Infosys BPO Limited

ANNUAL REPORT

2007 - 2008

Board of Directors

T V Mohandas Pai
Chairman

Mr. S D Shibulal
Director

Mr. B G Srinivas
Director

Mr. Eric S. Paternoster
Director

Prof Jayanth R Varma
Independent Director

Sridar Iyengar
Independent Director

Mr. Amitabh Chaudhry
Managing Director and Chief Executive Officer

Committees of the Board

Audit Committee

Prof. Jayanth R Varma
Chairman

Sridar A Iyengar

S D Shibulal

Compensation Committee

Prof. Jayanth R Varma
Chairman

Sridar Iyengar

T V Mohandas Pai

Registered Office

Plot No. 26/3, 26/4 & 26/6
Electronics City, Hosur Road
Bangalore 560100

Tel. No: 080-28522405
Fax No: 080-28522411

Web Site: www. infosys.com

Contents

Certification by Chief Executive Officer (CEO) and Chief Financial Officer (CFO) of the company

We, Amitabh Chaudhry, Chief Executive Officer and Managing Director and Abraham Mathews, Head (Finance and Accounts) of Infosys BPO Limited, to the best of knowledge and belief, certify that:

1. We have reviewed the balance sheet and profit and loss account, and all its schedules and notes to accounts, as well as cash flow statements and the Director's report.

2. Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statement made, in light of the circumstances under which such statements were made, not misleading with respect to the statement made.

3. Based on our knowledge and information, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and/ or applicable laws and regulations.

4. The company's other certifying officers and we are responsible for establishing and maintaining disclosure controls and procedures for the company, and we have:

   - designed such disclosure controls and procedures to ensure that material information relating to the company, including its subsidiary, is made known to us by others within that entity, particularly during the period in which this report is being prepared; and

   - evaluated the effectiveness of the company's disclosure controls and procedures.

5. The company's other certifying officers and we have disclosed, based on our most recent evaluation, to the company's auditors and the audit committee of the company's board of directors (and persons performing the equivalent functions):

   - all significant deficiencies in the design or operation of internal controls, which could adversely affect the company's ability to record, process, summarize and report financial data, and have identified for the company's auditors, any material weaknesses in internal controls; and

   - any fraud, whether or not material, that involves management or other employees who have significant role in the company's internal controls; and

   - the company's other certifying officers and we have indicated in this report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

6. In the event of any materially significant misstatements or omissions, the signing officers will return to the company, that part of any bonus or incentive or equity-based compensation, which was inflated on account of such errors, as decided by the audit committee.

Amitabh Chaudhry
Managing Director and
Chief Executive Officer

Abraham Mathews
Head (Finance)

Bangalore
April 7, 2008

Directors' Report

To the Members,

We are pleased to present the report on the business and operations of the company for the year ended March 31, 2008.

Company's overview

Your company (www.infosys.com) was established in April 2002 as the business process outsourcing subsidiary of Infosys Technologies Limited ("Infosys"). Today, it is among the Top 10 third-party BPO companies in India according to the National Association of Software and Service Companies (Nasscom) ranking. Your company's promise is that it can help customers transform their business by enabling them to do their work cheaper, better, differently, and eliminate non-value adding work. Your company's sales and marketing offices are largely co-located with Infosys, and it has delivery centers in India, the Czech Republic, Poland, Thailand and Philippines.

Financial overview

in Rs. in crore

	March 31, 2008	March 31, 2007
Revenue from business process management services	825.09	649.56
Gross profit/ (loss)	329.20	283.62
Operating profit/ (loss) after interest and depreciation	157.90	154.49
Profit /(loss) after tax	149.67	152.86

Share capital

Purchase of shares by Infosys Technologies Limited

Infosys purchased 3,60,417 equity shares on February 14, 2008 from various employee shareholders who have converted their options into shares, at a price of Rs.604/-per share. These shares were purchased by Infosys under a Deferred Share Purchase Agreement entered into by Infosys with these employee shareholders. As a result of this Infosys holds 99.99% in the paid-up capital of our Company.

Our Company has not issued any shares during the year ended March 31, 2008 and hence the outstanding issued, subscribed and paid-up equity share capital stands at Rs.33.82 crore as on March 31, 2008 (Rs. 33.82 crore as on March 31, 2007)

Appropriations

Retained earnings

Your company proposes to retain Rs.324.77 crore in the profit and loss account and Rs.100.00 crore in General Reservs.

Performance Overview

a. Business Overview

This year has been another incredible year for your company. Company grew over 60%, contained margins despite sharp appreciation of rupee, won Philips deal, opened up new international centers to provide true global delivery to our clients. The company now has 11 delivery centers across Bangalore, Pune, Chennai, Jaipur and Gurgaon in India, Brno in Czech Republic, Hangzhou in China, Manila in Philippines, Monterrey in Mexico, Lodz in Poland and Bangkok in Thailand.

The investments we made over the year have created a foundation for further growth. Revenue from knowledge services, procurement service offering grew over 100%. We have launched procure to pay platform in alliance with SAP. The hire to retire platform in HRO space will be ready early part of next financial year. We aspire to grow significantly faster than industry and at the same time focus on increasing our revenue and contribution per employee by providing transformational value to our clients.

Specific initiatives and intervention towards developing middle level leadership, providing higher education opportunities to employees while continue to work with Infosys BPO has helped in improving he employee satisfaction and retention.

We have significantly improved in operational predictability by proactively identifying and managing the operations, business metrics and SLA performance.

In this year, your company has been recognized by the industry for several achievements. These awards and recognitions have changed customers view point at your company. Some of the award details are mentioned below.

1. Gartner ranks the company as the 6th FAO service provider.
2. Ranked #1 in the securities processing BPO – Source Nelson Hall
3. Most Admired Company of the Year for talent management practices by India times
4. Strong commitment towards business excellence, CII

In the coming times, we aim at being the most respected BPO service provider. This would require us to:

- Sustain the current revenue growth and aim to be among the top 3 offshore BPO service providers.
- Position ourselves as a premium BPO service provider with full service capability.
- Develop platforms and solutions that provide transformational value to customers
- Focus on developing deep domain knowledge and subject matter expertise
- Be acknowledged as one of the best places to work for; with global culture and best practices.
- Substantially enhance the customer experience and satisfaction by interventions at each engagement level.

b. Results of operations

The performance of the company during the year has been excellent. The total revenue increased by 27.% over the previous year to Rs.825.08 crore from Rs.649.57 crore in the previous year. The company ended the year with net profit of Rs.149.17 crore when compared with the previous year of Rs.152.86 crore. The company added 14.new customers and now has 44 customers. The company ended the year with 16,295 employees having added 5069 (net) employees during the year.

c. Human Resources Management

We started the year with 11,226 employees and closed the year with 16,295 employees as of March 31, 2008.

Managing Scale: With ambitious business targets every year, we recognized early on the need not just to focus on Talent Sourcing but more on expanding the Talent Pool. We continue to introduce some innovative mechanism year on year to manage this challenge. The past year saw us introduce the **Right Skilling** methodology to ensure that all client processes were staffed with 'right skilled' employees. This meant a transformation in the way employees were hired, trained and deployed within the organization. All of these areas (hiring, training, deploying) now align to the skills required in client processes mapped through the 7 Essential Skills framework. This served as cost regulator for the organization and an opportunity of career growth for the employee.

Our initiative to create employable skills in the student community continued under the aegis of Project Genesis. Initiated in 2004, **Project Genesis** continues to reach out to students in B&C towns through the Global Skills Enhancement Curriculum, enriching their opportunities of pursuing a career in BPO. The initiative has expanded to include the states of Karnataka, Maharashtra and Rajasthan today.

Fostering Employee Growth: The employee growth engine today, includes a robust integrated foundation training program in Mysore that is mandatory for all new employees. All our new hires join us at the Mysore campus for this training and then based on their training assessment scores get deployed to various client accounts / locations. Training continues to be an area of focus at various levels within the organization not only helping employees reach their current performance goals but also equipping them with skills required in a new role.

Expanding the Global Footprint; The past year saw us opening new centers in Mexico and through the Philips back office acquisition, in Chennai (India), Lodz (Poland) and Bangkok (Thailand). We now have 11 centers across the globe – 6 International centers and 5 in India. The integration of these new global centres into the organization fold and the employee assimilation into our work culture and philosophies remain a top priority for Human Resources.

Enhancing Diversity: Infosys BPO today employs more than 180 disabled people who join the organization to carve out careers for themselves. **Periodic Diversity initiatives, Employee satisfaction surveys, Disability access audits and Workplace Health and Safety initiatives** ensure that these employees' needs are catered to.

Retaining Employees: We have always focused on engaging our employees and creating a performance oriented work ethic. This was further strengthened through various mechanisms such as the **Career Workshops, Career anchors and Career Counselors** that aided in enhancing career development and growth of employees within the organization. The **Careers micro site** was put in place where employees were able to gain knowledge on the various opportunities available to them with regards to Higher Education Programs, Career Pathing and Training. Education opportunities alongside work were built on with an **HR Certification course and a General Management course** in collaboration with **IIM-B**.

The organization truly believes that the more you invest in employees, the more they will be engaged and drive the organization to its goal. This belief has been implemented on two levels. Firstly, **organization-wide** through events such as Infosys Idol and secondly through **'on the floor'** activities such as 'Team Huddles' & 'Fun on the Floor'. The past year also saw us take employee engagement one step further as well by introducing multiple initiatives to enhance employee retention and not just reduce employee attrition. Some of these initiatives are mentioned below:

- An early warning system that helps predict and address the cause of attrition while enabling us to implement the required retention measures.
- Multiple incentive schemes that focus on loyalty and employee retention.
- An employee helpdesk to address any concerns that employees may have.
- Robust attendance management system for better employee & productivity tracking.
- Communication initiatives to ensure that all employees are aware of initiatives and programs taken by the organization to address their needs.
- Compensation and Benefits portal to increase employee self sufficiency.

- Focus also remained at providing a safe and secure workplace for all our employees- of great importance was the safety initiative of providing transport for women at night.

d. Subsidiaries

a. Infosys BPO s.r.o

We had incorporated Infosys BPO s.r.o. in the year 2004 in the Czech Republic, as a wholly owned subsidiary. Your company till March 31, 2008, has invested an amount of Rs.3.50 crore (1,87,50,000 Czech Koruna) towards its equity capital. This initiative will help your company to provide multi-lingual processing skills to its clients and addresses their requirement for a development center closer to their locations. During the year under review, Infosys BPO s.r.o has six client and generated revenue of Rs.39.69 crore as against revenue of Rs 17.53 crore for the year ended March 31, 2007 with a net profit of Rs 4.19 crore as against a loss of Rs.0.97 crore for the year ended March 31, 2007.

b. P- Financial Services Holding B.V. and its subsidiaries

As part of making our company a truly global entity and also as part of investment strategy, our company concluded a sale and purchase agreement with Koninklijke Phillips Electronics N.V (Phillips) by means of which our company made a 100% investment in the sharecapital amounting Rs.107.13 crore in P -Financial Services Holding B.V., the Netherlands entity (Holding Company) which in turn made an investment in three entities situated in India (Chennai), Poland (Lodz) and Thailand (Bangkok) [Operating Company]. A brief on how the transaction is carried out

- Koninklijke Phillips Electronics N.V (Phillips) established a new holding company in the Netherlands ("Holding Company") called as P-Financial Services Holding B.V. and three new entities in Poland, India and Thailand ("Operating Company") called as P-Financial Services (Poland) Sp Z.o.o., PAN Financial Share Services India Private Limited and P- F Services Center (Thailand) Limited.
- Phillips transferred all assets, liabilities, contracts and personnel attributable to the Business to the respective Operating Company.
- Subsequently the shares of these Operating Company are sold and transferred to the Holding Company.
- Infosys BPO Limited acquired the Holding Company situated in Netherlands and as result the operating companies situated in Thailand, India and Poland became its step-down subsidiaries.

The financial overview of these companies for the period ended March 31, 2008 (October 1, 2007 till Mach 31, 2008)

(Rs. in crore)

	P-Financial Services Holding B.V.	Infosys BPO (Poland) Sp.Z.o.o	Pan Financial Shared Services India Private Limited	Infosys BPO (Thailand) Limited
Revenue from business process management services	Nil	55.28	14.03	6.48
Gross profit/ (loss)	Nil	12.81	1.51	0.46
Operating profit/ (loss) after interest and depreciation	0.06	0.76	(2.04)	(0.30)
Profit /(loss) after tax	0.06	0.85	(1.71)	(0.71)

Further during the year under review P-Financial Services (Poland) Sp.Z.o.o. and P-F Services Center (Thailand) Limited has chanted their names to Infosys BPO (Poland) Sp.Z.o.o and Infosys BPO (Thailand) Limited respectively..

Awards/ recognition and certifications

A testimonial to the success of HR practices is evident through a very high employee satisfaction scores as well as through the numerous awards/recognitions that we won this year:

- Ranked 2nd among the **most respected BPO** companies in India (Business World, Apr 07)
- The **Leading HR Practice Award** given by the Singapore Human Resource Institute 2007 (Jun 07)
- The United Nations **ECOSEC** award for Best Innovation by the corporate sector for **"Global Partnership for Poverty eradication"**. (Jun 07)
- Ranked 9th among the **Top Third Party BPO's** by NASSCOM (Aug 07)
- Ranked 12th amongst **Top 20 BPO Firms** by the Dataquest (Aug 07)
- Recognized as **'The Most Admired Company of the Year'** by India Times (Sep 07)
- Named **'Provider of the Year'** by FAO Magazine (Nov 07)
- Received 2nd Best Paper in IHRD **for " Leveraging Technology for HR Effectiveness"** (Dec 07)
- Received the **Helen Keller Award** for Diversity Hiring (Dec 07)
- Presented a National Award for **Best Employer (Disability)** from the Ministry of Social Justice and Empowerment (Dec 07)
- Received the American Society for Training and Development (ASTD) Excellence in Practice Award for Project Genesis (Jan 08)
- Conferred the **Best Employer Award** by the IT People Award for Excellence in IT, ITES sector (Jan 08)

- Nandita Gurjar, Head and VP of HRD, Infosys, wins **'HR role model of the year'** in Asia Pacific Awards (Feb 08)
- Awarded the following in the Employer Branding, Asia Pacific HRM Awards (Feb 08)
    1. **Excellence in Training**
    2. **Managing Health at Work**
    3. **Excellence in HR through technology**
    4. **Continuous Innovation in HR Strategy at Work**
- Grabs the **3rd position** in Asia Pacific HRM Congress (Feb 08)
- Won **"Best Overall Recruitment and Staffing Organization"** and "**Best Recruitment Evaluation Technique"** in the RASBIC forum (Feb 08)
- Awarded "**Outstanding contribution to the cause of education"** and "**Organization with Innovative HR practices"** in the Global HR forum, by World HRD Congress (Feb 08)

Corporate Governance

Corporate governance is about the commitment to values and about ethical business conduct. At Infosys BPO, our pursuit to achieve good governance is an on going process, thereby ensuring transparency, accountability and responsibility in all our dealings with our employees, shareholders, clients and the community at large. Our corporate governance philosophy encompasses not only regulatory and legal requirements, but also several voluntary practices aimed at a high level of business ethics, effective supervision and enhancing value of all the stakeholders. Your company believes that the governance process should ensure that these companies are managed in a manner that meets stakeholder's aspirations ad societal expectations

Your company's corporate governance initiative is based on the following principles
(i) Constitution of the Board of Directors of appropriate composition, size and commitment to discharge its responsibilities and duties.

(ii). Ensuring timely flow of information to the Board and its Committees to enable them to discharge their functions effectively.

(iii) Safeguarding the integrity of Company's financial reporting and to disclose all material information concerning the Company to all its stakeholders.

(iv) Compliance with all the applicable laws and regulations and to provide a sound system of risk management and control.

With the increasing globalization, corporate governance has assumed great significance in India in the recent past. The increasing diversity of the investing community and the integration of global capital markets make corporate governance a key issue in the investment decision of the investor. We wish to state that your company has complied with all norms of corporate governance applicable to unlisted Public Company as envisaged under the Companies Act, 1956.

Committees of the Board

1. Audit Committee

As on March 31, 2008, the committee had Prof. Jayanth R Varma as the Chairman, Mr. S D Shibulal and Mr. Sridar Iyengar as members. During the year ended March 31, 2008, the committee met four times. The primary objectives of the committee are to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures and the transparency, integrity and quality of financial reporting. The Committee oversees the work carried out in the financial reporting process – by the management, including the internal auditors and statutory auditors – and notes the processes and safeguards employed by each.

2. Compensation Committee

As on March 31, 2008, the committee had Prof. Jayanth R Varma as the Chairman, Mr. T V Mohandas Pai and Mr. Sridar Iyengar as members. During the year ended March 31, 2008, the committee met four times. The committee has the mandate to review and recommend the compensation payable to the executive directors and senior management of the company. It also administers the company's stock option plan, including the review and grant of stock options payable to eligible employees under the plan.

Details of remuneration and grant of stock options to the CEO

The Board of Directors in their meeting held on January 10, 2006 appointed, subject to the approval of the shareholders, Mr. Amitabh Chaudhry as the Managing Director and CEO for a initial term of five (5) years with effect from March 2, 2006.

The details of remuneration paid to Mr. Amitabh Chaudhry for the period ended March 31, 2008 (April 1, 2007 through March 31, 2008) are as follows

In Rupees

	March 31, 2008	March 31, 2007
Salary, allowances including contributions to Provident Fund, Gratuity, Superannuation allowance and Performance incentive	97,53,578	62,77,305

Mr. Amitabh Chaudhry was also granted stock options to purchase 21,898 (exercised – nil) at an exercise price of Rs.2121 /-issued by of Infosys Technologies Limited under Infosys 1999 Employees Stock Option Plan.

Responsibility statement of the board of directors

The directors' responsibility statement setting out the compliance with the accounting and financial reporting requirements specified under Section 217 (2AA) of the Companies (Amendment) Act, 2000, in respect of the financial statements, is annexed to this report.

Fixed deposits

Your company has not accepted any fixed deposits and, as such, no amounts of principal or interest were outstanding as of the balance sheet date.

Directors

In accordance with Article 122 of the Article of Association of the company, Mr. T V Mohandas Pai and Mr. Amitabh Chaudhry retire by rotation in the forthcoming annual general meeting. Mr. T V Mohandas Pai and Mr. Amitabh Chaudhry being eligible offers themselves for re-appointment. Their appointment as directors requires the approval of the members at the ensuing annual general meeting. The necessary resolutions for obtaining the approval of members with regard to re-appointment Mr. T V Mohandas Pai and Mr. Amitabh Chaudhry as Directors of the Company have been incorporated in the notice of the ensuing annual general meeting.

Auditors

The statutory auditors, M/s. BSR & Co, Chartered Accountants, retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if reappointed.

Conservation of energy, research and development, technology absorption, foreign exchange earnings and outgo

The particulars as prescribed under subsection (1)(e) of section 217 of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988, are set out in the annexure included in this report.

Consolidation of accounts

In terms of approval granted under Section 212(8) of the Companies Act, 1956 by the Ministry of Company Affairs, Government of India vide Letter of Approval No. 47/414/2007--CL-III dated 23.1.2008, copies of the Balance sheet, Profit and Loss Account, Report of the Board of Directors and Report of the Auditors of the subsidiary company have not been attached to the Balance sheet of your company. The company will make available these documents/ details upon request by any member of the company interested in obtaining the same. Pursuant to Accounting Standard AS21 issued by the Institute of Chartered Accountants of India, the consolidated financial statements presented by your company include financial statements of its subsidiary.

Particulars of employees

As required under the provisions of section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of employees) Rules, 1975, as amended, the name and other particulars of employee are annexed to this report.

Acknowledgments

Your directors thank the company's clients, vendors, investors and bankers for their continued support during the year. Your directors place on record their appreciation of the contribution made by employees at all levels, who, through their competence, hard work, solidarity, cooperation and support, have enabled the company to achieve consistent growth.

Your directors thank the Government of India and the Czech Republic, particularly the Ministry of Communication and Information Technology, the Department of Electronics, the Customs and Excise Departments, Software Technology Parks – Bangalore, Pune and the Ministry of Commerce and Industry, the Ministry of Finance, the Reserve Bank of India, Videsh Sanchar Nigam Limited, the Department of Telecommunications, the state government, and other government agencies for their support, and look forward to their continued support in the future.

For and on behalf of the Board of Directors

T.V. Mohandas Pai

T. V. Mohandas Pai	Amitabh Chaudhry
Chairman	Managing Director & CEO

Bangalore,
April 7, 2008

Annexure to the directors' report

a) Particulars pursuant to Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988

1. Conservation of Energy

The operations of your company are not energy-intensive. However, adequate measures have been taken to reduce energy consumption by using energy-efficient computers and by the purchase of energy-efficient equipment. Your company constantly evaluates new technologies and invests in them to make its infrastructure more energy-efficient.

2. Research and Development (R & D)

Not applicable.

a. R & D initiatives at institutes of national importance

Not applicable

b. Specific areas for R & D at your company

Not applicable

c. Benefits derived as a result of R & D activity

Not applicable

d. Future plan of action

Not applicable

e. Expenditure on R & D for the year ended March 31,2008

Not applicable

3. Technology absorption, adaptation and innovation

Not applicable

4. Foreign exchange earnings and outgo

a. Activities relating to exports, initiatives taken to increase exports, developments of new export markets for product and services, and export plans

Your company has established marketing offices in Australia, Canada, Philippines, United States of America and United Kingdom. These offices are staffed with adequate sales and marketing specialist who sells your company's services to large international clients. Further, your company plans to take part in several international seminars and exhibitions to promote its services.

b. Foreign exchange earned and used for the year ended

in Rs. crore

	March 31, 2008	March 31, 2007
Foreign exchange earnings	755.14	608.88
Foreign exchange outgo (including capital goods and imported software packages)	132.44	111.46

For and on behalf of the Board of Directors

T. V. Mohandas Pai
Chairman

Amitabh Chaudhry
Managing Director and
Chief Executive Officer

Bangalore
April 7, 2008

Annexure to the director's report

b) Information as per section 217(2A) of the Companies Act, 1956, read with the companies (particulars of employees) rules, 1975, and forming part of the director's report for the year ended March 31, 2008

Sl. No.	Name	Designation	Qualification	Age (Yrs)	Date of joining	Experience (Yrs)	Gross remuneration (Rs.)	Previous employment - Designation
1	Abraham Mathews	AVP - Finance and Accounts	B.Com, CA, CWA, CPA,CMA	47	15-Dec-03	20	4,261,245	OnMobile Asia Pacific (P)Ltd, Fin Cont
2	Amitabh Chaudhry	MD and CEO	B.E , PGDBM	45	18-Apr-03	21	97,53,578	Credit Lyonnais Securities Asia Ltd, MD
3	Amulya Kapoor	Business Manager	BA, MBA	40	7-Feb-05	7	2,487,314	Brendan wood international, sr equity analyst
4	Anandhatheerthan CR*	Group Manager	BS (Infosystems)	36	27-Feb-08	4	347,655	Accenture services pvt ltd.,Manager
5	Anshul Mohan	Group Manager	B.E , PGDBM	35	19-May-05	7	2,818,197	Accenture Services, OM
6	Ashwin Yogesh Hoskote	Group Manager	B.com, CA inter	52	14-Dec-06	20	2,776,409	LG Philips Displays Ltd, GM
7	Avinash Gopal Ghodgaonkar*	Domain Manager	B.sc,Master in mgmt studies	44	29-Nov-07	10	1,024,250	Agilent Technologies, Regional Sourcing Mgr
8	Ayan Chakraborty	AVP - Operations	B.E , PGDM	38	19-Nov-03	13	4,139,325	Citi Bank, AVP
9	Bhargav Mohan Thakkar *	Domain Manager	B.sc, MBA	42	18-Oct-07	12	604,342	Ariba ltd, Sr.Ass Director
10	Clifford M Pai	Group Manager	BA	43	7-May-07	6	2,464,072	Glenmark Pharmaceutials Ltd, GM
11	Dandapani Swaminathan	Senior VP	CA	56	1-Apr-04	28	6,735,788	OTE Group - Oman , Sr.GM
12	Deepak Bhatia	AVP - Operations	BE, MBA	42	3-Apr-06	18	3,313,408	Trininty Computers, Head operations
13	Dependra Mathur	AVP - HRD	B.E , PGDM	45	19-May-06	14	3,346,819	Wep Peripherals, GM
14	Devesh M Nayel *	VP - Operations	B.Com, MMS, CWA, CS	48	29-Aug-03	24	1,917,443	Betchel group, Finance Controller
15	Dharmendra Patwardhan *	AVP - Operations	B.com	43	4-Nov-02	15	1,600,823	KP ESOP Consulting Pvt Ltd, VP
16	Gautam Rohidekar	Group Manager	BA	34	12-May-03	4	2,601,693	Advocates Kochhar
17	Gopal Devanahalli*	VP - Operations	MSC, PGD	41	17-Aug-07	13	1,846,211	Infosys Technologies Ltd, VP
18	Hariprasad Karnam Bhupasamudram*	Business Manager	BE,Master in Mgmt studies	39	6-Dec-07	10	919,809	Oracle India Pvt Ltd, SM
19	Harish T S*	Senior Manager	MBA	42	20-Sep-07	1	1,093,114	Sybase Software Pvt Ltd, Manager
20	Joy Ghosh	Business Manager	BE, PGDM	46	20-Feb-07	19	3,092,006	IT People Ltd, Director-Marketting
21	Joydeep Mukherjee	VP - Operations	B.Tech	41	10-Jan-07	15	5,736,559	Infosys Technologies Ltd, AVP
22	Kapil Jain	AVP - Operations	MBA	42	13-Feb-06	10	4,551,843	Infosys Technologies Ltd, SM
23	Kavitha Krishnarao	Principal Consultant	BE, PGDM	32	3-Apr-06	5	2,434,447	Hindustan Lever Ltd, SM
24	Meera Vasudeva Innanje	AVP - Operations	B.Com, ACS	52	10-Oct-05	28	3,623,661	Global Services Pvt Ltd, AVP

25	Nandini S	Group Manager	BE, Msc	36	17-Jan-06	5	3,281,306	Infosys Technologies Ltd, AM
26	Nandita Gurjar *	VP and Head of HRD	MA	48	1-Oct-03	17	6,529,305	Infosys, AVP - HRD
27	Narayanan Sampath	AVP - Operations	BE, MBA	50	6-Oct-06	6	3,714,918	Tata Consultancy Services, Head Operation
28	Naresh J D Mello *	VP - Operations	B.Sc, MBA	40	28-Feb-03	16	1,675,748	Infosys, Business Manager
29	Neela Mohan Subudhi Konchada	Business Manager	CA	39	10-Aug-05	8	2,739,189	Oracle (GFIC),Senior Manager
30	Pankaj Agarwal *	Group Manager	BE	41	7-Feb-03	10	3,064,187	IT & T ltd, Senior Manager
31	Prerna Tandon	VP - Operations	B.A, MBA	43	3-May-04	20	4,056,838	GE Capital, VP
32	Puneet Gill	AVP - Operations	BBM, PGDM	37	1-Aug-03	5	2,853,143	Jobstreet India Pvt ltd, Regional Manager
33	PUNIT MAHAJAN*	AVP - Operations	B.Com, MS	37	2-May-05	12	500,819	Open Sys Technology, Consultant
34	Radhakrishnan Anantharaman	VP - Operations	BE (Honors), PGDM	42	2-May-07	15	4,150,851	Infosys Technologies Ltd, AVP
35	Rahul Shah	AVP - Operations	BT, PGDM	38	13-Mar-06	11	3,606,598	Infosys Technologies Ltd, Consultant
36	Rajeevan Gopalan Chengaloor *	AVP - Solution Design and Implementation	BSC, PGDM	48	3-Aug-05	16	1,467,920	Wipro GE Medical systems, Bussiness Manager
37	Rajesh Mahabal Shetty	AVP - Operations	Bcom	43	20-Jul-05	7	3,735,989	Trac Mail, AVP
38	Rajesh Narayan Rajan	Group Manager	CA, MBA	39	6-Mar-06	5	2,364,224	Emirates National Group, Fin consult
39	Rajesh Rao M	AVP - Operations	BE, PGDM	39	25-Aug-03	8	3,035,674	Manipal Healthcare, AVP
40	Rajiv Raghunandan	Group Manager	ICWAI, IIM	35	13-Dec-02	3	3,336,377	Arthur Andersen, consultant
41	Rakesh Gupta	AVP - Operations	BE	51	12-Jun-06	25	4,692,953	AOL, GM
42	Ramakrishnan Natarajan	AVP - Operations	BSC, PGDM	51	1-Mar-06	17	3,316,495	Loreal India Ltd, Logistics Manager
43	Ramamohan Kadayinti	AVP - Quality	B.E, M.Tech	40	10-Nov-04	14	4,438,436	Accenture, GM-Quality
44	Ravi Raman *	AVP - Risk	B.Tech, PGDM, ACII, AIRM,FIII	46	1-Sep-03	21	1,569,921	Tageer Finance Company, Asst Manager
45	Ravi Shankar V K	AVP - Operations	Graduate	43	24-Jun-02	16	1,922,414	Freelance Trainer
46	Ravichander Sundaram	Business Manager	BE	46	16-Apr-07	5	2,516,280	Popular Motor corporation, GM
47	Ravishankar P	Business Manager	B.Com, CA	42	4-Jul-05	15	3,779,906	ICICI Securities, VP
48	Rohan M Parikh	Business Manager	BE, MSC	42	8-Sep-03	10	3,316,776	Crossdomain Solutions pvt ltd, Prod Manager
49	Rohit Mehrotra *	Business Manager	CA	41	26-Dec-06	5	1,758,998	Bendigo Bank ltd, OM
50	Samit Deb	AVP - HRD	BT, PGDM	37	3-Jan-06	9	3,689,321	Infosys Technologies ltd, SM
51	Sangeeta Das *	AVP - Corporate planning	B.Sc, PGDM	39	1-Aug-06	12	840,623	Infosys Technologies ltd, Assistant Engineer
52	Satish Nair	Group Manager	BE, MBA	38	15-Jun-04	5	3,038,096	Fabmall (India) Pvt Ltd, Head Tech service
53	Seetharaman Vaitheeswaran	VP - Operations	B.E, PG-Dip	51	3-Apr-06	27	5,773,693	Eicher Motors LTD, Director

54	Shaheen Meeran *	Senior Consultant	BE	39	1-Jun-05	10	2,402,687	APC ltd.
55	Shamita Chatterjee	AVP - HRD	BA(Honors), PGDM	39	13-Oct-03	7	3,502,459	Thinkharbour consultancy,Co-founder
56	Sharat Khurana*	Senior Manager	BA, MBA	36	17-Jan-08	6	403,718	Capital One, senior manager
57	Sheshadri B C	AVP - Operations	B.Sc, MBA, LL.B, AII	46	23-Jun-04	22	4,794,855	Infosys, Delivery Manager
58	Shyam Maller	AVP - Operations	BE(H), PGDm	49	7-Jun-06	26	4,231,820	Concored Motors Pvt Ltd, President
59	Sinha Dhananjay *	AVP - Operations	BA, MA	41	1-Feb-05	10	4,764,558	ICICI Bank, Chief Economist
60	Sree Kumar Ravuri	Business Manager	BSC, PGDM	40	27-Sep-07	30	1,108,223	Crossdomain Solutions pvt ltd, VP
61	Srimathi Kanakapura Swamy	AVP - Technology	BE	40	4-Jan-06	18	3,859,209	Infosys Technologies Ltd, Group prd manager
62	Subrat Mohanty	AVP - Solution Design and Implementation	BE	33	4-Nov-02	3	4,856,279	Accenture services pvt ltd.
63	Suresh Nambiar*	Group Manager	B.com, ICWAI	39	3-Jan-08	4	1,388,769	Bharati Airtel ltd.Deputy General Manager
64	V Raja	AVP - Transformation	B.E, PGDM	41	1-Dec-04	17	3,447,139	Maven Bpo Services, COO
65	Vaishali Kasture *	AVP - Solution Design & Imp.	B.Com, MBA, CWA	40	13-Feb-04	12	1,923,793	Mphasis Japan, Sr Business Analyst
66	Vandali Venkatgiri Narayanacharya	AVP - Operations	BE	37	20-May-02	7	4,082,537	Godrej Appliances, Manager

* Employed during the part of the year & has drawn than Rs 2 lakhs remuneration

Notes:

1. Remuneration comprises basic salaries, allowances and taxable value of perquisites
2. None of the employees is related to any director of the company
3. None of the employees owns more than one percent of the outstanding shares of the company as on March 31, 2008

For and on behalf of board of directors

April 7, 2008

T. V. Mohandas Pai
Chairman & Director

Amitabh Choudhry
Managing Director & CEO

Annexure to the directors' report

c) The directors' responsibility statement as required under Section 217 (2AA) of the Companies (Amendment) Act, 2000

The financial statements are prepared in conformity with the accounting standards issued by the Institute of Chartered Accountants of India and the requirements of the Companies Act, 1956, to the extent applicable to the company, on the historical cost convention, as a going concern and on accrual basis. There are no material departures from the prescribed accounting standards in the adoption of the accounting standards. The accounting policies used in the preparation of the financial statements have been consistently applied, except where otherwise stated in the notes of accounts.

The board of directors and the management of your company accept responsibility for the integrity and objectivity of these financial statements. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner, the form and substance of transactions, and reasonably present the company's state of affairs. To ensure this, the company has taken proper and sufficient care in installing a system of internal control and accounting records; for safeguarding assets, and, for preventing and detecting frauds as well as other irregularities; which is reviewed, evaluated and updated on an ongoing basis. Our internal auditors have conducted periodic audits to provide reasonable assurances that the established policies and procedures of the company have been followed. However, there are inherent limitations that should be recognized in weighing the assurances provided by any system of internal controls and accounts.

The financial statements have been audited by M/s. BSR & Co., Chartered Accountants, and the independent auditors.

The audit committee of your company meets periodically with the internal auditors and the independent auditors to review the manner in which the auditors are performing their responsibilities, and to discuss auditing, internal control and financial reporting issues. To ensure complete independence, the independent auditors and the internal auditors have full and free access to the members of the audit committee to discuss any matter of substance.

For and on behalf of the Board of Directors

T.V. Mohandas Pai

T. V. Mohandas Pai
Chairman

Amitabh Chaudhry
Managing Director and
Chief Executive Officer

Bangalore
April 7, 2008

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF INFOSYS BPO LIMITED

We have audited the attached Balance Sheet of Infosys BPO Limited ('the Company') as at March 31, 2008, the Profit and Loss Account of the Company for the quarter and year ended and Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 purposes of our audit;

(b) in our opinion, proper books of account have been kept by the Company so far as appears from our examination of those books;

(c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

(d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards as prescribed under the Companies (Accounting Standards) Rules, 2006, to the extent applicable; and

(e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2008;
- (ii) in the case of the Profit and Loss Account, of the profit of the Company for the quarter and year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

for **BSR & Co.**
Chartered Accountants

Natrajan Ramkrishna
Partner
Membership No. 32815
Bangalore
April 7, 2008

AUDITORS' REPORT TO THE MEMBERS OF INFOSYS BPO LIMITED

We have audited the attached Balance Sheet of Infosys BPO Limited ('the Company') as at March 31, 2008, the Profit and Loss Account of the Company and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 ('the Order'), as amended, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, 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 purposes 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, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

(d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;

(e) on the basis of written representations received from the directors, as at March 31, 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2008 from being appointed as a director in terms of Section 274(1)(g) of the Act;

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

    (iv) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2008;

    (v) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and

    (vi) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

for **BSR & Co.**
Chartered Accountants

Natrajan Ramkrishna
Partner
Membership No: 32815

Bangalore

April 7, 2008

ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred to in the auditors' report to the members of Infosys BPO Limited ('the Company') for the year ended March 31, 2008. We report that:

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   i. The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

   ii. Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.

2. The Company is a service company, primarily rendering business process management services. Accordingly it does not hold any physical inventories. Thus, paragraph 4(ii) of the Order is not applicable.

3. (a) The Company has granted loans to two bodies corporate covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount outstanding (in aggregate) during the year was Rs. 330,830,512 and the year-end balance of such loans amounted to Rs 32,226,992.

   i. In our opinion, the rate of interest and other terms and conditions on which loans have been granted to the bodies corporate listed in the register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.

   ii. In the case of loans granted to the bodies corporate listed in the register maintained under Section 301, the borrowers have been regular in repaying the interest as stipulated. The terms of the arrangement do not stipulate any repayment schedule and are payable on demand. Accordingly, paragraph 4 (iii)(c) of the Order is not applicable to the Company in respect of repayment of the principal amount.

   iii. There are no overdue amounts of rupees one lakh in respect of loans granted to bodies corporate listed in the register maintained under Section 301 of the Companies Act, 1956.

   iv. The Company has not taken any loans secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, paragraph 4 (iii) (e) to 4 (iii) (g) of the Order is not applicable.

4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and sale of services. The activities of the Company do not involve purchase of inventory and the sale of goods. We have not observed any major weakness in the internal control system during the course of the audit.

5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.

   i. In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (v) (a) above and exceeding the value of Rs 5 lakh with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

6. The Company has not accepted any deposits from the public. Accordingly, paragraph 4(vi) of the Order is not applicable.

7. In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.

8. The Central Government has not prescribed the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 for any of the services rendered by the Company. Accordingly, paragraph 4(viii) of the Order is not applicable.

9. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service tax and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company

did not have any dues on account of Investor Education and Protection Fund, Wealth tax, Customs duty and Excise duty.

There were no dues on account of cess under Section 441A of the Companies Act, 1956, since the aforesaid section has not yet been made effective by the Central Government.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, and other material statutory dues were in arrears as at 31 March 2008 for a period of more than six months from the date they became payable.

i. According to the information and explanations given to us, there are no dues of Income Tax, Sales-Tax, Wealth Tax, Service Tax and cess which have not been deposited with the appropriate authorities on account of any dispute.

10. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year. Accordingly, paragraph 4(x) of the Order is not applicable.

11. The Company did not have any outstanding dues to any financial institution, banks or debentureholders during the year. Accordingly, paragraph 4(xi) of the Order is not applicable.

12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, paragraph 4(xii) of the Order is not applicable.

13. In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly, paragraph 4(xiii) of the Order is not applicable.

14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, paragraph 4(xiv) of the Order is not applicable.

15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, paragraph 4(xv) of the Order is not applicable.

16. The Company did not have any term loans outstanding during the year. Accordingly, paragraph 4(xvi) of the Order is not applicable.

17. The Company has not raised any funds on short-term basis. Accordingly, paragraph 4(xvii) of the Order is not applicable.

18. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraph 4(xviii) of the Order is not applicable.

19. The Company did not have any outstanding debentures during the year. Accordingly, paragraph 4(xix) of the Order is not applicable.

20. The Company has not raised any money by public issues during the year. Accordingly, paragraph 4(xx) of the Order is not applicable.

21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

for **BSR & Co.**
Chartered Accountants

Natrajan Ramkrishna
Partner
Membership No: 32815

Bangalore

April 7, 2008

Balance Sheet

In Rs.

	Schedule	March 31, 2008	March 31, 2007
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	1	33,82,77,510	33,82,77,510
Reserves and surplus	2	451,40,22,354	301,53,37,138
		485,22,99,864	**335,36,14,648**
APPLICATION OF FUNDS		-	-
FIXED ASSETS			
Original cost	3	164,85,80,711	115,88,22,529
Less : Accumalated depreciation		96,58,87,688	61,33,36,917
Net book value		68,26,93,023	54,54,85,612
Capital work-in-progress		62,62,17,680	7,85,81,789
		130,89,10,703	**62,40,67,401**
INVESTMENTS	4	**183,09,23,216**	**28,80,13,162**
DEFERRED TAX ASSET	5	**7,06,18,697**	**3,36,15,369**
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry debtors	6	151,69,04,234	123,26,45,697
Cash and bank balances	7	180,24,19,361	197,83,14,943
Loans and advances	8	67,30,74,070	51,51,70,968
Other current assets	9	14,56,97,670	10,72,81,618
		413,80,95,335	**383,34,13,226**
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	10	239,90,90,396	135,39,22,886
Provisions	11	9,71,57,691	7,15,71,624
NET CURRENT ASSETS		**164,18,47,248**	**240,79,18,716**
		485,22,99,864	**335,36,14,648**
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	17		

The schedules referred to above form an integral part of the Balance Sheet

As per our report attached

for BSR & Co.

Chartered Accountants

Natrajan Ramkrishna	T.V.Mohandas Pai	Amitabh Chaudhry	S.D.Shibulal	Prof.Jayanth R.Varma
Partner	*Chairman and Director*	*Managing Director & Chief Executive O officer*	*Director*	*Director*
Membership No.32815				
	Sridar A.Iyengar	B.G.Srinivas	Abraham Mathews	N.R.Ravikrishnan
	Director	*Director*	*Head - Finance & Accounts*	*Company Secretary*

Bangalore

April 7, 2008

Profit and Loss Account

In Rs.

	Schedule	Year ended March 31, 2008	2007
INCOME			
Revenues from business process management services		825,08,99,830	649,56,53,722
		825,08,99,830	649,56,53,722
COST OF REVENUES	12	495,89,04,391	365,94,99,311
GROSS PROFIT		**329,19,95,439**	**283,61,54,411**
SELLING AND MARKETING EXPENSES	13	50,87,97,083	41,48,94,124
GENERAL AND ADMINISTRATION EXPENSES	14	107,50,91,965	71,97,74,753
OPERATING PROFIT BEFORE DEPRECIATION		**170,81,06,391**	**170,14,85,534**
Depreciation	3	35,27,32,636	24,99,94,596
OPERATING PROFIT AFTER DEPRECIATION		**135,53,73,755**	**145,14,90,938**
Other Income	15	22,35,77,244	9,28,99,061
PROFIT BEFORE TAX		**157,89,50,999**	**154,43,89,999**
Provision for taxation	16	8,02,65,783	1,57,68,940
NET PROFIT AFTER TAX		**149,86,85,216**	**152,86,21,059**
Balance brought forward from the previous year		274,90,44,659	122,04,23,600
AMOUNT AVAILABLE FOR APPROPRIATION		**424,77,29,875**	**274,90,44,659**
Amount transferred to general reserve		100,00,00,000	-
BALANCE CARRIED FORWARD		324,77,29,875	274,90,44,659
Total		**424,77,29,875**	**274,90,44,659**
EARNINGS PER SHARE			
Equity shares of par value Rs.10 each			
Basic		44.30	44.73
Diluted		44.30	43.00
Weighted average number of shares used in computing earnings per share:			
Basic		3,38,27,751	3,41,71,966
Diluted		3,38,28,035	3,55,49,315
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	17		

The schedules referred to above form an integral part of the Balance Sheet

As per our report attached

for BSR & Co.

Chartered Accountants

Natrajan Ramkrishna	T.V.Mohandas Pai	Amitabh Chaudhry	S.D.Shibulal	Prof.Jayanth R.Varma
Partner	*Chairman and Director*	*Managing Director & Chief Executive O officer*	*Director*	*Director*
Membership No.32815				
	Sridar A.Iyengar	B.G.Srinivas	Abraham Mathews	N.R.Ravikrishnan
	Director	*Director*	*Head - Finance & Accounts*	*Company Secretary*

Bangalore

April 7, 2008

Cash Flow Statement

In Rs.

	Year ended March 31, 2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	157,89,50,999	154,43,89,999
Adjustments to reconcile profit before tax to cash provided by operating activities		
Depreciation	35,27,32,636	24,99,94,596
Interest income	(14,83,14,702)	(6,60,71,377)
Dividend income	(4,80,14,831)	(7,08,50,379)
Profit on sale of investments	-	(8,62,927)
Provision for doubtful debts	22,01,127	(3,53,847)
Provision for doubtful loans and advances	93,909	7,84,048
Effect of exchange differences on translation of foreign currency cash and cash equivalents	24,50,336	69,86,859
Changes in current assets and liabilities		
Sundry debtors	(28,64,59,664)	(53,17,06,417)
Loans and advances	(14,43,84,813)	(4,92,75,236)
Other current assets	(4,28,11,869)	(4,52,90,036)
Current liabilities	97,67,87,999	78,47,74,564
Provisions	1,82,42,410	3,05,21,686
Income tax paid during the period, net	(17,70,01,055)	(2,95,24,751)
Other receivables from subsidiary	-	57,39,826
NET CASH GENERATED BY OPERATING ACTIVITIES	**208,44,72,482**	**182,92,56,608**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets and change in capital work-in-progress / advances, net	(102,51,35,027)	(51,75,79,763)
Interest received	15,27,10,519	5,63,67,337
Dividend received	4,80,14,831	7,08,50,379
Purchase of units in liquid mutual funds	(525,94,27,335)	(159,57,32,647)
Proceeds from sale of units in liquid mutual funds	478,77,87,776	203,40,55,234
Investment in subsidiary	(101,53,31,895)	-
Loans to subsidiary,net	(3,65,36,597)	(1,10,00,357)
NET CASH USED IN INVESTING ACTIVITIES	**(234,79,17,728)**	**3,69,60,183**
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital	-	8,12,22,308
Buy back of share capital	-	(68,82,39,276)
NET CASH USED IN FINANCING ACTIVITIES	**-**	**(60,70,16,967)**
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(24,50,336)	(69,86,859)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(26,58,95,582)	125,22,12,965
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	231,83,14,943	106,61,01,978
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR*	**205,24,19,361**	**231,83,14,943**

* Cash and cash equivalents aggregating Rs.205,24,19,361 (Rs.231,83,14,973 as at March 31,2007) comprises cash on hand amounting to Rs.33,059(Rs.66,597 as at March 31, 2007), balances with banks amounting to Rs.180,23,86,302 (Rs.197,82,48,346 as at March 31, 2007) and deposits with financial institution/ body corporate amounting to Rs.25,00,00,000 (Rs.34,00,00,000 as at March 31,2007).

This is the Cash Flow Statement referred to in our report of even date.

for BSR & Co.
Chartered Accountants

Natrajan Ramkrishna	T.V.Mohandas Pai	Amitabh Chaudhry	S.D.Shibulal	Prof.Jayanth R.Varma
Partner	*Chairman and Director*	*Managing Director & Chief Executive O officer*	*Director*	*Director*
Membership No.32815				
	Sridar A.Iyengar	B.G.Srinivas	Abraham Mathews	N.R.Ravikrishnan
	Director	*Director*	*Head - Finance & Accounts*	*Company Secretary*

Bangalore
April 7, 2008

Schedules to the Balance Sheet

In Rs.

	March 31, 2008	March 31, 2007
1 SHARE CAPITAL		
AUTHORISED		
Equity shares, Rs.10 (Rs.10) par value		
12,33,75,000 (12,33,75,000) equity shares	123,37,50,000	123,37,50,000
	123,37,50,000	**123,37,50,000**
ISSUED, SUBSCRIBED AND PAID UP		
Equity shares, Rs.10 (Rs.10) par value*		
3,38,27,751** (3,38,27,751) equity shares fully paid up	33,82,77,510	33,82,77,510
[Of the above, 3,38,22,319 (3,34,61,902) equity shares are held by Infosys Technologies Limited, the company's holding company and 7 (7)		
equity shares are beneficially held on behalf of Infosys Techonologies Limited by the subscribers to the Memorandum of Association]		
	33,82,77,510	**33,82,77,510**
* For details of options in respect of the above shares refer to note 17.2.19		
** Refer note 17.2.19a for details of options.		
2 RESERVES AND SURPLUS		
Securities premium account at the beginning of the year	25,48,97,789	87,00,72,977
Add : Received during the period on issue of shares	-	7,30,64,088
Less : Transfer to Capital Redemption Reserve	-	1,13,94,690
Less : Utilised on account of buy back of shares	-	67,68,44,586
Securities premium account at the end of the year	**25,48,97,789**	**25,48,97,789**
Capital Redemption Reserve	1,13,94,690	1,13,94,690
General Reserve	100,00,00,000	-
Balance in profit and loss account	324,77,29,875	274,90,44,659
	451,40,22,354	**301,53,37,138**

3 FIXED ASSETS

Particulars	Original cost				Accumulated depreciation				Net book value	
	Cost as of April 01, 2007	Additions during the year	Deletions during the year	Cost as of March 31, 2008	As of April 01, 2007	For the year	Deductions during the year	As of March 31, 2008	As of March 31, 2008	As of March 31, 2007
Buildings	-	4,74,06,581	-	4,74,06,581	-	1,580,219	-	15,80,219	4,58,26,362	-
Leasehold improvements	11,73,15,093	11,29,28,505	-	23,02,43,598	4,04,16,008	41,278,474	-	8,16,94,482	14,85,49,116	7,68,99,085
Plant and machinery	25,79,02,523	14,65,45,083	-	40,44,47,606	7,33,32,113	87,548,429	-	16,08,80,542	24,35,67,064	18,45,70,410
Computer equipment	60,65,90,588	14,76,35,190	3,03,518	75,39,22,260	42,37,61,488	178,146,183	181,865	60,17,25,806	15,21,96,454	18,28,29,100
Furniture and fixtures	17,70,14,325	3,55,46,341	-	21,25,60,666	7,58,27,308	44,179,331	-	12,00,06,639	9,25,54,027	10,11,87,017
	115,88,22,529	**49,00,61,700**	**3,03,518**	**164,85,80,711**	**61,33,36,917**	**352,732,636**	**1,81,865**	**96,58,87,688**	**68,26,93,023**	**54,54,85,612**
Previous year	70,42,92,316	45,46,48,676	1,18,463	115,88,22,529	36,33,95,823	24,99,94,596	53,502	61,33,36,917	54,54,85,612	-

4	**INVESTMENTS**		
	Trade (unquoted) - at cost	-	-
	Other investments (unquoted)		
	Long term - at cost		
	Investment in Subsidiaries		
	Infosys BPO s.r.o, Czech Republic, a wholly owned subsidiary	3,49,78,993	3,49,78,993
	P-Financial Services Holding B.V. Netherlands , a wholly owned subsidiary	107,12,70,495	-
	500 (Nil) equity shares of € 100 each, fully paid		
	(refer note 17.2.15a)		
	Current investments * - at lower of cost or fair value		
	Liquid mutual funds	72,46,73,728	25,30,34,169
		183,09,23,216	**28,80,13,162**
	* Refer to note 17.2.15 for details of investment		
5	**DEFERRED TAX ASSET**		
	Fixed assets	5,74,98,948	2,66,37,841
	Provisions	1,31,19,749	69,77,528
		7,06,18,697	**3,36,15,369**
6	**SUNDRY DEBTORS**		
	Debts outstanding for a period exceeding six months		
	Unsecured, considered doubtful	28,86,009	6,84,882
	Other debts		
	Unsecured, considered good *	151,69,04,234	123,26,45,697
		151,97,90,243	123,33,30,579
	Less : Provision for doubtful debts	28,86,009	6,84,882
		151,69,04,234	**123,26,45,697**
	* Of which dues from subsidiary companies	25,46,307	-
7	**CASH AND BANK BALANCES**		
	Cash on hand	33,059	66,597
	Balances with scheduled banks		
	in current accounts	32,82,38,887	30,67,11,898
	in deposit accounts in Indian rupees	140,00,86,000	162,00,00,000
	Balances with non-scheduled banks		
	in current accounts	7,40,61,415	5,15,36,448
		180,24,19,361	**197,83,14,943**
	Balances with non scheduled banks*		
	In current accounts		
	Royal Bank of Canada, Ontario	33,24,490	15,24,430
	PNC Bank , New Jersey**	2,00,100	2,15,500
	ICICI Bank, London	26,88,058	31,68,794
	Bank of America, California	6,21,38,154	4,66,27,724
	Deutsche Bank, Philippines	57,10,613	-
		7,40,61,415	5,15,36,448

* Refer to note 17.2.12 for details of maximum balances held with non scheduled banks

** This represent restricted bank balance, in trust account, in accordance with collection agency licensing requirements in US.

In Rs.

		March 31, 2008	March 31, 2007
8	**LOANS AND ADVANCES**		
	Unsecured, considered good		
	Advances		
	Prepaid expenses	3,40,20,412	2,71,68,832
	For supply of goods and rendering of services	2,74,67,475	49,07,895
	Loans to subsidiary	5,41,77,090	1,76,40,493
	Loans and advances to employees	7,77,83,768	7,42,81,427
		19,34,48,745	**12,39,98,647**
	Deposits with financial institution and body corporate*	25,00,00,000	34,00,00,000
	Deposits with government authorities	1,16,652	25,000
	Rental deposits	15,81,53,340	4,72,79,273
	Electricity and other deposits	40,69,413	36,57,729
	Advance income tax, net	1,38,39,688	2,10,319
	MAT credit entitlement	5,34,46,232	-
		67,30,74,070	**51,51,70,968**
	Unsecured, considered doubtful		
	Loans and advances to employees	15,02,221	14,08,312
		67,45,76,291	**51,65,79,280**
	Less : Provision for doubtful loans and advances to employees	15,02,221	14,08,312
		67,30,74,070	**51,51,70,968**
	* Refer to note 17.2.11 for details		
9	**OTHER CURRENT ASSETS**		
	Unbilled revenue	5,09,68,618	5,51,95,459
	Other assets	9,47,29,052	5,20,86,159
		14,56,97,670	**10,72,81,618**
10	**CURRENT LIABILITIES**		
	Sundry creditors		
	for capital goods	6,32,02,601	5,07,61,690
	for expenses*	4,30,15,459	1,78,05,072
	for accrued salaries and benefits		
	salaries and allowances	27,75,86,484	9,68,14,526
	ex-gratia and incentives	53,55,47,350	34,40,00,249
	for other liabilites		
	provision for expenses	125,76,80,059	72,44,63,475
	retention monies	3,72,91,851	16,31,318
	withholding and other taxes payable	4,71,151	74,482
	loss on forward exchange contract and options	2,13,23,260	14,33,215
		223,61,18,215	123,69,84,027
	Payable to Philips for acquisitions (Refer to note 17.2.15a)	5,59,38,600	-
	Deferred revenue (Refer to note 17.2.16)	10,70,33,581	11,69,38,859
		239,90,90,396	**135,39,22,886**
	* Of which dues to subsidiary company	1,29,23,357	57,60,955
11	**PROVISIONS**		
	Provision for leave encashment	5,93,82,846	4,85,87,409
	Provision for income taxes, net	2,14,32,659	1,40,89,002
	Provisions for SLA compliance*	1,63,42,186	88,95,213
		9,71,57,691	**7,15,71,624**

* Refer to note 17.2.21 for details of Provision for SLA compliance.

In Rs.

		Year ended March 31, 2008	2007
12	**COST OF REVENUES**		
	Salaries including overseas staff expenses	303,97,14,875	206,63,89,888
	Staff welfare	4,37,15,473	2,36,42,071
	Contribution to provident and other funds	13,43,33,036	8,00,50,390
	Travelling expenses	25,85,46,863	25,87,54,988
	Conveyance	35,84,88,070	35,01,59,575
	Cost of software for own use	9,44,09,294	8,73,63,015
	Computer maintenance	2,16,17,427	1,84,73,332
	Communication expenses	13,90,97,005	15,67,08,619
	Rent	30,08,92,016	21,13,73,288
	Consultancy charges	34,17,03,729	29,71,51,680
	Consumables	1,67,16,971	47,84,342
	Recruitment and training expenses	17,98,63,349	8,41,14,289
	Insurance	68,71,671	38,19,876
	Other miscellaneous expenses	1,83,93,595	1,67,13,958
	Settlement of customer claims (Refer to note 17.2.20)	4,541,017	-
		495,89,04,391	**365,94,99,311**
13	**SELLING AND MARKETING EXPENSES**		
	Salaries including overseas staff expenses	33,45,98,948	29,70,03,597
	Brand building and advertisement	78,32,278	55,93,402
	Contribution to provident and other funds	1,45,90,080	1,07,09,195
	Staff welfare	3,81,747	38,67,890
	Travelling expenses	8,96,29,672	6,40,48,327
	Communication expenses	75,51,343	59,51,857
	Conveyance	13,93,083	15,60,608
	Rent	1,62,80,141	1,11,83,633
	Printing, stationery and office maintenance	11,14,045	8,37,920
	Insurance	19,76,266	7,80,501
	Recruitment expenses	81,38,439	58,57,455
	Professional charges	1,06,41,844	50,96,541
	Professional memberships and seminars	17,67,804	7,81,100
	Other miscellaneous expenses	1,29,01,393	16,22,098
		50,87,97,083	**41,48,94,124**

Schedules to the Profit and Loss Account

		Year ended March 31, 2008	2007
14	**GENERAL AND ADMINISTRATION EXPENSES**		
	Salaries	41,97,23,742	26,24,47,786
	Staff welfare	4,05,50,221	2,64,34,614
	Contribution to provident and other funds	1,74,74,792	1,01,84,430
	Conveyance	6,50,77,063	3,70,43,348
	Consumables	24,53,444	4,36,720
	Cost of software for own use	89,08,669	62,88,119
	Rent	2,36,01,038	1,11,03,789
	Telephone and communication charges	3,23,63,535	3,39,47,382
	Legal and professional charges	6,92,16,012	5,97,76,172
	Printing, stationery and office maintainence	14,08,80,707	10,30,60,135
	Power and fuel	13,69,86,901	8,26,79,213
	Recruitment and training expenses	3,88,29,251	3,77,22,437
	Insurance	4,05,09,659	3,38,41,574
	Rates and taxes	1,77,95,483	42,89,319
	Auditor's remuneration		
	audit fees	16,00,000	13,00,000
	out-of-pocket expenses	66,000	60,000
	Bank charges and commission	9,72,332	7,96,110
	Postage and courier	35,95,291	18,83,865
	Professional membership and seminar participation fees	32,09,463	9,53,888
	Provision for doubtful debts	22,01,127	(3,53,847)
	Provision for doubtful loans and advances	93,909	7,84,048
	Other miscellaneous expenses	89,83,326	50,95,651
		107,50,91,965	**71,97,74,753**
15	**OTHER INCOME**		
	Interest income *		
	On deposits with financial institutions and body corporate	2,94,74,160	2,06,83,223
	On deposits with banks	10,77,25,158	4,42,77,689
	On loans to subsidiary	1,11,15,384	11,10,465
	Dividends from liquid mutual fund investments	4,80,14,831	7,08,50,379
	Profit on sale of investments	-	8,62,927
	Exchange gain/(loss), net	2,46,63,799	(4,51,61,905)
	Interest on income tax refund	13,52,445	-
	Miscellaneous income	12,31,467	2,76,283
		22,35,77,244	**9,28,99,061**
	*Tax deducted at source on interest income	2,76,41,457	1,45,55,102
16	**PROVISION FOR TAXATION**		
	Current taxes	17,07,15,343	3,67,35,003
	Deferred taxes	(3,70,03,328)	(209,66,063)
	MAT credit entitlement	(5,34,46,232)	-
		8,02,65,783	**1,57,68,940**

17 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

Company overview

Infosys BPO Limited ("Infosys BPO" or the "company") was incorporated as Progeon Limited on April 3, 2002 to provide business process management services to organizations that outsource their business processes. Infosys BPO is a majority owned and controlled subsidiary of Infosys Technologies Limited ("Infosys", NASD NM: INFY). The company helps clients improve their competitive positioning by managing their business processes in addition to providing increased value. Infosys BPO s.r.o. was incorporated on February 4, 2004 in the Czech Republic as a wholly owned subsidiary to provide business process management and transitioning services. During the year the company acquired P- Financial Services Holding B.V, Netherlands.(refer note 17.2.15a). The name of the company was changed from Progeon Limted to Infosys BPO Limited with effect from August 29, 2006.

17.1 Significant accounting policies

17.1.1 Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention, in accordance with Generally Accepted Accounting Principles in India ("GAAP") on the accrual basis. GAAP comprises accounting standards as specified in rule 3 of the Companies (Accounting Standard) 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. Management evaluates all recently issued or revised accounting standards on an on-going basis.

17.1.2 Use of estimates

The preparation of the financial statements in conformity with GAAP requires that the management of the company make estimates and assumptions that affect the reported amounts of income and expenses of the year, 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 include expected development costs to complete business process management service contracts, provisions for doubtful debts, provision for income taxes and the useful lives of fixed assets. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

17.1.3 Revenue recognition

The company derives its revenues primarily from business process management services, on both the time-and-material and fixed-price, fixed-time frame bases. Revenue on time-and-material contracts is recognized as the related services are rendered. Revenue from fixed-price, fixed-time frame contracts is recognized as per the proportionate-completion method. Revenues from unit-priced contracts are recognized as transactions are processed based on objective measures of output. Cost and earnings in excess of billings are classified as unbilled revenue while billing in excess of cost and earnings is classified as unearned revenue. Provision for estimated losses, if any, on uncompleted contracts are recorded in the year in which such losses become probable based on the current estimates. When the company receives advances for its services, such amounts are reported as client deposits until all conditions for revenue recognition are met. Interest on deployment of surplus funds is recognised using time proportion method, based on underlying interest rates.

17.1.4 Expenditure

The cost of software user licenses purchased for rendering business process management services is charged to revenue when put to use. Charges relating to non-cancelable long-term operating leases are computed on a straight line basis over the period of the lease.

17.1.5 Fixed assets and capital work-in-progress

Fixed assets are stated at cost, after reducing accumulated depreciation until the date of the balance sheet. Direct costs are capitalized until the assets are ready for use and include financing costs relating to any borrowing attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use. Capital work-in-progress includes the cost of fixed assets that are not yet ready for their intended use and advances paid to acquire fixed assets before the balance sheet date.

17.1.6 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 year is proportionately charged. Individual assets costing Rs. 5,000 or less are depreciated at the rate of 100% on a pro-rata basis. Leasehold improvements are written off over the lower of the remaining period of lease or the life of the asset. Management estimates the useful lives for the various fixed assets as follows:

Buildings and Lease hold improvements	Fifteen years
Computer equipment	Two years
Plant and machinery	Five years
Furniture and fixtures	Five years

17.1.7 Employee Benefits

17.1.7a Gratuity

In accordance with the Payment of Gratuity Act, 1972, Infosys BPO provides for gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering all employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, carried out at the year end by an independent actuary based upon which company contributes to the Infosys BPO employees Gratuity Fund Trust (the 'Trust'). The trustee administers contributions made to the Trust and invests the corpus with LIC of India.

17.1.7b Superannuation

Certain employees of Infosys BPO are eligible for superannuation benefits. The company contributes Rs 100 annually for the superannuation benefits of the employees. The company has no further obligations to the superannuation plan beyond the yearly contribution to the trust fund, the corpus of which is invested with the LIC of India.

17.1.7c Provident fund

Eligible employees receive benefits from a provident fund, which is a defined contribution plan. Both the employee and the company make monthly contributions to this provident fund plan equal to a specified percentage of the covered employee's salary. Amounts collected under the provident fund plan are deposited in a Government administered provident fund. The company has no further obligations under the provident fund plan beyond its monthly contributions.

17.1.7d Leave encashment

Leave encashment liability is provided on the basis of an actuarial valuation carried out at the year end.

17.1.8 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.

17.1.9 Forward contracts and option contracts in foreign currencies

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

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 year. 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 effective hedge, a gain or loss is recognized in the profit and loss account.

17.1.10 Income tax

Income taxes are computed using the tax effect accounting method, where taxes are accrued in the same year the related revenue and expenses arise. A provision is made for income tax for the year based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. Minimum Alternative Tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability , is considered as an asset if there is convincing evidence that the company will pay normal tax after the tax holiday period. Accordingly, it is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the company and the asset can be measured reliably.

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 year 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 year based on prevailing enacted or substantially enacted regulations. Deferred tax assets are recognized only if there is reasonable certainity that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

17.1.11 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 possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation 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.

17.1.12 Impairment of assets

Management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired. An impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be recorded is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined above.

17.1.13 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 year, unless they have been issued at a later date.

17.1.14 Investments

Trade investments are the investments made to enhance the company's business interests. Investments are either classified as current or long-term based on the management's intention at the time of purchase. Current investments are carried at the lower of cost and fair value, determined on investment basis. Cost for overseas investments comprises the Indian Rupee value of the consideration paid for the investment. Long-term investments are carried at cost and provisions recorded to recognize any dimunition, other than temporary, in the carrying value of each investment. Any dividends are recorded as income in the profit and loss account when the right to receive dividend is established.

17.1.15 Cash flow statement

Cash flows are reported using the Indirect method, thereby profit before tax is adjusted for the effects of transactions of a non - cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the company are segregated. Cash flows in Foreign currency are accounted at average monthly exchange rates that approximate the actual rates of exchange prevailing at the dates of the transaction.

17.1.16 Employee stock options

The company applies the intrinsic value-based method of accounting prescribed by Accounting Research Committee of the Institute of Chartered Accountants of India, Accounting for employee share based payments, to account for its fixed plan stock options. Under this method, compensation expense is recorded on the date of grant only if the current market price of the underlying stock exceeds the exercise price. The options vest on a graded basis; however there is no compensation expense since the grants are made at exercise prices equal to or greater than fair market value, as of the date of the grant.

17.2 Notes to financial statements

17.2.1 Capital commitments and contingent liabilities

	As at March 31, 2008	As at March 31, 2007
Estimated amount of unexecuted capital contracts (net of advance and deposits)	60,95,59,143	24,72,35,967
Forward contracts outstanding		
USD/INR	$ 65,000,000	$ 5,000,000
(Equivalent approximate in Rs.)	(260,13,00,000)	(21,55,00,000)
GBP/USD	£ 3,000,000	-
(Equivalent approximate in Rs.)	(23,83,80,000)	-
EUR/USD	€ 1,800,000	-
(Equivalent approximate in Rs.)	(11,38,50,000)	-
Range barrier options in US $	$ -	$ 1,500,000
(Equivalent approximate in Rs.)	-	(6,46,50,000)
Range barrier options in GBP	£ 7,500,000	£ 8,250,000
(Equivalent approximate in Rs.)	(59,59,50,000)	(69,99,30,000)

17.2.2 Export obligation

The company has an export obligation towards the Software Technology Parks of India, in respect of duty free capital imports made by it. The remaining export obligation was Nil as at March 31, 2008 and March 31, 2007.

17.2.3 Aggregate expenses

Following are the aggregate amounts incurred on certain specific expenses that are required to be disclosed under Schedule VI to the Companies Act, 1956:

(in Rs.)

	Year ended March 31, 2008	2007
Salaries and ex-gratia including overseas staff expenses	379,40,37,565	262,58,41,271
Staff welfare	8,46,47,441	5,39,44,575
Contribution to provident and other funds	16,63,97,908	10,09,44,015
Foreign travel expenses	34,81,76,535	32,28,03,315
Consumables	1,91,70,415	52,21,062
Computer maintenance	2,16,17,427	1,84,73,332
Cost of software for own use	10,33,17,963	9,36,51,134
Communication expenses	17,90,11,883	19,66,07,858
Consultancy charges	34,17,03,729	29,71,51,680
Travel and conveyance	42,49,58,216	38,87,63,531
Rent	34,07,73,195	23,36,60,710
Printing, stationery and office maintenance	14,19,94,752	10,38,98,055
Legal and professional charges	7,98,57,856	6,48,72,713
Brand building	78,32,278	55,93,402
Recruitment and training expenses	22,68,31,039	12,76,94,181
Power and fuel	13,69,86,901	8,26,79,213

Insurance charges	4,93,57,596	3,84,41,951
Rates and taxes	1,77,95,483	42,89,319
Auditor's remuneration		
audit fees	16,00,000	13,00,000
out-of-pocket expenses	66,000	60,000
Bank charges and commission	9,72,332	7,96,110
Postage and courier	35,95,291	18,83,865
Professional membership and seminar participation fees	49,77,267	17,34,988
Provision for bad and doubtful debts	22,01,127	(3,53,847)
Provision for bad and doubtful loans and advances	93,909	7,84,048
Other miscellaneous expenses	4,02,78,314	2,34,31,707
Settlement of Customer Claims	45,41,017	-
Total	654,27,93,439	479,41,68,188

The above expenses for year ended March 31, 2008 and March 31, 2007 include Fringe Benefit Tax (FBT) in India amounting to Rs.2,81,39,057 and Rs.1,71,60,836 respectively.

17.2.4 Quantitative details

The company is 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 services rendered and certain information as required under paragraphs 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956.

17.2.5 Imports (valued on the cost, insurance and freight basis

(in Rs.)

	Year ended March 31, 2008	2007
Capital goods	17,35,22,684	21,48,51,669

17.2.6 Expenditure in foreign currency (on payments basis)

(in Rs.)

	Year ended March 31, 2008	2007
Salary, legal and professional charges	60,82,83,537	54,49,65,435
Foreign travel expenses and relocation expenses	24,33,95,837	26,60,26,640
Bank charges, consultancy and others	20,53,21,152	2,14,24,347
Communication	9,38,87,285	6,73,30,763
	115,08,87,811	89,97,47,185

17.2.7 Earnings in foreign currency (on receipt basis)

(in Rs.)

	Year ended March 31, 2008	2007
From business process management services	755,14,01,216	608,87,54,835

17.2.8 Obligations on long-term non-cancelable operating leases

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

(in Rs.)

	Year ended March 31, 2008	2007
Lease rentals charged during the year	34,07,73,195	23,36,60,710

(in Rs.)

Lease obligations	As at March 31, 2008	As at March 31, 2007
Within one year of the balance sheet date	16,13,24,080	13,47,79,068
Due in a period between one year and five years	15,73,64,138	5,68,83,351
Later than five years	-	-

The company has entered into non-cancelable operating lease arrangements for premises with Infosys and others. The existing operating lease arrangements extend for periods between 36 months and 72 months from their respective dates of inception. The lease rentals paid are included as a component of services purchased from Infosys (also refer Note 17.2.13 below).

17.2.9 Dues to small-scale industrial undertakings and dues to micro enterprises and small enterprises

As at March 31, 2008 the company has no outstanding dues to micro enterprises and small enterprises/small-scale industrial undertaking. As at March 31, 2007 the company had no outstanding dues to small-scale industrial undertaking.

17.2.10 Provision for taxation

The company benefits from certain significant tax incentives provided to firms rendering business process management services under Indian tax laws. These incentives presently include an exemption from payment of Indian corporate income taxes for a period of ten consecutive years of operation of software development facilities designated as "Software Technology Parks" (the "STP Tax Holiday"). The Government of India recently amended the tax incentives available to companies set up in designated STPs. The period of the STP Tax Holiday available to such companies is restricted to 10 consecutive years beginning from the financial year when the unit started rendering business process management services or March 31, 2009, whichever is earlier. Deferred tax asset recognised as at March 31, 2008 and March 31, 2007 relates to fixed assets and provisions. The deferred tax has been recognised based on the best estimate of management of the deferred tax rate expected to be applicable for the full year.

17.2.11 Loans and advances

Deposits with financial institution and body corporate comprise:

(in Rs.)

	As at March 31, 2008	As at March 31, 2007
Deposits with financial institution :		
Housing Development Finance Corporation Limited	-	13,00,00,000
Deposits with body corporate :		
GE Capital Services India	25,00,00,000	21,00,00,000

Maximum balance held during the year

(in Rs.)

	As at March 31, 2008	As at March 31, 2007
Deposits with financial institution:		
Housing Development Finance Corporation Limited	25,00,00,000	13,00,00,000
Deposits with body corporate:		
GE Capital Services India	25,00,00,000	21,00,00,000

17.2.12 Maximum balances held with non-scheduled banks

(in Rs.)

	As at March 31, 2008	As at March 31, 2007
ICICI Bank, London	1,71,09,625	1,87,12,669
PNC Bank,New Jersey	2,15,500	2,20,550
Bank of America, California	24,53,57,782	16,86,65,656
Deutsche Bank, Phillippines	3,67,79,905	-
Royal Bank of Canada, Ontario	44,41,442	34,66,854

17.2.13 Related party transactions

The company entered into related party transactions during the year with Infosys, the company's holding company.

The transactions are set out below:

(in Rs.)

Particulars	Year ended March 31, 2008	2007
Lease deposit paid	3,28,00,000	-
Payment for personnel and shared services including facilities	44,55,82,100	31,40,78,014
Receipt from sale of services	33,84,446	8,42,61,279
Receipt for personnel and shared services including facilities	14,09,57,941	3,33,96,811
	14,43,42,387	11,76,58,090

Payables due to Infosys Technologies Limited on account of personal and shared services amounted to Rs Nil and Nil as of March 31, 2008 and March 31, 2007 respectively. Other receivables from Infosys Technologies Limited for sale of services and personnel and shared services including facilities amounted to Rs Nil and Nil as of March 31, 2008 and March 31, 2007 respectively. The company has received certain managerial services from Mr. T. V. Mohandas Pai and Mr. S. D. Shibulal, directors of the company who are also directors of Infosys, at no cost. Infosys Technolgies Limited, the parent company has issued performance guarantees to certain clients for executed contracts. The company entered into related party transactions during the year with Infosys BPO sro, Czech Republic, a subsidiary company. The transactions are set out below:

(in Rs.)

Particulars	Year ended March 31, 2008	2007
Loan given to/(repaid by) Infosys BPO s.r.o	(46,02,898)	1,10,00,357
Other receivables from subsidiary	16,21,090	-
Payment for business consulting services	3,30,30,674	4,70,89,652
Payment for personnel and shared services	25,34,493	
Receipt for personnel and shared services including facilities	-	41,89,686
Interest due on loan included in loan to Infosys BPO s.r.o	44,14,841	11,10,465

Infosys BPO s.r.o loan balance outstanding as of March 31, 2008 and March 31, 2007 was Rs. 1,20,37,314 and Rs. 1,76,40,493. Other receivables due from Infosys BPO s.r.o as of March 31, 2008 and March 31, 2007 was Rs. 16,21,090 and Rs. Nil. Payables due to Infosys BPO s.r.o. as of March 31, 2008 and March 31, 2007 was Rs. 1,29,23,357 and Rs. 57,60,954.

The company entered into related party transactions during the year with P Financial Services Holding B.V Netherland, a subsidiary company. The transactions are set out below:

Particulars	Year ended March 31, 2008	2007
Loan to P - Financial Services Holding B.V.	2,10,84,164	-
Interest due on loan	58,74,995	-

P financials loan balance outstanding as of March 31, 2008 and March 31, 2007 was Rs. 2,69,59,158 and Rs. Nil.

Particulars	Year ended March 31, 2008	2007
Loan (net) to PAN Financial Services India Private Limited	-	-
Other receivable	9,25,217	-
Receipt for personnel and shared services	9,25,217	-
Interest due on loan	8,25,548	-

Pan Financial services India Private Limited loan balance outstanding as of March 31, 2008 and March 31, 2007 was Rs. Nil and Rs. Nil. Other receivables due from Infosys BPO s.r.o as of March 31, 2008 and March 31, 2007 was Rs. 9,25,216 and Rs. Nil. The company has reimbursed the shared services paid to its employees by Infosys Technologies (Australia) Pty Limited, a subsidiary of Infosys Technologies Limited, Bangalore, amounting to Rs.52,52,165 and Rs.11,71,737 for the year ended March 31, 2008 and March 31, 2007 respectively. The company has reimbursed the shared services paid to its employees by Infosys Technologies (China) Company Limited , a subsidiary of Infosys Technologies Limited, Bangalore, amounting to Rs.27,52,464 and Rs.3,99,569 for the year ended March 31, 2008 and March 31, 2007 respectively.

Particulars of remuneration and other benefits paid to Managing Director during the year ended March 31, 2008 and 2007, are given below:

(in Rs.)

	Year ended March 31, 2008	2007
Salary and allowances	46,50,345	30,76,107
Provident fund, gratuity and superannuation contributions	2,15,081	2,02,218
Performance incentives	48,88,152	29,98,980
	97,53,578	62,77,305

The particulars of remuneration and benefits paid to other senior management personnel during the year ended March 31, 2008 and 2007, are given below:

(in Rs.)

	Year ended March 31, 2008	2007
Salary and allowances	24,62,491	35,16,349
Provident fund, gratuity and superannuation contributions	-	2,44,746
Performance incentives	40,66,814	52,23,416
	65,29,305	89,84,511

17.2. 14 Managerial remuneration paid to non-whole time directors

Particulars of remuneration and other benefits paid to non-whole time directors during the year ended March 31, 2008 and 2007, are given below:

(in Rs.)

	Year ended March 31, 2008	2007
Sitting fees	1,20,000	1,19,065
Commission	24,00,000	24,00,000

Computation of net profit in accordance with Section 349 of the Companies Act,1956 and calculation of commission payable to non whole time directors.

(in Rs.)

	Year ended March 31, 2008	2007
Net profit after tax from ordinary activities	149,86,85,216	152,86,21,059
Add:		
1. Whole time director's remuneration	97,53,578	62,77,305
2. Director's sitting fee	1,20,000	1,19,065
3. Commission to non whole time directors	24,00,000	24,00,000
4. Depreciation as per books of account	35,27,32,636	24,99,94,596
5. Provision for doubtful debts	22,01,127	(3,53,847)
6. Provision for doubtful loans and advances	93,909	7,84,048
5. Provision for taxation	8,02,65,783	1,57,68,940
	194,62,52,249	180,36,11,166
Less:		
1.Depreciation as envisaged under Section 350 of the Companies Act, 1956*	35,27,32,636	24,99,94,596
2.Net profit on which commission is payable	159,35,19,613	155,36,16,570
3.Commission payable to non whole time directors:		
4.Maximum allowed as per the Companies Act, 1956 at 1%	1,59,35,196	1,55,36,166
Commission approved by the Board:	24,00,000	24,00,000

* The company depreciates fixed assets based on estimated useful lives that are lower than those implicit is Schedule XIV of the Companies Act, 1956. Accordingly, the rates of depreciation used by the company are higher than the minimum rates prescribed by the Schedule XIV of the Companies Act, 1956.

17.2.15 Investment activity

(in Rs.)

Current investments	No. of units as at March 31, 2008	No. of units as at March 31, 2007	Amount as at March 31, 2008	Amount as at March 31, 2007
Birla Cash Plus Institutional Premium - Liquid fund	-	95,67,295	-	9,58,59,280
Birla Cash Plus Institutional Premium - Liquid Plus	2,06,72,280	-	20,68,63,372	-
Prudential ICICI Liquid Plan Institutional Dividend	2,42,29,101	-	25,61,86,398	-
TATA Super Institutional.- Liquid Plus	2,60,69,588	-	26,16,23,958	-
TATA Liquid Super High Investment Fund	-	1,41,070	-	15,71,74,889
	7,09,70,969	97,08,365	72,46,73,728	25,30,34,169

Movement of Investment	Opening balance in **units**, Amount (Rs.)	Purchased in **units**, Amount (Rs.)	Redemption in **units**, Amount (Rs.)	Closing balance in **units**, Amount (Rs.)
	9,567,295.00	**5,93,24,553**	**6,88,91,848**	**-**
Birla Cash Plus Institutional Premium - Liquid fund	95,859,280	59,45,26,492	69,03,85,772	-
	-	**3,06,65,485**	**99,93,205**	**20,672,280**
Birla Sunlife AMC LTD Liquid Plus	-	30,68,63,372	10,00,00,000	20,68,63,372
	1,41,070	**5,36,787**	**6,77,857**	**-**
Tata Asset Management Ltd	157,174,889	59,83,10,374	75,54,85,263	

				-
	-	**26,069,588**	**-**	**26,069,588**
TATA Super Institutional.- Liquid Plus	-	26,16,23,958	,0	26,16,23,958
	-	**6,01,895**	**6,01,895**	**-**
Franklin Templeton Liquid fund	-	60,20,44,954	60,20,44,954	-
	-	**1,51,92,704**	**1,51,92,704**	**-**
Franklin Templeton Liquid Plus	-	15,20,91,123	15,20,91,123	-
	-	**7,55,37,096**	**7,55,37,096**	**-**
Prudential ICICI Liquid PLUS Institutional Dividend	-	75,54,08,806	75,54,08,806	-
	-	**4,31,44,314**	**1,89,15,213**	**2,42,29,101**
Prudential ICICI Liquid Plan Institutional Dividend	-	45,61,86,399	20,00,00,000	25,61,86,398
	-	**2,01,73,863**	**2,01,73,863**	**-**
Reliance Liquid Fund - Treasury Plan	-	20,18,01,170	20,18,01,170	-
	-	**2,53,333**	**2,53,333**	**-**
Reliance Liquid Plus - Treasury Plan	-	25,36,20,509	25,36,20,509	-
	-	**2,54,43,204**	**2,54,43,204**	**-**
DWS Mutual fund - Liquid plus	-	25,46,40,678	25,46,40,678	-
	-	**2,00,269**	**2,00,269**	**-**
Standard chartered Mutual fund	-	20,03,11,165	20,03,11,165	-
	-	**2,04,23,640**	**2,04,23,640**	**-**
HDFC Liquid Fund	-	25,03,89,747	25,03,89,747	-
	-	**1,70,82,793**	**1,70,82,793**	**-**
HDFC Liquid Plus	-	17,13,66,040	17,13,66,040	-
	-	**2,00,13,048**	**2,00,13,048**	**-**
HSBC Cash Fund Institutional Liquid Fund	-	20,02,42,549	20,02,42,549	-

17.2.15a Infosys BPO limited has acquired the shared service centres of Philips at Poland, Thailand and Chennai through its investment in P -Financial Services Holding B.V.Netherlands as per sale and purchase agreement dated July 25, 2007 with Koninklijke Philips Electronic N.V. for a purchase consideration of 107.12 Crores of which Rs 5.59 crores is yet to be paid towards additional purchase consideration. The shared service centres at Poland and India have become 100% subsidiary of the company on October 1, 2007 where as the shared service centre at Thailand has become a wholly owned subsidiary on December 3, 2007, the date on which all necessary conditions in the agreement were fulfilled.

17.2.16 Deferred revenues

Revenue recognition has been deferred pending resolution of significant uncertainties regarding the amount of consideration that will be derived from rendering services. Deferred revenues amounted to Rs 10,70,33,581 and Rs.11,69,38,859 as at March 31, 2008 and March 31, 2007 respectively and have been disclosed under current liabilities.

17.2.17 Reconciliation between basic and dilutive shares

The reconciliation between basic and dilutive shares is set out below:

(in Rs.)

	Year ended March 31, 2008	Year ended March 31, 2007
Weighted average shares used in computing basic earnings per share	3,38,27,751	3,41,71,966
Dilutive effect of stock options	284	13,77,349
Weighted average shares used in computing diluted earnings per share	3,38,28,035	3,55,49,315

17.2.18 Disclosure for Defined Benefit Plans

Gratuity is applicable to all permanent and full time employees of the company. Gratuity paid out is based on last drawn basic salary and dearness allowance at the time of termination or retirement. The scheme takes into account each completed year of service or part thereof in excess of six months. The normal age of retirement is 58 years and the entire contribution is borne by the company.

The company recognises actuarial gains and losses as and when the same arise. The charge in respect of the same is taken to the profit and loss account.

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

(in Rs.)

	As at March 31, 2008	As at March 31, 2007
Obligations at year beginning	3,65,75,416	2,62,50,439
Service cost	2,57,48,242	1,14,79,588
Interest cost	28,21,347	19,97,287
Benefits settled	(1,42,50,440)	(82,27,072)
Actuarial gain	89,02,354	50,75,174
Obligations at year end	5,97,96,919	3,65,75,416

Defined benefit obligation liability as at the balance sheet is wholly funded by the company.

Change in plan assets:

(in Rs.)

	As at March 31, 2008	As at March 31, 2007
Plans assets at beginning of the year, at fair value	3,49,57,318	2,64,62,265
Expected return on plan assets	33,91,458	21,14,335
Actuarial gain	384,157	3,03,185
Contributions	3,68,10,728	1,59,22,703
Benefits settled	(1,42,50,440)	(82,27,072)
Plans assets at end of the year, at fair value	6,12,93,221	3,65,75,416

Reconciliation of present value of the obligation and the fair value of the plan assets:

(in Rs.)

	As at March 31, 2008	As at March 31, 2007
Fair value of plan assets at the end of the year	6,12,93,221	3,65,75,416
Present value of the defined benefit obligations at the end of the year	5,97,96,919	3,65,75,416
Asset recognized in the balance sheet	14,96,302	-

Gratuity cost for the year

(in Rs.)

	As at March 31, 2008	As at March 31, 2007
Service cost	2,57,48,242	1,14,79,588
Interest cost	28,21,347	19,97,287
Expected return on plan assets	(33,91,458)	(21,14,335)
Actuarial gain	85,18,197	47,71,989
Net gratuity cost	3,36,96,328	1,61,34,529

100% of plan assests are maintained by Life Insurance Corporation of India.

Assumptions

Discount rate	7.92%	7.99%
Estimated rate of return on plan assets	7.92%	7.99%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

The company has contributed Rs.3,68,10,728 to its defined benefit plan in 2007-08.

17.2.19 Employees Stock Option Plan

Guidance note on "Accounting for employee share based payments" (the guidance note) issued by Institute of Chartered Accountants of India establishes financial accounting and reporting principles for employee share based payment plans. The guidance note applies to employee share based payment plans the grant date in respect of which falls on or after April 1, 2005.

The company applies the intrinsic value-based method of accounting to account for its fixed plan stock options. Under this method, compensation expense is recorded on the date of grant only if the current market price of the underlying stock exceeded the exercise price on this date. The options vest on a graded basis; however there is no compensation expense since the grants are made at exercise prices equal to or greater than fair market value, as of the date of the grant.

17.2.19a Infosys BPO Employee Stock Option Plan 2002

The company's 2002 Plan provides for the grant of stock options to employees of the company and was approved by the Board of Directors and shareholders in June 2002. All options under the 2002 Plan are exercisable for equity shares. The 2002 Plan is administered by a Compensation Committee comprising three members, all of whom are directors of the company. The 2002 Plan provides for the issue of 52,50,000 equity shares to employees, at an exercise price, which shall not be less than the Fair Market Value ("FMV") on the date of grant. Options may also be issued to employees at exercise prices that are less than the FMV only if specifically approved by the members of the company in general meeting.

	Year ended March 31, 2008	
	Shares arising out of options	Weighted average exercise prices (in Rs.)
Outstanding at the beginning of the year	17,39,292	289.32
Forfeitures during the year	2,56,999	197.62
Outstanding at the end of the year	1,482,293	293.72
Exercisable at the end of the year	3,51,335	275.45

The company has not granted any options during the year ended March 31, 2008. Further there were no exercises for the year ended March 31,2008.

	Year ended March 31, 2007	
	Shares arising out of options	Weighted average exercise prices (in Rs.)
Outstanding at the beginning of the year	24,52,330	133.44
Granted during the period	5,93,300	604.00
Forfeitures during the period	4,90,516	206.13
Exercised during the period	8,15,822	99.61
Outstanding at the end of the year	17,39,292	289.32
Exercisable at the end of the year	65,950	67.43

As at March 31, 2008, 14,82,293 options are held by Infosys Technologies Limited (refer note 17.2.19b**).** Options held by Infosys Technologies Limited cannot be exercised due to legal restrictions and will expire in due course. Accordingly these options have not been considered while computing dilutive earnings per share of the company from the date Infosys Technologies Limited owned these options.
The following table summarizes information about stock options held by Infosys Technologies Limited as of March 31, 2008 and March 31, 2007

Range of exercise prices (in Rs.)	Stock options outstanding at the end of the period		Weighted average remaining contractual life March	
	Year ended March 31, 2008	Year ended March 31, 2007	Year ended March 31, 2008	Year ended March 31, 2007
33.12-58.33	1,23,596	1,88,371	1.75	2.47
58.34-77.89	1,55,639	1,92,375	1.66	2.54
77.90-99.20	1,04,800	1,23,600	2.13	2.91
99.21-162.23	22,100	23,500	1.26	2.27

162.24-195.00	3,30,548	4,04,961	2.84	3.66
195.01-214.00	22,725	26,475	1.77	2.77
214.01-230.00	1,21,635	1,49,610	3.46	4.42
230.01-310.00	1,16,675	1,19,300	3.32	4.30
310.01-604.00	4,84,575	5,11,100	3.91	4.92
	14,82,293	17,39,292	2.97	3.80

17.2.19b Infosys 1999 Employee Stock Option Plan ('1999 Plan")

On March 12, 2007, Infosys Technologies Limited purchased 12,19,532 unvested options held by the employees of Infosys BPO Limited for a cash consideration of Rs. 57.87 crore and has swapped 5,18,360 unvested options with 1,51,932 unvested stock options of Infosys. In addition, certain employees were granted additional 4,86,828 Infosys stock options under the Infosys 1999 Employee Stock Option Plan. The Infosys 1999 Employees Stock Option Plan was approved by the Board of Directors and stockholders in June 1999. All options under the 1999 Plan are exercisable for equity shares. The options granted under the 1999 plan vests over 2-6 years

	Year ended March 31, 2008	
	Shares arising out of options	Weighted average exercise prices (in Rs.)
Outstanding at the beginning of the year	6,38,761	2,121
Forfeitures during the period	88,702	2,121
Outstanding at the end of the year	5,50,059	2,121

There were no exercisable options during the quarter and year ended March 31, 2008.

The following table summarizes information about stock options as of March 31, 2008.

Range of exercise prices (in Rs.)	Stock options outstanding at the end of the period March 31, 2008.	Weighted average remaining contractual life March 31,2008.
0- 2120.95	5,50,059	2.22

	Year ended March 31, 2007	
	Shares arising out of options	Weighted average exercise prices (in Rs.)
Outstanding at the beginning of the year	-	-
Granted during the period	6,38,761	2,121
Forfeitures during the period	-	-
Outstanding at the end of the year	6,38,761	2,121

The following table summarizes information about stock options as of March 31, 2007.

Range of exercise prices (in Rs.)	Stock options outstanding at the end of the period March 31, 2007.	Weighted average remaining contractual life March 31,2007.
0- 2120.95	6,38,761	2.86

As permitted by the guidance note, the company has elected to continue to apply the intrinsic value-based method of accounting described above, and has adopted the disclosure requirements of the guidance note. Had compensation cost for the company's stock-based compensation plan been determined in a manner consistent with the fair value approach described in guidance note, the company's net income and basic earnings per share as reported would have reduced to the proforma amounts indicated below.

(in Rs.)

	Year ended March 31, 2008	Year ended March 31, 2007
Net profit as reported	149,86,85,216	152,86,21,059
Less: Stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	12,90,08,140	12,35,73,222
Adjusted proforma profit	136,96,77,076	140,50,47,837
Basic EPS as reported	44.30	44.73
Adjusted proforma	40.49	41.12
Diluted EPS as reported	44.30	43.00
Adjusted proforma	40.49	39.52

17.2.20 Settlement of customer claim

During the year the Company has made an out of court settlement with one of its customer for a sum of Rs.99,85,000. Further the Company has also incurred legal expenses amouting to Rs.74,41,359 for the year. The Company has however recovered a sum of Rs.1,28,85,342 from the insurance company including legal cost incurred till March 31, 2008.

17.2.21 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

	As at March 31, 2008	As at March 31, 2007
Balance at the beginning of the year	88,95,213	-
Additional provision made during the year	84,55,866	88,95,213
Provision used during the year	10,08,823	-
Unused amounts reversed during the year	-	-
Balance at the end of the period	1,63,42,256	88,95,213

Management believes that the aforesaid provision will be utilised during the year.

17.2.22 Segment reporting

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

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

Industry segments at the company primarily comprise customers relating to financial services, manufacturing, telecom, retail and other industries. Income in relation to segments is categorized based on items that are individually identified to those segments while expenditure is categorized in relation to the associated turnover of the segment. Certain 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. Geographical segments are segregated based on the location of the customers, or in relation to which the revenue is otherwise recognized. During the previous year, the company changed the basis of allocation of direct, allocable and un-allocable costs for segment reporting. The company allocated all direct and allocable costs based on head count till the previous year. The unallocable portion primarily consisted of unallocable rent, selling and marketing expense and general administrative expenses. However, with effect from April 1, 2007, 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, 2008** and March 31, 2007 (in Rs.)

Particulars	Financial services	Manufacturing	Telecom	Retail	Others	Total
Revenues	**229,28,02,394**	**120,93,39,289**	**387,19,38,175**	**17,52,43,528**	**70,15,76,444**	**825,08,99,830**
	209,68,44,101	66,03,68,106	260,96,73,903	1,49,16,590	111,38,51,022	649,56,53,722
Identifiable operating expenses	**80,38,17,427**	**58,20,10,303**	**118,87,23,183**	**4,96,77,533**	**22,34,15,781**	**284,76,44,227**
	95,14,49,285	28,93,18,647	172,56,48,297	26,72,485	47,90,30,687	344,81,19,401
Allocated expenses	**102,68,27,029**	**54,16,00,215**	**173,40,39,873**	**7,84,82,469**	**31,41,99,626**	**369,51,49,212**
	13,08,98,398	3,89,68,235	18,61,11,376	1,93,086	5,80,37,427	41,42,08,522
Segmental operating profit	**46,21,57,938**	**8,57,28,771**	**94,91,75,119**	**4,70,83,526**	**16,39,61,037**	**170,81,06,391**
	101,44,96,418	33,20,81,224	69,79,14,230	12,051,019.00	57,67,82,908	263,33,25,799
Unallocable expenses						**35,27,32,636**
						118,18,34,861
Operating profit						**135,53,73,755**
						145,14,90,938
Other income net						**22,35,77,244**
						9,28,99,061
Net profit before taxes						**157,89,50,999**
						154,43,89,999
Taxes						**8,02,65,783**
						1,57,68,940
Net profit after taxes						**149,86,85,216**
						152,86,21,059

Geographical segments

Year ended **March 31, 2008** and March 31, 2007 (in Rs.)

Particulars	United States of America	United Kingdom	Others	Total
Revenues	**450,71,98,658**	**369,67,28,225**	**4,69,72,947**	**825,08,99,830**
	367,75,30,646	273,37,47,779	8,43,75,297	649,56,53,722

Identifiable operating expenses	**172,16,92,676**	**112,27,27,263**	**32,24,288**	**284,76,44,227**
	207,30,60,680	130,83,43,327	6,67,15,395	344,81,19,402
Allocated expenses	**201,85,40,028**	**165,55,72,443**	**2,10,36,741**	**369,51,49,212**
	24,96,35,379	15,61,01,106	84,72,036	41,42,08,521
Segmental operating profit	**76,69,65,954**	**91,84,28,519**	**2,27,11,918**	**170,81,06,391**
	135,48,34,587	126,93,03,346	91,87,866	263,33,25,799
Unallocable expenses				**35,27,32,636**
				118,18,34,861
Operating profit				**135,53,73,755**
				145,14,90,938
Other income net				**22,35,77,244**
				9,28,99,061
Net profit before taxes				**157,89,50,999**
				154,43,89,999
Taxes				**8,02,65,783**
				1,57,68,940
Net profit after taxes				**149,86,85,216**
				152,86,21,059

17.2.23 The Government of India has made amendments in the Payment of Bonus Act, 1965 thereby enhancing the eligibility limit for payment of bonus and also increasing the ceiling for computation of bonus.The amended provisions are to be effective from April 1,2006. Due to such amendment, there has been an additional liability of Rs 1,77,96,865 towards bonus to employees.

17.2.24 Previous period figures have been regrouped/reclassified, wherever necessary, to confirm to the current period's presentation.

Balance Sheet abstract and Company's General Business Profile

Registration Details	
CIN Number	7220 KA 2002 PLC 030310
State Code	08
Balance Sheet Date	March 31, 2008
Capital raised during the year	
Public Issue	-
Rights Issue	-
Bonus Issue	-
Private Placements	-
Preferential offer of shares under Employees Stock Option Plan	-
Position of mobilization and deployment of funds	
Total liabilities	485,22,99,864
Total assets	485,22,99,864
Sources of Funds	
Paid up capital	33,82,77,510
Reserves and surplus	451,40,22,354
Secured loans	-
Unsecured loans	-
Application of Funds	
Net fixed assets	130,89,10,703
Investments	183,09,23,216
Net Current assets	171,24,65,945
Miscelleneous expenditure	-
Accumulated losses	-
Performance of the Company	
Turnover	825,08,99,830
Other Income	22,35,77,244
Total Income	847,44,77,074
Total Expenditure	689,55,26,075
Profit / (Loss) before tax	157,89,50,999
Extraordinary Income	-
Profit / (Loss) after tax	149,86,85,216
Earnings per share from ordinary activities (Basic)	44.30
Earnings per share from ordinary activities (Diluted)	44.30
Dividend rate (%)	-
Generic names of principal products / services of the company	Business Process Outsourcing
Item code no.(ITC Code)	85 24 91 19
Product description	Software - others

Chartered Accountants				
Natrajan Ramkrishna	T.V.Mohandas Pai	Amitabh Chaudhry	S.D.Shibulal	Prof.Jayanth R.Varma
Partner	*Chairman and Director*	*Managing Director & Chief Executive O officer*	*Director*	*Director*
Membership No.32815				
	Sridar A.Iyengar	B.G.Srinivas	Abraham Mathews	N.R.Ravikrishnan
	Director	*Director*	*Head - Finance & Accounts*	*Company Secretary*

Bangalore

April 7, 2008

Statement pursuant to Section 212 of the Companies Act, 1956

in Rs

Subsidiary	Infosys BPO S.R.O	P-Financial Services Holding B.V	Infosys BPO (Poland) Sp.Z.O.O *	Pan Financial Shared Services India Private Limited*	Infosys BPO (Thailand) Limited*
Financial period ended	March 31, 2008	March 31, 2008	March 31, 2008	March 31, 2008	March 31, 2008
Holding company interest	100%	100%	-	-	-
Net aggregate profits/losses of the subsidiary for the current period so far as it concerns the members of the holding company					
a. dealt with or provided for in the accounts of the holding company	-	-	-	-	-
b. not dealth with or provided for in the accounts of the holding company	4,19,68,384	6,43,159	85,08,568	(1,71,14,676)	(71,08,431)
Net aggregate profits/losses for previous financial years of the subsidiary so far as it concerns the members of the holding company					
a. dealt with or provided for in the accounts of the holding company	-	-	-	-	-
b. not dealth with or provided for in the accounts of the holding company	(93,74,675)	-	-	-	-

* Wholly-owned subsidiary of P-Financial Services Holding B.V

T.V.Mohandas Pai *Chairman and Director*	Amitabh Chaudhry *Managing Director & Chief Executive O officer*	S.D.Shibulal *Director*	Prof.Jayanth R.Varma *Director*
Sridar A.Iyengar *Director*	B.G.Srinivas *Director*	Abraham Mathews *Head - Finance & Accounts*	N.R.Ravikrishnan *Company Secretary*

Bangalore
April 7, 2008

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF INFOSYS BPO LIMITED AND ITS SUBSIDIARIES

We have audited the attached consolidated Balance Sheet of Infosys BPO Limited ('the Company') and its subsidiaries (collectively called 'the Group') as at March 31, 2008, the consolidated Profit and Loss Account of the Group and the consolidated Cash Flow Statement of the Group for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India.

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2008;
- in the case of the consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
- in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

for **BSR & Co.**
Chartered Accountants

Natrajan Ramkrishna
Partner
Membership No. 32815
Bangalore
April 7, 2008

Consolidated Balance Sheet

In Rs.

	Schedule	March 31, 2008	March 31, 2007
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	1	33,82,77,510	33,82,77,510
Reserves and surplus	2	456,78,80,584	298,05,37,986
		490,61,58,094	**331,88,15,496**
APPLICATION OF FUNDS		-	-
FIXED ASSETS			
Original cost	3	263,67,28,243	119,60,05,614
Less :Accumalated depreciation		104,25,44,920	62,67,15,509
		159,41,83,323	56,92,90,105
Capital work-in-progress		62,86,40,751	7,85,81,789
		222,28,24,074	**64,78,71,894**
INVESTMENTS	4	**72,46,73,728**	**25,30,34,169**
DEFERRED TAX ASSET	5	**7,35,86,304**	**3,36,15,369**
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry debtors	6	186,37,61,097	125,07,28,239
Cash and bank balances	7	206,85,00,260	200,86,72,636
Loans and advances	8	69,77,45,890	50,02,57,758
Other current assets	9	16,96,97,303	11,35,96,822
		479,97,04,550	**387,32,55,455**
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	10	272,60,89,070	141,17,75,564
Provisions	11	18,85,41,492	7,71,85,827
NET CURRENT ASSETS		**188,50,73,988**	**238,42,94,064**
		490,61,58,094	**331,88,15,496**
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	17		

The schedules referred to above form an integral part of the Balance Sheet

As per our report attached

for BSR & Co.

Chartered Accountants

Natrajan Ramkrishna	T.V.Mohandas Pai	Amitabh Chaudhry	S.D.Shibulal	Prof.Jayanth R.Varma
Partner	*Chairman and Director*	*Managing Director & Chief Executive O officer*	*Director*	*Director*
Membership No.32815				
	Sridar A.Iyengar	B.G.Srinivas	Abraham Mathews	N.R.Ravikrishnan
	Director	*Director*	*Head - Finance & Accounts*	*Company Secretary*

Bangalore

April 7, 2008

Consolidated Profit and Loss Account

In Rs.

	Schedule	Year ended March 31, 2008	2007
INCOME			
Revenues from business process management services		937,27,26,067	662,39,23,687
		937,27,26,067	662,39,23,687
COST OF REVENUES	12	577,55,49,864	374,09,71,257
GROSS PROFIT		**359,71,76,203**	**288,29,52,430**
SELLING AND MARKETING EXPENSES	13	50,89,95,600	41,53,00,371
GENERAL AND ADMINISTRATION EXPENSES	14	124,67,43,503	76,54,54,327
OPERATING PROFIT BEFORE DEPRECIATION		**184,14,37,100**	**170,21,97,732**
Depreciation	3	41,83,50,332	25,61,43,986
OPERATING PROFIT AFTER DEPRECIATION		**142,30,86,768**	**144,60,53,746**
Other Income	15	21,06,87,898	8,85,94,260
PROFIT BEFORE TAX		**163,37,74,666**	**153,46,48,006**
Provision for taxation	16	10,81,92,446	1,85,58,273
NET PROFIT AFTER TAX		**152,55,82,220**	**151,60,89,733**
Balance brought forward from the previous year		271,24,47,407	119,63,57,674
AMOUNT AVAILABLE FOR APPROPRIATION		**423,80,29,627**	**271,24,47,407**
Preference Dividend		-	-
Dividend Tax		-	-
Amount transferred to general reserve		100,00,00,000	-
BALANCE CARRIED FORWARD		323,80,29,627	271,24,47,407
Total		**423,80,29,627**	**271,24,47,407**
EARNINGS PER SHARE			
Equity shares of par value Rs.10 each			
Basic		45.10	44.37
Diluted		45.10	42.65
Weighted average number of shares used in computing earnings per share:			
Basic		3,38,27,751	3,41,71,966
Diluted		3,38,28,035	3,55,49,315
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	17		

The schedules referred to above form an integral part of the Balance Sheet

As per our report attached

for BSR & Co.

Chartered Accountants

Natrajan Ramkrishna

Partner

Membership No.32815

T.V.Mohandas Pai
Chairman and Director

Amitabh Chaudhry
Managing Director & Chief Executive O officer

S.D.Shibulal
Director

Prof.Jayanth R.Varma
Director

Sridar A.Iyengar
Director

B.G.Srinivas
Director

Abraham Mathews
Head - Finance & Accounts

N.R.Ravikrishnan
Company Secretary

Bangalore

April 7, 2008

Consolidated Cash Flow Statement

	Year ended March 31, 2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	163,37,74,666	153,46,48,006
Adjustments to reconcile profit before tax to cash provided by operating activities		
Depreciation	41,83,50,332	25,61,43,986
Interest income	(13,71,99,318)	(6,49,60,912)
Dividend income	(4,92,23,877)	(7,08,51,766)
Profit on sale of investments	-	(862,927)
Provision for doubtful debts	39,02,087	(3,53,847)
Provision for doubtful loans and advances	93,909	7,84,048
Effect of exchange differences on translation of foreign currency cash and cash equivalents	74,62,249	73,65,500
Changes in current assets and liabilities		
Sundry debtors	(30,26,47,243)	(53,23,44,267)
Loans & Advances	(9,44,31,544)	(5,01,60,473)
Other current assets	(6,04,96,298)	(501,51,570)
Current liabilities	100,38,63,462	82,21,34,143
Provisions	7,50,67,495	3,20,10,577
Income tax paid during the period, net	(19,56,42,208)	(2,95,24,751)
NET CASH GENERATED BY OPERATING ACTIVITIES	**230,28,73,712**	**185,38,75,747**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets and change in capital work-in-progress / advances, net	(109,17,07,202)	(53,70,81,787)
Interest received	14,15,95,135	5,52,56,872
Dividend received	4,92,23,877	7,08,51,766
Purchase of units in liquid mutual funds	(525,94,27,335)	(159,57,32,647)
Proceeds from sale of units in liquid mutual funds	478,77,87,776	203,40,55,232
Consideration for acquisition of net asset value of shared service centres	(101,48,16,466)	-
NET CASH USED IN INVESTING ACTIVITIES	**(238,73,44,214)**	**(273,49,436)**
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital	-	8,12,22,308
Buy back of share capital	-	(68,82,39,276)
NET CASH USED IN FINANCING ACTIVITIES	**-**	**(60,70,16,968)**
Effect of exchange differences on translation of foreign currency cash and cash equivalents	54,298,127	(6,658,259)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(3,01,72,376)	126,75,49,957
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	234,86,72,636	108,11,22,679
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR*	**231,85,00,260**	**234,86,72,636**

* Cash and cash equivalents aggregating Rs.231,85,00,260 (Rs.234,86,72,636 as at March 31, 2007) comprises cash on hand amounting to Rs.5,98,460 (Rs.1,99,904 as at March 31, 2007), balances with banks amounting to Rs.206,79,01,800 (Rs.200,84,72,732 as at March 31, 2007) and deposits with financial institution/ body corporate amounting to Rs.25,00,00,000 (Rs.34,00,00,000 as at March 31, 2007).

This is the Cash Flow Statement referred to in our report of even date.

for BSR & Co.

Chartered Accountants

Natrajan Ramkrishna	T.V.Mohandas Pai	Amitabh Chaudhry	S.D.Shibulal	Prof.Jayanth R.Varma
Partner	*Chairman and Director*	*Managing Director & Chief Executive O officer*	*Director*	*Director*
Membership No.32815				
	Sridar A.Iyengar	B.G.Srinivas	Abraham Mathews	N.R.Ravikrishnan
	Director	*Director*	*Head - Finance & Accounts*	*Company Secretary*

Bangalore

April 7, 2008

In Rs.

		March 31, 2008	March 31, 2007
1	**SHARE CAPITAL**		
	AUTHORISED		
	Equity shares, Rs.10 (Rs.10) par value		
	12,33,75,000 (2,71,25,000) equity shares	123,37,50,000	123,37,50,000
		123,37,50,000	**123,37,50,000**
	ISSUED, SUBSCRIBED AND PAID UP		
	Equity shares, Rs.10 (Rs.10) par value*		
	3,38,27,751 (3,38,27,751) equity shares fully paid up	33,82,77,510	33,82,77,510
	[Of the above, 3,38,22,319 (3,34,61,902) equity shares are held by Infosys Technologies Limited, the company's holding company and 7 (7) equity shares are beneficially held on behalf of Infosys Techonologies Limited by the subscribers to the Memorandum of Association]		
		33,82,77,510	**33,82,77,510**

* For details of options in respect of the above shares refer to note 17.2.12

		March 31, 2008	March 31, 2007
2	**RESERVES AND SURPLUS**		
	Securities premium account at the beginning of the period	25,48,97,789	87,00,72,977
	Add : Received during the year on issue of shares	-	7,30,64,088
	Less : Transfer to Capital Redemption Reserve	-	1,13,94,690
	Less : Utilisation on account of Buy Back of Shares	-	67,68,44,586
		25,48,97,789	**25,48,97,789**
	Capital Redemption Reserve	1,13,94,690	1,13,94,690
	Foreign exchange translation reserve	6,35,58,478	17,98,100
	General reserve	100,00,00,000	-
	Balance in profit and loss account	323,80,29,627	271,24,47,407
		456,78,80,584	**298,05,37,986**

3 FIXED ASSETS

Particulars	**Original cost**				**Accumalated Depreciation**				**Net book value**	
	Cost as of April 01, 2007	Additions during the year	Deletions during the year	Cost as of March 31, 2008	As of April 01, 2007	For the year	Deductions during the year	As of March 31, 2008	As of March 31, 2008	As of March 31, 2007
Goodwill		83,06,59,832	-	83,06,59,832				-	83,06,59,832	-
Buildings	-	4,74,06,581	-	4,74,06,581	-	15,80,219	-	15,80,219	4,58,26,362	-
Leasehold improvements	12,65,06,534	12,56,34,531	-	25,21,41,065	4,06,10,929	5,25,50,999	-	9,31,61,928	15,89,79,137	8,58,95,605
Plant and machinery	26,13,69,218	16,88,57,194	32,260	43,01,94,152	7,58,35,661	9,28,88,984	32,260	16,86,92,385	26,15,01,767	18,55,33,557
Computer equipment	62,59,87,288	20,37,17,072	24,74,762	82,72,29,598	43,41,98,227	21,75,77,013	21,69,681	64,96,05,559	17,76,24,039	19,17,89,061
Furniture and fixtures	18,21,42,574	6,35,49,282	-	24,56,91,856	7,60,70,692	5,20,59,557	-	12,81,30,249	11,75,61,607	10,60,71,882
Vehichles		38,83,626	4,78,466	34,05,160		16,93,558	3,18,978	13,74,580	20,30,580	
	119,60,05,614	**144,37,08,117**	**29,85,488**	**263,67,28,243**	**62,67,15,509**	**41,83,50,330**	**25,20,919**	**104,25,44,920**	**159,41,83,323**	**56,92,90,105**
Previous year	71,82,78,709	48,34,54,524	57,27,619	119,60,05,614	37,33,44,961	25,61,43,986	27,73,438	62,67,15,509	56,92,90,105	

		In Rs.	
		March 31, 2008	**March 31, 2007**
4	**INVESTMENTS**		
	Other investments (unquoted)		
	Current investments * - at lower of cost or fair value		
	Liquid mutual funds	72,46,73,728	25,30,34,169
		72,46,73,728	**25,30,34,169**
	* Refer to note 17.2.8 for details of investment		
5	**DEFERRED TAX ASSET**		
	Fixed Assets	5,77,59,584	2,66,37,841
	Provisions	1,58,26,720	69,77,528
		7,35,86,304	**3,36,15,369**
6	**SUNDRY DEBTORS**		
	Debts outstanding for a period exceeding six months		
	Unsecured considered doubtful	45,86,969	6,84,882
	Debts outstanding for a period less than six months		
	Unsecured considered good	186,37,61,097	125,07,28,239
		186,83,48,066	125,14,13,121
	Less : Provision for doubtful debts	45,86,969	6,84,882
		186,37,61,097	**125,07,28,239**
7	**CASH AND BANK BALANCES**		
	Cash on hand	5,98,460	1,99,904
	Balances with scheduled banks		
	-in current accounts	32,82,38,887	30,67,11,898
	-in deposit accounts in Indian rupees	140,00,86,000	162,00,00,000
	Balances with non-scheduled banks		
	-in current accounts	33,95,76,913	8,17,60,834
		206,85,00,260	**200,86,72,636**
	Balances with non scheduled banks		
	In current accounts		
	Royal Bank of Canada, Ontario	33,24,490	15,24,430
	PNC Bank , New Jersey**	2,00,100	2,15,500
	ICICI Bank, London	26,88,058	31,68,794
	Bank of America, California	6,21,38,154	4,66,27,724
	Deutsche Bank, Philippines	57,10,613	-
	Citibank N.A., Czech Republic	6,54,05,703	3,02,24,386
	Deutsche Bank, Netherlands	20,01,09,795	-
		33,95,76,913	8,17,60,834

** This represent restricted Bank balance, in trust account, in accordance with collection agency licensing requirements in US.

		March 31, 2008	March 31, 2007
8	**LOANS AND ADVANCES**		
	Unsecured, considered good		
	Advances		
	Prepaid expenses	3,72,61,621	2,73,18,897
	For supply of goods and rendering of services	3,09,47,771	49,07,895
	Loans and advances to employees	8,26,10,477	7,57,11,384
		15,08,19,869	**10,79,38,176**
	Deposits with financial institution and body corporate*	25,00,00,000	34,00,00,000
	Deposits with government authorities	1,16,652	25,000
	Rental deposits	20,86,53,293	4,84,07,057
	Electricity and other deposits	41,78,760	36,77,206
	Advance income tax, net	3,05,31,084	2,10,319
	MAT credit entitlement	5,34,46,232	-
		69,77,45,890	**50,02,57,758**
	Unsecured, considered doubtful		
	Loans and advances to employees	15,02,221	14,08,312
		69,92,48,111	**50,16,66,070**
	Less : Provision for doubtful loans and advances to employees	15,02,221	14,08,312
		69,77,45,890	**50,02,57,758**
	* Refer to note 17.2.5 for details		
9	**OTHER CURRENT ASSETS**		
	Unbilled revenue	5,11,42,049	5,51,95,459
	Other assets	11,85,55,254	5,84,01,363
		16,96,97,303	**11,35,96,822**
10	**CURRENT LIABILITIES**		
	Sundry creditors		
	for capital goods	5,01,27,671	5,42,03,254
	for expenses	11,71,29,967	1,93,50,301
	for accrued salaries and benefits		
	salaries and allowances	34,99,39,039	10,67,80,639
	ex-gratia and incentives	58,33,59,151	34,76,98,528
	for other liabilites		
	provision for expenses	130,63,71,226	73,23,11,312
	retention monies	3,72,91,851	16,31,318
	withholding and other taxes payable	44,76,291	42,05,557
	advance against subsidy	9,02,40,197	2,72,22,581
	loss on forward exchange contract and options	1,64,33,080	14,33,215
		255,53,68,473	129,48,36,705
	Payable to Philips for acquisitions (Refer to note 17.2.8a)	5,59,38,600	-
	Deferred revenue (Refer to note 17.2.9)	11,47,81,997	11,69,38,859
		272,60,89,070	**141,17,75,564**
11	**PROVISIONS**		
	Provision for leave encashment	11,29,78,065	5,14,12,279
	Provision for grautity	-	-
	Provisions for SLA compliance*	2,23,96,922	88,95,213
	Provision for income taxes, net	5,31,66,505	1,68,78,335
		18,85,41,492	**7,71,85,827**

* Refer to note 17.2.14 for details of Provision for SLA compliance.

		Year ended March 31, 2008	2007
12	**COST OF REVENUES**		
	Salaries including overseas staff expenses	353,83,20,785	213,63,95,379
	Staff welfare	5,68,22,760	2,56,05,176
	Contribution to provident and other funds	22,60,71,076	10,27,09,903
	Travelling expenses	30,38,22,275	27,13,17,571
	Conveyance	36,43,27,469	35,18,23,044
	Cost of software for own use	9,52,97,857	8,84,99,897
	Computer maintenance	2,16,17,427	1,84,73,332
	Communication expenses	21,52,19,831	15,86,51,039
	Rent	35,56,55,137	21,85,06,819
	Consultancy charges	32,97,50,460	25,21,94,876
	Consumables	1,91,90,349	48,71,172
	Recruitment and training expenses	19,88,94,652	9,13,89,215
	Insurance	68,71,671	38,19,876
	Other miscellaneous expenses	3,91,47,098	1,67,13,958
	Settlement of customer claims (Refer to note 17.2.13)	4,541,017	-
		577,55,49,864	**374,09,71,257**
13	**SELLING AND MARKETING EXPENSES**		
	Salaries including overseas staff expenses	33,45,98,948	29,70,03,597
	Staff welfare	3,81,747	38,67,890
	Contribution to provident and other funds	1,45,90,080	1,07,09,195
	Brand building and advertisement	78,32,278	57,47,332
	Travelling expenses	8,96,29,672	6,40,48,327
	Communication expenses	75,51,343	59,51,857
	Conveyance	13,93,083	15,77,283
	Rent	1,62,80,141	1,11,83,633
	Printing and stationery	11,14,045	8,37,920
	Insurance	19,76,266	780,501
	Recruitment expenses	81,38,439	58,57,455
	Professional charges	1,06,41,844	50,96,541
	Professional memberships and seminars	17,67,804	7,81,100
	Other miscellaneous expenses	1,30,99,910	18,57,740
		50,89,95,600	**41,53,00,371**

		Year ended ended March 31, 2008	2007
14	**GENERAL AND ADMINISTRATION EXPENSES**		
	Salaries	46,74,57,329	27,53,77,130
	Staff welfare	4,70,72,455	2,71,19,720
	Contribution to provident and other funds	2,44,13,574	1,49,46,096
	Conveyance	7,06,54,492	3,97,27,978
	Consumables	24,72,904	4,36,720
	Cost of software for own use	89,60,709	62,88,119
	Rent	4,08,35,565	1,51,24,913
	Telephone and communication charges	4,02,02,880	3,73,77,058
	Legal and professional charges	8,01,09,437	6,27,95,890
	Printing, stationery and office maintainance	17,49,46,795	11,01,73,322
	Power and fuel	14,87,14,311	8,52,44,735
	Recruitment and training expenses	4,44,84,533	3,87,62,390
	Insurance	4,32,39,630	3,42,72,081
	Rates and taxes	2,16,05,883	48,81,184
	Auditor's remuneration		
	audit fees	17,00,000	13,00,000
	out-of-pocket expenses	66,000	60,000
	Bank charges and commission	26,28,127	13,16,267
	Postage and courier	45,93,111	21,83,268
	Professional membership and seminar participation fees	32,68,731	9,53,888
	Provision for doubtful debts	39,02,087	(3,53,847)
	Provision for doubtful loans and advances	93,909	7,84,048
	Loss on sale of assets	-	14,44,212
	Other miscellaneous expenses	1,53,21,041	52,39,155
		124,67,43,503	**76,54,54,327**
15	**OTHER INCOME**		
	Interest income *		
	On deposits with financial institutions and body corporate	2,94,74,160	2,06,83,223
	On deposits with banks	10,77,25,158	4,42,77,689
	Dividends from liquid mutual fund investments	4,92,23,877	7,08,51,766
	Profit on sale of investments	-	8,62,927
	Exchange gain/(loss), net	(216,80,791)	(4,83,57,628)
	Interest on income tax refund	13,52,445	-
	Miscellaneous income	12,31,467	2,76,283
		21,06,87,898	**8,85,94,260**
	*Tax deducted at source on interest income	2,76,41,457	1,45,55,102
16	**PROVISION FOR TAXATION**		
	Current taxes	20,16,09,613	39,524,336
	Deferred taxes	(3,99,70,935)	(209,66,063)
	MAT Credit Entitlement	(5,34,46,232)	-
		10,81,92,446	**1,85,58,273**

17 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

Company overview

Infosys BPO Limited ("Infosys BPO" or the "company") was incorporated as Progeon Limited on April 3, 2002 to provide business process management services to organizations that outsource their business processes. Infosys BPO is a majority owned and controlled subsidiary of Infosys Technologies Limited ("Infosys", NASD NM: INFY). The company helps clients improve their competitive positioning by managing their business processes in addition to providing increased value. Infosys BPO s.r.o. was incorporated on February 4, 2004 in the Czech Republic as a wholly owned subsidiary to provide business process management and transitioning services. During the year the company acquired P- Financial Services Holding B.V, Netherlands.(refer note 17.2.15a)

The name of the company was changed from Progeon Limted to Infosys BPO Limited with effect from August 29, 2006.

17.1 Significant accounting policies

17.1.1 Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention, in accordance with Generally Accepted Accounting Principles in India ("GAAP") on the accrual basis. GAAP comprises accounting standards as specified in rule 3 of the Companies (Accounting Standard) 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. Management evaluates all recently issued or revised accounting standards on an on-going basis.

17.1.2 Use of estimates

The preparation of the financial statements in conformity with GAAP requires that the management of the company make estimates and assumptions that affect the reported amounts of income and expenses of the year, 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 include expected development costs to complete business process management service contracts, provisions for doubtful debts, provision for income taxes and the useful lives of fixed assets. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

17.1.3 Revenue recognition

The company derives its revenues primarily from business process management services, on both the time-and-material and fixed-price, fixed-time frame bases. Revenue on time-and-material contracts is recognized as the related services are rendered. Revenue from fixed-price, fixed-time frame contracts is recognized as per the proportionate-completion method. Revenues from unit-priced contracts are recognized as transactions are processed based on objective measures of output. Cost and earnings in excess of billings are classified as unbilled revenue while billing in excess of cost and earnings is classified as unearned revenue. Provision for estimated losses, if any, on uncompleted contracts are recorded in the year in which such losses become probable based on the current estimates. When the company receives advances for its services, such amounts are reported as client deposits until all conditions for revenue recognition are met. Interest on deployment of surplus funds is recognised using time proportion method, based on underlying interest rates.

17.1.4 Expenditure

The cost of software user licenses purchased for rendering business process management services is charged to revenue when put to use. Charges relating to non-cancelable long-term operating leases are computed on a straight line basis over the period of the lease.

17.1.5 Fixed assets and capital work-in-progress

Fixed assets are stated at cost, after reducing accumulated depreciation until the date of the balance sheet. Direct costs are capitalized until the assets are ready for use and include financing costs relating to any borrowing attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use. Capital work-in-progress includes the cost of fixed assets that are not yet ready for their intended use and advances paid to acquire fixed assets before the balance sheet date.

17.1.6 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 year is proportionately charged. Individual assets costing Rs. 5,000 or less are depreciated at the rate of 100% on a pro-rata basis. Leasehold improvements are written off over the lower of the remaining period of lease or the life of the asset. Management estimates the useful lives for the various fixed assets as follows:

Buildings and Lease hold improvements	Fifteen years
Computer equipment	Two years
Plant and machinery	Five years
Furniture and fixtures	Five years

17.1.7 Employeee Benefits

17.1.7a Gratuity

In accordance with the Payment of Gratuity Act, 1972, Infosys BPO provides for gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering all employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, carried out at the year end by an independent actuary based upon which company contributes to the Infosys BPO employees Gratuity Fund Trust (the 'Trust'). The trustee administers contributions made to the Trust and invests the corpus with LIC of India.

17.1.7b Superannuation

Certain employees of Infosys BPO are eligible for superannuation benefits. The company contributes Rs 100 annually for the superannuation benefits of the employees. The company has no further obligations to the superannuation plan beyond the yearly contribution to the trust fund, the corpus of which is invested with the LIC of India.

17.1.7c Provident fund

Eligible employees receive benefits from a provident fund, which is a defined contribution plan. Both the employee and the company make monthly contributions to this provident fund plan equal to a specified percentage of the covered employee's salary. Amounts collected under the provident fund plan are deposited in a Government administered provident fund. The company has no further obligations under the provident fund plan beyond its monthly contributions.

17.1.7d Leave encashment

Leave encashment liability is provided on the basis of an actuarial valuation carried out at the year end.

17.1.8 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.

17.1.9 Forward contracts and option contracts in foreign currencies

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

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 year. 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 effective hedge, a gain or loss is recognized in the profit and loss account.

17.1.10 Income tax

Income taxes are computed using the tax effect accounting method, where taxes are accrued in the same year the related revenue and expenses arise. A provision is made for income tax for the year based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. Minimum Alternative Tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability , is considered as an asset if there is convincing evidence that the company will pay normal tax after the tax holiday period. Accordingly, it is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the company and the asset can be measured reliably.

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 year 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 year based on prevailing enacted or substantially enacted regulations. Deferred tax assets are recognized only if there is reasonable certainity that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

17.1.11 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 possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation 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.

17.1.12 Impairment of assets

Management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired. An impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be recorded is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined above.

17.1.13 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 year, unless they have been issued at a later date.

17.1.14 Investments

Trade investments are the investments made to enhance the company's business interests. Investments are either classified as current or long-term based on the management's intention at the time of purchase. Current investments are carried at the lower of cost and fair value, determined on investment basis. Cost for overseas investments comprises the Indian Rupee value of the consideration paid for the investment. Long-term investments are carried at cost and provisions recorded to recognize any dimunition, other than temporary, in the carrying value of each investment. Any dividends are recorded as income in the profit and loss account when the right to receive dividend is established.

17.1.15 Cash flow statement

Cash flows are reported using the Indirect method, thereby profit before tax is adjusted for the effects of transactions of a non - cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the company are segregated. Cash flows in Foreign currency are accounted at average monthly exchange rates that approximate the actual rates of exchange prevailing at the dates of the transaction.

17.1.16 Employee stock options

The company applies the intrinsic value-based method of accounting prescribed by Accounting Research Committee of the Institute of Chartered Accountants of India, Accounting for employee share based payments, to account for its fixed plan stock options. Under this method, compensation expense is recorded on the date of grant only if the current market price of the underlying stock exceeds the exercise price. The options vest on a graded basis; however there is no compensation expense since the grants are made at exercise prices equal to or greater than fair market value, as of the date of the grant.

17.2 Notes to financial statements

17.2.1 Capital commitments and contingent liabilities

	As at March 31, 2008	As at March 31, 2007
Estimated amount of unexecuted capital contracts (net of advance and deposits)	60,95,59,143	24,72,35,967
Forward contracts outstanding		

USD/INR	$ 65,000,000	$ 5,000,000
(Equivalent approximate in Rs.)	(260,13,00,000)	(21,55,00,000)
GBP/USD	£ 3,000,000	-
(Equivalent approximate in Rs.)	(23,83,80,000)	-
EUR/USD	€ 1,800,000	-
(Equivalent approximate in Rs.)	(11,38,50,000)	-
Range barrier options in US $	$-	$ 1,500,000
(Equivalent approximate in Rs.)	-	(6,46,50,000)
Range barrier options in GBP	£ 7,500,000	£ 8,250,000
(Equivalent approximate in Rs.)	(59,59,50,000)	(69,99,30,000)

17.2.2 Export obligation

The company has an export obligation towards the Software Technology Parks of India, in respect of duty free capital imports made by it. The remaining export obligation was Nil as at March 31, 2008 and March 31, 2007.

17.2.3 Aggregate expenses

Following are the aggregate amounts incurred on certain specific expenses that are required to be disclosed under Schedule VI to the Companies Act, 1956:

(in Rs.)

	Year ended March 31,	
	2008	2007
Salaries and ex-gratia including overseas staff expenses	379,40,37,565	262,58,41,271
Staff welfare	8,46,47,441	5,39,44,575
Contribution to provident and other funds	16,63,97,908	10,09,44,015
Foreign travel expenses	34,81,76,535	32,28,03,315
Consumables	1,91,70,415	52,21,062
Computer maintenance	2,16,17,427	1,84,73,332
Cost of software for own use	10,33,17,963	9,36,51,134
Communication expenses	17,90,11,883	19,66,07,858
Consultancy charges	34,17,03,729	29,71,51,680
Travel and conveyance	42,49,58,216	38,87,63,531
Rent	34,07,73,195	23,36,60,710
Printing, stationery and office maintenance	14,19,94,752	10,38,98,055
Legal and professional charges	7,98,57,856	6,48,72,713
Brand building	78,32,278	55,93,402
Recruitment and training expenses	22,68,31,039	12,76,94,181
Power and fuel	13,69,86,901	8,26,79,213
Insurance charges	4,93,57,596	3,84,41,951
Rates and taxes	1,77,95,483	42,89,319
Auditor's remuneration		
audit fees	16,00,000	13,00,000
out-of-pocket expenses	66,000	60,000
Bank charges and commission	9,72,332	7,96,110
Postage and courier	35,95,291	18,83,865
Professional membership and seminar participation fees	49,77,267	17,34,988
Provision for bad and doubtful debts	22,01,127	(3,53,847)

Provision for bad and doubtful loans and advances	93,909	7,84,048
Other miscellaneous expenses	4,02,78,314	2,34,31,707
Settlement of Customer Claims	45,41,017	-
Total	654,27,93,439	479,41,68,188

The above expenses for year ended March 31, 2008 and March 31, 2007 include Fringe Benefit Tax (FBT) in India amounting to Rs.2,81,39,057 and Rs.1,71,60,836 respectively.

17.2.4 Quantitative details

The company is 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 services rendered and certain information as required under paragraphs 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956.

17.2.5 Imports (valued on the cost, insurance and freight basis

(in Rs.)

	Year ended March 31,	
	2008	2007
Capital goods	17,35,22,684	21,48,51,669

17.2.6 Expenditure in foreign currency (on payments basis)

(in Rs.)

	Year ended March 31,	
	2008	2007
Salary, legal and professional charges	60,82,83,537	54,49,65,435
Foreign travel expenses and relocation expenses	24,33,95,837	26,60,26,640
Bank charges, consultancy and others	20,53,21,152	2,14,24,347
Communication	9,38,87,285	6,73,30,763
	115,08,87,811	89,97,47,185

17.2.7 Earnings in foreign currency (on receipt basis)

(in Rs.)

	Year ended March 31,	
	2008	2007
From business process management services	755,14,01,216	608,87,54,835

17.2.8 Obligations on long-term non-cancelable operating leases

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

(in Rs.)

	Year ended March 31,	
	2008	2007
Lease rentals charged during the year	34,07,73,195	23,36,60,710

(in Rs.)

Lease obligations	As at March 31, 2008	As at March 31, 2007
Within one year of the balance sheet date	16,13,24,080	13,47,79,068
Due in a period between one year and five years	15,73,64,138	5,68,83,351
Later than five years	-	-

The company has entered into non-cancelable operating lease arrangements for premises with Infosys and others. The existing operating lease arrangements extend for periods between 36 months and 72 months from their respective dates of inception. The lease rentals paid are included as a component of services purchased from Infosys (also refer Note 17.2.13 below).

17.2.9 Dues to small-scale industrial undertakings and dues to micro enterprises and small enterprises

As at March 31, 2008 the company has no outstanding dues to micro enterprises and small enterprises/small-scale industrial undertaking. As at March 31, 2007 the company had no outstanding dues to small-scale industrial undertaking.

17.2.10 Provision for taxation

The company benefits from certain significant tax incentives provided to firms rendering business process management services under Indian tax laws. These incentives presently include an exemption from payment of Indian corporate income taxes for a period of ten consecutive years of operation of software development facilities designated as "Software Technology Parks" (the "STP Tax Holiday"). The Government of India recently amended the tax incentives available to companies set up in designated STPs. The period of the STP Tax Holiday available to such companies is restricted to 10 consecutive years beginning from the financial year when the unit started rendering business process management services or March 31, 2009, whichever is earlier. Deferred tax asset recognised as at March 31, 2008 and March 31, 2007 relates to fixed assets and provisions. The deferred tax has been recognised based on the best estimate of management of the deferred tax rate expected to be applicable for the full year.

17.2.11 Loans and advances

Deposits with financial institution and body corporate comprise:

(in Rs.)

	As at March 31, 2008	As at March 31, 2007
Deposits with financial institution :		
Housing Development Finance Corporation Limited	-	13,00,00,000
Deposits with body corporate :		
GE Capital Services India	25,00,00,000	21,00,00,000

Maximum balance held during the year

	As at March 31, 2008	As at March 31, 2007
Deposits with financial institution:		
Housing Development Finance Corporation Limited	25,00,00,000	13,00,00,000
Deposits with body corporate:		
GE Capital Services India	25,00,00,000	21,00,00,000

17.2.12 Maximum balances held with non-scheduled banks

(in Rs.)

	As at March 31, 2008	As at March 31, 2007
ICICI Bank, London	1,71,09,625	1,87,12,669
PNC Bank,New Jersey	2,15,500	2,20,550
Bank of America, California	24,53,57,782	16,86,65,656
Deutsche Bank, Phillippines	3,67,79,905	-
Royal Bank of Canada, Ontario	44,41,442	34,66,854

17.2.13 Related party transactions

The company entered into related party transactions during the year with Infosys, the company's holding company. The transactions are set out below:

(in Rs.)

Particulars	Year ended March 31, 2008	2007
Lease deposit paid	3,28,00,000	-
Payment for personnel and shared services including facilities	44,55,82,100	31,40,78,014
Receipt from sale of services	33,84,446	8,42,61,279
Receipt for personnel and shared services including facilities	14,09,57,941	3,33,96,811
	14,43,42,387	11,76,58,090

Payables due to Infosys Technologies Limited on account of personal and shared services amounted to Rs Nil and Nil as of March 31, 2008 and March 31, 2007 respectively. Other receivables from Infosys Technologies Limited for sale of services and personnel and shared services including facilities amounted to Rs Nil and Nil as of March 31, 2008 and March 31, 2007 respectively. The company has received certain managerial services from Mr. T. V. Mohandas Pai and Mr. S. D. Shibulal, directors of the company who are also directors of Infosys, at no cost. Infosys Technolgies Limited, the parent company has issued performance guarantees to certain clients for executed contracts. The company entered into related party transactions during the year with Infosys BPO sro, Czech Republic, a subsidiary company. The transactions are set out below:

(in Rs.)

Particulars	Year ended March 31, 2008	2007
Loan given to/(repaid by) Infosys BPO s.r.o	(46,02,898)	1,10,00,357
Other receivables from subsidiary	16,21,090	-
Payment for business consulting services	3,30,30,674	4,70,89,652
Payment for personnel and shared services	25,34,493	
Receipt for personnel and shared services including facilities	-	41,89,686
Interest due on loan included in loan to Infosys BPO s.r.o	44,14,841	11,10,465

Infosys BPO s.r.o loan balance outstanding as of March 31, 2008 and March 31, 2007 was Rs. 1,20,37,314 and Rs. 1,76,40,493. Other receivables due from Infosys BPO s.r.o as of March 31, 2008 and March 31, 2007 was Rs. 16,21,090 and Rs. Nil. Payables due to Infosys BPO s.r.o. as of March 31, 2008 and March 31, 2007 was Rs. 1,29,23,357 and Rs. 57,60,954. The company entered into related party transactions during the year with P Financial Services Holding B.V Netherland, a subsidiary company. The transactions are set out below:

Particulars	Year ended March 31, 2008	2007
Loan to P - Financial Services Holding B.V.	2,10,84,164	-
Interest due on loan	58,74,995	-

P financials loan balance outstanding as of March 31, 2008 and March 31, 2007 was Rs. 2,69,59,158 and Rs. Nil.

Particulars	Year ended March 31, 2008	2007
Loan (net) to PAN Financial Services India Private Limited	-	-
Other receivable	9,25,217	-
Receipt for personnel and shared services	9,25,217	-
Interest due on loan	8,25,548	-

Pan Financial services India Private Limited loan balance outstanding as of March 31, 2008 and March 31, 2007 was Rs. Nil and Rs. Nil. Other receivables due from Infosys BPO s.r.o as of March 31, 2008 and March 31, 2007 was Rs. 9,25,216 and Rs. Nil. The company has reimbursed the shared services paid to its employees by Infosys Technologies (Australia) Pty Limited, a subsidiary of Infosys Technologies Limited, Bangalore, amounting to Rs.52,52,165 and Rs.11,71,737 for the year ended March 31, 2008 and March 31, 2007 respectively. The company has reimbursed the shared services paid to its employees by Infosys Technologies (China) Company Limited , a subsidiary of Infosys Technologies Limited, Bangalore, amounting to Rs.27,52,464 and Rs.3,99,569 for the year ended March 31, 2008 and March 31, 2007 respectively.

Particulars of remuneration and other benefits paid to Managing Director during the year ended March 31, 2008 and 2007, are given below:

(in Rs.)

	Year ended March 31, 2008	2007
Salary and allowances	46,50,345	30,76,107
Provident fund, gratuity and superannuation contributions	2,15,081	2,02,218
Performance incentives	48,88,152	29,98,980
	97,53,578	62,77,305

The particulars of remuneration and benefits paid to other senior management personnel during the year ended March 31, 2008 and 2007, are given below:

(in Rs.)

	Year ended March 31, 2008	2007
Salary and allowances	24,62,491	35,16,349
Provident fund, gratuity and superannuation contributions	-	2,44,746
Performance incentives	40,66,814	52,23,416
	65,29,305	89,84,511

17.2. 14 Managerial remuneration paid to non-whole time directors

Particulars of remuneration and other benefits paid to non-whole time directors during the year ended March 31, 2008 and 2007, are given below:

(in Rs.)

	Year ended March 31, 2008	2007
Sitting fees	1,20,000	1,19,065
Commission	24,00,000	24,00,000

Computation of net profit in accordance with Section 349 of the Companies Act,1956 and calculation of commission payable to non whole time directors.

(in Rs.)

	Year ended March 31, 2008	2007
Net profit after tax from ordinary activities	149,86,85,216	152,86,21,059
Add:		
1. Whole time director's remuneration	97,53,578	62,77,305
2. Director's sitting fee	1,20,000	1,19,065
3. Commission to non whole time directors	24,00,000	24,00,000
4. Depreciation as per books of account	35,27,32,636	24,99,94,596
5. Provision for doubtful debts	22,01,127	(3,53,847)
6. Provision for doubtful loans and advances	93,909	7,84,048
5. Provision for taxation	8,02,65,783	1,57,68,940
	194,62,52,249	180,36,11,166
Less:		
1.Depreciation as envisaged under Section 350 of the Companies Act, 1956*	35,27,32,636	24,99,94,596
2.Net profit on which commission is payable	159,35,19,613	155,36,16,570
3.Commission payable to non whole time directors:		
4.Maximum allowed as per the Companies Act, 1956 at 1%	1,59,35,196	1,55,36,166
Commission approved by the Board:	24,00,000	24,00,000

* The company depreciates fixed assets based on estimated useful lives that are lower than those implicit is Schedule XIV of the Companies Act, 1956. Accordingly, the rates of depreciation used by the company are higher than the minimum rates prescribed by the Schedule XIV of the Companies Act, 1956.

17.2.15 Investment activity

(in Rs.)

Current investments	No. of units as at March 31, 2008	No. of units as at March 31, 2007	Amount as at March 31, 2008	Amount as at March 31, 2007
Birla Cash Plus Institutional Premium - Liquid fund	-	95,67,295	-	9,58,59,280
Birla Cash Plus Institutional Premium - Liquid Plus	2,06,72,280	-	20,68,63,372	-
Prudential ICICI Liquid Plan Institutional Dividend	2,42,29,101	-	25,61,86,398	-
TATA Super Institutional.- Liquid Plus	2,60,69,588	-	26,16,23,958	-
TATA Liquid Super High Investment Fund	-	1,41,070	-	15,71,74,889
	7,09,70,969	97,08,365	72,46,73,728	25,30,34,169

Movement of Investment	Opening balance in **units**, Amount (Rs.)	Purchased in **units**, Amount (Rs.)	Redemption in **units**, Amount (Rs.)	Closing balance in **units**, Amount (Rs.)
Birla Cash Plus Institutional Premium - Liquid fund	**9,567,295.00**	**5,93,24,553**	**6,88,91,848**	**-**
	95,859,280	59,45,26,492	69,03,85,772	-
Birla Sunlife AMC LTD Liquid Plus	**-**	**3,06,65,485**	**99,93,205**	**20,672,280**
	-	30,68,63,372	10,00,00,000	20,68,63,372
Tat Asset Management Ltd	**1,41,070**	**5,36,787**	**6,77,857**	**-**
	157,174,889	59,83,10,374	75,54,85,263	-
TATA Super Institutional.- Liquid Plus	**-**	**26,069,588**	**-**	**26,069,588**
	-	26,16,23,958	,0	26,16,23,958
Franklin Templeton Liquid fund	**-**	**6,01,895**	**6,01,895**	**-**
	-	60,20,44,954	60,20,44,954	-
Franklin Templeton Liquid Plus	**-**	**1,51,92,704**	**1,51,92,704**	**-**
	-	15,20,91,123	15,20,91,123	-
Prudential ICICI Liquid PLUS Institutional Dividend	**-**	**7,55,37,096**	**7,55,37,096**	**-**
	-	75,54,08,806	75,54,08,806	-
Prudential ICICI Liquid Plan Institutional Dividend	**-**	**4,31,44,314**	**1,89,15,213**	**2,42,29,101**
	-	45,61,86,399	20,00,00,000	25,61,86,398
Reliance Liquid Fund - Treasury Plan	**-**	**2,01,73,863**	**2,01,73,863**	**-**
	-	20,18,01,170	20,18,01,170	-
Reliance Liquid Plus - Treasury Plan	**-**	**2,53,333**	**2,53,333**	**-**
	-	25,36,20,509	25,36,20,509	-
DWS Mutual fund - Liquid plus	**-**	**2,54,43,204**	**2,54,43,204**	**-**
		25,46,40,678	25,46,40,678	

	-			-
Standard chartered Mutual fund	-	**2,00,269**	**2,00,269**	-
	-	20,03,11,165	20,03,11,165	-
HDFC Liquid Fund	-	**2,04,23,640**	**2,04,23,640**	-
	-	25,03,89,747	25,03,89,747	-
HDFC Liquid Plus	-	**1,70,82,793**	**1,70,82,793**	-
	-	17,13,66,040	17,13,66,040	-
HSBC Cash Fund Institutional Liquid Fund	-	**2,00,13,048**	**2,00,13,048**	-
	-	20,02,42,549	20,02,42,549	-

17.2.15a Infosys BPO limited has acquired the shared service centres of Philips at Poland, Thailand and Chennai through its investment in P -Financial Services Holding B.V.Netherlands as per sale and purchase agreement dated July 25, 2007 with Koninklijke Philips Electronic N.V. for a purchase consideration of 107.12 Crores of which Rs 5.59 crores is yet to be paid towards additional purchase consideration. The shared service centres at Poland and India have become 100% subsidiary of the company on October 1, 2007 where as the shared service centre at Thailand has become a wholly owned subsidiary on December 3, 2007, the date on which all necessary conditions in the agreement were fulfilled.

17.2.16 Deferred revenues

Revenue recognition has been deferred pending resolution of significant uncertainties regarding the amount of consideration that will be derived from rendering services. Deferred revenues amounted to Rs 10,70,33,581 and Rs.11,69,38,859 as at March 31, 2008 and March 31, 2007 respectively and have been disclosed under current liabilities.

17.2.17 Reconciliation between basic and dilutive shares

The reconciliation between basic and dilutive shares is set out below:

(in Rs.)

	Year ended March 31, 2008	2007
Weighted average shares used in computing basic earnings per share	3,38,27,751	3,41,71,966
Dilutive effect of stock options	284	13,77,349
Weighted average shares used in computing diluted earnings per share	3,38,28,035	3,55,49,315

17.2.18 Disclosure for Defined Benefit Plans

Gratuity is applicable to all permanent and full time employees of the company. Gratuity paid out is based on last drawn basic salary and dearness allowance at the time of termination or retirement. The scheme takes into account each completed year of service or part thereof in excess of six months. The normal age of retirement is 58 years and the entire contribution is borne by the company.

The company recognises actuarial gains and losses as and when the same arise. The charge in respect of the same is taken to the profit and loss account.

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

(in Rs.)

	As at March 31, 2008	As at March 31, 2007
Obligations at year beginning	3,65,75,416	2,62,50,439
Service cost	2,57,48,242	1,14,79,588
Interest cost	28,21,347	19,97,287
Benefits settled	(1,42,50,440)	(82,27,072)
Actuarial gain	89,02,354	50,75,174
Obligations at year end	5,97,96,919	3,65,75,416

Defined benefit obligation liability as at the balance sheet is wholly funded by the company.

Change in plan assets:

(in Rs.)

	As at March 31, 2008	As at March 31, 2007
Plans assets at beginning of the year, at fair value	3,49,57,318	2,64,62,265
Expected return on plan assets	33,91,458	21,14,335
Actuarial gain	384,157	3,03,185
Contributions	3,68,10,728	1,59,22,703
Benefits settled	(1,42,50,440)	(82,27,072)
Plans assets at end of the year, at fair value	6,12,93,221	3,65,75,416

Reconciliation of present value of the obligation and the fair value of the plan assets:

(in Rs.)

	As at March 31, 2008	As at March 31, 2007
Fair value of plan assets at the end of the year	6,12,93,221	3,65,75,416
Present value of the defined benefit obligations at the end of the year	5,97,96,919	3,65,75,416
Asset recognized in the balance sheet	14,96,302	-

Gratuity cost for the year

(in Rs.)

	As at March 31, 2008	As at March 31, 2007
Service cost	2,57,48,242	1,14,79,588
Interest cost	28,21,347	19,97,287
Expected return on plan assets	(33,91,458)	(21,14,335)
Actuarial gain	85,18,197	47,71,989
Net gratuity cost	3,36,96,328	1,61,34,529

100% of plan assests are maintained by Life Insurance Corporation of India.

Assumptions

Discount rate	7.92%	7.99%
Estimated rate of return on plan assets	7.92%	7.99%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

The company has contributed Rs.3,68,10,728 to its defined benefit plan in 2007-08.

17.2.19 Employees Stock Option Plan

Guidance note on "Accounting for employee share based payments" (the guidance note) issued by Institute of Chartered Accountants of India establishes financial accounting and reporting principles for employee share based payment plans. The guidance note applies to employee share based payment plans the grant date in respect of which falls on or after April 1, 2005. The company applies the intrinsic value-based method of accounting to account for its fixed plan stock options. Under this method, compensation expense is recorded on the date of grant only if the current market price of the underlying stock exceeded the exercise price on this date. The options vest on a graded basis; however there is no compensation expense since the grants are made at exercise prices equal to or greater than fair market value, as of the date of the grant.

17.2.19a Infosys BPO Employee Stock Option Plan 2002

The company's 2002 Plan provides for the grant of stock options to employees of the company and was approved by the Board of Directors and shareholders in June 2002. All options under the 2002 Plan are exercisable for equity shares. The 2002 Plan is administered by a Compensation Committee comprising three members, all of whom are directors of the company. The 2002 Plan provides for the issue of 52,50,000 equity shares to employees, at an exercise price, which shall not be less than the Fair Market Value ("FMV") on the date of grant. Options may also be issued to employees at exercise prices that are less than the FMV only if specifically approved by the members of the company in general meeting.

	Year ended March 31, 2008	
	Shares arising out of options	Weighted average exercise prices (in Rs.)
Outstanding at the beginning of the year	17,39,292	289.32
Forfeitures during the year	2,56,999	

		197.62
Outstanding at the end of the year	1,482,293	293.72
Exercisable at the end of the year	3,51,335	275.45

The company has not granted any options during the year ended March 31, 2008. Further there were no excercises for the year ended March 31,2008.

	Year ended March 31, 2007	
	Shares arising out of options	Weighted average exercise prices (in Rs.)
Outstanding at the beginning of the year	24,52,330	133.44
Granted during the period	5,93,300	604.00
Forfeitures during the period	4,90,516	206.13
Exercised during the period	8,15,822	99.61
Outstanding at the end of the year	17,39,292	289.32
Exercisable at the end of the year	65,950	67.43

As at March 31, 2008, 14,82,293 options are held by Infosys Technologies Limited (refer note 17.2.19b**).** Options held by Infosys Technologies Limited cannot be exercised due to legal restrictions and will expire in due course. Accordingly these options have not been considered while computing dilutive earnings per share of the company from the date Infosys Technologies Limited owned these options. The following table summarizes information about stock options held by Infosys Technologies Limited as of March 31, 2008 and March 31, 2007

Range of exercise prices (in Rs.)	Stock options outstanding at the end of the period		Weighted average remaining contractual life March	
	Year ended March 31, 2008	Year ended March 31, 2007	Year ended March 31, 2008	Year ended March 31, 2007
33.12-58.33	1,23,596	1,88,371	1.75	2.47
58.34-77.89	1,55,639	1,92,375	1.66	2.54
77.90-99.20	1,04,800	1,23,600	2.13	2.91
99.21-162.23	22,100	23,500	1.26	2.27
162.24-195.00	3,30,548	4,04,961	2.84	3.66
195.01-214.00	22,725	26,475	1.77	2.77
214.01-230.00	1,21,635	1,49,610	3.46	4.42
230.01-310.00	1,16,675	1,19,300	3.32	4.30
310.01-604.00	4,84,575	5,11,100	3.91	4.92
	14,82,293	17,39,292	2.97	3.80

17.2.19b Infosys 1999 Employee Stock Option Plan ('1999 Plan")

On March 12, 2007, Infosys Technologies Limited purchased 12,19,532 unvested options held by the employees of Infosys BPO Limited for a cash consideration of Rs. 57.87 crore and has swapped 5,18,360 unvested options with 1,51,932 unvested stock options of Infosys. In addition, certain employees were granted additional 4,86,828 Infosys stock options under the Infosys 1999 Employee Stock Option Plan. The Infosys 1999 Employees Stock Option Plan was approved by the Board of Directors and stockholders in June 1999. All options under the 1999 Plan are exercisable for equity shares. The options granted under the 1999 plan vests over 2-6 years

	Year ended March 31, 2008	
	Shares arising out of options	Weighted average exercise prices (in Rs.)
Outstanding at the beginning of the year	6,38,761	2,121
Forfeitures during the period	88,702	2,121
Outstanding at the end of the year	5,50,059	2,121

There were no exercisable options during the quarter and year ended March 31, 2008.

The following table summarizes information about stock options as of March 31, 2008.

Range of exercise prices (in Rs.)	Stock options outstanding at the end of the period March 31, 2008.	Weighted average remaining contractual life March 31,2008.
0- 2120.95	5,50,059	2.22

	Year ended March 31, 2007	
	Shares arising out of options	Weighted average exercise prices (in Rs.)
Outstanding at the beginning of the year	-	-
Granted during the period	6,38,761	2,121
Forfeitures during the period	-	-
Outstanding at the end of the year	6,38,761	2,121

The following table summarizes information about stock options as of March 31, 2007.

Range of exercise prices (in Rs.)	Stock options outstanding at the end of the period March 31, 2007.	Weighted average remaining contractual life March 31,2007.
0- 2120.95	6,38,761	2.86

As permitted by the guidance note, the company has elected to continue to apply the intrinsic value-based method of accounting described above, and has adopted the disclosure requirements of the guidance note. Had compensation cost for the company's stock-based compensation plan been determined in a manner consistent with the fair value approach described in guidance note, the company's net income and basic earnings per share as reported would have reduced to the proforma amounts indicated below.

(in Rs.)

	Year ended March 31, 2008	Year ended March 31, 2007
Net profit as reported	149,86,85,216	152,86,21,059
Less: Stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	12,90,08,140	12,35,73,222
Adjusted proforma profit	136,96,77,076	140,50,47,837
Basic EPS as reported	44.30	44.73
Adjusted proforma	40.49	41.12
Diluted EPS as reported	44.30	43.00
Adjusted proforma	40.49	39.52

17.2.20 Settlement of customer claim

During the year the Company has made an out of court settlement with one of its customer for a sum of Rs.99,85,000. Further the Company has also incurred legal expenses amouting to Rs.74,41,359 for the year. The Company has however recovered a sum of Rs.1,28,85,342 from the insurance company including legal cost incurred till March 31, 2008.

17.2.21 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

	As at March 31, 2008	As at March 31, 2007
Balance at the beginning of the year	88,95,213	-
Additional provision made during the year	84,55,866	88,95,213
Provision used during the year	10,08,823	-
Unused amounts reversed during the year	-	-
Balance at the end of the period	1,63,42,256	88,95,213

Management believes that the aforesaid provision will be utilised during the year.

17.2.22 Segment reporting

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

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

Industry segments at the company primarily comprise customers relating to financial services, manufacturing, telecom, retail and other industries. Income in relation to segments is categorized based on items that are individually identified to those segments while expenditure is categorized in relation to the associated turnover of the segment. Certain 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.

Geographical segments are segregated based on the location of the customers, or in relation to which the revenue is otherwise recognized.During the previous year, the company changed the basis of allocation of direct, allocable and un-allocable costs for segment reporting. The company allocated all direct and allocable costs based on head count till the previous year. The unallocable portion primarily consisted of unallocable rent, selling and marketing expense and general administrative expenses. However, with effect from April 1, 2007, 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, 2008** and March 31, 2007 (in Rs.)

Particulars	Financial services	Manufacturing	Telecom	Retail	Others	Total
Revenues	**229,28,02,394**	**120,93,39,289**	**387,19,38,175**	**17,52,43,528**	**70,15,76,444**	**825,08,99,830**
	209,68,44,101	66,03,68,106	260,96,73,903	1,49,16,590	111,38,51,022	649,56,53,722
Identifiable operating expenses	**80,38,17,427**	**58,20,10,303**	**118,87,23,183**	**4,96,77,533**	**22,34,15,781**	**284,76,44,227**
	95,14,49,285	28,93,18,647	172,56,48,297	26,72,485	47,90,30,687	344,81,19,401
Allocated expenses	**102,68,27,029**	**54,16,00,215**	**173,40,39,873**	**7,84,82,469**	**31,41,99,626**	**369,51,49,212**
	13,08,98,398	3,89,68,235	18,61,11,376	1,93,086	5,80,37,427	41,42,08,522
Segmental operating profit	**46,21,57,938**	**8,57,28,771**	**94,91,75,119**	**4,70,83,526**	**16,39,61,037**	**170,81,06,391**
	101,44,96,418	33,20,81,224	69,79,14,230	2,051,019.00	57,67,82,908	263,33,25,799
Unallocable expenses						**35,27,32,636**

	118,18,34,861
Operating profit	**135,53,73,755**
	145,14,90,938
Other income net	**22,35,77,244**
	9,28,99,061
Net profit before taxes	**157,89,50,999**
	154,43,89,999
Taxes	**8,02,65,783**
	1,57,68,940
Net profit after taxes	**149,86,85,216**
	152,86,21,059

Geographical segments

Year ended **March 31, 2008** and March 31, 2007 (in Rs.)

Particulars	United States of America	United Kingdom	Others	Total
Revenues	**450,71,98,658**	**369,67,28,225**	**4,69,72,947**	**825,08,99,830**
	367,75,30,646	273,37,47,779	8,43,75,297	649,56,53,722
Identifiable operating expenses	**172,16,92,676**	**112,27,27,263**	**32,24,288**	**284,76,44,227**
	207,30,60,680	130,83,43,327	6,67,15,395	344,81,19,402
Allocated expenses	**201,85,40,028**	**165,55,72,443**	**2,10,36,741**	**369,51,49,212**
	24,96,35,379	15,61,01,106	84,72,036	41,42,08,521
Segmental operating profit	**76,69,65,954**	**91,84,28,519**	**2,27,11,918**	**170,81,06,391**
	135,48,34,587	126,93,03,346	91,87,866	263,33,25,799
Unallocable expenses				**35,27,32,636**
				118,18,34,861
Operating profit				**135,53,73,755**
				145,14,90,938
Other income net				**22,35,77,244**
				9,28,99,061
Net profit before taxes				**157,89,50,999**
				154,43,89,999
Taxes				**8,02,65,783**
				1,57,68,940
Net profit after taxes				**149,86,85,216**
				152,86,21,059

17.2.23 The Government of India has made amendments in the Payment of Bonus Act, 1965 thereby enhancing the eligibility limit for payment of bonus and also increasing the ceiling for computation of bonus.The amended provisions are to be effective from April 1,2006. Due to such amendment, there has been an additional liability of Rs 1,77,96,865 towards bonus to employees.

17.2.24 Previous period figures have been regrouped/reclassified, wherever necessary, to confirm to the current period's presentation.

Information about subsidiaries as on March 31, 2008

Subsidiary	Infosys BPO S.R.O	P-Financial Services Holding B.V	Infosys BPO (Poland) Sp.Z.O.O *	Pan Financial Shared Services India Private Limited*	Infosys BPO (Thailand) Limited*
Capital raised during the year	-	-	-	-	-
Public Issue	-	-	-	-	-
Rights Issue	-	-	-	-	-
Bonus Issue	-	-	-	-	-
Private Placements	-	-	-	-	-
Preferential offer of shares under Employees Stock Option Plan	-	-	-	-	-
Position of mobilization and deployment of funds	-	-	-	-	-
Total liabilities	8,41,96,644	121,28,20,158	52,05,19,015	22,35,00,000	15,81,99,989
Total assets	8,41,96,644	121,28,20,158	52,05,19,015	22,35,00,000	15,81,99,989
Sources of Funds					
Paid up Capital	3,49,78,993	28,41,921	3,93,50,000	22,35,00,000	9,38,00,000
Reserves and Surplus	3,74,09,281	116,75,78,410	41,39,79,837	-	5,67,673
Secured Loans	-	-	-	-	-
Unsecured loans	1,18,08,370	4,23,99,827	6,71,89,178	-	6,38,32,316
Application of Funds					
Net Fixed assets	2,39,23,509	27,53,06,077	31,19,12,520	19,90,12,670	10,37,58,594
Investments	-	80,54,32,078	-	-	-
Net Current assets	6,02,73,135	13,20,82,003	20,86,06,495	73,72,653	4,73,32,964
Miscellaneous expenditures	-	-	-	-	-
Accumulated losses	-	-	-	1,71,14,677	71,08,431
Performance of the Company					
Turnover	39,69,38,412	-	55,28,09,585	14,03,15,404	6,47,93,509
Other Income	(12,62,357)	66,99,354	8,80,676	33,31,024	(41,06,784)
Total Income	39,56,76,055	66,99,354	55,36,90,261	14,36,46,428	6,06,86,725
Total Expenditure	32,57,81,008	60,56,195	54,51,81,693	16,07,61,105	6,77,95,156
Profit/(Loss) before tax	6,98,95,047	6,43,159	85,08,568	(171,14,677)	(71,08,431)
Extraordinary Income	-	-	-	-	-
Profit/(Loss) after tax	4,19,68,384	6,43,159	85,08,568	(171,14,677)	(71,08,431)
Earnings per share from ordinary activities (Basic)	-	-	-	(111.74)	-
Earnings per share from ordinary actitivites (Diluted)	-	-	-	(111.74)	-
Dividend rate (%)	-	-	-	-	-

* Wholly-owned subsidiary of P-Financial Services Holding B.V

Infosys BPO Limited
Electronics City, Hosur Road
Bangalore 560100, India
Tel.: 91-80-28522405
Fax: 91-80-28522411

April 7, 2008

Dear Member,

You are cordially invited to attend the Sixth Annual General Meeting of the members of the company on Friday, June 6, 2008 at 10.00 A.M. at the Registered Office of the company at Plot No 26/3, 26/4 and 26/6, Electronics City, Hosur Road, Bangalore 560100.

The notice for the meeting containing the proposed resolutions is enclosed herewith.

Very truly yours,

T.V. Mohandas Pai

T V Mohandas Pai
Chairman

Notice

NOTICE is hereby given that the Sixth Annual General Meeting of the Members of Infosys BPO Limited (the "Company") will be held on Friday, June 6, 2008 at 10.00 A.M. at the Registered Office of the company at Plot No. 26/3, 26/4, 26/6, Electronics City, Hosur Road, Bangalore 560100, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at March 31, 2008 and the Profit and Loss Account for the year ended as on that date and reports of the directors and auditors thereon.

2. To appoint a director in place of Mr. T V Mohandas Pai, who retires by rotation and being eligible, offers himself for re-appointment.

3. To appoint a director in place of Mr. Amitabh Chaudhry, who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint auditors and to fix their remuneration for the ensuing year.

RESOLVED THAT BSR & Co., Chartered Accountants be and are hereby appointed as the auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next annual general meeting and the Board of Directors be and are hereby authorized to fix a suitable remuneration in consultation with the auditors which remuneration may be paid on a progressive billing basis as may be agreed between the auditors and the Board of Directors.

By Order of the Board

Bangalore
April 7, 2008

N. R. Ravikrishnan
Company Secretary

Notes:

1. An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.

2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND THE MEETING AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. UNDER THE COMPANIES ACT, 1956, VOTING IS BY A SHOW OF HANDS UNLESS A POLL IS DEMANDED BY A MEMBER OR MEMBERS PRESENT IN PERSON OR BY PROXY, HOLDING AT LEAST ONE-TENTH OF THE TOTAL SHARES ENTITLED TO VOTE ON THE RESOLUTION OR BY THOSE HOLDING PAID-UP CAPITAL OF ATLEAST Rs. 50,000. A PROXY SHALL NOT VOTE EXCEPT ON A POLL.**

3. The instrument appointing the proxy must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.

4. Members/ proxies should bring duly-filled attendance slips sent herewith to attend the meeting.

5. The Register of Director's shareholdings, maintained under Section 307 of the Companies Act, 1956, will be available for inspection by the members at the AGM.

6. The Register of Contracts, maintained under Section 301 of the Companies Act, 1956, will be available for inspection by the members at the registered office of the company.

Additional information on directors seeking election at the annual general meeting

Brief profile of Mr. Amitabh Chaudhry, Managing Director and Chief Executive Officer

Mr. Amitabh Chaudhry brings with him a total of 16 years of experience in banking industry. Before joining Infosys BPO Limited, Mr. Amitabh Chaudhry was with Credit Lyonnais Securities in Singapore where he headed their investment banking franchise for South East Asia and structured finance practice for Asia. Prior to Credit Lyonnais, he worked for Bank of America where he served in various senior roles including Head of Technology Investment Banking for Asia, Regional Finance Head for wholesale banking and global markets and Chief Finance Officer of Bank of America, India. He is a graduate in engineering from Birla Institute of Technology and Science, Pilani and an MBA from Indian Institute of Management, Ahmadabad. Mr. Amitabh Chaudhry is the Chairman of Infosys BPO s.r.o and a Managing Director in Pan Financial Shared Services India Private Limited and is a Director PAN Financial Holding B.V.

Brief profile of Mr. T. V. Mohandas Pai, Chairman and Director

T. V. Mohandas Pai is Member of the Board and Director-Human Resources, Education and Research and Administration. Mohan joined Infosys in 1994 and has served as a Member of the Board since May 2000. He served as the Chief Financial Officer from 1994 to 2006. In 2006, he voluntarily remitted the office of CFO to lead efforts in the areas of Human Resources and Education & Research.

During his tenure as CFO, Mohan played a strategic role in transforming Infosys to one of the world's most respected and widely-known software services companies. He put in place the country's first publicly articulated financial policy for the company and played a key role in branding the company among the investor community and enhancing transparency and disclosure levels. The Infosys Annual Report, under his supervision, has won the Best Presented Annual Accounts Award from the Institute of Chartered Accountants of India for ten years in succession as well as from the South Asia Federation of Accountants (2000).

Mohan was an integral part of the Infosys team that enabled the first listing of an India-registered company on NASDAQ and the first sponsored secondary offering of American Depositary Shares by an Indian company. He was voted 'CFO of the Year' in 2001 by IMA India (formerly EIU India) and American Express. He won the "Best CFO in India" award from Finance Asia in 2002, and "Best Chief Financial Officer in India" in the AsiaMoney Best Managed Companies Poll 2004.

Mohan has been active in working with regulators to improve the business ecosystem. He was also a member of the Kelkar Committee constituted by the Ministry of Finance, Government of India (GoI) for reforming direct taxes, the Non-Resident Taxation Committee, the High Powered Committee on e-Commerce & Taxation. He is currently a member of the SEBI Accounting Standards Sub-committee and the Empowered committee for setting up the Tax Information Network of the GoI. He also works with the Union and State Governments in the fields of education, information technology and business. Mohan is also a Trustee of the International Accounting Standards Committee Foundation, the body that oversees the International Accounting Standards Board.

In addition to his current responsibilities, Mohan is working with governments and decision-makers across India to improve the quality of education and availability of skilled manpower in India. He is also involved in Akshaya Patra Foundation, a project that provides mid-day meals to over 450,000 children across India, and which aims to reach out to one million children.

Mohan has a bachelor's degree in commerce (B.Com) from St. Joseph's College of Commerce, Bangalore and a bachelor's degree in law (LLB) from Bangalore University. He is a Fellow Chartered Accountant (FCA).

Infosys BPO Limited

Registered office: Electronics City, Hosur Road, Bangalore 560100, INDIA

Proxy Form

Regd. Folio No ☐☐☐☐☐☐☐☐☐☐☐☐

I/We……………………………………………………………………..of…………………………………………
……………in the district of
....being a member/members
of the Company hereby appoint…………………………………………………………of...
in the district of……………….. ……………………………or failing him/her ....
of……………………………………………………………….in the district of ....
as my/our proxy to vote for me/us on my/our behalf at the **ANNUAL GENERAL MEETING** of Infosys BPO Limited to be held at the Registered Office of the Company at Plot No. 26/3, 26/4 and 26/6, Electronics City, Hosur Road, Bangalore 560100 on Friday, June 6, 2008 at 10.00 A.M. and at any adjournment(s) thereof.

Signed this……………………………………………………..day of...2008

Signature……………..

15 Paise revenue stamp

Notes: This form, in order to be effective, should be completed, duly signed and stamped and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.

Infosys BPO Limited

Registered office: Electronics City, Hosur Road, Bangalore 560100, INDIA

Attendance Slip

Regd. Folio No. ☐☐☐☐☐ No. of shares held ☐☐☐☐☐

I certify that I am a member / proxy for the member of the Company.

I hereby record my presence at the **ANNUAL GENERAL MEETING** of the Company held at Plot No.26/3,26/4 & 26/6, Electronics City, Hosur Road, , Bangalore 560100, India , India at 10.00 A.M. on Friday, June 6, 2008.

.... ……………………………….

Member’s / Proxy’s name in BLOCK letters Signature of member / proxy

Notes: Please fill up this attendance slip and hand it over at the entrance of the meeting hall.