,847**
Travel expenses		
Overseas travel expenses	17,35,90,755	10,55,71,072
Travelling expenses	12,818	22,397
	17,36,03,573	**10,55,93,469**
Cost of software for own use		
Cost of software for own use	2,82,03,972	40,38,674
	2,82,03,972	**40,38,674**
Communication expenses		
Communication expenses	4,54,12,742	3,00,36,770
	4,54,12,742	**3,00,36,770**
Professional Charges		
Legal and professional charges	2,28,94,932	1,98,29,695
Auditor's remuneration		
audit fees	17,81,114	16,18,020
Recruitment and training expenses	8,55,58,286	4,06,25,095
	11,02,34,332	**6,20,72,810**
Office expenses		
Printing and stationery	20,92,526	4,32,725
Office maintenance	5,52,05,505	3,36,67,963
	5,72,98,031	**3,41,00,688**
Power and fuel		
Power and fuel	1,57,46,419	1,57,41,517
	1,57,46,419	**1,57,41,517**
Insurance		
Insurance	56,78,664	25,38,769
	56,78,664	**25,38,769**
Rent		
Rent	14,75,65,534	10,02,85,891
	14,75,65,534	**10,02,85,891**

(in ₹)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Other expenses		
Brand building and advertisement	63,08,507	86,44,888
Sales promotion expenses	18,03,728	36,73,441
Rates and taxes	2,32,06,310	1,61,92,374
Donations	6,90,685	7,82,069
Bank charges and commission	16,57,432	15,44,486
Postage and courier	1,48,83,231	1,87,07,959
Provision for doubtful debts	(35,53,780)	36,85,940
Other miscellaneous expenses	2,12,97,327	1,37,60,584
	6,62,93,440	**6,69,91,741**

2.12 TAX EXPENSES

(in ₹)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Current tax		
Income taxes	12,36,67,210	8,48,89,341
	12,36,67,210	**8,48,89,341**

2.13 LEASES

Obligations on long-term non-cancellable operating leases

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

(in ₹)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Lease rentals charged during the year	14,75,65,534	10,02,85,891

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

(in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Contingent :		
Nil		
Commitments:		
Estimated amount of unexecuted capital contracts (net of advance and deposits)	2,43,19,830	1,01,54,968
Forward contracts outstanding		
EUR / PLN	12,000,000	18,000,000
(Equivalent approximate in Rs.)	(83,40,00,000)	(122,16,60,000)
USD / PLN	1,668,750	1,000,000
(Equivalent approximate in Rs.)	(9,05,96,438)	(5,08,80,000)
EUR/USD	500,000	
(Equivalent approximate in Rs.)	(3,47,50,000)	

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 31,2012)

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

(in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Not later than one month	10,49,19,639	13,57,40,000
Later than one month and not later than three months	19,20,11,799	32,23,60,000
Later than three months and not later than one year	66,24,15,000	81,44,40,000
	95,93,46,438	127,25,40,000

The company recognized a Loss on derivate financial instruments of ₹ 90,38,067 and gain on derivative financial instruments of ₹ 9,58,38,154 during the quarter ended March 31, 2013 and March 31, 2012 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:

	Country	Holding as at March 31, 2013	Holding as at March 31, 2012
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**	Czech Republic
McCamish Systems LLC**	United States
Portland Group Pty Ltd**	Australia
Portland Procurement Services Pty Ltd***	Australia
Infosys Consulting India Limited*	India
Infosys Technologies (Australia) Pty Limited ("Infosys Australia")*	Australia
Infosys Technologies S.de R.L.de C.V. ("Infosys Mexico")*	Mexico
Infosys Technologies (China) Co. Limited ("Infosys China") *	China
Infosys Technologia Do Brasil LTDA (" Infosys Brazil")*	Brazil

* Wholly owned subsidiaries of Infosys Limited
** Wholly owned subsidiaries of Infosys BPO Limited.
***Wholly owned subsidiary of Portland Group Pty Ltd.

The details of the related party transactions entered into by the Company, for the year ended March 31, 2013 and March 31, 2012 are as follows:

(in ₹)

Particulars	Year ended March 31,	
	2013	2012
Capital transactions:		
Financial transactions		
Loans given		
Infosys BPO s.r.o	5,82,33,306	-
McCamish Systems, LLC	-	5,20,36,339
Revenue transactions:		
Purchase of services		
Infosys BPO s.r.o.	91,56,706	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		
Infosys BPO s.r.o.	4,75,174	-
McCamish Systems LLC	7,21,611	5,71,560
Sale of services		
Infosys Limited	7,77,83,501	7,89,14,173
Infosys BPO Limited	5,75,64,722	4,47,99,535
Sale of shared services including facilities and personnel		
Infosys BPO s.r.o.	-	27,93,415
Infosys BPO Ltd	-	2,29,108

Details of amounts due to or due from related party for the year ended March 31, 2013 and March 31, 2012.

Particulars	As at	
	March 31, 2013	March 31, 2012
Loans		
Infosys BPO s.r.o	5,82,33,306	-
McCamish Systems, LLC	5,65,73,676	5,20,36,339
Debtors		
Infosys Limited	1,70,49,174	95,78,297
Infosys BPO Limited	46,88,071	3,36,35,133

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, utlilites and telecommunication services (ECS) and retail, logistics, consumer product group, life sciences and health care enterprises (RCL).Revenue and identifiable operating expenses in relation to segments is categorized based on items that are individually identified to those segments while allocated 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 liabilites 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

Year ended **March 31, 2013** and March 31, 2012

(in ₹)

Particulars	FSI	MFG	RCL	ECS	Total
Revenues	**6,63,109**	**229,14,76,876**	**32,95,66,215**	**2,62,60,168**	**264,79,66,368**
	-	173,77,77,209	17,78,38,052	11,20,765	191,67,36,026
Identifiable operating expenses	**-**	**108,31,94,759**	**15,01,29,097**	**1,22,93,656**	**124,56,17,512**
	-	71,43,01,894	4,66,96,441	2,57,708	76,12,56,043
Allocated expenses	**1,54,242**	**71,19,57,393**	**9,93,39,790**	**79,06,933**	**81,93,58,358**
	-	60,57,63,091	6,16,81,184	4,06,182	66,78,50,457
Segmental operating profit	**5,08,867**	**49,63,24,724**	**8,00,97,328**	**60,59,579**	**58,29,90,498**
	-	41,77,12,224	6,94,60,427	4,56,875	48,76,29,526
Unallocable expenses					**4,59,37,440**
					2,99,74,287
Profit before other income					**53,70,53,058**
					45,76,55,239
Other income ,net					**7,37,17,391**
					4,43,50,296
Net profit before tax					**61,07,70,449**
					50,20,05,535
Tax expense					**12,36,67,210**
					8,48,89,341
Profit for the period					**48,71,03,239**
					41,71,16,194

Geographical segments
Year ended **March 31, 2013** and March 31, 2012

(in ₹)

Particulars	North America	Europe	Others	Total
Revenues	**23,05,35,432**	**210,56,48,240**	**31,17,82,696**	**264,79,66,368**
	6,05,14,444	168,62,93,523	16,99,28,059	191,67,36,026
Identifiable operating expenses	**10,49,59,155**	**101,49,13,120**	**12,57,45,237**	**124,56,17,512**
	89,68,744	67,06,32,484	8,16,54,815	76,12,56,043
Allocated expenses	**6,87,74,831**	**65,40,10,420**	**9,65,73,107**	**81,93,58,358**
	2,11,49,965	58,77,35,862	5,89,64,630	66,78,50,457
Segmental operating profit	**5,68,01,446**	**43,67,24,700**	**8,94,64,352**	**58,29,90,498**
	3,03,95,735	42,79,25,177	2,93,08,598	48,76,29,526
Unallocable expenses				**4,59,37,440**
				2,99,74,287
Profit before other income				**53,70,53,058**
				45,76,55,239
Other income ,net				**7,37,17,391**
				4,43,50,296
Net profit before tax				**61,07,70,449**
				50,20,05,535
Tax expense				**12,36,67,210**
				8,48,89,341
Profit for the period				**48,71,03,239**
				41,71,16,194

2.18 FUNCTION WISE CLASSIFICATION OF STATEMENT OF PROFIT AND LOSS ACCOUNT

(in ₹)

Profit and Loss account for the	**Year ended March 31,**	
	2013	**2012**
Income from software services and products	264,79,66,368	191,67,36,026
Cost of revenue	178,30,29,281	117,16,52,672
GROSS PROFIT	86,49,37,087	74,50,83,354
Selling and marketing expenses	1,15,72,651	1,31,01,679
General and administration expenses	27,03,73,938	24,43,52,149
	28,19,46,589	25,74,53,828
OPERATING PROFIT BEFORE DEPRECIATION	58,29,90,498	48,76,29,526
Depreciation	4,59,37,440	2,99,74,287
OPERATING PROFIT	53,70,53,058	45,76,55,239
Other income, net	7,37,17,391	4,43,50,296
PROFIT BEFORE TAX	61,07,70,449	50,20,05,535
Tax expense:		
Current tax	12,36,67,210	8,48,89,341
PROFIT FOR THE PERIOD	48,71,03,239	41,71,16,194

To

The Members of Infosys BPO s.r.o

Report on the Financial Statements:

We have audited the accompanying financial statement of **Infosys BPO s.r.o** (`the Company`) as at 31st, March 2013, the profit and loss account(`Financial Statement`) of the Company for the year ended on that date and a summary of significant accounting policies and other explanatory information.

Management`s Responsibility for the Financial Statements:

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956(``the Act``) This responsibility included the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor`s Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit.

Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the financial statements 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 31st March 2013;
2) In the case of the statement of profit and loss, of the ***Loss*** for the year ended on that date;

As required by Section 227(3) of the Act, 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 statement of profit and loss account dealt with by this Report are in agreement with the books of accounts;
d) In our opinion, the Balance Sheet and statement of profit and loss account comply with the Accounting Standards referred to in Subsection (3C) of Section 211 of the Companies Act, 1956, and;

For **SHENOY & KAMATH**
Chartered accountants

(M RATHNAKAR KAMATH)
Partner.
Membership No. 202841
Firm's Registration. No. 006673s

Bangalore
12th April, 2013

Infosys BPO s.r.o

(in ₹)

Balance Sheet as at	Note	March 31, 2013	March 31, 2012
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	3,49,78,993	3,49,78,993
Reserves and surplus	2.2	26,74,06,176	30,30,71,280
		30,23,85,169	33,80,50,273
CURRENT LIABILITIES			
Unsecured Loans	2.3	5,60,51,609	-
Trade payables		5,94,278	88,82,629
Other current liabilities	2.4	15,34,74,623	11,18,25,795
Short-term provisions	2.5	2,53,62,526	1,41,34,706
		23,54,83,036	13,48,43,130
		53,78,68,205	**47,28,93,403**
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.6	1,94,31,759	2,45,72,949
Capital work-in-progress		-	-
		1,94,31,759	2,45,72,949
Long-term loans and advances	2.7	1,19,17,970	2,68,33,165
		1,19,17,970	2,68,33,165
CURRENT ASSETS			
Trade receivables	2.8	13,75,29,072	13,93,90,638
Cash and cash equivalents	2.9	12,80,94,996	10,22,62,451
Short term loans and advances	2.10	24,08,94,408	17,98,34,200
		50,65,18,476	42,14,87,289
		53,78,68,205	**47,28,93,403**
SIGNIFICANT ACCOUNTING POLICIES	1	-	-
NOTES ON ACCOUNTS	2		

D. Swaminathan
Chairman

Anantha Radhakrishnan
Director

B.G. Srinivas
Director

Abraham Mathews
Director

Bangalore
April 12, 2013

(in ₹)

Profit and Loss Account for the	Notes	Year ending March 31st	
		2013	**2012**
Revenues from business process management services		87,44,59,115	57,25,83,219
Other income	2.11	2,09,73,232	1,66,48,630
Total Revenue		**89,54,32,347**	**58,92,31,849**
Expenses			
Employee benefit expenses	2.12	68,45,01,124	41,69,04,319
Cost of technical sub-contractors	2.12	39,47,729	1,84,22,876
Travel expenses	2.12	3,25,74,251	2,23,29,688
Cost of software packages	2.12	64,20,444	(87,534)
Communication expenses	2.12	87,71,760	54,33,602
Professional charges	2.12	6,64,72,017	3,10,55,921
Office expenses	2.12	1,37,15,974	1,10,69,932
Power and fuel	2.12	1,45,94,454	1,27,03,793
Insurance charges	2.12	29,68,075	(13,93,096)
Rent	2.12	6,42,57,777	4,87,02,488
Depreciation expense	2.6	1,67,45,107	1,31,50,053
Other expenses	2.12	71,90,555	49,89,544
		92,21,59,267	**58,32,81,586**
PROFIT BEFORE TAX		**(267,26,920)**	**59,50,263**
Provision for taxation	2.13		
Current tax		-	25,88,104
Deferred tax		-	67,67,973
		-	93,56,077
LOSS FOR THE PERIOD		**(267,26,920)**	**(34,05,814)**
SIGNIFICANT ACCOUNTING POLICIES	1		
NOTES ON ACCOUNTS	2		

D. Swaminathan
Chairman

Anantha Radhakrishnan
Director

B.G. Srinivas
Director

Abraham Mathews
Director

Bangalore
April 12, 2013

Schedules to the financial statements for the year ended March 31,2013

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 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 in India ("GAAP") 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 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 recognised as unbilled revenues. Revenue from fixed-price, fixed-time frame contracts, where there is no uncertainity as to measurement and collectibility 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 recognised 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 recognised 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 upto the date of the balance sheet. Direct costs are capitalized until the assets are ready for use and include financing costs relating to any borrowing attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use. Capital work-in-progress includes the cost of fixed assets that are not yet ready for their intended use before the balance sheet date. Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortisation and impairment. Goodwill on amalgamation is tested periodically for impairment.

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 amortised over the lease period. Intangible assets are amortised over their useful life on a straight line basis commencing from the date the asset is available to the company for its use. Management estimates the useful lives for the various fixed assets as follows:

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

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, 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 recognised 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 recognised 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 realised. 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 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 recognises 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 recognised 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 recognised in the period in which the absences occur.

1.13 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 recognised wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset’s net selling price and value in use i.e. the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if 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.

1.14 Cash and Cash Equivalents

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

2 NOTES ON ACCOUNTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2013

2.1 SHARE CAPITAL

(in ₹)

Particulars	**As at March 31, 2013**	**As at March 31, 2012**
AUTHORISED		
Share Capital	3,49,78,993	3,49,78,993
	3,49,78,993	3,49,78,993
ISSUED, SUBSCRIBED AND PAID UP		
Share Capital	3,49,78,993	3,49,78,993
(Wholly owned subsidary of Infosys BPO Limited)		
	3,49,78,993	**3,49,78,993**

2.2 RESERVES AND SURPLUS

(in ₹)

Particulars	**As at March 31, 2013**	**As at March 31, 2012**
Foreign currency translation reserve	4,12,53,013	5,01,91,197
Balance in profit and loss account - opening balance	25,28,80,083	25,62,85,897
Add: Loss during the year	(2,67,26,920)	(34,05,814)
Balance in profit and loss account - closing balance	22,61,53,163	25,28,80,083
	26,74,06,176	**30,30,71,280**

2.3 Unsecured Loans

(in ₹)

	As at	
	March 31, 2013	March 31, 2012
Long term borrowings	5,60,51,609	-
	5,60,51,609	-

2.4 OTHER CURRENT LIABILITIES

(in ₹)

Particulars	As at	
	March 31, 2013	March 31, 2012
Accrued salaries and benefits		
Salaries	4,55,68,967	3,68,63,747
Bonus and incentives	93,40,570	59,71,131
For other liabilities		
Provision for expenses	5,70,73,921	2,59,13,430
Withholding and other taxes	1,38,12,164	1,45,01,272
	12,57,95,622	8,32,49,580
Advances received from clients	2,76,79,001	-
Unearned revenue	-	1,04,18,865
Mark to market loss on forward exchange contract	-	1,81,57,350
	15,34,74,623	**11,18,25,795**

2.5 SHORT TERM PROVISIONS

(in ₹)

Particulars	As at	
	March 31, 2013	March 31, 2012
Provision for employee benefits		
Unavailed leave	2,09,92,573	1,27,04,860
Others		
Provision for		
SLA compliance	43,69,953	14,29,846
	2,53,62,526	**1,41,34,706**

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, 2013	March 31, 2012
Balance at the beginning of the year	14,29,846	35,82,549
Additional provision made during the year	64,29,714	26,40,881
Provisions used during the year	-	-
Unused amount reversed during the year	34,89,607	47,93,584
Balance at the end of the year	**43,69,953**	**14,29,846**

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

2.6 FIXED ASSETS

(in ₹)

Particulars	Original cost				Depreciation and amortization				Net book value	
	Cost as at April 01, 2012	Additions during the year	Deletions during the year	Cost as at March 31, 2013	As at April 01, 2012	Charge for the Period	Deductions during the year	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012
Tangible assets:										
Leasehold improvements	1,79,90,685	(4,54,639)	-	1,75,36,046	1,60,78,858	6,46,206	4,23,825	1,63,01,239	12,34,807	19,11,827
Plant and Machinery	1,20,72,252	(2,61,430)	-	1,18,10,822	70,71,331	18,08,855	2,28,500	86,51,686	31,59,136	50,00,921
Computer equipment	6,54,26,949	92,79,860	-	7,47,06,809	5,25,71,393	1,21,18,873	16,96,261	6,29,94,005	1,17,12,804	1,28,55,556
Furniture and fixtures	2,26,96,114	1,78,175	-	2,28,74,289	1,78,91,469	21,71,173	5,13,365	1,95,49,277	33,25,012	48,04,645
Total	**11,81,86,000**	**87,41,966**	**-**	**12,69,27,966**	**9,36,13,051**	**1,67,45,107**	**28,61,951**	**10,74,96,207**	**1,94,31,759**	**2,45,72,949**
Previous year	9,16,78,252	2,73,04,317	7,96,569	11,81,86,000	7,50,05,762	1,31,50,053	(54,57,236)	9,36,13,051	2,45,72,949	

2.7 LONG-TERM LOANS AND ADVANCES

(in ₹)

	As at	
	March 31, 2013	**March 31, 2012**
Rental Deposits	1,19,17,970	1,22,26,955
Advance Income tax	-	1,46,06,210
	1,19,17,970	**2,68,33,165**

2.8 TRADE RECEIVABLES

(in ₹)

Particulars	As at	
	March 31, 2013	**March 31, 2012**
Other debts		
Unsecured		
Considered good*	13,75,29,072	13,93,90,638
	13,75,29,072	**13,93,90,638**

* includes dues from subsidary companies(refer note 2.17)

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, 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, 2013 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

(in ₹)

Particulars	As at	
	March 31, 2013	**March 31, 2012**
Cash on hand	1,13,535	21,922
Balances with bank		
In current and deposit accounts	12,79,81,461	10,22,40,529
	12,80,94,996	**10,22,62,451**

The details of balances with banks as at March 31,2013 and March 31,2012 are as follows:

(in ₹)

Balances with scheduled banks	As at	
	March 31, 2013	**March 31, 2012**
In current accounts		
Deutsche bank - USD account	2,30,74,775	2,06,17,440
Deutsche bank - EUR account	5,25,91,721	1,19,93,011
Deutsche bank - Czk account	2,87,51,231	1,09,47,575
Citibank-subsidy account	7,673	7,892
Citibank- Czk account	1,91,72,981	91,32,286
Citibank-USD account	37,38,088	77,80,614
Citibank-EUR account	6,44,992	4,17,61,711
	12,79,81,461	**10,22,40,529**

2.10 SHORT TERM LOANS AND ADVANCES:

(in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Unsecured, considered good		
Prepaid Expenses	70,273	71,737
Advances for goods and services	1,17,38,536	39,40,707
Loan to Group Company	16,60,10,156	15,52,03,300
	17,78,39,828	15,92,15,744
Unbilled Revenue	5,60,73,535	1,45,16,418
Loans and advances to employees	44,88,368	43,94,402
Electricity and other deposits	18,23,859	17,07,636
Mark to market gain on forward exchange contract	6,68,817	-
	24,08,94,407	17,98,34,200
Unsecured, considered doubtful		
Loans and advances to employees	5,27,331	-
	24,14,21,738	17,98,34,200
Less: Provision for doubtful loans and advances	5,27,331	-
	24,08,94,408	**17,98,34,200**

2.11 OTHER INCOME

(in ₹)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Miscellaneous income, net	2,35,50,118	1,26,85,423
Gains / (losses) on foreign currency, net	(20,97,174)	39,63,207
Interese expense on Loans from Subsidiary	(4,79,712)	-
	2,09,73,232	**1,66,48,630**

2.12 EXPENSES

(in ₹)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Employee benefit expenses		
Salaries and bonus excluding overseas staff expenses	50,61,97,421	31,63,77,410
Staff welfare	2,06,95,122	1,02,00,487
Contribution to provident and other funds	15,76,08,581	9,03,26,422
	68,45,01,124	**41,69,04,319**
Cost of Technical sub-contractors		
Consultancy charges	39,47,729	1,84,22,876
	39,47,729	**1,84,22,876**
Travel expenses		
Overseas travel expenses	3,25,74,251	2,23,29,688
	3,25,74,251	**2,23,29,688**
Cost of software packages		
Cost of software for own use	64,20,444	(87,534)
	64,20,444	**(87,534)**
Communication expenses		
Communication expenses	87,71,760	54,33,602
	87,71,760	**54,33,602**
Professional Charges		
Legal and professional charges	1,32,68,331	51,68,780
Auditor's remuneration		
audit fees	18,74,113	9,73,873
Recruitment and training expenses	5,13,29,573	2,49,13,268
	6,64,72,017	**3,10,55,921**
Office expenses		
Computer maintenance	8,70,871	2,76,633
Printing and stationery	12,71,411	3,99,024
Office maintenance	1,15,73,692	1,03,94,275
	1,37,15,974	**1,10,69,932**
Power and fuel		
Power and fuel	1,45,94,454	1,27,03,793
	1,45,94,454	**1,27,03,793**
Insurance		
Insurance	29,68,075	(13,93,096)
	29,68,075	**(13,93,096)**
Rent		
Rent	6,42,57,777	4,87,02,488
	6,42,57,777	**4,87,02,488**

(in ₹)

Particulars	Year ended March 31,	
	2013	2012
Other expenses		
Consumables	21,28,107	5,71,974
Brand building and advertisement	-	4,35,624
Marketing expenses	41,824	-
Sales promotion expenses	32,183	1,49,035
Rates and taxes	15,11,403	1,85,942
Donations	-	23,573
Bank charges and commission	13,70,507	9,20,501
Postage and courier	11,63,298	1,45,570
Provision for doubtful debts	5,090	-
Provision for doubtful loans and advances	5,27,331	-
Professional membership and seminar participation fees	47,260	44,540
Other miscellaneous expenses	3,63,552	25,12,785
	71,90,555	**49,89,544**

2.13 TAX EXPENSES

(in ₹)

Particulars	Year ended March 31,	
	2013	2012
Current tax		
Income taxes	-	25,88,104
Deferred taxes	-	67,67,973
	-	**93,56,077**

2.14 LEASES

Obligations on long-term non-cancellable operating leases

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

(in ₹)

Particulars	Year ended March 31,	
	2012	2011
Lease rentals charged during the year	6,42,57,777	4,87,02,488

2.15 Commitments and contingent liabilities

(in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Estimated amount of unexecuted capital contracts (net of advance and deposits)	81,02,212	-
Sell: Forward contracts outstanding		
USD/CZK	3,000,000	4,000,000
(Equivalent approximate in ₹.)	(16,28,70,000)	(20,35,20,000)
Buy: Forward Contracts outstanding		
USD/CZK	-	19,111,000
(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, 2012).

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

(in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Later than one month and not later than three months	-	25,64,57,470
Later than three months and not later than one year	16,28,70,000	-
	16,28,70,000	25,64,57,470

The company recognized a Loss on derivate financial instruments of ₹ 81,97,679 and gain on derivative financial instruments of ₹ 1,22,66,282 during the quarter ended March 31, 2013 and March 31, 2012 respectively, which is included in other income.

2.16 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.

2.17 Related party transactions

List of related parties:

Name of the related party	Country	Holding as at March 31, 2013	Holding as at March 31, 2012
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**	Poland
McCamish Systems LLC**	United States
Portland Group Pty Ltd**	Australia
Portland Procurement Services Pty Ltd***	Australia
Infosys Consulting India Limited*	India
Infosys Technologies (Australia) Pty Limited ("Infosys Australia")*	Australia
Infosys Technologies S.de R.L.de C.V. ("Infosys Mexico")*	Mexico
Infosys Technologies (China) Co. Limited ("Infosys China") *	China
Infosys Technologia Do Brasil LTDA (" Infosys Brazil")*	Brazil

* Wholly owned subsidiaries of Infosys Limited

** Wholly owned subsidiaries of Infosys BPO Limited.

***Wholly owned subsidiary of Portland Group Pty Ltd

The details of the related party transactions entered into by the company for the year ended March 31, 2013 and March 31, 2012 are as follows:

(in ₹)

Particulars	Year ended March 31,	
	2013	2012
Capital transactions:		
Financial transactions		
Loans Taken		
Infosys BPO Poland Sp.z.o.o	5,60,51,609	-
Loans Given		
McCamish Systems LLC	-	21,45,39,867
Revenue transactions:		
Purchase of shared services including facilities and personnel		
Infosys Limited	-	16,810
Infosys BPO Limited	-	11,66,896
Infosys BPO Poland Sp.z.o.o	-	27,49,659
Interest income		
McCamish Systems LLC	16,20,072	24,33,322
Interest expense		
Infosys BPO Poland Sp.z.o.o	3,00,774	-
Sale of services		
Infosys Limited	8,74,36,781	15,55,98,534
Infosys BPO Poland Sp.z.o.o	98,29,331	45,55,324

Details of amounts due to or due from related parties as at March 31, 2013 and March 31, 2012

(in ₹)

Particulars	As at,	
	March 31,2013	March 31,2012
Loans to subsidiary		
McCamish Systems LLC	16,60,10,156	15,52,03,300
Loans Accepted		
Infosys BPO Poland Sp.z.o.o	5,60,51,609	-
Advances Received		
Infosys Limited	2,76,79,001	
Debtors		
Infosys Limited	36,99,008	1,24,77,540

2.18 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, utlilites and telecommunication services (ECS) and retail, logistics, consumer product group, life sciences and health care enterprises (RCL). Revenue and identifiable operating expenses in relation to segments is categorized based on items that are individually identified to those segments while allocated 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 liabilites 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

Year ended **March 31, 2013** and March 31, 2012

(in ₹)

Particulars	FSI	MFG	RCL	ECS	Total
Revenues	**7,31,63,663**	**71,03,48,902**	**8,06,56,365**	**1,02,90,185**	**87,44,59,115**
	7,93,51,370	34,43,44,652	13,66,88,073	1,21,99,124	57,25,83,219
Identifiable operating expenses	**5,40,01,580**	**42,16,00,335**	**4,82,46,802**	**77,12,773**	**53,15,61,490**
	5,76,29,451	18,41,25,634	5,49,72,359	61,79,872	30,29,07,316
Allocated expenses	**3,16,88,748**	**30,17,94,589**	**3,79,50,919**	**24,18,414**	**37,38,52,670**
	3,62,54,765	15,85,94,780	6,77,91,682	45,82,990	26,72,24,217
Segmental operating profit	**(1,25,26,665)**	**(1,30,46,022)**	**(55,41,356)**	**1,58,998**	**(3,09,55,045)**
	(1,45,32,846)	16,24,238	1,39,24,032	14,36,262	24,51,686
Unallocable expenses					**1,67,45,107**
					1,31,50,053
Profit before other income					**(4,77,00,152)**
					(1,06,98,367)
Other income					**2,09,73,232**
					1,66,48,630
Profit/(Loss) before tax					**(2,67,26,920)**
					59,50,263
Tax expense					-
					93,56,077
Loss for the period					**(2,67,26,920)**
					(34,05,814)

Geographical segments

Year ended **March 31, 2013** and March 31, 2012

(in ₹)

Particulars	North America	Europe	Total
Revenues	**10,95,47,126**	**76,49,11,989**	**87,44,59,115**
	17,76,46,139	39,49,37,080	57,25,83,219
Identifiable operating expenses	**6,22,07,319**	**46,93,54,171**	**53,15,61,490**
	7,30,90,335	22,98,16,981	30,29,07,316
Allocated expenses	**5,06,23,893**	**32,32,28,777**	**37,38,52,670**
	8,86,87,012	17,85,37,205	26,72,24,217
Segmental operating profit	**(32,84,086)**	**(2,76,70,959)**	**(3,09,55,045)**
	1,58,68,792	(1,34,17,106)	24,51,686
Unallocable expenses			**1,67,45,107**
			1,31,50,053
Profit before other income			**(4,77,00,152)**
			(1,06,98,367)
Other income			**2,09,73,232**
			1,66,48,630
Profit/(Loss) before tax			**(2,67,26,920)**
			59,50,263
Tax expense			**-**
			93,56,077
Loss for the period			**(2,67,26,920)**
			(34,05,814)

2.19 FUNCTION WISE CLASSIFICATION OF STATEMENT OF PROFIT AND LOSS ACCOUNT

(in ₹)

Profit and Loss account for the	**Year ended March 31,**	
	2013	**2012**
Income from software services and products	87,44,59,115	57,25,83,219
Cost of revenue	80,46,49,906	50,43,92,036
GROSS PROFIT/(LOSS)	6,98,09,209	6,81,91,183
Selling and marketing expenses	25,41,600	13,77,212
General and administration expenses	9,82,22,654	6,43,62,285
	10,07,64,254	6,57,39,497
OPERATING PROFIT/(LOSS) BEFORE DEPRECIATION	(3,09,55,045)	24,51,686
Depreciation	1,67,45,107	1,31,50,053
OPERATING PROFIT/(LOSS)	(4,77,00,152)	(1,06,98,367)
Other income, net	2,09,73,232	1,66,48,630
PROFIT/(LOSS) BEFORE TAX	(2,67,26,920)	59,50,263
Tax expense:		
Current tax	-	93,56,077
PROFIT/(LOSS) FOR THE PERIOD	(2,67,26,920)	(34,05,814)

To

The Members of McCamishSystems, LLC

Report on the Financial Statements:

We have audited the accompanying financial statement of **McCamishSystems, LLC** (`the Company`) as at 31st, March 2013, the profit and loss account(`Financial Statement`) of the Company for the year ended on that date and a summary of significant accounting policies and other explanatory information.

Management`s Responsibility for the Financial Statements:

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956(``the Act``) This responsibility included the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor`s Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit.

Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the financial statements 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 31st March 2013;
2) In the case of the statement of profit and loss, of the ***Loss*** for the year ended on that date;

As required by Section 227(3) of the Act, 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 statement of profit and loss account dealt with by this Report are in agreement with the books of accounts;
d) In our opinion, the Balance Sheet and statement of profit and loss account comply with the Accounting Standards referred to in Subsection (3C) of Section 211 of the Companies Act, 1956, and;

For **SHENOY & KAMATH**
Chartered accountants

(M RATHNAKAR KAMATH)
Partner.
Membership No. 202841
Firm's Registration. No. 006673s

Bangalore
12th April, 201**3**

McCamish Systems, LLC

(in ₹)

Balance Sheet as at	Note	March 31, 2013	March 31, 2012
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	163,93,17,854	147,52,47,854
Reserves and surplus	2.2	(163,27,07,104)	(147,52,80,161)
		66,10,750	(32,307)
NON-CURRENT LIABILITIES			
Other long-term liabilities	2.3	-	4,57,92,000
		-	4,57,92,000
CURRENT LIABILITIES			
Trade payables		1,65,01,988	11,61,82,038
Other current liabilities	2.4	186,73,94,855	33,19,48,650
Short-term provisions	2.5	1,67,33,481	1,20,77,589
		190,06,30,324	46,02,08,277
		190,72,41,074	**50,59,67,970**
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.6	4,05,78,897	5,65,03,411
Intangible assets		9,76,00,704	-
Capital work-in-progress		1,99,75,245	-
		15,81,54,846	5,65,03,411
CURRENT ASSETS			
Trade receivables	2.7	37,27,47,756	31,96,04,857
Cash and cash equivalents	2.8	12,34,54,211	3,08,66,556
Short term loans and advances	2.9	125,28,84,261	9,89,93,146
		174,90,86,228	44,94,64,559
		190,72,41,074	**50,59,67,970**
SIGNIFICANT ACCOUNTING POLICIES	1		
NOTES ON ACCOUNTS	2		

D. Swaminathan
Chairman

Gordon Beckam
Chief Executive Officer

Eric Paternoster
Director

Kapil Jain
Director

Sam Thomas
Director

Abraham Mathews
Director

Bangalore
April 12, 2013

(in ₹)

Statement of Profit and Loss for the	Note	Year ended March 31,	
		2013	2012
Revenues from business process management services		261,40,37,396	187,12,66,530
Other income	2.10	(21,89,111)	(60,04,163)
Total Revenue		**261,18,48,285**	**186,52,62,367**
Expenses			
Employee benefit expenses	2.11	146,63,44,673	107,53,22,111
Cost of technical sub-contractors	2.11	63,28,32,009	68,27,33,001
Travel expenses	2.11	2,92,63,523	2,67,98,014
Cost of Software packages	2.11	8,92,68,549	4,70,77,050
Communication expenses	2.11	2,18,82,210	2,42,63,158
Professional Charges	2.11	24,48,51,785	1,26,44,644
Office expenses	2.11	8,85,00,431	7,79,95,679
Power and fuel	2.11	33,54,873	18,89,481
Insurance charges	2.11	73,69,654	56,87,616
Rent	2.11	5,03,76,033	3,31,08,463
Depreciation	2.6	6,02,22,046	5,09,82,903
Other expenses	2.11	7,65,65,574	6,72,59,237
		277,08,31,360	**210,57,61,357**
LOSS BEFORE TAX		**(15,89,83,075)**	**(24,04,98,990)**
Provision for taxation		-	-
Current tax		-	-
Deferred tax		-	-
		-	-
LOSS FOR THE PERIOD		**(15,89,83,075)**	**(24,04,98,990)**
SIGNIFICANT ACCOUNTING POLICIES	1		
NOTES ON ACCOUNTS	2		

D. Swaminathan *Chairman*	Gordon Beckam *Chief Executive Officer*	Eric Paternoster *Director*
Kapil Jain *Director*	Sam Thomas *Director*	Abraham Mathews *Director*

Bangalore
April 12, 2013

Schedules to the financial statements for the year ended March 31, 2013

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 wholly owned and controlled entity 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 in India ("GAAP") 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 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 recognised as unbilled revenues. Revenue from fixed-price, fixed-time frame contracts, where there is no uncertainity as to measurement and collectibility 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 recognised 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 recognised 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 upto the date of the balance sheet. Direct costs are capitalized until the assets are ready for use and include financing costs relating to any borrowing attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use. Capital work-in-progress includes the cost of fixed assets that are not yet ready for their intended use before the balance sheet date. Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortisation and impairment. Goodwill on amalgamation is tested periodically for impairment.

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 amortised over the lease period. Intangible assets are amortised over their useful life on a straight line basis commencing from the date the asset is available to the company for its use. Management estimates the useful lives for the various fixed assets as follows:

Building	Fifteen years
Computer equipment	Two years
Office equipment	Five years
Furniture and fixtures	Five 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

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 recognised wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use i.e. the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if 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.

1.9 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 recognised 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 recognised 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 realised. 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 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 recognises 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 recognised 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.

1.12 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 Cash and Cash Equivalents

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

NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2013

2.1 SHARE CAPITAL

(in ₹)

Particulars	As at	
	March 31, 2013	March 31, 2012
AUTHORISED		
Share Capital	163,93,17,854	147,52,47,854
	163,93,17,854	147,52,47,854
ISSUED, SUBSCRIBED AND PAID UP		
Share Capital	163,93,17,854	147,52,47,854
	163,93,17,854	**147,52,47,854**

2.2 RESERVES AND SURPLUS

(in ₹)

Particulars	As at	
	March 31, 2013	March 31, 2012
Foreign currency translation reserve	(2,33,59,518)	(2,49,15,650)
Balance in profit and loss account - opening balance	(145,03,64,511)	(120,98,65,521)
Add: Loss during the year	(15,89,83,075)	(24,04,98,990)
Balance in profit and loss account - closing balance	(160,93,47,586)	(145,03,64,511)
	(163,27,07,104)	**(147,52,80,161)**

2.3 LONG-TERM PROVISIONS

(in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Provision for expenses	-	4,57,92,000
	-	**4,57,92,000**

2.4 OTHER CURRENT LIABILITIES

(in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Accrued salaries and benefits		
Salaries	4,22,88,491	1,20,98,552
For other liabilities		
Provision for expenses	30,56,71,158	9,00,82,226
Withholding and other taxes receivable	20,54,822	6,13,307
Due to carrier/insurance provider*	116,98,05,489	-
	151,98,19,960	10,27,94,085
Advances received from clients	-	-
Unearned revenue	7,13,71,480	2,37,55,567
Loans from subsidiary	22,19,13,415	20,53,98,998
Liability for deferred consideration	5,42,90,000	-
	186,73,94,855	**33,19,48,650**

*These amounts represents premiums collected from policy holders and payable to insurance providers by a service provider maintaining the amounts in fiduciary capacity

2.5 SHORT TERM PROVISIONS

(in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Provision for employee benefits		
Unavailed leave	-	-
Provision for		
SLA compliance	1,67,33,481	1,20,77,589
	1,67,33,481	**1,20,77,589**

Provision for SLA compliance

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

(in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Balance at the beginning of the year	1,20,77,589	1,04,37,292
Additional provision made during the year	98,52,550	54,76,904
Provisions used during the year	-	-
Unused amount reversed during the year	51,96,658	38,36,607
Balance at the end of the year	**1,67,33,481**	**1,20,77,589**

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

2.6 FIXED ASSETS

(in ₹)

Particulars	Original cost				Depreciation and amortization				Net book value	
	Cost as at April 01, 2012	Additions during the year	Deletions during the year	Cost as at March 31, 2013	As at April 01, 2012	Charge for the year	Deletions during the year	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012
Tangible assets :										
Leasehold improvements	25,14,795	1,68,543	-	26,83,338	18,92,532	5,09,623	(1,23,959)	25,26,114	1,57,224	6,22,263
Office equipment	57,80,070	5,04,649	-	62,84,719	11,49,125	11,54,723	(71,774)	23,75,622	39,09,097	46,30,945
Computer equipment	15,20,26,642	4,30,19,032	-	19,50,45,674	10,30,62,579	5,54,19,827	(66,24,125)	16,51,06,531	2,99,39,143	4,89,64,063
Furniture and fixtures	1,14,99,999	80,36,637	-	1,95,36,636	92,13,859	31,37,873	(6,11,471)	1,29,63,203	65,73,433	22,86,140
	17,18,21,506	5,17,28,861	-	22,35,50,367	11,53,18,095	6,02,22,046	(74,31,329)	18,29,71,470	4,05,78,897	5,65,03,411
Intangible assets :										
Goodwill	-	9,76,00,704	-	9,76,00,704	-	-	-	-	9,76,00,704	-
	-	9,76,00,704	-	9,76,00,704	-	-	-	-	9,76,00,704	-
Total	**17,18,21,506**	**14,93,29,565**	**-**	**32,11,51,071**	**11,53,18,095**	**6,02,22,046**	**(74,31,329)**	**18,29,71,470**	**13,81,79,601**	**5,65,03,411**
Previous year	**9,78,97,548**	**7,56,56,579**	**17,32,621**	**17,18,21,506**	**5,56,33,238**	**5,09,82,903**	**(87,01,954)**	**11,53,18,095**	**5,65,03,411**	**-**

2.7 TRADE RECEIVABLES

(in ₹)

Particulars	As at	
	March 31, 2013	March 31, 2012
Debt outstanding for a period exceeding six months		
Unsecured		
More than six months from the date they are due	-	-
	-	-
Other debts		
Unsecured		
Considered good*	37,27,47,756	31,96,04,857
	37,27,47,756	**31,96,04,857**

* Of which dues from subsidary 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. As at March 31, 2013 the Company has provided for doubtful debts of INR2,389.

2.8 CASH AND CASH EQUIVALENTS

(in ₹)

Particulars	As at	
	March 31, 2013	March 31, 2012
Cash on hand	-	-
Balances with bank		
In current and deposit accounts	12,34,54,211	3,08,66,556
	12,34,54,211	**3,08,66,556**

The details of balances with banks as at March 31,2013 and March 31,2012 are as follows:

(in ₹)

Balances with scheduled banks	As at	
	March 31, 2013	March 31, 2012
In current accounts		
Bank of America-USD	12,31,82,761	3,06,12,156
Bank of America–USD–Trust Funds	2,71,450	2,54,400
	12,34,54,211	**3,08,66,556**

2.9 SHORT TERM LOANS AND ADVANCES:

(in ₹)

Particulars	As at	
	March 31, 2013	March 31, 2012
Unsecured, considered good		
Prepaid Expenses	1,76,25,140	2,56,17,368
Advances for goods and services	12,78,475	11,25,262
	1,89,03,615	2,67,42,630
Unbilled Revenue	6,20,09,495	7,11,39,653
Loans and advances to employees	11,57,951	3,47,663
Loans & Advances - Others	-	-
Electricity and other deposits	10,07,731	7,63,200
Due from service provider*	116,98,05,469	-
	125,28,84,261	**9,89,93,146**

2.10 OTHER INCOME

(in ₹)

Particulars	Year ended March 31, 2013	2012
Interest income/ (expenses)	(27,61,533)	(51,07,360)
Miscellaneous income	18,34,445	4,25,886
Exchange differences	(12,62,023)	(13,22,689)
	(21,89,111)	**(60,04,163)**

2.11 EXPENSES

(in ₹)

Particulars	Year ended March 31, 2013	2012
Employee benefit expenses		
Salaries and bonus excluding overseas staff expenses	145,72,40,833	106,96,26,807
Staff welfare	91,03,840	56,95,304
	146,63,44,673	**107,53,22,111**
Cost of Technical sub-contractors		
Consultancy charges	63,28,32,009	68,27,33,001
	63,28,32,009	**68,27,33,001**
Travel expenses		
Overseas travel expenses	2,92,13,293	2,58,20,873
Travelling expenses	50,230	9,77,141
	2,92,63,523	**2,67,98,014**
Cost of software packages		
Cost of software for own use	8,92,68,549	4,70,77,050
	8,92,68,549	**4,70,77,050**
Communication expenses		
Communication expenses	2,18,82,210	2,42,63,158
	2,18,82,210	**2,42,63,158**
Professional Charges		
Legal and professional charges	23,43,17,883	86,55,391
Auditor's remuneration		
audit fees	16,19,574	14,58,557
Recruitment and training expenses	89,14,328	25,30,696
	24,48,51,785	**1,26,44,644**
Office expenses		
Computer maintenance	8,03,11,901	7,67,81,833
Printing and stationery	49,94,329	4,50,169
Office maintenance	31,94,201	7,63,677
	8,85,00,431	**7,79,95,679**
Power and fuel		
Power and fuel	33,54,873	18,89,481
	33,54,873	**18,89,481**
Insurance		
Insurance	73,69,654	56,87,616
	73,69,654	**56,87,616**
Rent		
Rent	5,03,76,033	3,31,08,463
	5,03,76,033	**3,31,08,463**

(in ₹)

Particulars	Year ended March 31,	
	2013	2012
Other expenses		
Consumables	17,57,926	31,37,173
Brand building and advertisement	48,07,691	37,67,143
Rates and taxes	53,28,376	51,59,696
Bank charges and commission	4,56,376	1,91,687
Postage and courier	4,23,21,251	1,05,11,325
Professional membership and seminar participation fees	14,96,553	6,64,880
Provision for doubtful debts	(8,833)	25,028
Other miscellaneous expenses	2,04,06,234	4,38,02,305
	7,65,65,574	**6,72,59,237**

2.12 LEASES

Obligations on long-term non-cancellable operating leases

The lease rentals charged during the year and maximum obligations on long-term non-cancellable operating leases payable as per the rentals stated in the

(in ₹)

Particulars	Year ended March 31,	
	2013	2012
Lease rentals charged during the year	5,03,76,033	3,31,08,463

2.13 Commitments and contingent liabilities

(in ₹)

Particulars	As at	
	March 31, 2013	March 31, 2012
Estimated amount of unexecuted capital contracts (net of advance and deposits)	73,33,252	53,07,194

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, 2012).

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, 2013	March 31, 2012
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	Poland
Infosys BPO (Thailand) Limited**	Thailand
Infosys BPO s.r.o	Czech Republic
Portland Group Pty Ltd	Australia
Portland Procurement Services Pty Ltd	Australia
Infosys Consulting India Limited*	India
Infosys Technologies (Australia) Pty Limited ("Infosys Australia")*	Australia
Infosys Technologies S.de R.L.de C.V. ("Infosys Mexico")*	Mexico
Infosys Technologies (China) Co. Limited ("Infosys China") *	China
Infosys Technologia Do Brasil LTDA (" Infosys Brazil")*	Brazil

* Wholly owned subsidiaries of Infosys Limited

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

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 United States. The business acquisition was conducted by entering into 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, 2013 and March 31, 2012 are as follows:

(in ₹)

Particulars	Year ended March 31,	
	2013	2012
Capital transactions:		
Financial transactions		
Loans		
Infosys BPO Limited	-	-
Revenue transactions:		
Purchase of services		
Infosys Limited	19,56,01,599	22,70,31,285
Infosys Consulting Inc	-	4,31,52,937
Infosys BPO Limited	36,19,46,752	10,17,27,219
Purchase of shared services including facilities and personnel		
Infosys Limited	-	49,832
Infosys BPO Limited	-	3,47,119
Interest expense		
Infosys BPO Limited	-	21,94,538
Infosys BPO Poland Sp.z.o.o	6,87,847	4,14,857
Infosys BPO s.r.o.	20,73,688	18,12,800
Sale of services		
Infosys Limited	78,19,040	2,97,26,251
Infosys BPO Limited	18,03,760	1,11,19,857
Sale of shared services including facilities and personnel		
Infosys Limited	-	10,97,263
Infosys BPO Limited	5,95,977	19,94,301

Details of amounts due to or dues from related parties as at March 31, 2013 and March 31, 2012.

(in ₹)

Particulars	As at	
	March 31, 2013	March 31, 2012
Loans Accepted		
Infosys BPO Poland Sp.z.o.o	5,56,10,428	5,14,75,894
Infosys BPO s.r.o.	16,63,03,002	15,39,23,117
Debtors		
Infosys Limited	-	17,07,168
Creditors		
Infosys Limited	1,15,26,853	8,62,67,294
Infosys BPO Limited	49,75,136	2,83,26,809

2.16 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, utlilites and telecommunication services (ECS) and retail, logistics, consumer product group, life sciences and health care enterprises (RCL). Revenue and identifiable operating expenses in relation to segments is categorized based on items that are individually identified to those segments while allocated 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 liabilites 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

Year ended March 31, 2013 and March 31, 2012

(in ₹)

Particulars	FSI	MFG	RCL	ECS	Total
Revenues	**260,92,65,274**	**12,73,863**	**20,36,007**	**14,62,252**	**261,40,37,396**
	186,66,32,831	12,93,845	16,46,512	16,93,342	187,12,66,530
Identifiable operating expenses	**121,28,40,765**	**1,01,000**	**1,99,247**	**23,33,739**	**121,54,74,751**
	80,37,08,787	-	1,30,419	-	80,38,39,206
Allocated expenses	**149,23,93,049**	**7,35,564**	**11,71,867**	**8,34,083**	**149,51,34,563**
	124,77,12,553	8,65,018	11,35,043	12,26,634	125,09,39,248
Segmental operating profit	**(9,59,68,540)**	**4,37,299**	**6,64,893**	**(17,05,570)**	**(9,65,71,918)**
	(18,47,88,509)	4,28,827	3,81,050	4,66,708	(18,35,11,924)
Unallocable expenses					**6,02,22,046**
					5,09,82,903
Profit before other income					**(15,67,93,964)**
					(23,44,94,827)
Other income ,net					**(21,89,111)**
					(60,04,163)
Net profit/(loss) before tax					**(15,89,83,075)**
					(24,04,98,990)
Tax expense					-
					-
Loss for the period					**(15,89,83,075)**
					(24,04,98,990)

Geographical segments

Year ended March 31, 2013 and March 31, 2012

(in ₹)

Particulars	North America	Europe	Others	Total
Revenues	**261,40,37,396**	**-**	**-**	**261,40,37,396**
	186,02,63,131	1,10,03,399	-	187,12,66,530
Identifiable operating expenses	**121,54,74,751**	**-**	**-**	**121,54,74,751**
	80,38,39,206	-	-	80,38,39,206
Allocated expenses	**149,51,34,563**	**-**	**-**	**149,51,34,563**
	123,94,96,937	1,14,42,311	-	125,09,39,248
Segmental operating profit	**(9,65,71,918)**	**-**	**-**	**(9,65,71,918)**
	(18,30,73,012)	(4,38,912)	-	(18,35,11,924)
Unallocable expenses				**6,02,22,046**
				5,09,82,903
Profit before other income				**(15,67,93,964)**
				(23,44,94,827)
Other income ,net				**(21,89,111)**
				(60,04,163)
Net profit/(loss) before tax				**(15,89,83,075)**
				(24,04,98,990)
Tax expense				**-**
				-
Loss for the period				**(15,89,83,075)**
				(24,04,98,990)

2.17 FUNCTION WISE CLASSIFICATION OF STATEMENT OF PROFIT AND LOSS ACCOUNT

(in ₹)

Profit and Loss account for the	**Year ended March 31,**	
	2013	**2012**
Income from business process management services	261,40,37,396	187,12,66,530
Cost of revenue	238,00,86,819	181,74,91,508
GROSS PROFIT/(LOSS)	23,39,50,577	5,37,75,022
Selling and marketing expenses	13,23,72,440	9,16,32,114
General and administration expenses	19,81,50,055	14,56,54,832
	33,05,22,495	23,72,86,946
OPERATING LOSS BEFORE DEPRECIATION	(9,65,71,918)	(18,35,11,924)
Depreciation	6,02,22,046	5,09,82,903
OPERATING LOSS	(15,67,93,964)	(23,44,94,827)
Other income, net	(21,89,111)	(60,04,163)
PROFIT/LOSS BEFORE TAX	(15,89,83,075)	(24,04,98,990)
Tax expense:		
Current tax	-	-
PROFIT/LOSS FOR THE PERIOD	(15,89,83,075)	(24,04,98,990)

To

The Members of Portland Group Pty Limited

Report on the Financial Statements:

We have audited the accompanying financial statement of **Portland Group Pty Limited** (`the Company`) as at 31st, March 2013, the profit and loss account(`Financial Statement`) of the Company for the year ended on that date and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956(``the Act``) This responsibility included the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit.

Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the financial statements 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 31st March 2013;
2) In the case of the statement of profit and loss, of the ***Loss*** for the year ended on that date;

As required by Section 227(3) of the Act, 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 statement of profit and loss account dealt with by this Report are in agreement with the books of accounts;
d) In our opinion, the Balance Sheet and statement of profit and loss account comply with the Accounting Standards referred to in Subsection (3C) of Section 211 of the Companies Act, 1956, and;

For **SHENOY & KAMATH**
Chartered accountants

(M RATHNAKAR KAMATH)
Partner.
Membership No. 202841
Firm's Registration. No. 006673s

Bangalore
12th April, 2013

Portland Group Pty Limited

(in ₹)

Balance Sheet as at	Note	As at March 31, 2013	As at March 31, 2012
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	17,86,70,669	17,86,70,669
Reserves and surplus	2.2	12,20,87,412	15,79,04,766
		30,07,58,081	33,65,75,435
NON-CURRENT LIABILITIES			
Other long-term liabilities	2.3	21,78,07,531	4,07,00,012
		21,78,07,531	4,07,00,012
CURRENT LIABILITIES			
Trade payables		14,19,14,326	2,43,47,436
Other current liabilities	2.4	47,21,47,586	44,28,15,377
Short-term provisions	2.5	9,37,20,215	4,68,91,698
		70,77,82,127	51,40,54,511
		122,63,47,739	**89,13,29,958**
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.6	1,62,59,832	2,41,49,717
Intangible assets		-	-
Capital work-in-progress		3,97,826	-
		1,66,57,658	2,41,49,717
Non-current investments	2.7	34,80,95,947	34,80,95,947
Deferred tax assets, net		2,97,40,491	-
Long-term loans and advances	2.8	4,51,41,075	89,37,875
		42,29,77,513	35,70,33,822
CURRENT ASSETS			
Trade receivables	2.9	48,09,86,225	33,11,74,007
Cash and cash equivalents	2.10	22,98,28,835	13,95,11,500
Short term loans and advances	2.11	7,58,97,508	3,94,60,912
		78,67,12,568	51,01,46,419
		122,63,47,739	**89,13,29,958**
SIGNIFICANT ACCOUNTING POLICIES	1		
NOTES ON ACCOUNTS	2		

D. Swaminathan *Chairman*	Gavin Solsky *CEO and Managing Director*	Gautam Thakkar *Director*
Dave Gardiner *Director*	Jackie Korhonen *Director*	Abraham Mathews *Director*

Bangalore
April 12, 2013

(in ₹)

Profit and Loss Account for the	Note	Year ending March 31,	
		2013	2012
Revenues from business process management services		171,86,94,184	33,19,41,962
Other income	2.12	43,09,979	2,98,578
Total Revenue		**172,30,04,163**	**33,22,40,540**
Expenses			
Employee benefit expenses	2.13	136,57,14,061	23,19,32,177
Cost of technical sub-contractors	2.13	14,32,85,982	4,46,07,074
Travel expenses	2.13	8,59,69,631	60,87,059
Communication expenses	2.13	1,29,15,374	18,84,705
Professional charges	2.13	4,51,40,065	1,49,95,692
Office expenses	2.13	99,05,695	1,49,656
Power and fuel	2.13	12,66,530	-
Insurance charges	2.13	61,37,144	3,13,117
Rent	2.13	3,29,26,583	84,71,198
Depreciation and amortization expense	2.6	1,28,17,783	33,48,933
Other expenses	2.13	7,17,88,597	1,76,51,236
		178,78,67,445	**32,94,40,847**
PROFIT BEFORE TAX		**(6,48,63,282)**	**27,99,693**
Provision for taxation			
Current tax	2.14	3,57,51,404	1,54,58,338
Deferred tax	2.14	(6,51,12,919)	-
		(2,93,61,515)	1,54,58,338
LOSS FOR THE YEAR		**(3,55,01,767)**	**(1,26,58,645)**
SIGNIFICANT ACCOUNTING POLICIES	1		
NOTES ON ACCOUNTS	2		

D. Swaminathan
Chairman

Gavin Solsky
CEO and Managing Director

Gautam Thakkar
Director

Dave Gardiner
Director

Jackie Korhonen
Director

Abraham Mathews
Director

Bangalore
April 12, 2013

Schedules to the financial statements for the year ended March 31, 2013

Significant accounting policies and notes on accounts

Company overview

Portland Group Pty Ltd is a strategic sourcing and category management services provider. Portland Group Pty Ltd is a wholly owned and controlled entity 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 in India ("GAAP") 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 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 recognised as unbilled revenues. Revenue from fixed-price, fixed-time frame contracts, where there is no uncertainity as to measurement and collectibility 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 recognised 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 recognised 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 upto the date of the balance sheet. Direct costs are capitalized until the assets are ready for use and include financing costs relating to any borrowing attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use. Capital work-in-progress includes the cost of fixed assets that are not yet ready for their intended use before the balance sheet date. Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortisation and impairment. Goodwill on amalgamation is tested periodically for impairment.

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 amortised over the lease period. Intangible assets are amortised over their useful life on a straight line basis commencing from the date the asset is available to the company for its use. Management estimates the useful lives for the various fixed assets as follows:

Computer equipment	Two years
Office equipment	Five years
Furniture and fixtures	Five 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 recognised 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 realised. 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 recognises 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 recognised 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 recognised wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use i.e. the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if 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, 2013

2.1 SHARE CAPITAL

(in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
AUTHORISED		
Share Capital	17,86,70,669	17,86,70,669
ISSUED, SUBSCRIBED AND PAID UP		
Share capital		
Equity shares		
17,45,00,000 equity shares fully paid up	17,86,70,669	17,86,70,669
[Of the above, 17,45,00,000 equity shares are held by the holding company, Infosys BPO Limited]		
	17,86,70,669	**17,86,70,669**

2.2 RESERVES AND SURPLUS

(in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Foreign currency translation reserve	23,357	3,38,944
Balance in profit and loss account - opening	15,75,65,822	17,02,24,467
Add: Profit/ (Loss) during the period	(3,55,01,767)	(1,26,58,645)
Balance in profit and loss account - closing	12,20,64,055	15,75,65,822
	12,20,87,412	**15,79,04,766**

2.3 OTHER LONG TERM LIABILITIES

(in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Accrued salaries and benefits		
Bonus and incentives	21,78,07,531	4,07,00,012
	21,78,07,531	**4,07,00,012**

2.4 OTHER CURRENT LIABILITIES

(in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Accrued salaries and benefits		
Bonus and incentives	7,27,63,321	7,42,34,423
For other liabilities		
Provision for expenses	1,21,62,426	1,92,19,293
Withholding and other taxes	3,07,12,601	1,62,71,359
	11,56,38,348	10,97,25,075
Advances received from clients	35,65,09,238	33,30,90,302
	47,21,47,586	**44,28,15,377**

2.5 SHORT TERM PROVISIONS

(in ₹)

	As at March 31, 2013	As at March 31, 2012
Provision for employee benefits		
Unavailed leave	4,85,78,007	2,32,66,008
Others		
Provision for		
Income taxes	3,56,84,998	1,55,11,307
SLA compliance	94,57,210	81,14,383
	9,37,20,215	**4,68,91,698**

Provision for SLA compliance

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

(in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Balance at the beginning of the period	81,14,383	-
Additional provision made during the period	61,80,081	81,14,383
Provisions used during the period	-	-
Unused amount reversed during the period	48,37,254	-
Balance at the end of the period	**94,57,210**	**81,14,383**

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

2.6 FIXED ASSETS

(in ₹)

Particulars	Original cost				Depreciation and amortization				Net book value	
	Cost as at April 01, 2012	Additions during the period	Deletions during the period	Cost as at March 31, 2013	As at April 01, 2012	Charge for the period	Deductions during the period	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012
Tangible Assets:										
Office equipment	25,90,844	1,82,157	-	27,73,001	2,20,864	8,29,748	(20,092)	10,70,704	17,02,297	23,69,980
Computer equipment	85,49,568	38,07,495	-	1,23,57,063	18,60,275	71,71,604	(1,54,470)	91,86,349	31,70,714	66,89,293
Furniture and fixtures	1,63,58,238	12,36,760	-	1,75,94,998	12,67,794	48,16,431	(1,23,952)	62,08,177	1,13,86,821	1,50,90,444
	2,74,98,650	52,26,412	-	3,27,25,062	33,48,933	1,28,17,783	(2,98,514)	1,64,65,230	1,62,59,832	2,41,49,717
Total	**2,74,98,650**	**52,26,412**	**-**	**3,27,25,062**	**33,48,933**	**1,28,17,783**	**(2,98,514)**	**1,64,65,230**	**1,62,59,832**	**2,41,49,717**
Previous period	-	**2,74,98,650**	-	**2,74,98,650**	-	**33,48,933**	-	**33,48,933**	**2,41,49,717**	-

2.7 NON CURRENT INVESTMENTS

(in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Non current investments – at cost		
Trade (unquoted)		
Investments in equity of subsidiaries		
Portland Procurement Services Pty Limited	34,80,95,947	34,80,95,947
	34,80,95,947	**34,80,95,947**

2.8 LONG-TERM LOANS AND ADVANCES

(in ₹)

	As at March 31, 2013	As at March 31, 2012
Advance Income tax	4,51,41,075	89,37,875
	4,51,41,075	**89,37,875**

2.9 TRADE RECEIVABLES

(in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Other debts		
Unsecured		
Considered good	48,09,86,225	33,11,74,007
	48,09,86,225	**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 affec 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

(in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Cash on hand	-	-
Balances with bank		
In current and deposit accounts	22,98,28,835	13,95,11,500
	22,98,28,835	**13,95,11,500**

The details of balances with banks as at March 31, 2013 and 2012 are as follows:

(in ₹)

Balances with scheduled banks	As at March 31, 2013	As at March 31, 2012
In current accounts		
CITI Bank	10,06,34,625	-
Bank of New Zealand	54,705	12,46,75,113
	10,06,89,330	12,46,75,113
In deposit account		
National Australia Bank (NAB)	7,25,09,505	1,48,36,387
Australia and New Zealand Banking Group (ANZ)	5,66,30,000	-
	12,91,39,505	1,48,36,387
	22,98,28,835	**13,95,11,500**

2.11 SHORT TERM LOANS AND ADVANCES:

(in ₹)

Particulars	As at March 31,	
	2013	2012
Unsecured, considered good		
Prepaid Expenses	41,81,729	19,43,913
Loans and advances to subsidiaries companies	6,90,92,904	3,75,16,999
	7,52,87,150	3,94,60,912
Interest Accrued but not due	6,10,358	-
	7,58,97,508	**3,94,60,912**

2.12 OTHER INCOME

(in ₹)

Particulars	Year ended March 31, 2013	2012
Interest Income	32,71,595	-
Miscellaneous income	21,12,094	2,98,578
Exchange differences	(1,073,710)	-
	43,09,979	**2,98,578**

2.13 EXPENSES

(in ₹)

Particulars	Year ended March 31, 2013	2012
Employee benefit expenses		
Salaries and bonus excluding overseas staff expenses	135,48,93,650	22,95,34,494
Staff welfare	1,08,20,411	23,97,683
	136,57,14,061	**23,19,32,177**
Cost of technical sub-contractors		
Consultancy charges	14,32,85,982	4,46,07,074
	14,32,85,982	**4,46,07,074**
Travel expenses		
Overseas travel expenses	8,59,69,631	60,87,059
	8,59,69,631	**60,87,059**
Communication expenses		
Communication expenses	1,29,15,374	18,84,705
	1,29,15,374	**18,84,705**
Professional Charges		
Legal and professional charges	3,15,19,150	(2,63,300)
Auditor's remuneration		
audit fees	13,46,860	-
Recruitment and training expenses	1,22,74,055	1,52,58,992
	4,51,40,065	**1,49,95,692**
Office expenses		
Printing and stationery	34,22,940	48,998
Office maintenance	64,82,755	1,00,658
	99,05,695	**1,49,656**
Power and fuel		
Power and fuel	12,66,530	-
	12,66,530	**-**
Insurance		
Insurance	61,37,144	3,13,117
	61,37,144	**3,13,117**
Rent		
Rent	3,29,26,583	84,71,198
	3,29,26,583	**84,71,198**
Other expenses		
Consumables	4,19,02,539	71,23,603
Brand building and advertisement	33,29,456	-
Marketing expenses	23,09,500	2,82,160
Rates and taxes	2,00,04,649	86,63,852
Bank charges and commission	7,04,989	80,041
Postage and courier	3,75,575	1,00,228
Professional membership and seminar participation fees	23,31,787	-
Provision for doubtful debts	(122,491)	-
Other miscellaneous expenses	9,52,593	14,01,352
	7,17,88,597	**1,76,51,236**

2.14 TAX EXPENSES

(in ₹)

Particulars	Year ended March 31,	
	2013	**2012**
Income taxes		
Current tax	3,57,51,404	1,54,58,338
Deferred tax	(6,51,12,919)	-
	(2,93,61,515)	**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 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, 2013	Holding as at March 31, 2012
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 **	Czech Republic
McCamish Systems LLC **	United States
Infosys BPO Poland Sp.z.o.o **	Poland
Portland Procurement Services Pty Ltd ***	Australia
Infosys Consulting India Limited*	India
Infosys Technologies (Australia) Pty Limited ("Infosys Australia")*	Australia
Infosys Technologies S.de R.L.de C.V. ("Infosys Mexico")*	Mexico
Infosys Technologies (China) Co. Limited ("Infosys China") *	China
Infosys Technologia Do Brasil LTDA (" Infosys Brazil")*	Brazil

* Wholly owned subsidiaries of Infosys Limited

** Wholly owned subsidiaries of Infosys BPO Limited.

*** Wholly owned subsidiaries of Portland Group Pty Ltd

The details of the related party transactions entered into by the Company, for the year ended March 31, 2013 and 2012 are as follows:

(in ₹)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Revenue transactions:		
Purchase of services		
Infosys BPO Ltd	4,98,46,876	-
Purchase of shared services including facilities and personnel		
Portland Procurement Services Pty Ltd	2,03,835	-
Sale of services		
Infosys BPO Limited	6,01,65,758	-
Sale of shared services including facilities and personnel		
Portland Procurement Services Pty Ltd	3,02,81,183	1,15,51,015

Details of amounts due to or due from related party as at March 31, 2013 and 2012:

(in ₹)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Loans & advances given		
Portland Procurement Services Pty Ltd	1,68,75,004	2,59,65,959
Infosys BPO Limited	-	1,15,51,015
Loans & advances taken		
Portland Procurement Services Pty Ltd	35,65,09,238	33,91,14,158
Debtors		
Infosys BPO Limited	1,72,26,846	-
Portland Procurement Services Pty Ltd	5,22,17,900	-
Creditors		
Infosys BPO Limited	56,74,553	-
Portland Procurement Services Pty Ltd	13,02,99,514	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, utlilites and telecommunication services (ECS) and retail, logistics, consumer product group, life sciences and health care enterprises (RCL). Revenue and identifiable operating expenses in relation to segments is categorized based on items that are individually identified to those segments while allocated 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 liabilites 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 ended **March 31, 2013** and *March 31, 2012* :

(in ₹)

Particulars	FSI	MFG	RCL	ECS	Total
Revenues	**16,59,43,289**	**30,53,40,133**	**102,03,38,006**	**22,70,72,756**	**171,86,94,184**
	3,34,35,815	*7,28,04,867*	*13,04,76,032*	*9,52,25,248*	*33,19,41,962*
Identifiable operating expenses	**6,94,20,527**	**13,84,19,484**	**67,08,19,932**	**21,17,34,569**	**109,03,94,512**
	2,36,23,406	*5,14,38,822*	*9,21,85,230*	*6,72,79,542*	*23,45,27,000*
Allocated expenses	**7,25,24,169**	**13,14,85,269**	**37,45,32,874**	**10,61,12,838**	**68,46,55,150**
	92,23,141	*2,00,82,943*	*3,59,91,312*	*2,62,67,518*	*9,15,64,914*
Segmental operating profit	**2,39,98,593**	**3,54,35,380**	**(2,50,14,800)**	**(9,07,74,651)**	**(5,63,55,478)**
	5,89,268	*12,83,102*	*22,99,490*	*16,78,188*	*58,50,048*
Unallocable expenses					**1,28,17,783**
					33,48,933
Profit before other income					**(6,91,73,261)**
					25,01,115
Other income ,net					**43,09,979**
					2,98,578
Net profit/(loss) before tax					**(6,48,63,282)**
					27,99,693
Tax expense					**(2,93,61,515)**
					1,54,58,338
Loss for the period					**(3,55,01,767)**
					(1,26,58,645)

Geographical segments

For the years ended **March 31, 2013** and *March 31, 2012* :

(in ₹)

	North America	Europe	Others	Total
Revenues	**-**	**6,86,782**	**171,80,07,402**	**171,86,94,184**
	-	*8,06,513*	*33,11,35,449*	*33,19,41,962*
Identifiable operating expenses	**-**	**-**	**109,03,94,512**	**109,03,94,512**
	-	-	*23,45,27,000*	*23,45,27,000*
Allocated expenses	**-**	**3,26,206**	**68,43,28,944**	**68,46,55,150**
	-	*2,22,474*	*9,13,42,440*	*9,15,64,914*
Segmental operating profit	**-**	**3,60,576**	**(5,67,16,054)**	**(5,63,55,478)**
	-	*5,84,039*	*52,66,009*	*58,50,048*
Unallocable expenses				**1,28,17,783**
				33,48,933
Profit before other income				**(6,91,73,261)**
				25,01,115
Other income ,net				**43,09,979**
				2,98,578
Net profit/(loss) before tax				**(6,48,63,282)**
				27,99,693
Tax expense				**(2,93,61,515)**
				1,54,58,338
Loss for the period				**(3,55,01,767)**
				(1,26,58,645)

2.18 FUNCTION WISE CLASSIFICATION OF STATEMENT OF PROFIT AND LOSS ACCOUNT

Profit and Loss account	**Year ended March 31,**	
	2013	**2012**
Income from software services and products	171,86,94,184	33,19,41,962
Cost of revenue	153,63,42,595	31,69,17,772
GROSS PROFIT	18,23,51,589	1,50,24,190
Selling and marketing expenses	56,38,956	2,82,160
General and administration expenses	23,30,68,111	88,91,982
	23,87,07,067	91,74,142
OPERATING PROFIT/(LOSS) BEFORE DEPRECIATION	(5,63,55,478)	58,50,048
Depreciation	1,28,17,783	33,48,933
OPERATING PROFIT/(LOSS)	(6,91,73,261)	25,01,115
Other income, net	43,09,979	2,98,578
PROFIT/(LOSS) BEFORE TAX	(6,48,63,282)	27,99,693
Tax expense:		
Current tax	(293,61,515)	1,54,58,338
LOSS FOR THE PERIOD	**(3,55,01,767)**	**(1,26,58,645)**

To

The Members of Portland Procurement Services Pty Limited

Report on the Financial Statements:

We have audited the accompanying financial statement of **Portland Procurement Services Pty Limited** (`the Company`) as at 31st, March 2013, the profit and loss account(`Financial Statement`) of the Company for the year ended on that date and a summary of significant accounting policies and other explanatory information.

Management`s Responsibility for the Financial Statements:

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956(``the Act``) This responsibility included the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor`s Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit.

Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the financial statements 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 31st March 2013;
2) In the case of the statement of profit and loss, of the ***profit*** for the year ended on that date;

As required by Section 227(3) of the Act, 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 statement of profit and loss account dealt with by this Report are in agreement with the books of accounts;
d) In our opinion, the Balance Sheet and statement of profit and loss account comply with the Accounting Standards referred to in Subsection (3C) of Section 211 of the Companies Act, 1956, and;

For **SHENOY & KAMATH**
Chartered accountants

(M RATHNAKAR KAMATH)
Partner.
Membership No. 202841
Firm's Registration. No. 006673s

Bangalore
12th April, 2013

Portland Procurement Services Pty Limited

(in ₹)

Balance Sheet as at	Note	March 31, 2013	March 31,2012
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	16,73,74,718	16,73,74,718
Reserves and surplus	2.2	25,06,03,554	18,44,46,039
		41,79,78,272	35,18,20,757
CURRENT LIABILITIES			
Trade payables	2.3	7,48,69,900	1,02,47,133
Other current liabilities	2.4	1,71,46,941	7,17,26,172
Short-term provisions	2.5	-	3,69,03,508
		9,20,16,841	11,88,76,813
		50,99,95,113	**47,06,97,570**
ASSETS			
CURRENT ASSETS			
Trade receivables	2.6	-	9,51,08,529
Cash and cash equivalents	2.7	41,453	3,58,37,530
Short term loans and advances	2.8	50,99,53,660	33,97,51,511
		50,99,95,113	47,06,97,570
		50,99,95,113	**47,06,97,570**
SIGNIFICANT ACCOUNTING POLICIES	1		
NOTES ON ACCOUNTS	2		

D. Swaminathan *Chairman*	*Gavin Solsky* *CEO and Managing Director*	*Gautam Thakkar* *Director*
Dave Gardiner *Director*	*Jackie Korhonen* *Director*	*Abraham Mathews* *Director*

Bangalore
April 12, 2013

(in ₹)

Profit and Loss Account for the	Note	Year ended March 31,	
		2013	**2012**
Revenues from business process management services		9,56,94,918	11,20,79,161
Other income	2.9	5,95,506	2,57,358
Total Revenue		**9,62,90,424**	**11,23,36,519**
Expenses			
Employee benefit expenses	2.10	7,02,49,082	9,27,80,088
Cost of technical sub-contractors	2.10	(1,64,190)	4,74,750
Travel expenses	2.10	(6,54,452)	41,15,666
Cost of software packages	2.10	1,14,714	3,31,691
Communication expenses	2.10	38,463	98,819
Office expenses	2.10	1,91,198	-
Power and fuel	2.10	1,45,849	2,06,233
Other expenses	2.10	55,19,093	74,11,470
		7,54,39,757	**10,54,18,717**
PROFIT BEFORE TAX		**2,08,50,667**	**69,17,802**
Provision for taxation			
Current tax	2.11	(2,07,68,021)	24,31,921
		(2,07,68,021)	**24,31,921**
NET PROFIT AFTER TAX		**4,16,18,688**	**44,85,881**
SIGNIFICANT ACCOUNTING POLICIES	1		
NOTES ON ACCOUNTS	2		

D. Swaminathan
Chairman

Gavin Solsky
CEO and Managing Director

Gautam Thakkar
Director

Dave Gardiner
Director

Jackie Korhonen
Director

Abraham Mathews
Director

Bangalore
April 12, 2013

Schedules to the financial statements for the quarter and year ended March 31, 2013

Significant accounting policies and notes on accounts

Company overview

Portland Procurement Services Pty Ltd is a strategic sourcing and category management services provider. Portland Procurement Services Pty Ltd is a wholly owned and controlled subsidiary of Portland Group Pty Ltd. 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 in India ("GAAP") 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 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 recognised as unbilled revenues. Revenue from fixed-price, fixed-time frame contracts, where there is no uncertainity as to measurement and collectibility 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 recognised 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 recognised 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 upto the date of the balance sheet. Direct costs are capitalized until the assets are ready for use and include financing costs relating to any borrowing attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use. Capital work-in-progress includes the cost of fixed assets that are not yet ready for their intended use before the balance sheet date. Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortisation and impairment. Goodwill on amalgamation is tested periodically for impairment.

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 amortised over the lease period. Intangible assets are amortised over their useful life on a straight line basis commencing from the date the asset is available to the company for its use. Management estimates the useful lives for the various fixed assets as follows:

Computer equipment	Two years
Office equipment	Five years
Furniture and fixtures	Five 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 recognised 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 realised. 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 recognises 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 recognised 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 recognised wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use i.e. the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if 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 recognised in the period in which the absences occur.

2 NOTES ON ACCOUNTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2013

2.1 SHARE CAPITAL

(in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
AUTHORISED		
Share capital	16,73,74,718	16,73,74,718
ISSUED, SUBSCRIBED AND PAID UP		
Share capital	16,73,74,718	16,73,74,718
	16,73,74,718	**16,73,74,718**

2.2 RESERVES AND SURPLUS

(in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Foreign currency translation reserve	2,57,83,664	12,44,837
Balance in profit and loss account - opening	18,32,01,202	17,87,15,321
Add: Profit During the period	4,16,18,688	44,85,881
Balance in profit and loss account - closing	22,48,19,890	18,32,01,202
	25,06,03,554	**18,44,46,039**

2.3 TRADE PAYABLES

(in ₹)

Particulars	As at March 31, 2013	2012
Trade payables	7,48,69,900	1,02,47,133
	7,48,69,900	**1,02,47,133**

2.4 OTHER CURRENT LIABILITIES

(in ₹)

Particulars	As at March 31, 2013	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	(2,71,937)	78,84,437
	(2,71,937)	5,58,80,315
Advances received from clients	1,68,75,004	1,57,66,492
Unearned revenue	-	79,365
	1,71,46,941	**7,17,26,172**

2.5 SHORT TERM PROVISIONS

(in ₹)

	As at March 31, 2013	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

(in ₹)

Particulars	As at March 31, 2013	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

(in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Cash on hand	-	-
Balances with bank		
In current and deposit accounts	41,453	3,58,37,530
	41,453	**3,58,37,530**

The details of balances with banks as at March 31, 2013 and 2012 are as follows:

(in ₹)

Balances with scheduled banks	As at March 31, 2013	As at March 31, 2012
In current accounts		
Commonwealth bank	41,453	3,58,37,530
	41,453	**3,58,37,530**

2.8 SHORT TERM LOANS AND ADVANCES:

(in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Unsecured, considered good		
Loans and advances to group companies	50,94,60,696	33,91,14,158
Prepaid Expenses	-	4,91,216
	50,99,53,660	33,96,05,374
Unbilled Revenue	-	1,46,137
	50,99,53,660	**33,97,51,511**

2.9 OTHER INCOME

(in ₹)

Particulars	Year ended March 31, 2013	2012
Interest Income	6,06,728	-
Miscellaneous income	(11,222)	2,57,358
	5,95,506	**2,57,358**

2.10 EXPENSES

(in ₹)

Particulars	Year ended March 31, 2013	2012
Employee benefit expenses		
Salaries and bonus excluding overseas staff expenses	7,02,61,461	9,24,85,868
Staff welfare	(12,379)	2,94,220
	7,02,49,082	**9,27,80,088**
Cost of technical sub-contractors		
Consultancy charges	(1,64,190)	4,74,750
	(1,64,190)	**4,74,750**
Travel expenses		
Overseas travel expenses	(6,54,452)	41,15,666
	(6,54,452)	**41,15,666**
Cost of software for own use		
Cost of software for own use	1,14,714	3,31,691
	1,14,714	**3,31,691**
Communication expenses		
Communication expenses	38,463	98,819
	38,463	**98,819**
Office expenses		
Office maintenance	1,91,198	-
	1,91,198	**-**
Power and fuel		
Power and fuel	1,45,849	2,06,233
	1,45,849	**2,06,233**
Other expenses		
Consumables	3,79,335	48,151
Marketing expenses	(8,402)	1,16,295
Rates and taxes	51,07,164	50,34,300
Bank charges and commission	26,400	8,178
Postage and courier	-	16,693
Professional membership and seminar participation fees	14,596	-
Other miscellaneous expenses	-	21,87,853
	55,19,093	**74,11,470**

2.11 TAX EXPENSES

(in ₹)

Particulars	Year ended March 31, 2013	2012
Current tax		
Income taxes	(2,07,68,021)	24,31,921
	(2,07,68,021)	**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, 2013	Holding as at March 31, 2012
Portland Group Pty Ltd#	Australia	100%	100%

Name of Ultimate Holding Company	Country
Infosys Limited	India

Name of Fellow Subsidiaries	Country
Infosys BPO s.r.o **	Czech Republic
McCamish Systems LLC **	United States
Infosys BPO Poland Sp.z.o.o **	Poland
Infosys BPO Limited *	India
Infosys Consulting India Limited*	India
Infosys Technologies (Australia) Pty Limited ("Infosys Australia")*	Australia
Infosys Technologies S.de R.L.de C.V. ("Infosys Mexico")*	Mexico
Infosys Technologies (China) Co. Limited ("Infosys China") *	China
Infosys Technologia Do Brasil LTDA (" Infosys Brazil")*	Brazil

* Wholly owned subsidiaries of Infosys Limited

** Wholly owned subsidiaries of Infosys BPO Limited

Portland Group Pty Ltd is wholly owned subsidary of Infosys BPO Limited

The details of the related party transactions entered into by the Company, for the year ended March 31, 2013 and 2012 are as follows:

(in ₹)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Purchase of shared services including facilities and personnel		
Portland Group Pty Ltd	-	-
Sale of shared services including facilities and personnel		
Portland Group Pty Ltd	-	-

Details of amounts due to or due from related party as at March 31, 2013 and 2012:

(in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Loans & advances given		
Portland Group Pty Ltd	37,91,61,182	33,91,14,158
Loans & advances taken		
Portland Group Pty Ltd	1,68,75,004	1,57,66,492
Debtors		
Portland Group Pty Ltd	13,02,99,514	-
Creditors		
Portland Group Pty Ltd	7,48,69,900	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, utlilites and telecommunication services (ECS) and retail, logistics, consumer product group, life sciences and health care enterprises (RCL). Revenue and identifiable operating expenses in relation to segments is categorized based on items that are individually identified to those segments while allocated 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 liabilites 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 ended **March 31, 2013** and *March 31, 2012* :

(in ₹)

Particulars	FSI	MFG	RCL	ECS	Total
Revenues	**-**	**20,23,868**	**3,56,83,439**	**5,79,87,611**	**9,56,94,918**
	52,46,589	*87,31,674*	*3,47,71,255*	*6,33,29,643*	*11,20,79,161*
Identifiable operating expenses	**-**	**-**	**(72,24,830)**	**4,78,17,707**	**4,05,92,877**
	-	-	*9,68,45,305*	-	*9,68,45,305*
Allocated expenses	**-**	**(7,53,187)**	**3,21,84,430**	**34,15,637**	**3,48,46,880**
	4,01,330	*6,67,917*	*26,59,778*	*48,44,387*	*85,73,412*
Segmental operating profit	**-**	**27,77,055**	**1,07,23,839**	**67,54,267**	**2,02,55,161**
	48,45,259	*80,63,757*	*(6,47,33,828)*	*5,84,85,256*	*66,60,444*
Unallocable expenses					**-**
					-
Profit before other income					**2,02,55,161**
					66,60,444
Other income ,net					**5,95,506**
					2,57,358
Net profit before tax					**2,08,50,667**
					69,17,802
Tax expense					**(2,07,68,021)**
					24,31,921
Profit for the period					**4,16,18,688**
					44,85,881

Geographical segments

For the years ended **March 31, 2013** and *March 31, 2012* :

Particulars	North America	Europe	Others	Total
Revenues	**-**	**-**	**9,56,94,918**	**9,56,94,918**
	-	-	*11,20,79,161*	*11,20,79,161*
Identifiable operating expenses	**-**	**-**	**4,05,92,902**	**4,05,92,902**
	-	-	*9,68,45,305*	*9,68,45,305*
Allocated expenses	**-**	**-**	**3,48,46,855**	**3,48,46,855**
	-	-	*85,73,412*	*85,73,412*
Segmental operating profit	**-**	**-**	**2,02,55,161**	**2,02,55,161**
	-	-	*66,60,444*	*66,60,444*
Unallocable expenses				**-**
				-
Profit before other income				**2,02,55,161**
				66,60,444
Other income ,net				**5,95,506**
				2,57,358
Net profit before tax				**2,08,50,667**
				69,17,802
Tax expense				**(2,07,68,021)**
				24,31,921
Profit for the period				**4,16,18,688**
				44,85,881

2.15 FUNCTION WISE CLASSIFICATION OF STATEMENT OF PROFIT AND LOSS ACCOUNT

(in ₹)

Profit and Loss account	Year ended March 31,	
	2013	2012
Income from software services and products	9,56,94,918	11,20,79,161
Cost of revenue	6,93,21,370	10,00,37,018
GROSS PROFIT	2,63,73,548	1,20,42,143
Selling and marketing expenses	(8,402)	1,16,295
General and administration expenses	61,26,789	52,65,404
	61,18,387	53,81,699
OPERATING PROFIT BEFORE DEPRECIATION	2,02,55,161	66,60,444
Depreciation	-	-
OPERATING PROFIT	2,02,55,161	66,60,444
Other income, net	5,95,506	2,57,358
PROFIT BEFORE TAX	2,08,50,667	69,17,802
Tax expense:		
Current tax	(2,07,68,021)	24,31,921
PROFIT FOR THE PERIOD	4,16,18,688	44,85,881