Infosys

Infosys BPO Limited

www.infosys.com/bpo

ANNUAL REPORT

2008 - 2009

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/bpo

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	**Abraham Mathews**
Managing Director and	
Chief Executive Officer	***Head (Finance and Accounts)***

Bangalore
April 8, 2009

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, 2009.

Company's overview

Your company (www.infosys.com/bpo) 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, 2009	March 31, 2008
Revenue from business process management services	1081.53	825.09
Gross profit/ (loss)	453.28	329.20
Operating profit/ (loss) after interest and depreciation	174.32	157.90
Profit /(loss) after tax	178.42	149.87

Share capital

During the year under review, our company has not issued any shares and hence the outstanding issued, subscribed and paid-up equity share capital stands at Rs.33.82 crore as on March 31, 2009 (Rs. 33.82 crore as on March 31, 2008)

Re-organisation of subsidiaries

The shareholders maybe aware that 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].

During the year under review, your company has re-organized the subsidiaries as follows:

a. Transfer of shares from P-Financial Services Holding B .V. to Infosys BPO Limited.
b. Liquidation of P-Financial Services Holding B.V. (direct subsidiary of Infosys BPO holding 100% shareholding in each of Poland, Thailand and Chennai subsidiaries)
c. Merger of PAN Financial Shared Services India Private Limited with Infosys BPO Limited.

The liquidation proceeding consisting of the investment of Infosys BPO Limited has made in P-Financial Holding Services B.V. has been off-set with the proceeds that Infosys BPO Limited needs to pay to P-Financial Holding Services B.V. for the transfer of shares it has made to Infosys BPO Limited.

a. Transfer of Shares from P-Financial Services Holding B.V. to Infosys BPO Limited

Infosys BPO Limited entered into Share Purchase Agreements with P-Financial Services Holding B.V. by means of which the entire shares P-financial Services Holding B.V. holds in the three subsidiaries (i.e) Infosys BPO (Poland) Sp.Z.o.o., Infosys BPO (Thailand) Limited and PAN Financial Shared Services India Private Limited were transferred to Infosys BPO Limited on December 31, 2008. As a result of the said transfer, the said three subsidiaries which were hitherto step-down subsidiaries of Infosys BPO Limited became the direct subsidiaries of Infosys BPO Limited.

b. Liquidation of P-Financial Services Holding B.V.

P-Financial Services Holding B.V., a limited liability company incorporated under the Dutch laws and 100% wholly owned subsidiary of Infosys BPO Limited was liquidated in accordance with Dutch Laws with effect from close of business hours of December 31, 2008. The assets and liabilities of the company have been transferred to Infosys BPO Limited.

C. Merger of PAN Financial Shared Services India Private Limited with Infosys BPO Limited

A Scheme of amalgamation under Section 391 and 394 of the Companies Act, 1956 was filed in the High Court of Madras and High Court of Karnataka, Bangalore for merging PAN Financial Shared Services India Private Limited with Infosys BPO Limited. Both the courts have approved the scheme of amalgamation of Pan Financial Shared Services India Private Limited with Infosys BPO Limited with effect from April 1, 2008 and hence the standalone accounts have been re-stated to the reflect the order of the High Courts.

Consequent to the above re-organisation, Infosys BPO Limited has the following subsidiaries as on March 31, 2009

S.No	Name of subsidiary	Country of incorporation	Percentage of holding
1	Infosys BPO s.r.o	Czech Republic	100%
2	Infosys BPO (Poland) Sp.Z.o.o.	Poland	100%
3	Infosys BPO (Thailand) Limited	Thailand	100%

Appropriations

Retained earnings

Your company proposes to retain Rs 401.48 crore in the profit and loss account.

Performance Overview

a. Business Overview

Amidst an uncertain business environment, tough demand, and a highly volatile currency scenario, we still have a very good growth of 31.08%. We continue to proactively focus on improving our internal efficiency which is reflected in our sustained margins despite this being one of the toughest years in the history of Infosys BPO.

The company continues to provide truly global delivery to our clients through our 11 delivery locations world-wide (5 in India and 6 internationally). This year, we expanded our footprint in China with the opening of a new BPO facility at Hangzhou. We also opened a new SEZ building in Jaipur. A branding campaign “Bollylodz” was launched in Lodz (Poland) to positively enhance the Infosys BPO brand there.

The company maintained its growth momentum and strengthened its market position through some key strategic wins. Key clients won this year include one of the world’s largest telecom companies, a fortune 100 mining and construction company, and the largest newspaper company in the US, among others. We won two deals in the HRO platform space and 1 in the area of OM platform for the newspaper industry. The Infosys Contract Management Administration Platform (ICAP) was launched.

Our robust HR practices continue to contribute towards improving employee satisfaction and retention. Key initiatives have been launched and evolved, like those towards enhancing skill sets of our middle and junior level leadership, and providing employees with further opportunities for higher education. We have been involved in a Talent Development Initiative in Egypt through faculty enablement programs. We have won the SHRM Human Capital Leadership Award for Project Genesis, and Diversity Hiring has been selected to receive an ASTD award for Excellence in Practice. We were also recognized as a great place to work for by Business Today.

We participated in industry events like the Deloitte Annual Shared Services Event, Aberdeen CPO Summit, Australasian M&B Summit and the Reuters Investment Summit. Our work in the outsourcing space was validated by key influencers, as we were recognized for several achievements.

- Special award for consistent excellence for outsourcing practice across all disciplines at the 5th annual NOA Awards for Best Practice in Outsourcing
- Gartner rated our F&A practice as “Positive”, validating our work in the F&A space
- Group excellence in Business Continuity Management award at the 2nd Asia Business Continuity Awards. We are the first Indian company to be bestowed with this honor
- Our senior leadership were recognized as FAO Superstars

We continue our endeavor to be the most respected BPO service provider. This would need us to:

- Focus on growing rapidly and build on our current revenue growth to establish ourselves as industry leaders.
- Focus on technology led differentiation and further develop our capabilities in the platforms and solutions space.
- Position ourselves as a core transformational partner to our customers, providing business value to them.
- Focus on developing deep domain knowledge and subject matter expertise.
- Substantially enhance the customer experience and satisfaction by interventions at each engagement level.
- Evolve our international centers by focusing on their profitability / scale, as relevant, as also building a sound value proposition for them.
- Be acknowledged as one of the best places to work for, with a global culture and best people practices.
- Revalidate and reinforce our positioning to have a strong and consistent brand image.

b. Results of operations

The performance of the company during the year has been excellent. The total revenue increased by 31.08 % over the previous year to Rs 1081.54 crore from Rs.825.08 crore in the previous year. The company ended the year with net profit of Rs 178.42. crore when compared with the previous year of Rs.149.87 crore. The company added 16 new customers and now has 60 customers. The company ended the year with 17,109 employees having added 814 (net) employees during the year.

c. Human Resources Management

The year 2008-09, unlike the other years was a very challenging one for both the Organization and Human Resources as a function. The key role played by HR in the challenging environment of 2008-09 was to provide a larger focus towards supporting the Organization through tough and tougher times.

The key focus during the entire year was to focus on differentiated HR strategies both in Acquisition and in Nurturing/Retaining talent for Today and Tomorrow.

Acquiring Talent

The key business focus in the year 2008-09 shifted to Acquisition and Building Specialized skills and pushing our productivity levels to benchmark standards so that we could offer our clients more for the same. In this scenario, Human Resources responded through :

I. Tightening the selection criterion both at the entry and lateral level to hire skills that yielded the best fit with the job.
II. To continuously widen our talent base through innovative hiring strategies.
III. To hire Domain skills for key business/es identified as Market Killers.

Nurturing and Retaining Talent

In the current times, driving a relentless performance ethic became a survival need. At the same time, the need to focus on building a culture of direct and honest communication with all employees became more critical than ever before. The focus on investing in employee’s growth continued to take centre stage across the various employee development programs.

I. Given the current Economic context, there was a further emphasis to drive a High Performance Work Ethic. The focus was to increase the Bar for High and Average Performers. Goal setting took a very important shape through an extensive Goal setting and Goal communication exercise.

Consequence management systems were clearly put in place to give clear Performance feedback to employees in cases of Low performers. Also, an extensive Personal Development Plan and coaching was undertaken across senior levels.

II. Our Communication focused on a 4 – Tier model. We focused on communicating at various levels namely Senior Management to Employees, Organization to Employees, Employee to Employee and Organization to families.

a. Senior Management to Employees

The various forums open for communication with the senior management were Meet your Leader, Floor Walks, Hi Tea with CEO, Open Houses. We continued to focus on enhancing the channels of communication between the leadership and the employees so that it is a two way process and to create a sense of belonging for the employee.

b. Organization to Employees

Panorama, Infosys BPO's intranet, supports over 17,000 employees across our 11 centers. This was used as the primary channel of communication through which the information was disseminated to all the employees. **Infy TV** is an Internet Protocol Based Television channel available globally to all employees on their desk top. This Communication effort transcended borders to reach the entire Infosys BPO fraternity.

c. Employee to Employee

Through the "Huddle to Communicate" initiative the Team Leader received information on policy, organisation, day to day activities etc on a weekly basis. The focus further deepened with the Team Leader to be first and the most pervasive layer of Communication to the employees.

d. Organization to Families

We understand the critical role families play in the life of an employee. We share updates about the Organization through our "In focus" Magazine, a family Newsletter which is sent out to all our employees on a half yearly basis.
We also introduced a program called" Interact "where we invited our new recruits and their parents to talk about the BPO industry, work culture and the Organization.

III. We took the Growth dimension for our employees to the next level by creating more Enablers and Platforms for them to accelerate their careers.

Withinfy is the online IJP tool at Infosys. WithInfy was launched in 2008 keeping in mind the exponentially increasing number of people looking at moving within the organization to achieve their professional goals. This also fulfilled the growing need to automate the system to facilitate the increase in the scale of the Organization.

Other than the regular HEP (Higher Education Programs) run successfully year on year, the key initiative of the year was the launch of **JMLP** (Junior Management Leadership Program). The program launched in October 2008 with an accredited university to accelerate the careers of associates who have spent more than a year in the Organization. The first batch of 100 students is successfully undergoing the program in Bangalore.

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, 2009, has invested an amount of Rs 3.5 Crores (18.75 Million. 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 7. clients and generated revenue of Rs 68.93 crores as against revenue of Rs 39.69 crore for the year ended March 31, 2008 with a net profit of Rs 19.43. crore as against a profit of Rs.4.20 crore for the year ended March 31, 2008.

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

Consequent to the winding up of P-Financial Holding Services B.V, Infosys BPO (Poland) Sp. Z.o.o, hitherto a step-down subsidiary has become a direct subsidiary of your company. During the year under review, Infosys BPO (Poland) Sp.Z.o.o has generated revenue of Rs 126.14. crore as against revenue of Rs 55.28 crore for the nine month period ended March 31, 2008 with a net profit of Rs 2.76. crore as against a profit of Rs 85 lakhs for nine-month period ended March 31, 2008.

c. Infosys BPO (Thailand) Limited

Consequent to the winding up of P-Financial Holding Services B.V, Infosys BPO (Thailand) Limited, hitherto a step-down subsidiary has become a direct subsidiary of your company. During the year under review, Infosys BPO (Thailand) Limited has generated revenue of Rs 22.29. crore as against revenue of Rs 6.47 crore for the nine-month period ended March 31, 2008 with a loss of Rs 2.42. crore as against a loss of Rs 71.lakhs for nine-month period ended March 31, 2008.

Awards / Recognition and certifications

A testimonial to the success of HR practices is the numerous awards/recognitions that we won this year:

- Conferred the prestigious RASBIC award for the ***Most Innovation Recruiting and Staffing Initiative*** (Feb 09) and Employer Branding award for ***Innovation in Retention Strategy*** (Feb 09)
- ***Diversity Hiring in the Valuing Differences*** category has been selected to receive the ASTD Excellence in Practice Award(Jan 09)
- Infosys BPO featured in the Other Best Employers list in the ***BT – Mercer Best companies to work survey***(Jan 09)
- ***Company of The Year*** & ***CEO of the Year*** - BPO India Times (Sept 08)
- Finalist in the ***Innovative Business Solutions*** category for the *Society for Human Resource Management (SHRM) Human Capital Leadership Awards* (Aug 08)
- Special Mention in "***Health & Employee Wellness Award***" for Singapore HR Awards (June 08)
- Infosys Group Companies , selected as the winner of the "***Golden Peacock Award for Occupational Health & Safety***" (May 08)
- Awarded the following in the Employer Branding, Asia Pacific HRM Awards (Feb 08)
  - ***Excellence in Training***
  - ***Managing Health at Work***
  - ***Excellence in HR through technology***
  - ***Continuous Innovation in HR Strategy at Work***
- Infosys BPO grabs the ***overall 3rd position*** in Asia Pacific HRM Congress (Feb 08)
- Won "***Best Overall Recruitment and Staffing Organization***" and "***Most Innovative Recruiting and Staffing Program/ Initiative***" 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)
- 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)

Corporate Governance

Corporate governance is about the commitment to values and about ethical business conduct. We believe that sound corporate governance is critical to enhance and retain stakeholders trust. Accordingly, we always seek to ensure that we attain our performance rules with integrity. Our Board exercises its fiduciary responsibilities in the widest sense of the term. Our disclosures always seek to attain best practices. 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

- Satisfy the sprit of law and not just the letter of the law. Corporate governance standards should go beyond the law.
- Be transparent and maintain a high degree of disclosure levels. When in doubt, disclose.
- Make a clear distinction between personal conveniences and corporate resources.
- Communicate externally, in a truthful manner, about how the company is run internally.
- Comply with the laws in all the countries in which we operate.
- Have a simple and transparent corporate structure driven solely by business needs.
- Management ids the trustee of the sharecapital and not the owner.

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, 2009, 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, 2009, 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, 2009, 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, 2009, 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, 2009 (April 1, 2008 through March 31, 2009) are as follows

In Rupees

	March 31, 2009	March 31, 2008
Salary, allowances including contributions to Provident Fund, Gratuity, Superannuation allowance and Performance incentive	1,21,55,223	97,53,578

Mr. Amitabh Chaudhry was also granted stock options to purchase 76,432. (exercised – nil) at an exercise price of Rs.2123 /-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. S D Shibulal, Mr. B G Srinivas and Mr. Eric S Paternoster retire by rotation in the forthcoming annual general meeting. Mr. S D Shibulal, Mr. B G Srinivas and Mr. Eric S Paternoster being eligible offer 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. S D Shibulal, Mr. B G Srinivas and Mr. Eric S Paternoster as Directors of the Company have been incorporated in the notice of the ensuing annual general meeting.

Auditors

The statutory auditors, M/s. B S R & 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.47/2/2009 dated 30.4.2009, 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 Governments of India, the Czech Republic, Poland, Thailand and Philippines, 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	Amitabh Chaudhry
Chairman	Managing Director & CEO

Bangalore,
April 8, 2009

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, 2009

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, 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, 2009	**March 31, 2008**
Foreign exchange earnings	1047.05	755.51
Foreign exchange outgo (including capital goods and imported software packages)	191.88	132.44

For and on behalf of the Board of Directors

T. V. Mohandas Pai
Chairman

Amitabh Chaudhry
Managing Director and
Chief Executive Officer

Bangalore
April 8, 2009

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, 2009

Sl. No.	Name	Designation	Qualification	Age (Years)	Date of joining	Experience (Years)	Gross remuneration (Rs.)	Previous employment – Designation
1	Abraham Mathews	AVP - Finance and Accounts	B.Com, CA, CWA, CPA,CMA	46	15-Dec-03	21	6,046,348	OnMobile Asia Pacific (P)Ltd, Fin Cont
2	Amit Nagpal	AVP - Operations	Bsc, PGD	40	11-Oct-07	16	3,358,962	Cognizant Technologies,Director - Healthcare BPO
3	Amitabh Chaudhry	MD and CEO	B.E , PGDBM	44	18-Apr-03	22	11,878,057	Credit Lyonnais Securities Asia Ltd, MD
4	Amulya Kapoor	Business Manager	BA, MBA	39	7-Feb-05	8	2,444,846	Brendan wood international, sr equity analyst
5	Anandhatheerthan CR *	Group Manager	BS(Infosystems)	35	27-Feb-08	5	1,185,106	Accenture services pvt ltd.,Manager
6	Anup Kapoor *	AVP - Operations	BA, CA	43	2-May-08	8	3,004,912	Ansal Properties & Infra Ltd, CFO
7	Ashwin Yogesh Hoskote	Group Manager	B.com, CA inter	52	14-Dec-06	21	3,254,216	LG Philips Displays Ltd, GM
8	Avinash Gopal Ghodgaonkar *	Domain Manager	B.sc,Master in mgmt studies	43	29-Nov-07	11	1,572,598	Agilent Technologies, Regional Sourcing Mgr
9	Ayan Chakraborty	AVP - Operations	B.E , PGDM	37	19-Nov-03	14	5,155,437	Citi Bank, AVP
10	Bharat Kidambi	Business Manager	BA, MA	36	3-Jan-05	7	2,864,920	Mckinsey & Co,Analyst
11	Bharath Vasudevan *	Business Manager	B.Tech, PG-OT	31	10-Apr-08	4	2,492,535	Dell International Services, Sr.Consultant
12	Binny Mathews *	Business Manager	Bsc, PGD	40	14-Aug-08	12	1,491,205	Mjunction Services Ltd,Sr.General Manager
13	C Omprakash *	Group Manager	Bpharma, Mpharma, MBA	41	30-Oct-06	6	1,717,676	CC Inigene Intl Pvt Ltd, SM
14	Clifford M Pai	Group Manager	BA	42	7-May-07	7	3,254,103	Glenmark Pharmaceutials Ltd, GM
15	Dandapani Swaminathan	Senior VP	CA	55	1-Apr-04	29	10,465,179	OTE Group - Oman , Sr.GM
16	Deepak Bhatia	AVP - Operations	BE, MBA	41	3-Apr-06	19	4,983,059	Trininty Computers, Head operations
17	Dependra Mathur	AVP - HRD	B.E , PGDM	44	19-May-06	15	4,123,914	Wep Peripherals, GM
18	Gopal D Kulkarni	Group Manager	B.E, Diploma	35	2-Dec-04	9	2,673,513	Ispat Industries Ltd,Manager
19	Gopal Devanahalli	VP - Operations	MSC, PGD	40	17-Aug-07	14	4,974,475	Infosys Technologies Ltd, VP

20	Hariprasad Karnam Bhupasamudram	Business Manager	BE,Master in Mgmt studies	38	6-Dec-07	11	3,683,373	Oracle India Pvt Ltd, SM
21	Harish T S	Senior Manager	MBA	41	20-Sep-07	2	2,606,582	Sybase Software Pvt Ltd, Manager
22	Joydeep Mukherjee	VP - Operations	B.Tech	40	10-Jan-07	16	6,972,865	Infosys Technologies Ltd, AVP
23	Kapil Jain	AVP - Operations	MBA	42	13-Feb-06	11	4,973,740	Infosys Technologies Ltd, SM
24	Kavitha Krishnarao	Group Manager	BE, PGDM	31	3-Apr-06	6	2,953,855	Hindustan Lever Ltd, SM
25	Kunal Chatterjee *	Senior Manager	Bcom	41	3-Jul-08	17	1,922,082	Rr Donnelley India, Director - Quality
26	Kunal Kumar Kundu	Senior Manager	Bsc, Msc, PGD	39	10-Aug-05	9	2,851,357	Fitch Ratings India Pvt Ltd,Analyst
27	Lakshminarasimha K	Group Manager	Diploma	36	20-Oct-03	11	2,429,396	24/7 Customer .Com, Manager
28	Mamatha Upadhyaya	Business Manager	BSC, MS, CA	41	9-Jan-06	7	2,741,235	Northerm Trust,VP
29	Manisha Banthia *	Delivery Manager	Bsc, MBA	38	17-Jul-08	4	1,803,632	Iflex Solutions Ltd,Sr.consultant
30	Mauram Madhukar Reddy	Group Manager	B.sc, M.sc	46	22-Dec-04	14	2,648,336	Avineon India Ltd
31	Meera Vasudeva Innanje	AVP - Operations	B.Com, ACS	52	10-Oct-05	29	5,226,922	Global Services Pvt Ltd, AVP
32	Mukesh V S *	Group Manager	BA, MBA	37	23-Oct-08	14	904,185	Alpha Business Ent (P) L,Consultant
33	Nandini S	Group Manager	BE, Msc	35	17-Jan-06	6	3,550,893	Infosys Technologies Ltd, AM
34	Narayanan Sampath	AVP - Operations	BE, MBA	49	6-Oct-06	7	4,622,802	Tata Consultancy Services, Head Operation
35	Natha Arun Kumar	Business Manager	ACA, CWA	36	7-Jun-06	11	2,770,029	Accenture, GM
36	Neela Mohan Subudhi Konchada	Business Manager	CA	38	10-Aug-05	9	3,445,340	Oracle (GFIC),Senior Manager
37	Nithya Prabhakar *	Group Manager	Bsc, Msc	45	5-Dec-08	22	779,094	Infosys Technologies
38	P C Ramesh	Business Manager	BE, PGD	39	27-Sep-07	13	2,602,073	Genpact, AVP
39	Poonam Vishal Vasudeva	Business Manager	BA, LLB	41	13-Sep-07	5	2,609,822	Pangea3 legal database, Director
40	Prashant Radhakrishnan *	Group Manager	Bcom, PGD	35	21-Aug-08	11	1,486,063	Dell International Services,Sr. Program Manager
41	Praveen Gopalkrishna Kombial	Business Manager	B.Tech, PGD	36	16-Jan-06	9	3,095,428	Ge Country Wide, AVP risk
42	Prerna Tandon	VP - Operations	B.A, MBA	42	3-May-04	21	4,033,901	GE Capital, VP
43	Purnima Menon	Group Manager	B.com(H), M.com	37	9-Jul-07	5	2,731,223	Avaya Global Connect,Hear Marcom & PR
44	Radhakrishnan Anantharaman	VP - Operations	BE (Honors), PGDM	41	2-May-07	16	6,283,743	Infosys Technologies Ltd, AVP

45	Raghavendra K *	VP - HRD	Bcom, PGD	48	5-Aug-08	22	1,979,438	Strides Acrolab Ltd, VP- HR
46	Rahul Shah	AVP - Operations	BT, PGDM	38	13-Mar-06	12	4,215,430	Infosys Technologies Ltd, Consultant
47	Rajesh Mahabal Shetty	AVP - Operations	Bcom	42	20-Jul-05	8	4,296,455	Trac Mail, AVP
48	Rajesh Rao M *	AVP - Operations	BE, PGDM	39	25-Aug-03	9	3,469,326	Manipal Healthcare, AVP
49	Rajiv Bhasin	Business Manager	BSc, MBA	44	2-Apr-07	17	2,457,070	GSBC (WWICS), CEO
50	Rajiv Raghunandan	Group Manager	ICWAI, IIM	34	13-Dec-02	4	3,480,622	Arthur Andersen, consultant
51	Ramakrishnan Natarajan	AVP - Operations	BSC, PGDM	50	1-Mar-06	18	4,935,509	Loreal India Ltd, Logistics Manager
52	Ramamohan Kadayinti *	AVP - Quality	B.E, M.Tech	39	10-Nov-04	15	4,414,120	Accenture, GM- Quality
53	Ravi Panchanadan *	AVP - Operations	BE, PGD	45	24-Apr-08	6	3,763,500	Intel Technology India,Global Contracts Manager
54	Ravi Shankar V K	AVP - Operations	Graduate	42	24-Jun-02	17	3,290,015	Freelance Trainer
55	Ravichander Sundaram	Business Manager	BE	45	16-Apr-07	6	3,978,948	Popular Motor corporation, GM
56	Ravikrishnan N R	Company Secretary	Bcom, ACS, B.L , ICWA(I)	42	22-Jan-03	20	2,626,001	Speach&Speak software Technology, Company Secretary
57	Ravishankar P	Business Manager	B.Com, CA	41	4-Jul-05	16	4,060,597	ICICI Securities, VP
58	Rishi Kumar Jain	AVP - Operations	BE, MTech	36	26-Sep-07	14	3,492,705	Infosys Technologies Ltd,Group Manager
59	Samir Arvind Pradhan	Group Manager	BE, PGD	33	29-Dec-05	7	2,791,845	Infosys Technologies Ltd,Sr.Manager
60	Samit Deb *	AVP - HRD	BT, PGDM	36	3-Jan-06	10	2,332,472	Infosys Technologies ltd, SM
61	Sandeep Subhash Joshi	Group Manager	BE, MHRM	35	10-Aug-06	10	3,098,081	Efunds Intil India Pvt Ltd,SDL
62	Sanjay Nayak *	AVP - Operations	BE, PGD	40	8-May-08	14	2,016,798	Cognizant Tech Solution,Sr. Manager
63	Satish Nair	Group Manager	BE, MBA	37	15-Jun-04	6	3,571,165	Fabmall (India) Pvt Ltd, Head Tech service
64	Seetharaman Vaitheeswaran	VP - Operations	B.E, PG-Dip	50	3-Apr-06	28	8,426,233	Eicher Motors LTD, Director
65	Shailendra Saxena	Business Manager	BE, ME, PGD	37	19-Sep-05	7	2,528,400	Planet E Shop - SGO,VP
66	Shamita Chatterjee	AVP - HRD	BA(Honors), PGDM	38	13-Oct-03	8	3,218,079	Thinkharbour consultancy,Co-founder
67	Shankar Balakrishnan *	Business Manager	Diploma, BA(H)	29	20-Mar-07	8	2,199,008	Exl Service, AVP
68	Sheshadri B C	AVP - Operations	B.Sc, MBA, LL.B, AII	45	23-Jun-04	23	4,729,753	Infosys Technologies LTD, Delivery Manager
69	Shubha Subramanian *	Delivery Manager	Bcom, ACA, MBA	39	7-Aug-08	8	1,464,998	WIPRO LTD, Finance Manager

70	Sree Kumar Ravuri	Business Manager	BSC, PGDM	39	27-Sep-07	31	2,942,703	Crossdomain Solutions pvt ltd, VP
71	Srikanth VJ Tanikella	Domain Manager	B.Tech, PG-OT	32	21-Apr-03	3	1,787,985	Accenture Strategic Service,Analyst
72	Srimathi Kanakapura Swamy	AVP - Technology	BE	39	4-Jan-06	19	4,705,856	Infosys Technologies Ltd, Group prd manager
73	Srinivas Lakshminarayanapuram Rangana	Delivery Manager	BA, CA	43	29-Nov-07	7	3,284,920	Genpact, VP
74	Srinivas S	Group Manager	BE, PG-OT	42	14-Apr-03	10	2,841,156	Saint Gobain, Manager
75	Subrat Mohanty	AVP - Operations	BE	32	4-Nov-02	4	3,782,600	Accenture services pvt ltd.
76	Sumanth Muthukrishnan *	Group Manager	Bcom, CA	40	2-Jan-09	18	737,673	Accenture Services Pvt Ltd, VP
77	V Raja	AVP - Transformation	B.E, PGDM	41	1-Dec-04	18	4,488,867	Maven Bpo Services, COO
78	Vandali Venkatgiri Narayanacharya	AVP - Operations	BE	36	20-May-02	8	2,783,364	Godrej Appliances, Manager
79	Vinay Gopala Rao	Group Manager	B.com, CA, Diploma	41	4-Jun-07	19	2,799,414	KP Rao and Company, Partner
80	Vinay Viswanath Peshwa *	Group Manager	B.Tech	36	18-Apr-08	14	1,997,920	Infosys Technologies Ltd,Delivery Manager
81	Vineet Chandak *	Delivery Manager	Bcom(H),ICWAI,CWA, CA	37	3-Apr-08	7	2,604,569	Accenture, General Manager
82	Vivek Pratap Singh *	Group Manager	Bcom	38	26-Feb-07	2	2,040,092	Bechtel India Pvt Ltd,Purchasing Supervisor
83	Vyas Ved	Business Manager	B.Tech, PHD	36	27-Mar-07	12	2,244,116	Infosys Technologies Ltd,SPM
84	Yogesh Jagga *	Business Manager	BE, MMS	40	17-Jul-08	14	1,420,513	Parsec Technologies Ltd,CFO

* Employed during the part of the year & has drawn more 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, 2009

For and on behalf of board of directors

April 8, 2009

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. B S R & Co., Chartered Accountants, 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
Chairman

Amitabh Chaudhry
Managing Director and
Chief Executive Officer

Bangalore
April 8, 2009

Auditors' report to the members of Infosys BPO Limited

We have audited the attached balance sheet of Infosys BPO Limited ('the Company') as at 31 March 2009, and also the profit and loss account and the cash flow statement for the year ended on that date, annexed thereto [in which the results of erstwhile PAN-Financial Shared Services India Private Limited have been incorporated with appointed date of 1 April 2008 on its amalgamation with the Company as fully explained in note 2.15 of schedule 16]. 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 the 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, 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:

(i) 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;

(ii) 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;

(iii) 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;

(iv) 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 Companies Act, 1956;

(v) on the basis of written representations received from the directors, as at 31 March 2009 and taken on record by the Board of Directors, we report that none of the directors are disqualified as at 31 March 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 on the said date; and

(vi) 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 Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2009;

(b) in the case of the profit and loss account, of the profit for the year ended on that date; and

(c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

for **B S R & Co.**

Chartered Accountants

Natrajan Ramkrishna

Partner

Membership No. 32815

Bangalore
8 April 2009

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 31 March 2009. 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. 104,113,542 and the year-end balance of such loans amounted to Rs 72,719,108.

   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 repayment 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, paragraphs 4 (iii) (e) to 4 (iii) (g) of the Order are 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 2009 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 **B S R & Co.**
Chartered Accountants

Natrajan Ramkrishna
Partner
Membership No: 32815

Bangalore
8 April 2009

Balance Sheet

In Rs.

	Schedule	March 31, 2009	March 31, 2008
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	1	33,82,77,510	33,82,77,510
Reserves and surplus	2	628,11,36,578	451,40,22,354
		661,94,14,088	**485,22,99,864**
APPLICATION OF FUNDS			
FIXED ASSETS			
Original cost	3	306,88,70,954	164,85,80,711
Less : Accumulated depreciation		139,57,53,759	96,58,87,688
Net book value		167,31,17,195	68,26,93,023
Capital work-in-progress		57,87,08,667	62,62,17,680
		225,18,25,862	**130,89,10,703**
INVESTMENTS	4	**71,56,60,761**	**183,09,23,216**
DEFERRED TAX ASSET	5	**11,96,01,410**	**7,06,18,697**
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry debtors	6	214,63,86,674	151,69,04,234
Cash and bank balances	7	350,36,23,507	180,24,19,361
Loans and advances	8	151,43,47,561	81,87,71,740
		716,43,57,742	**413,80,95,335**
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	9	348,24,65,530	239,90,90,396
Provisions	10	14,95,66,157	9,71,57,691
NET CURRENT ASSETS		**353,23,26,055**	**164,18,47,248**
		661,94,14,088	**485,22,99,864**
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	16		

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

As per our report attached

for B S R & Co.

Chartered Accountants

Natrajan Ramkrishna
Partner
Membership No. 32815

T.V.Mohandas Pai
Chairman and Director

Amitabh Chaudhry
Managing Director and Chief Executive Officer

S.D.Shibulal
Director

Prof.Jayanth R.Varma
Director

Sridar A.Iyengar
Director

Eric S.Paternoster
Director

Abraham Mathews
Head - Finance & Accounts

N.R.Ravikrishnan
Company Secretary

Bangalore

April 8, 2009

Profit and Loss Account

In Rs.

	Schedule	Year ended March 31, 2009	2008
INCOME			
Revenues from business process management services		1081,53,15,898	825,08,99,830
		1081,53,15,898	825,08,99,830
COST OF REVENUES	11	628,25,08,005	495,89,04,391
GROSS PROFIT		**453,28,07,893**	**329,19,95,439**
SELLING AND MARKETING EXPENSES	12	63,64,08,459	50,87,97,083
GENERAL AND ADMINISTRATION EXPENSES	13	136,09,01,565	107,50,91,965
OPERATING PROFIT BEFORE DEPRECIATION		**253,54,97,869**	**170,81,06,391**
Depreciation	3	42,25,43,412	35,27,32,636
OPERATING PROFIT AFTER DEPRECIATION		**211,29,54,457**	**135,53,73,755**
Other Income	14	(36,92,59,321)	22,35,77,244
PROFIT BEFORE TAX		**174,36,95,136**	**157,89,50,999**
Provision for taxation	15	(4,05,33,765)	8,02,65,783
NET PROFIT AFTER TAX		**178,42,28,901**	**149,86,85,216**
Balance brought forward from the previous year		324,77,29,875	274,90,44,659
Balance of Profit and Loss account of Pan-Financial Shared Services India Private Limited (Refer note 16.2.15)		(1,71,14,677)	-
AMOUNT AVAILABLE FOR APPROPRIATION		**501,48,44,099**	**424,77,29,875**
Amount transferred to general reserve		100,00,00,000	100,00,00,000
BALANCE CARRIED FORWARD		401,48,44,099	324,77,29,875
Total		**501,48,44,099**	**424,77,29,875**
EARNINGS PER SHARE			
Equity shares of par value Rs.10 each			
Basic		52.74	44.30
Diluted		52.74	44.30
Weighted average number of shares used in computing earnings per share:	16.2.17		
Basic		3,38,27,751	3,38,27,751
Diluted		3,38,27,751	3,38,28,035
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	16		

The schedules referred to above form an integral part of the Profit and Loss Account.

As per our report attached
for B S R & Co.
Chartered Accountants
Natrajan Ramkrishna
Partner
Membership No. 32815

T.V.Mohandas Pai
Chairman and Director

Amitabh Chaudhry
Managing Director and Chief Executive Oficer

S.D.Shibulal
Director

Prof.Jayanth R.Varma
Director

Sridar A.Iyengar
Director

Eric S.Paternoster
Director

Abraham Mathews
Head Finance & Accounts

N.R.Ravikrishnan
Company Secretary

Bangalore
April 8, 2009

Cash Flow Statement

In Rs.

	Year ended March 31, 2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	174,36,95,136	157,89,50,999
Adjustments to reconcile profit before tax to cash provided by operating activities		
Depreciation	42,25,43,412	35,27,32,636
Interest income	(24,10,67,168)	(14,83,14,702)
Dividend income	(2,62,67,417)	(4,80,14,831)
Provisions for earlier year no longer required written back	(1,15,64,190)	-
Profit on sale of investments	(41,72,770)	-
(Profit)/Loss on sale of fixed assets	(6,11,027)	-
Provision for doubtful debts	(5,25,230)	22,01,127
Provision for doubtful loans and advances	75,17,240	93,909
Effect of exchange differences on translation of foreign currency cash and cash equivalents	18,590,465	24,50,336
Changes in current assets and liabilities		
Sundry debtors	(58,12,46,152)	(28,64,59,664)
Loans and advances	(22,82,52,957)	(18,71,96,682)
Current liabilities	112,03,36,337	97,67,87,999
Provisions	3,31,76,815	1,82,42,410
Income tax paid during the year, net	(20,35,05,170)	(17,70,01,055)
NET CASH GENERATED BY OPERATING ACTIVITIES	**204,86,47,324**	**208,44,72,482**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets and change in capital work-in-progress / advances	(119,10,14,350)	(102,51,35,027)
Proceeds from sale of fixed assets	30,23,156	-
Interest received	23,16,62,139	15,27,10,519
Dividend received	2,62,67,417	4,80,14,831
Purchase of units in liquid mutual funds	(261,10,31,492)	(525,94,27,335)
Proceeds from sale of units in liquid mutual funds	333,98,77,990	478,77,87,776
Investment in subsidiary	(4,99,53,402)	(101,53,31,895)
Loans given to subsidiaries	(2,50,35,136)	(3,65,36,597)
Loans repaid by subsidiaries	8,90,49,394	-
NET CASH USED IN INVESTING ACTIVITIES	**(18,71,54,284)**	**(234,79,17,728)**
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
NET CASH FLOWS FROM FINANCING ACTIVITIES	**-**	**-**
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(1,85,90,465)	(24,50,336)
NET INCREASE IN CASH AND CASH EQUIVALENTS	184,29,02,575	(26,58,95,582)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	205,24,19,361	231,83,14,943
Add : Opening balance of cash and bank balance of Pan-Financial Shared Services India Private Ltd (Refer note 16.2.15)	97,54,318	-
Add : Cash and bank balance received on liquidation of subsidiary (Refer note 16.2.15)	7,85,47,253	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR*	**398,36,23,507**	**205,24,19,361**

* Cash and cash equivalents aggregating Rs.398,36,23,507(Rs.205,24,19,361 as at March 31,2008) comprises cash on hand amounting to Rs.94,768 (Rs.33,059 as at March 31, 2008), balances with banks amounting to Rs.350,35,28,739 Rs.180,23,86,302 as at March 31, 2008) and deposits with financial institution/ body corporate amounting to Rs.48,00,00,000 (Rs.25,00,00,000 as at March 31,2008).

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

As per our report attached
for B S R & Co.
Chartered Accountants

Natrajan Ramkrishna
Partner
Membership No. 32815

T.V.Mohandas Pai
Chairman and Director

Amitabh Chaudhry
Managing Director and Chief Executive Officer

S.D.Shibulal
Director

Prof.Jayanth R.Varma
Director

Sridar A.Iyengar
Director

Eric S.Paternoster
Director

Abraham Mathews
Head Finance & Accounts

N.R.Ravikrishnan
Company Secretary

Bangalore
April 8, 2009

Schedules to the Balance Sheet

In Rs.

		March 31, 2009	March 31, 2008
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, 3,38,22,326 (3,38,22,326) equity shares are held by Infosys Technologies Limited, the company's holding company]		
		33,82,77,510	**33,82,77,510**
	* For details of options in respect of the above shares refer to note 16.2.19 ** Refer note 16.2.19a for details of options.		
2	**RESERVES AND SURPLUS**		
	Securities premium account at the beginning of the year	25,48,97,789	25,48,97,789
	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 - opening balance	100,00,00,000	100,00,00,000
	Add : Transfer from profit and loss account during the year	100,00,00,000	-
	General Reserve - closing balance	200,00,00,000	100,00,00,000
	Balance in profit and loss account	401,48,44,099	324,77,29,875
		628,11,36,578	**451,40,22,354**

3 FIXED ASSETS

in Rs.

Particulars	Original cost					Accumulated depreciation					Net book value	
	Cost as of April 01, 2008	Gross block of assets acquired on amalgamation*	Additions during the year	Deletions during the year	Cost as of March 31, 2009	As of April 01, 2008	Accumulated depreciation of assets acquired on amalgamation*	For the year	Deductions during the year	As of March 31, 2009	As of March 31, 2009	As of March 31, 2008
Goodwill	-	19,03,70,324	-	-	19,03,70,324	-	-	-	-	-	19,03,70,324	-
Land - Leasehold	-	-	11,55,00,000	-	11,55,00,000	-	-	4,93,869	-	4,93,869	11,50,06,131	-
Buildings	4,74,06,581	-	44,10,07,331	-	48,84,13,912	15,80,219	-	1,52,30,141	-	1,68,10,360	47,16,03,552	4,58,26,362
Leasehold improvements	23,02,43,598	1,00,43,697	9,59,00,074	-	33,61,87,369	8,16,94,482	91,20,695	5,54,22,929	-	14,62,38,106	18,99,49,263	14,85,49,116
Plant and machinery	40,44,47,606	37,31,563	29,82,55,797	7,95,860	70,56,39,106	16,08,80,542	9,70,914	11,91,29,583	3,03,953	28,06,77,086	42,49,62,020	24,35,67,064
Computer equipment	75,39,22,260	20,83,998	12,79,28,121	3,06,462	88,36,27,917	60,17,25,806	12,00,701	15,61,53,641	2,28,428	75,88,51,720	12,47,76,197	15,21,96,454
Furniture and fixtures	21,25,60,666	23,47,454	13,79,21,969	36,97,763	34,91,32,326	12,00,06,638	4,48,885	7,59,24,858	36,97,763	19,26,82,618	15,64,49,708	9,25,54,027
Vehicles	-	23,43,953	-	23,43,953	-	-	3,13,374	1,88,391	5,01,765	-	-	-
	164,85,80,711	**21,09,20,989**	**121,65,13,292**	**71,44,038**	**306,88,70,954**	**96,58,87,687**	**1,20,54,569**	**42,25,43,412**	**47,31,909**	**139,57,53,759**	**167,31,17,195**	**68,26,93,023**
Previous year	115,88,22,529	-	49,00,61,700	3,03,518	164,85,80,711	61,33,36,917	-	35,27,32,636	1,81,865	96,58,87,688	68,26,93,023	

* Refer note 16.2.15

		March 31, 2009	March 31, 2008
4	**INVESTMENTS**		
	Trade (unquoted) - at cost	-	-
	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
	Nil (500) equity shares of € 100 each, fully paid		
	Infosys BPO Poland Sp Z o o, a wholly owned subsidiary	58,68,81,768	-
	5,000 (Nil) equity shares of PLN 500 each, fully paid		
	Infosys BPO (Thailand) Ltd, a wholly owned subsidiary	9,38,00,000	-
	70,000 (Nil) equity shares of THB 1000 each, fully paid		
	Pan Financial Shared Services India Private Limited, a wholly owned subsidiary*	-	-
	2,23,500 (Nil) equity shares of Rs.1000 each, fully paid		
	Other investments (unquoted)		
	Current investments * (unquoted) - at lower of cost or fair value		
	Liquid mutual funds	-	72,46,73,728
		71,56,60,761	**183,09,23,216**
	* Refer to note 16.2.15 for details of investment		
5	**DEFERRED TAX ASSET**		
	Fixed assets	9,69,07,091	5,74,98,948
	Provisions	2,26,94,319	1,31,19,749
		11,96,01,410	**7,06,18,697**
6	**SUNDRY DEBTORS**		
	Debts outstanding for a period exceeding six months		
	Unsecured, considered doubtful	16,56,726	28,86,009
	Other debts		
	Unsecured, considered good *	214,63,86,674	151,69,04,234
	Unsecured, considered doubtful	18,26,988	-
		214,98,70,388	151,97,90,243
	Less : Provision for doubtful debts	34,83,714	28,86,009
		214,63,86,674	**151,69,04,234**
	* Of which dues from subsidiary companies	39,45,048	25,46,307
7	**CASH AND BANK BALANCES**		
	Cash on hand	94,768	33,059
	Balances with scheduled banks		
	-in current accounts	22,83,60,763	32,82,38,887
	-in deposit accounts in Indian rupees	317,00,43,000	140,00,86,000
	Balances with non-scheduled banks		
	-in current accounts	10,51,24,976	7,40,61,415
		350,36,23,507	**180,24,19,361**
	Balances with non scheduled banks*		
	In current accounts		
	Royal Bank of Canada, Ontario	68,66,816	33,24,490
			2,00,100
	PNC Bank, New Jersey**	2,52,580	

		March 31, 2009	March 31, 2008
	ICICI Bank, London	8,56,425	26,88,058
	Bank of America, California	8,52,64,767	6,21,38,154
	Deutsche Bank, Philippines	1,18,84,388	57,10,613
		10,51,24,976	**7,40,61,415**
	* Refer to note 16.2.11 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.		
8	**LOANS AND ADVANCES**		
	Unsecured, considered good		
	Advances		
	Prepaid expenses	4,31,23,464	3,40,20,412
	For supply of goods and rendering of services	8,29,78,242	2,74,67,475
	Interest accrued and not due	2,03,16,892	1,09,11,863
	Loans given to subsidiaries	7,27,19,108	5,41,77,090
	Loans and advances to employees	8,35,59,200	7,77,83,768
		30,26,96,906	**20,43,60,608**
	Deposits with financial institution and body corporate*	48,00,00,000	25,00,00,000
	Deposits with government authorities	1,16,652	1,16,652
	Rental deposits	18,76,61,899	15,81,53,340
	Electricity and other deposits	35,42,872	40,69,413
	Customer recoverables	28,85,508	35,47,919
	Unbilled revenue	10,11,91,187	5,09,68,618
	Advance income tax, net	4,22,26,973	1,38,39,688
	Advance fringe benefit tax	19,43,249	-
	Cenvat credit receivable	16,55,34,450	8,02,69,270
	MAT credit entitlement	22,65,47,865	5,34,46,232
		151,43,47,561	**81,87,71,740**
	Unsecured, considered doubtful		
	Loans and advances to employees	90,19,461	15,02,221
		152,33,67,022	**82,02,73,961**
	Less : Provision for doubtful loans and advances to employees	90,19,461	15,02,221
		151,43,47,561	**81,87,71,740**
	* Refer to note 16.2.12 for details		
9	**CURRENT LIABILITIES**		
	Sundry creditors		
	for capital goods	4,10,46,280	6,32,02,601
	for expenses*	2,01,65,927	4,30,15,459
	for accrued salaries and benefits		
	salaries and allowances	25,43,51,940	17,95,89,575
	ex-gratia and incentives	60,76,95,236	63,35,44,259
	for other liabilities		

		March 31, 2009	March 31, 2008
	provision for expenses	226,68,43,132	125,76,80,059
	retention monies	5,26,02,133	3,72,91,851
	withholding and other taxes payable	16,39,627	4,71,151
	loss on forward exchange contract and options	12,95,25,272	2,13,23,260
		337,38,69,547	223,61,18,215
	Payable to Philips for acquisitions	-	5,59,38,600
	Advances received from clients	22,14,567	-
	Deferred revenue (Refer to note 16.2.16)	10,63,81,416	10,70,33,581
		348,24,65,530	**239,90,90,396**
	* Of which dues to subsidiary company	5,03,730	1,29,23,357
10	**PROVISIONS**		
	Provision for leave encashment	10,91,60,991	5,93,82,846
	Provision for income taxes, net	1,36,35,334	2,14,32,659
	Provisions for SLA compliance*	2,67,69,832	1,63,42,186
		14,95,66,157	**9,71,57,691**

* Refer to note 16.2.20 for details of Provision for SLA compliance.

Schedules to the Profit and Loss Account

In Rs.

		Year ended March 31,	
		2009	**2008**
11	**COST OF REVENUES**		
	Salaries including overseas staff expenses	381,33,36,340	303,97,14,875
	Staff welfare	5,21,06,231	4,37,15,473
	Contribution to provident and other funds	17,29,17,838	13,43,33,036
	Travelling expenses	38,26,95,902	25,85,46,863
	Conveyance	19,43,27,555	35,84,88,070
	Cost of software for own use	43,53,44,481	9,44,09,294
	Computer maintenance	73,74,432	2,16,17,427
	Communication expenses	22,67,02,533	13,90,97,005
	Rent	37,21,77,021	30,08,92,016
	Consultancy charges	52,23,01,160	34,17,03,729
	Consumables	76,97,986	1,67,16,971
	Recruitment and training expenses	6,28,78,796	17,98,63,349
	Insurance	58,43,575	68,71,671
	Other miscellaneous expenses	2,68,04,155	1,83,93,595
	Settlement of customer claims	-	45,41,017
		628,25,08,005	**495,89,04,391**
12	**SELLING AND MARKETING EXPENSES**		
	Salaries including overseas staff expenses	44,11,45,289	33,45,98,948
	Staff welfare	9,97,045	3,81,747
	Contribution to provident and other funds	1,00,56,568	1,45,90,080
	Brand building and advertisement	70,26,470	78,32,278
	Travelling expenses	9,48,82,997	8,96,29,672
	Communication expenses	2,20,21,149	75,51,343
	Conveyance	9,49,765	13,93,083
	Rent	1,34,96,079	1,62,80,141
	Printing, stationery and office maintenance	11,54,404	11,14,045
	Insurance	30,23,348	19,76,266

		March 31, 2009	March 31, 2008
	Recruitment expenses	16,59,431	81,38,439
	Professional charges	25,52,000	1,06,41,844
	Professional memberships and seminars	1,38,45,587	17,67,804
	Other miscellaneous expenses	2,35,98,327	1,29,01,393
		63,64,08,459	**50,87,97,083**
13	**GENERAL AND ADMINISTRATION EXPENSES**		
	Salaries	54,95,21,908	41,97,23,742
	Staff welfare	2,79,22,091	4,05,50,221
	Contribution to provident and other funds	2,12,61,805	1,74,74,792
	Conveyance	5,04,25,414	6,50,77,063
	Consumables	86,06,902	24,53,444
	Cost of software for own use	1,09,92,456	89,08,669
	Rent	1,90,23,171	2,36,01,038
	Telephone and communication charges	4,12,44,672	3,23,63,535
	Legal and professional charges	6,29,60,592	6,92,16,012
	Printing, stationery and office maintainence	23,28,05,301	14,08,80,707
	Power and fuel	17,05,90,497	13,69,86,901
	Recruitment and training expenses	4,63,83,673	3,88,29,251
	Insurance	6,74,71,281	4,05,09,659
	Rates and taxes	2,22,45,539	1,77,95,483
	Donations	20,75,000	-
	Auditor's remuneration		
	audit fees	18,69,397	16,00,000
	out-of-pocket expenses	67,500	66,000
	Bank charges and commission	76,68,535	9,72,332
	Postage and courier	37,64,147	35,95,291
	Professional membership and seminar participation fees	5,44,114	32,09,463
	Provision for doubtful debts	(5,25,230)	22,01,127
	Provision for doubtful loans and advances	75,17,240	93,909
	Other miscellaneous expenses	64,65,560	89,83,326
		136,09,01,565	**107,50,91,965**
14	**OTHER INCOME**		
	Interest income *		
	On deposits with financial institutions and body corporate	3,24,73,165	2,94,74,160
	On deposits with banks	20,57,30,948	10,77,25,158
	On loans to subsidiary	27,14,014	1,11,15,384
	Dividends from liquid mutual fund investments	2,62,67,417	4,80,14,831
	Profit on sale of investments	41,72,770	-
	Profit on sale of fixed assets	6,11,027	-
	Exchange gain/(loss), net	(66,14,71,871)	2,46,63,799
	Interest on income tax refund	9,73,634	13,52,445
	Provisions for earlier year no longer required written back	1,15,64,190	-
	Miscellaneous income	77,05,385	12,31,467
		(36,92,59,321)	**22,35,77,244**
	*Tax deducted at source on interest income	4,74,86,536	2,76,41,457
15	**PROVISION FOR TAXATION**		
	Current taxes	18,15,50,581	17,07,15,343
	Deferred taxes	(4,89,82,713)	(3,70,03,328)
	MAT credit entitlement	(17,31,01,633)	(5,34,46,232)
		(4,05,33,765)	**8,02,65,783**

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

Significant accounting policies

16.1.1 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 accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises accounting standards as specified in rule 3 of the Companies (Accounting Standards) Rules 2006, and the relevant provisions of the Companies Act, 1956 to the extent applicable. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an on-going basis.

16.1.2 Use of estimates

The preparation of the financial statements in conformity with GAAP requires that the management of the company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as of the date of the financial statements. Examples of such estimates includes provision for doubtful debts, future obligations under employee retirement benefit plans, provision for income taxes, provision for SLA and the useful lives of fixed assets. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

16.1.3 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, where there is no uncertainity as to measurement and collectibility of consideration, is recognized as per the proportionate-completion method. Revenues from unit-priced contracts are recognized as transactions are processed based on objective measures of output. 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 period 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. The company presents revenues net of service taxes and value added taxes in its profit and loss account.

Profit on sale of Investment is recorded on the transfer of title from the Company and is determined as the difference between the sale price and the carrying value of the Investment. Interest on deployment of surplus funds is recognised using time proportion method, based on underlying interest rates.

16.1.4 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-cancellable long-term operating leases are computed on a straight line basis over the period of the lease.

16.1.5 Fixed assets, intagible assets and capital work-in-progress

Fixed assets are stated at cost, after reducing accumulated depreciation and impairment 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. Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortisation and impairment. Goodwill acquired on amalgamation is tested periodically for impairment (refer note 16.2.15)

16.1.6 Depreciation

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

Building and related assets	Fifteen years
Computer equipment	Two years

Plant and machinery	Five years
Furniture and fixtures	Five years
Vehicles	Five years

16.1.7 Employee Benefits

16.1.7a 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 period end by an independent actuary using the projected unit credit method, 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.

The company recognizes the net obligation of the gratuity plan in the balance sheet as an asset or liability, respectively in accordance with Accounting Standard (AS) 15, “Employee Benefits”. The discount rate is based on the Government securities yield. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the profit and loss account in the period in which they arise.

16.1.7b 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.

16.1.7c 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.

16.1.7d Compensated absences

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

16.1.8 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. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

16.1.9 Forward contracts and option contracts in foreign currencies

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

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

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

16.1.10 Income tax

Income taxes are computed using the tax effect accounting method, where taxes are accrued in the same period the related revenue and expenses arise. A provision is made for income tax for the period based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. 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 and the resultant asset can be measured reliably. 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 company offsets, on a year on year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on prevailing enacted or substantively enacted regulations. Deferred tax assets, other than those relating to unabsorbed depreciation and carry forward business loss 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.

16.1.11 Provisions and contingent liability

The company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a present obligation that cannot be estimated reliably or a possible or present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made. Provisions are made for all known losses and liabilities and future unforeseeable factors that may affect the profit on fixed-price business process management contracts. Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

16.1.12 Impairment of assets

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

16.1.13 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 period. Diluted earnings per share are computed using the weighted average number of basic and dilutive common equivalent shares outstanding during the period, except where the result would be anti-dilutive. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date.

16.1.14 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 an 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 diminution, 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.

16.1.15 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 operating, 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 date of the transaction.

16.1.16 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.

16.2 Notes to financial statements

16.2.1 Capital commitments and contingent liabilities

		(in Rs.)
	As at March 31, 2009	**As at March 31, 2008**
Estimated amount of unexecuted capital contracts (net of advance and deposits)	21,66,44,472	60,95,59,143
Contigent service tax liability	75,20,238	-
Forward contracts outstanding		
USD/INR	$32,500,000	$65,000,000
(Equivalent approximate in Rs.)	(164,84,00,000)	(260,13,00,000)
GBP/USD	£5,500,000	£3,000,000
(Equivalent approximate in Rs.)	(39,86,95,000)	(23,83,80,000)
EUR/USD	-	€1,800,000
(Equivalent approximate in Rs.)	-	(11,38,50,000)
Range barrier options in GBP	-	£7,500,000
(Equivalent approximate in Rs.)	-	(59,59,50,000)
Claims against the company not acknowledged as debts	-	-

As of the Balance Sheet date,the company's net foreign currency exposure that is not hedged by a derivative instrument or otherwise is Rs.Nil (Rs.Nil as at March 31,2008).

16.2.2 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, 2009 and March 31, 2008.

16.2.3 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,	
	2009	**2008**
Salaries and ex-gratia including overseas staff expenses	480,40,03,537	379,40,37,565
Staff welfare	8,10,25,367	8,46,47,441
Contribution to provident and other funds	20,42,36,211	16,63,97,908
Foreign travel expenses	47,75,78,899	34,81,76,535
Consumables	1,63,04,888	1,91,70,415
Computer maintenance	73,74,432	2,16,17,427
Cost of software for own use	44,63,36,937	10,33,17,963
Communication expenses	28,99,68,354	17,90,11,883
Consultancy charges	52,23,01,160	34,17,03,729
Travel and conveyance	24,57,02,734	42,49,58,216
Rent	40,46,96,271	34,07,73,195
Printing, stationery and office maintenance	23,39,59,705	14,19,94,752
Legal and professional charges	6,55,12,592	7,98,57,856

Brand building	70,26,470	78,32,278
Recruitment and training expenses	11,09,21,900	22,68,31,039
Power and fuel	17,05,90,497	13,69,86,901
Insurance charges	7,63,38,204	4,93,57,596
Rates and taxes	2,22,45,539	1,77,95,483
Donations	20,75,000	-
Auditor's remuneration		
audit fees	18,69,397	16,00,000
out-of-pocket expenses	67,500	66,000
Bank charges and commission	76,68,535	9,72,332
Postage and courier	37,64,147	35,95,291
Professional membership and seminar participation fees	1,43,89,701	49,77,267
Provision for bad and doubtful debts	(5,25,230)	22,01,127
Provision for bad and doubtful loans and advances	75,17,240	93,909
Other miscellaneous expenses	5,68,68,042	4,02,78,314
Total	**827,98,18,029**	**653,82,52,422**
Fringe Benefit Tax(FBT) in India included in the above	3,47,04,873	2,12,85,565

16.2.4 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.

16.2.5 Imports (valued on the cost, insurance and freight basis)

		(in Rs.)
		Year ended March 31,
	2009	**2008**
Capital goods	17,52,85,809	17,35,22,684

16.2.6 Expenditure in foreign currency (on payments basis)

		(in Rs.)
		Year ended March 31,
	2009	**2008**
Salary, legal and professional charges	114,92,14,274	60,82,83,537
Foreign travel expenses and relocation expenses	34,36,43,298	24,33,95,837
Bank charges, consultancy and others	9,52,50,959	20,53,21,152
Communication	15,54,34,750	9,38,87,285
	174,35,43,281	115,08,87,811

16.2.7 Earnings in foreign currency (on receipt basis)

		(in Rs.)
		Year ended March 31,
	2009	**2008**
From business process management services	1047,05,35,018	755,14,01,216

16.2.8 Obligations on long-term non-cancellable operating leases

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

		(in Rs.)
		Year ended March 31,
	2009	**2008**
Lease rentals charged during the period	40,46,96,271	34,07,73,195

Lease obligations		
Within one year of the balance sheet date	17,11,76,942	16,13,24,080
Due in a period between one year and five years	20,33,20,712	15,73,64,138
Later than five years	-	-

The company has entered into non-cancellable 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 16.2.13 below).

16.2.9 Dues to micro medium and small enterprises

The company had no dues (including outstanding) to micro enterprises and small enterprises during the year ended March 31,2009 and March 31,2008 and as at March 31, 2009 and March 31, 2008.

16.2.10 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, 2010, whichever is earlier.

The Company also has operations in a Special Economic Zone (SEZ). Income from SEZs is fully tax exempt for the first 5 years, 50% exempt for the next 5 years and 50% exempt for another 5 years subject to fulfilling certain conditions. Pursuant to the amendments in the Indian Income Tax Act, the Company has calculated its tax liability after considering Minimum Alternate Tax (MAT). The MAT liability can be carried forward and set off against the future tax liabilities. Accordingly, Rs. 22.65 crore was carried forward and shown under “Loans and Advances” in the balance sheet as of March 31, 2009 and Rs 5.35 crores as of March 31,2008.

16.2.11 Cash and bank balances

Details of balances as on balance sheet dates with non-scheduled banks:-

	As at March 31, 2009	**(in Rs.) As at March 31, 2008**
Cash on hand	94,768	33,059

Balances with non-scheduled banks	As at March 31, 2009	(in Rs.) As at March 31, 2008
In current accounts		
ICICI Bank, London	8,56,425	26,88,058
PNC Bank,New Jersey	2,52,580	2,00,100
Bank of America, California	8,52,64,767	6,21,38,154
Deutsche Bank, Philippines	1,18,84,388	57,10,613
Royal Bank of Canada, Ontario	68,66,816	33,24,490
	10,51,24,976	**7,40,61,415**

Details of balances as on balance sheet dates with scheduled banks:-

	As at March 31, 2009	**(in Rs.) As at March 31, 2008**
Balances with scheduled banks		
In current accounts		
Citibank	12,26,559	31,74,273
Deustche Bank	1,60,49,724	3,23,73,483
Deustche Bank- EEFC account in Euro	64,10,085	7,96,44,651
Deustche Bank- EEFC account in United Kingdom Pound Sterling	28,32,419	53,55,612

Deustche Bank- EEFC account in US Dollars	1,21,46,583	1,40,07,838
ICICI Bank	4,09,21,984	2,92,70,283
ICICI Bank- EEFC account in Euro	62,76,290	6,26,32,148
ICICI Bank- EEFC account in United Kingdom Pound Sterling	5,75,83,794	-
ICICI Bank- EEFC account in US Dollars	8,48,54,226	10,16,80,649
State Bank of India	59,099	99,950
	22,83,60,763	**32,82,38,887**
In deposit accounts		
Bank of Baroda	48,00,00,000	-
Bank of Maharastra	44,00,00,000	25,00,00,000
Barclays Bank	-	20,00,00,000
Corporation Bank	8,00,00,000	-
HSBC Bank	25,00,00,000	-
ICICI Bank	50,00,20,000	25,00,63,000
IDBI Bank	50,00,00,000	25,00,00,000
ING Vysya Bank	28,00,00,000	20,00,00,000
Punjab National Bank	-	25,00,00,000
State Bank of India	26,00,23,000	23,000
Standard Chartered Bank	38,00,00,000	-
	317,00,43,000	**140,00,86,000**

(in Rs.)

Maximum balances held in non-scheduled banks	**Year ended March 31, 2009**	**2008**
In current accounts		
ICICI Bank, London	3,18,91,840	1,71,09,625
PNC Bank,New Jersey	2,55,650	2,15,500
Bank of America, California	16,61,78,323	24,53,57,782
Deutsche Bank, Philippines	2,45,24,299	4,59,37,091
Royal Bank of Canada, Ontario	1,31,93,976	40,28,845

16.2.12 Loans and advances

Deposits with financial institution and body corporate comprise:

(in Rs.)

	As at March 31, 2009	**As at March 31, 2008**
Deposits with financial institution:		
Housing Development Finance Corporation Limited	48,00,00,000	-
Deposits with body corporate :		
GE Capital Services India Limited	-	25,00,00,000
	48,00,00,000	**25,00,00,000**

Maximum balance held

(in Rs.)

	Year ended March 31, 2009	**2008**
Deposits with financial institution:		
Housing Development Finance Corporation Limited	48,00,00,000	12,00,00,000
Deposits with body corporate:		

GE Capital Services India Limited	25,00,00,000	25,00,00,000

16.2.13 Related party transactions

List of Related Parties

Name of the Related Party	Country	Holding as at	
		March 31, 2009	March 31, 2008
Infosys Technologies Limited	India	Holding Company	Holding Company
Infosys BPO s.r.o	Czech Republic	100%	100%
P-Financial Services Holding B.V	Netherlands	-	100%
Infosys BPO (Thailand) Limited	Thailand	100%	100%
Infosys BPO Poland Sp.z.o.o	Poland	100%	100%
PAN Financial Services India Private Limited	India	100%	100%
Infosys Technologies (Australia) Pty Limited ("Infosys Australia")*	Australia		
Infosys Technologies S.de R.L.de C.V. ("Infosys Mexico")*	Mexico		
Infosys Technologies (China) Co.Limited ("Infosys China") *	China		

* Wholly owned subsidiaries of Infosys Technologies Ltd

List of key management personnel

Name of the Related Party	Designation
T.V.Mohandas Pai	Chairman and Director
Amitabh Chaudhry	Managing Director and Chief Executive Officer
S.D.Shibulal	Director
Prof.Jayanth R.Varma	Director
Sridar A.Iyengar	Director
B.G.Srinivas	Director
Eric S.Paternoster	Director

The details of the related party transactions entered into by the company, for the year ended March 31, 2009 and 2008 are as follows:

(in Rs.)

Particulars	Year ended March 31,	
	2009	2008
Capital transactions:		
Financials transactions		
Loans		
Infosys BPO s.r.o	(1,17,77,262)	(4,602,898)
P-Financial Services Holding B.V	(4,23,99,828)	2,10,84,164
Infosys BPO Poland Sp.z.o.o#	7,27,19,108	-
# Represents amount receivable transferred to Company due to liquidation of P-Financials Services Holding B.V (also refer note 16.2.15)		
Revenue transactions:		
Purchase of services		
Infosys BPO s.r.o	72,77,711	3,30,30,674
Infosys Mexico	1,38,16,874	-
Purchase of shared services including facilities and personnel		
Infosys Technologies Limited	51,04,88,472	44,55,82,100

Infosys BPO s.r.o	54,19,980	2,534,493.00
Infosys Australia	1,34,06,832	52,52,165
Infosys Mexico	44,29,189	-
Infosys China	13,73,901	27,52,464
Interest Income		
Infosys BPO s.r.o	2,87,585	44,14,841
P-Financial Services Holding B.V	7,10,677	58,74,995
PAN Financial Shared Services India Private Limited	-	8,25,548
Infosys BPO Poland Sp.z.o.o	17,15,752	-
Sale of services		
Infosys Technologies Limited	36,78,302	33,84,446
Sale of shared services including facilities and personnel		
Infosys Technologies Limited	27,67,54,705	14,09,57,941
Infosys BPO s.r.o	54,93,477	-
PAN Financials Shared Services India Private Limited	-	9,25,217
Infosys BPO (Thailand) Limited	3,960	-
Infosys Australia	2,35,70,098	-
Infosys Mexico	35,29,212	-
Infosys China	5,67,623	10,308

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 Technologies Limited, at no cost. Infosys Technologies Limited, the parent company has issued performance guarantees to certain clients for executed contracts.

Details of amounts due to or due from and maximum dues from related party for the year ended March 31, 2009 and March 31, 2008.

(in Rs.)

Particulars	As at March 31, 2009	As at March 31, 2008
Loans and Advances		
Infosys BPO Poland Sp.z.o.o	7,27,19,108	-
Infosys BPO s.r.o	-	1,17,77,262
P-Financial Services Holding B.V	-	4,23,99,828
Debtors		
Infosys BPO s.r.o	32,54,777	16,21,090
PAN Financial Shared Services India Private Limited	-	9,25,217
Infosys BPO (Thailand) Limited	15,054	-
Infosys Australia	46,73,533	-
Infosys Mexico	13,29,561	-
Infosys China	56,77,699	44,13,315
Infosys Technologies Limited	1,17,34,830	-
Infosys BPO Poland Sp.z.o.o	6,75,217	-

Creditors		
Infosys BPO s.r.o	45,101	1,29,23,357
Infosys Australia	29,72,105	-
Infosys Mexico	(2,01,751)	-
Infosys China	26,49,114	12,61,281
Infosys BPO Poland Sp.z.o.o	4,58,629	-
Maximum balances of loans and advances during		
Infosys BPO Poland Sp.z.o.o	8,42,72,028	-
Infosys BPO s.r.o	1,98,41,514	-

During the year ended March 31, 2009 an amount of Rs.20,00,000 was donated to Infosys Foundation, a not-for-profit foundation, in which certain directors of the company are trustees.

Particulars of remuneration and other benefits paid to Managing Director during the year ended March 31, 2009 and 2008, are given below:

(in Rs.)

	Year ended March 31,	
	2009	**2008**
Salary and allowances	73,81,180	46,50,345
Provident fund, gratuity and superannuation contributions	2,77,166	2,15,081
Performance incentives	44,96,877	48,88,152
	1,21,55,223	**97,53,578**

The particulars of remuneration and benefits paid to other senior management personnel during the year ended March 31, 2009 and 2008, are given below:

(in Rs.)

	Year ended March 31,	
	2009	**2008**
Salary and allowances	-	24,62,491
Provident fund, gratuity and superannuation contributions	-	1,33,190
Performance incentives	-	40,66,814
	-	**66,62,495**

16.2. 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, 2009 and 2008, are given below:

(in Rs.)

	Year ended March 31,	
	2009	**2008**
Sitting fees	1,20,000	1,20,000
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.

	Year ended March 31,	
	2009	**2008**
Net profit after tax from ordinary activities	178,42,28,901	149,86,85,216
Add:		

1. Whole time director's remuneration	1,21,55,223	97,53,578
2. Director's sitting fee	1,20,000	1,20,000
3. Commission to non whole time directors	24,00,000	24,00,000
4. Depreciation as per books of account	42,25,43,412	35,27,32,636
5. Provision for doubtful debts	(5,25,230)	22,01,127
6. Provision for doubtful loans and advances	75,17,240	93,909
5. Provision for taxation	(4,05,33,765)	8,02,65,783
	218,79,05,781	**194,62,52,249**
Less:		
1.Depreciation as envisaged under Section 350 of the Companies Act, 1956*	42,25,43,412	35,27,32,636
2. Carried forward losses for previous years as computed under Section 349 of the Companies Act, 1956	-	-
2.Net profit on which commission is payable	**176,53,62,369**	**159,35,19,613**
3.Commission payable to non whole time directors:		
4.Maximum allowed as per the Companies Act, 1956 at 1%	1,76,53,624	1,59,35,196
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.

16.2.15 Details of Investment

(in Rs.)

	No. of units as at		**Amount as at**	
Current investments	**March 31, 2009**	**March 31, 2008**	**March 31, 2009**	**March 31, 2008**
Birla Sun Life AMC Ltd Liquid Plus	-	2,06,72,280	-	20,68,63,372
TATA Asset Management Ltd Liquid Plus	-	2,60,69,588	-	26,16,23,958
Prudential ICICI Liquid PLUS Institutional Dividend	-	2,42,29,101	-	25,61,86,398
	-	**7,09,70,969**	**-**	**72,46,73,728**

Movement of Investment during year ended March 31,2009	**Opening balance in units, Amount (Rs.)**	**Purchased in units, Amount (Rs.)**	**Redemption in units, Amount (Rs.)**	**Closing balance in units, Amount (Rs.)**
Birla Sun Life AMC Ltd Liquid Plus	**2,06,72,280**	**2,54,54,835**	**4,61,27,115**	**-**
	20,68,63,372	25,47,21,436	46,15,84,808	-
TATA Asset Management Ltd Liquid Plus	**2,60,69,588**	**6,60,206**	**2,67,29,794**	**-**
	26,16,23,958	66,25,562	26,82,49,520	-
ICICI Prudential Liquid PLUS Institutional Dividend	**2,42,29,101**	**6,16,247**	**2,48,45,348**	**-**
	25,61,86,398	65,15,884	26,27,02,282	-
DWS Mutual fund -Liquid Plus	**-**	**5,07,62,889**	**5,07,62,889**	**-**
	-	50,80,02,014	50,83,82,732	-
HSBC Mutual Fund Liquid Plus	**-**	**2,51,05,979**	**2,51,05,979**	**-**
	-	25,13,76,127	25,13,76,127	-
Franklin Templeton Liquid Plus	**-**	**4,00,36,230**	**4,00,36,230**	**-**

	-	40,07,12,540	40,07,12,540	-
HDFC Mutual Fund Liquid Plus	**-**	**1,99,00,196**	**1,99,00,196**	**-**
	-	20,06,11,887	20,06,11,887	-
IDFC Mutual Fund Liquid Plus	**-**	**1,50,86,625**	**1,50,86,625**	**-**
	-	15,09,49,231	15,09,49,231	-
Principal Mutual Fund Liquid Plus	**-**	**1,00,44,146**	**1,00,44,146**	**-**
	-	10,05,65,009	10,05,65,009	-
TATA Asset Management Ltd.- Growth plan	**-**	**2,73,16,235**	**2,73,16,235**	**-**
	-	33,82,49,520	34,00,02,177	-
ICICI Prudential SIP -Growth Plan	**-**	**2,35,14,377**	**2,35,14,377**	**-**
	-	36,27,02,282	36,46,60,581	-

Details of Investment in subsidiariesOn October 22, 2008 P-Financial Services Holding B.V., Netherlands, a wholly owned subsidiary of the company, signed share transfer agreements with the company to transfer its investments in three wholly owned subsidiaries, i.e. Infosys BPO Poland Sp z.o.o., Infosys BPO (Thailand) Limited and PAN Financial Shared Services India Private Limited, to the company. Subsequently, on October 27, 2008 P-Financial Services Holding B.V., Netherlands filed for liquidation and was wound-up on December 30, 2008 and its net assets were distributed to the company, being the sole shareholder. Consequently,Infosys BPO Poland Sp. z.o.o, Infosys BPO (Thailand) Limited and PAN Financial Shared Services India Private Limited became direct subsidiaries of the company. The investments in these subsidiaries have been recorded at the fair value of asset given up, i.e. the residual investment in P-Financial Services Holding B.V., Netherlands.

Amalgamation of PAN Financial Services India Private Limited

The Board of Directors in their meeting held on October 6, 2008, approved, subject to the approval of the Honorable High Courts of Karnataka and Chennai, a Scheme of amalgamation ("the Scheme") to amalgamate PAN Financial Services India Private Limited ("PAN Financial"), a wholly owned subsidiary of the Company engaged in providing business process management services, with the Company, with effect from April 1, 2008 ("effective date"). The approval of the High Court was received on April 6, 2009 and filed with the respective Registrar of Companies of Karnataka and Tamilnadu on April 6, 2009 and March 10, 2009 respectively. Accordingly on the scheme becoming effective, the financial statements of PAN Financial has been merged with the company.

The Scheme fulfills the conditions of pooling of interest method laid down in Accounting Standard 14. As per the Scheme, the assets, liabilities and reserves of PAN Financial as on April 1, 2008 have been recorded at their existing carrying amount and the book value of investment in shares of PAN Financial held by the Company and the share capital of PAN Financial have been cancelled (since PAN Financial was a subsidiary). Accordingly there is no amalgamation surplus/deficit arising on the amalgamation.

16.2.16 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 10,63,81,416 and Rs.10,70,33,581 as at March 31, 2009 and March 31, 2008 respectively and have been disclosed under current liabilities.

16.2.17 Reconciliation between basic and dilutive shares

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

		(in Rs.)
	Year ended March 31,	
	2009	**2008**
Weighted average shares used in computing basic earnings per share	3,38,27,751	3,38,27,751
Dilutive effect of stock options	-	284
Weighted average shares used in computing diluted earnings per share	3,38,27,751	3,38,28,035

16.2.18 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, 2009	As at March 31, 2008
Obligations at period beginning	5,97,96,919	3,65,75,416
Liability as on April 1,2008 assumed on the amalgamation of PAN Financial Shared Services India Private Limited (refer note 16.2.15)	1,31,80,050	-
Service cost	4,07,80,299	2,57,48,242
Interest cost	42,52,594	28,21,347
Benefits settled	(2,35,68,652)	(1,42,50,440)
Actuarial loss	1,39,13,415	89,02,354
Obligations at period end	10,83,54,625	5,97,96,919

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, 2009	As at March 31, 2008
Plans assets at beginning of the period, at fair value	6,12,93,221	3,49,57,318
Assets as on April 1, 2008 assumed on the amalgamation of PAN Financial Shared Services India Private Limited (refer note 16.2.15)	1,59,21,701	-
Expected return on plan assets	64,94,791	33,91,458
Actuarial gain	18,39,632	3,84,157
Contributions	5,44,39,550	3,68,10,728
Benefits settled	(2,35,68,652)	(1,42,50,440)
Plans assets at end of the period, at fair value	11,64,20,243	6,12,93,221

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

(in Rs.)

	As at March 31, 2009	As at March 31, 2008
Fair value of plan assets at the end of the period	11,64,20,243	6,12,93,221
Present value of the defined benefit obligations at the end of the period	10,83,54,625	5,97,96,919
Asset recognized in the balance sheet	80,65,618	14,96,302

Gratuity cost for the period

(in Rs.)

	Year ended March 31, 2009	2008
Service cost	4,07,80,299	2,57,48,242
Interest cost	42,52,594	28,21,347
Expected return on plan assets	(64,94,791)	(33,91,458)
Actuarial loss	1,20,73,783	85,18,197

Net gratuity cost	5,06,11,885	3,36,96,328
Actual return on plan assets	83,34,423	37,75,615

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

Assumptions		
Interest rate	7.01%	7.92%
Discount rate	7.01%	7.92%
Estimated rate of return on plan assets	7.01%	7.92%
Retirement age	58	58

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.

16.2.19 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.

16.2.19a 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. Options granted under the 2002 plan vests over 1-6 years.

	Year ended March 31, 2009	
	Shares arising out of options	**Weighted average exercise prices (in Rs.)**
Outstanding at the beginning of the period	17,14,417	294.53
Granted during the period	-	-
Forfeitures during the period	1,09,550	83.69
Exercised during the period	-	-
Outstanding at the end of the period	16,04,867	308.93
Exercisable at the end of the period	7,66,151	283.02

The company has not granted any options during the year ended March 31, 2009.

	Year ended March 31, 2008	
	Shares arising out of options	**Weighted average exercise prices (in Rs.)**
Outstanding at the beginning of the period	17,37,092	291.21
Granted during the period		

	-	-
Forfeitures during the period	22,675	39.74
Exercised during the period	-	-
Outstanding at the end of the period	17,14,417	294.53
Exercisable at the end of the period	4,55,955	113.71

As at March 31, 2009, 16,04,867 options are held by Infosys Technologies Limited (refer note 16.2.19b). 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 as of March 31, 2009 and March 31, 2008

Range of exercise prices (in Rs.)	**Stock options outstanding at the end of the period**		**Weighted average remaining contractual life**	
	Year ended March 31, 2009	**Year ended March 31, 2008**	**Year ended March 31, 2009**	**Year ended March 31, 2008**
33.12-58.33	1,64,846	1,64,846	1.26	1.75
58.34-77.89	1,18,475	1,92,025	1.69	1.66
77.90-99.20	87,600	1,23,600	2.29	2.13
99.21-162.23	23,500	23,500	3.75	1.26
162.24-195.00	4,03,961	4,03,961	4.47	2.84
195.01-214.00	26,475	26,475	4.92	1.77
214.01-230.00	1,49,610	1,49,610	5.20	3.46
230.01-310.00	1,19,300	1,19,300	6.94	3.32
310.01-604.00	5,11,100	5,11,100	13.16	3.91
	16,04,867	17,14,417	2.23	2.97

16.2.19b 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, 2009	
	Shares arising out of options	**Weighted average exercise prices (in Rs.)**
Outstanding at the beginning of the period	5,50,058	2,121
Granted during the period	-	-
Forfeitures during the period	38,298	2,121
Exercised during the period	-	-
Outstanding at the end of the period	5,11,760	2,121

The following table summarizes information about stock options as of March 31, 2009

Range of exercise prices (in Rs.)	Stock options outstanding at the end of the year March 31, 2009	Weighted average remaining contractual life March 31, 2009
0- 2120.95	5,11,760	1.14

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

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 year March 31, 2008	Weighted average remaining contractual life March 31, 2008
0- 2120.95	5,50,059	2.22

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,	
	2009	2008
Net profit as reported	178,42,28,901	149,86,85,216
Less: Stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	6,83,45,198	12,90,08,140
Adjusted proforma profit	171,58,83,703	136,96,77,076
Basic EPS as reported	52.74	44.30
Adjusted proforma	50.72	40.49
Diluted EPS as reported	52.74	44.30
Adjusted proforma	50.72	40.49

16.2.20 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, 2009	As at March 31, 2008
Balance at the beginning of the period	1,63,42,186	88,95,213
Balance assumed on the amalgamation of PAN Financial Shared Services India Private Limited (refer note 16.2.15)	5,83,256	-
Additional provision made during the period	1,50,73,089	84,55,866
Provision used during the period	52,28,699	10,08,893
Unused amounts reversed during the period	-	-
Balance at the end of the period	2,67,69,832	1,63,42,186

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

16.2.21 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. Accordingly no disclosure relating to total segment assets and liabilites are made.

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

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

Industry segments

Year ended March **31, 2009** and March 31, 2008

Particulars	Financial services	Manufacturing	Telecom	Retail	Others	(in Rs.) Total
Revenues	**295,22,73,592**	**210,04,62,092**	**444,95,15,981**	**18,71,05,169**	**112,59,59,064**	**1081,53,15,898**
	229,28,02,394	120,93,39,289	387,19,38,175	17,52,43,528	70,15,76,444	825,08,99,830
Identifiable operating expenses	**83,35,15,873**	**83,70,12,566**	**134,63,35,541**	**5,80,09,902**	**37,15,84,252**	**344,64,58,134**
	80,38,17,427	58,20,10,303	118,87,23,183	4,96,77,533	22,34,15,781	284,76,44,227
Allocated expenses	**129,78,19,700**	**100,23,09,486**	**195,60,07,570**	**8,22,51,447**	**49,49,71,692**	**483,33,59,895**
	102,68,27,029	54,16,00,215	173,40,39,873	7,84,82,469	31,41,99,626	369,51,49,212
Segmental operating profit	**82,09,38,019**	**26,11,40,040**	**114,71,72,870**	**4,68,43,820**	**25,94,03,120**	**253,54,97,869**
	46,21,57,938	8,57,28,771	94,91,75,119	4,70,83,526	16,39,61,037	170,81,06,391
Unallocable expenses						**42,25,43,412**
						35,27,32,636
Operating profit						**211,29,54,457**
						135,53,73,755

Other income net	**(36,92,59,321)**
	22,35,77,244
Net profit before taxes	**174,36,95,136**
	157,89,50,999
Taxes	**(4,05,33,765)**
	8,02,65,783
Net profit after taxes	**178,42,28,901**
	149,86,85,216

Geographical segments

Year ended March **31, 2009** and March 31, 2008

(in Rs.)

Particulars	United States of America	United Kingdom	Others	Total
Revenues	**573,89,24,878**	**475,77,51,915**	**31,86,39,105**	**1081,53,15,898**
	450,71,98,658	369,67,28,225	4,69,72,947	825,08,99,830
Identifiable operating expenses	**193,03,48,323**	**142,28,72,933**	**9,32,36,878**	**344,64,58,134**
	172,16,92,676	112,27,27,263	32,24,288	284,76,44,227
Allocated expenses	**252,28,31,821**	**217,04,54,298**	**14,00,73,776**	**483,33,59,895**
	201,85,40,028	165,55,72,443	2,10,36,741	369,51,49,212
Segmental operating profit	**128,57,44,734**	**116,44,24,684**	**8,53,28,451**	**253,54,97,869**
	76,69,65,954	91,84,28,519	2,27,11,918	170,81,06,391
Unallocable expenses				**42,25,43,412**
				35,27,32,636
Operating profit				**211,29,54,457**
				135,53,73,755
Other income net				**(36,92,59,321)**
				22,35,77,244
Net profit before taxes				**174,36,95,136**
				157,89,50,999
Taxes				**(4,05,33,765)**
				8,02,65,783
Net profit after taxes				**178,42,28,901**
				149,86,85,216

16.2.22 During the year ended March 31, 2009, the Company has recorded an expense of Rs. 26,25,46,875 relating to earlier periods towards the cost of software.

16.2.23 The fiqures of current year are inclusive of PAN Financials Shared Services India Private Limited which has been merged with the company with effect from April 1, 2008 (refer note 16.2.15). Hence fiqures of the current year and of the previous year are not strictly comparable.

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

Balance Sheet abstract and Company's General Business Profile

Registration Details	
CIN Number	U72200KA2002PLC030310
State Code	08
Balance Sheet Date	March 31, 2009
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	661,94,14,088
Total assets	661,94,14,088
Sources of Funds	
Paid up capital	33,82,77,510
Reserves and surplus	628,11,36,578
Secured loans	-
Unsecured loans	-
Application of Funds	
Net fixed assets	225,18,25,862
Investments	71,56,60,761
Net Current assets	365,19,27,465
Miscelleneous expenditure	-
Accumulated losses	-
Performance of the Company	
Turnover	1081,53,15,898
Other Income	(36,92,59,321)
Total Income	1044,60,56,577
Total Expenditure	870,23,61,441
Profit / (Loss) before tax	174,36,95,136
Extraordinary Income	-
Profit / (Loss) after tax	178,42,28,901
Earnings per share from ordinary activities (Basic)	52.74
Earnings per share from ordinary activities (Diluted)	52.74
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

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

Bangalore

April 8, 2009

Statement pursuant to Section 212 of the Companies Act, 1956

in Rs

Subsidiary	Infosys BPO S.R.O	Infosys BPO (Poland) Sp.Z.O.O	Infosys BPO (Thailand) Limited
Financial period ended	March 31, 2009	March 31, 2009	March 31, 2009
Holding company interest	100%	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 dealt with or provided for in the accounts of the holding company	19,43,14,615	2,75,62,157	(2,42,83,455)
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 dealt with or provided for in the accounts of the holding company	3,25,93,709	85,08,568	(71,08,431)

T.V.Mohandas Pai
Chairman and Director

Amitabh Chaudhry
Managing Director and Chief Executive Officer

S.D.Shibulal
Director

Prof.Jayanth R.Varma
Director

Sridar A.Iyengar
Director

Eric S.Paternoster
Director

Abraham Mathews
Head - Finance & Accounts

N.R.Ravikrishnan
Company Secretary

Bangalore

April 8, 2009

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF INFOSYS BPO LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS 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 referred to as the 'Infosys BPO Group') as at 31 March 2009, the consolidated Profit and Loss Account of the Infosys BPO Group for the year ended on that date and the consolidated Cash Flow Statement of the Infosys BPO Group for the year ended on that date, annexed thereto. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the 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 misstatements. 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 prescribed by the Companies (Accounting Standards) Rules, 2006.

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:

(a) in the case of the consolidated Balance Sheet, of the state of affairs of the Infosys BPO Group as at 31 March 2009;

(b) in the case of the consolidated Profit and Loss account, of the profit of the Infosys BPO Group for the year ended on that date; and

(c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Infosys BPO Group for the year ended on that date.

for **B S R & Co.**

Chartered Accountants

Natrajan Ramkrishna

Partner

Membership No. 32815

Bangalore

8 April 2009

Consolidated Balance Sheet

In Rs.

	Schedule	March 31, 2009	March 31, 2008
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	1	33,82,77,510	33,82,77,510
Reserves and surplus	2	655,06,75,506	456,78,80,584
		688,89,53,016	**490,61,58,094**
APPLICATION OF FUNDS			
FIXED ASSETS			
Original cost	3	387,04,87,230	263,67,28,243
Less :Accumlated depreciation		149,50,85,002	104,25,44,920
		237,54,02,228	159,41,83,323
Capital work-in-progress		59,64,34,292	62,86,40,751
		297,18,36,520	**222,28,24,074**
INVESTMENTS	4	**-**	**72,46,73,728**
DEFERRED TAX ASSET	5	**12,48,52,380**	**7,35,86,304**
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry debtors	6	259,06,97,820	186,37,61,097
Cash and bank balances	7	364,77,69,642	206,85,00,260
Loans and advances	8	154,39,93,002	86,74,43,193
		778,24,60,464	**479,97,04,550**
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	9	376,47,74,479	272,60,89,070
Provisions	10	22,54,21,869	18,85,41,492
NET CURRENT ASSETS		**379,22,64,116**	**188,50,73,988**
		688,89,53,016	**490,61,58,094**
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	16		

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

As per our report attached

for B S R & Co.

Chartered Accountants

Natrajan Ramkrishna
Partner
Membership No. 32815

T.V.Mohandas Pai
Chairman and Director

Amitabh Chaudhry
Managing Director and Chief Executive Officer

S.D.Shibulal
Director

Prof.Jayanth R.Varma
Director

Sridar A.Iyengar
Director

Eric S.Paternoster
Director

Abraham Mathews
Head - Finance & Accounts

N.R.Ravikrishnan
Company Secretary

Bangalore

April 8, 2009

Consolidated Profit and Loss Account

In Rs.

	Schedule	Year ended March 31, 2009	2008
INCOME			
Revenues from business process management services		1298,20,90,421	937,27,26,067
		1298,20,90,421	937,27,26,067
COST OF REVENUES	11	794,18,35,241	577,55,49,864
GROSS PROFIT		**504,02,55,180**	**359,71,76,203**
SELLING AND MARKETING EXPENSES	12	63,64,08,459	50,89,95,600
GENERAL AND ADMINISTRATION EXPENSES	13	170,04,69,318	124,67,43,503
OPERATING PROFIT BEFORE DEPRECIATION		**270,33,77,403**	**184,14,37,100**
Depreciation	3	46,56,94,218	41,83,50,332
OPERATING PROFIT AFTER DEPRECIATION		**223,76,83,185**	**142,30,86,768**
Other Income	14	(21,36,53,902)	21,06,87,898
PROFIT BEFORE TAX		**202,40,29,283**	**163,37,74,666**
Provision for taxation	15	1,67,43,815	10,81,92,446
NET PROFIT AFTER TAX		**200,72,85,468**	**152,55,82,220**
Balance brought forward from the previous year		323,80,29,627	271,24,47,407
AMOUNT AVAILABLE FOR APPROPRIATION		**524,53,15,095**	**423,80,29,627**
Amount transferred to general reserve		100,00,00,000	100,00,00,000
BALANCE CARRIED FORWARD		424,53,15,095	323,80,29,627
Total		**524,53,15,095**	**423,80,29,627**
EARNINGS PER SHARE			
Equity shares of par value Rs.10 each			
Basic		59.34	45.10
Diluted		59.34	45.10
Weighted average number of shares used in computing earnings per share:			
Basic		3,38,27,751	3,38,27,751
Diluted		3,38,27,751	3,38,28,035
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	16		

The schedules referred to above form an integral part of the Profit and Loss Account.

As per our report attached

for B S R & Co.

Chartered Accountants

Natrajan Ramkrishna
Partner
Membership No. 32815

T.V.Mohandas Pai
Chairman and Director

Amitabh Chaudhry
Managing Director and Chief Executive Officer

S.D.Shibulal
Director

Prof.Jayanth R.Varma
Director

Sridar A.Iyengar
Director

Eric S.Paternoster
Director

Abraham Mathews
Head - Finance & Accounts

N.R.Ravikrishnan
Company Secretary

Bangalore
April 8, 2009

Consolidated Cash Flow Statement

	Year ended March 31, 2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	202,40,29,283	163,37,74,666
Adjustments to reconcile profit before tax to cash provided by operating activities		
Depreciation	46,56,94,218	41,83,50,332
Interest income	(23,96,77,619)	(13,71,99,318)
Dividend income	(2,62,67,417)	(4,92,23,877)
Provisions for earlier year no longer required written back	(1,15,64,190)	
Profit on sale of investments	(40,91,675)	-
Profit on sale of fixed assets	(21,65,224)	
Provision for doubtful debts	(9,77,172)	39,02,087
Provision for doubtful loans and advances	75,17,240	93,909
Effect of exchange differences on translation of foreign currency cash and cash equivalents	2,08,73,617	74,62,249
Changes in current assets and liabilities		
Sundry debtors	(72,69,36,723)	(30,26,47,243)
Loans & Advances	(24,60,06,208)	(15,49,27,842)
Current liabilities	109,84,76,850	100,38,63,462
Provisions	5,36,90,390	7,50,67,495
Income tax paid during the period, net	(27,18,98,227)	(19,56,42,208)
NET CASH GENERATED BY OPERATING ACTIVITIES	**214,06,97,143**	**230,28,73,712**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets and change in capital work-in-progress / advances	(122,46,04,218)	(109,17,07,202)
Proceeds from sale of fixed assets	22,24,738	-
Interest received	23,02,59,291	14,15,95,135
Dividend received	2,62,67,417	4,92,23,877
Purchase of units in liquid mutual funds	(258,10,31,492)	(525,94,27,335)
Proceeds from sale of units in liquid mutual funds	330,97,96,895	478,77,87,776
Consideration for acquisition of net asset value of shared service centres	(4,99,53,400)	(101,48,16,466)
NET CASH USED IN INVESTING ACTIVITIES	**(28,70,40,769)**	**(238,73,44,214)**
CASH FLOW FROM FINANCING ACTIVITIES	-	-
NET CASH FLOWS FROM FINANCING ACTIVITIES	**-**	**-**
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(4,43,86,992)	54,298,127
NET INCREASE IN CASH AND CASH EQUIVALENTS	180,92,69,382	(3,01,72,376)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	231,85,00,260	234,86,72,636
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD*	**412,77,69,642**	**231,85,00,260**

* Cash and cash equivalents aggregating Rs.412,77,69,642 (Rs.231,85,00,260 as at March 31, 2008) comprises cash on hand amounting to Rs.4,14,360 (Rs.5,98,460 as at March 31, 2008), balances with banks amounting to Rs.364,73,55,282(Rs.206,79,01,800 as at March 31, 2008) and deposits with financial institution/ body corporate amounting to Rs.48,00,00,000 (Rs.25,00,00,000 as at March 31, 2008).

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

As per our report attached
for B S R & Co.
Chartered Accountants

Natrajan Ramkrishna
Partner
Membership No. 32815

T.V.Mohandas Pai
Chairman and Director

Amitabh Chaudhry
Managing Director and Chief Executive Officer

S.D.Shibulal
Director

Prof.Jayanth R.Varma
Director

Sridar A.Iyengar
Director

Eric S.Paternoster
Director

Abraham Mathews
Head - Finance & Accounts

N.R.Ravikrishnan
Company Secretary

Bangalore
April 8, 2009

Schedules to the Consolidated Balance Sheet

In Rs.

		March 31, 2009	March 31, 2008
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, 3,38,22,326 (3,38,22,326) equity shares are held by		
		33,82,77,510	**33,82,77,510**
	* For details of options in respect of the above shares refer to note 16.2.15		
2	**RESERVES AND SURPLUS**		
	Securities premium account	25,48,97,789	25,48,97,789
	Capital Redemption Reserve	1,13,94,690	1,13,94,690
	Foreign exchange translation reserve	3,90,67,932	6,35,58,478
	General Reserve - opening balance	100,00,00,000	-
	Add : Transfer from profit and loss account during the year	100,00,00,000	100,00,00,000
	General Reserve - closing balance	200,00,00,000	100,00,00,000
	Balance in profit and loss account	424,53,15,095	323,80,29,627
		655,06,75,506	**456,78,80,584**

3 FIXED ASSETS

in Rs.

Particulars	Original cost				Accumalated Depreciation				Net book value	
	Cost as of April 01, 2008	Additions/ Adjustment during the year	Deletions during the year	Cost as of March 31, 2009	As of April 01, 2008	For the year	Deductions/ Adjustment during the year	As of March 31, 2009	As of March 31, 2009	As of March 31, 2008
Land - Leasehold	-	11,55,00,000	-	11,55,00,000	-	4,93,869	-	4,93,869	11,50,06,131	-
Goodwill	83,06,59,832	-	-	83,06,59,832	-	-	-	-	83,06,59,832	83,06,59,832
Buildings	4,74,06,581	44,10,07,331	-	48,84,13,912	15,80,219	1,52,30,141	-	1,68,10,360	47,16,03,552	4,58,26,362
Leasehold improvements	25,21,41,065	10,09,43,575	-	35,30,84,640	9,31,61,929	6,03,45,599	(3,04,155)	15,38,11,683	19,92,72,957	15,89,79,137
Plant and machinery	43,01,94,152	30,41,39,378	8,48,315	73,34,85,215	16,86,92,387	12,64,34,831	31,12,608	29,20,14,610	44,14,70,605	26,15,01,767
Computer equipment	82,72,29,598	14,47,79,974	58,69,331	96,61,40,241	64,96,05,560	17,92,20,476	49,21,644	82,39,04,392	14,22,35,849	17,76,24,039
Furniture and fixtures	24,56,91,855	14,06,98,117	41,52,051	38,22,37,921	12,81,30,244	8,37,80,911	48,26,536	20,70,84,619	17,51,53,302	11,75,61,607
Vehicles	34,05,160	(95,738)	23,43,953	9,65,469	13,74,581	1,88,391	5,97,503	9,65,469	-	20,30,580
	263,67,28,243	**124,69,72,637**	**1,32,13,650**	**387,04,87,230**	**104,25,44,920**	**46,56,94,218**	**1,31,54,136**	**149,50,85,002**	**237,54,02,228**	**159,41,83,323**
Previous year	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	

		March 31, 2009	March 31, 2008
4	**INVESTMENTS**		
	Other investments (unquoted)		
	Current investments * - at lower of cost or fair value		
	Liquid mutual funds	-	72,46,73,728
		-	**72,46,73,728**
	* Refer to note 16.2.11 for details of investment		
5	**DEFERRED TAX ASSET**		
	Fixed Assets	9,71,67,727	5,77,59,584
	Provisions	2,76,84,653	1,58,26,720
		12,48,52,380	**7,35,86,304**
6	**SUNDRY DEBTORS**		
	Debts outstanding for a period exceeding six months		
	Unsecured considered doubtful	16,56,726	45,86,969
	Debts outstanding for a period less than six months		
	Unsecured considered good	259,06,97,820	186,37,61,097
	Unsecured considered doubtful	18,26,988	-
		259,41,81,534	186,83,48,066
	Less : Provision for doubtful debts	34,83,714	45,86,969
		259,06,97,820	**186,37,61,097**
7	**CASH AND BANK BALANCES**		
	Cash on hand	4,14,360	5,98,460
	Balances with scheduled banks*		
	-in current accounts	22,83,60,763	33,79,93,205
	-in deposit accounts in Indian rupees	317,00,43,000	140,00,86,000
	Balances with non-scheduled banks*		
	-in current accounts in foreign currency	20,24,01,519	32,98,22,595
	-in deposit accounts in foreign currency	4,65,50,000	-
		364,77,69,642	**206,85,00,260**

* Refer note 16.2.8 for details of balances in scheduled and non-scheduled banks.

8	**LOANS AND ADVANCES**		
	Unsecured, considered good		
	Advances		
	Prepaid expenses	4,47,37,976	3,72,61,621
	For supply of goods and rendering of services	8,47,82,729	3,09,47,771
	Interest accured but not due	2,03,30,191	1,09,11,863
	Loans and advances to employees	9,04,06,308	8,26,10,477
		24,02,57,204	**16,17,31,732**
	Deposits with financial institution and body corporate*	48,00,00,000	25,00,00,000
	Deposits with government authorities	1,16,652	1,16,652
	Rental deposits	22,46,02,008	20,86,53,293
	Electricity and other deposits	36,31,827	41,78,760
	Customer recoverable	28,85,508	37,53,174
	Unbilled revenue	10,11,91,187	5,11,42,049

	Advance income tax, net	5,41,28,715	3,05,31,084
	Advance fringe benefit tax, net	19,43,249	-
	Cenvat credit receivable	16,55,34,450	8,02,69,270
	VAT recoverable	4,31,54,337	2,36,20,947
	MAT credit entitlement	22,65,47,865	5,34,46,232
		154,39,93,002	**86,74,43,193**
	Unsecured, considered doubtful		
	Loans and advances to employees	90,19,461	15,02,221
		155,30,12,463	**86,89,45,414**
	Less : Provision for doubtful loans and advances to employees	90,19,461	15,02,221
		154,39,93,002	**86,74,43,193**

* Refer to note 16.2.7 for details

9	**CURRENT LIABILITIES**		
	Sundry creditors		
	for capital goods	4,02,89,631	5,01,27,671
	for expenses	4,76,00,948	11,71,29,967
	for accrued salaries and benefits		
	salaries and allowances	32,63,71,157	34,99,39,039
	ex-gratia and incentives	67,95,92,467	58,33,59,151
	for other liabilites		
	provision for expenses	232,00,81,330	130,63,71,226
	retention monies	5,26,02,133	3,72,91,851
	withholding and other taxes payable	1,85,04,721	44,76,291
	advance against subsidy	-	9,02,40,197
	loss on forward exchange contract and options	15,45,41,653	1,64,33,080
		363,95,84,040	255,53,68,473
	Payable to Philips for acquisitions	-	5,59,38,600
	Advances received from clients	22,14,567	-
	Deferred revenue (Refer to note 16.2.12)	12,29,75,872	11,47,81,997
		376,47,74,479	**272,60,89,070**
10	**PROVISIONS**		
	Provision for leave encashment	14,77,63,091	11,29,78,065
	Provisions for SLA compliance*	4,13,02,286	2,23,96,922
	Provision for income taxes, net	3,63,56,492	5,31,66,505
		22,54,21,869	**18,85,41,492**

* Refer to note 16.2.16 for details of Provision for SLA compliance.

Schedules to the Consolidated Profit and Loss Account

In Rs.

		Year ended March 31, 2009	2008
11	**COST OF REVENUES**		
	Salaries including overseas staff expenses	487,06,60,416	353,83,20,785
	Staff welfare	8,10,94,824	5,68,22,760
	Contribution to provident and other funds	32,70,52,073	22,60,71,076
	Travelling expenses	46,15,98,541	30,38,22,275
	Conveyance	19,83,44,218	36,43,27,469
	Cost of software for own use	43,53,44,481	9,52,97,857
	Computer maintenance	73,74,432	2,16,17,427
	Communication expenses	35,30,65,639	21,52,19,831
	Rent	46,84,33,019	35,56,55,137
	Consultancy charges	56,03,32,668	32,97,50,460
	Consumables	1,45,92,609	1,91,90,349
	Recruitment and training expenses	11,11,94,855	19,88,94,652
	Insurance	58,43,575	68,71,671
	Other miscellaneous expenses	4,69,03,891	3,91,47,098
	Settlement of customer claims	-	45,41,017
		794,18,35,241	**577,55,49,864**
12	**SELLING AND MARKETING EXPENSES**		
	Salaries including overseas staff expenses	44,11,45,289	33,45,98,948
	Staff welfare	9,97,045	3,81,747
	Contribution to provident and other funds	1,00,56,568	1,45,90,080
	Brand building and advertisement	70,26,470	78,32,278
	Travelling expenses	9,48,82,997	8,96,29,672
	Communication expenses	2,20,21,149	75,51,343
	Conveyance	9,49,765	13,93,083
	Rent	1,34,96,079	1,62,80,141
	Printing and stationery	11,54,404	11,14,045
	Insurance	30,23,348	19,76,266
	Recruitment expenses	16,59,431	81,38,439
	Professional charges	25,52,000	1,06,41,844
	Professional memberships and seminars	1,38,45,587	17,67,804
	Other miscellaneous expenses	2,35,61,182	1,30,99,910
		63,64,08,459	**50,89,95,600**
13	**GENERAL AND ADMINISTRATION EXPENSES**		
	Salaries	67,68,31,072	46,74,57,329
	Staff welfare	3,73,10,198	4,70,72,455
	Contribution to provident and other funds	3,47,92,399	2,44,13,574

	Conveyance	6,72,46,143	7,06,54,492
	Consumables	37,85,071	24,72,904
	Cost of software for own use	2,02,56,524	89,60,709
	Rent	3,75,25,032	4,08,35,565
	Telephone and communication charges	5,69,61,491	4,02,02,880
	Legal and professional charges	7,38,64,628	8,01,09,437
	Printing, stationery and office maintainance	27,84,34,973	17,49,46,795
	Power and fuel	18,53,78,936	14,87,14,311
	Recruitment and training expenses	5,92,30,463	4,44,84,533
	Insurance	7,01,80,740	4,32,39,630
	Rates and taxes	3,34,07,605	2,16,05,883
	Donations	20,75,000	-
	Auditor's remuneration		
	audit fees	18,69,397	17,00,000
	out-of-pocket expenses	67,500	66,000
	Bank charges and commission	95,25,526	26,28,127
	Postage and courier	2,72,27,968	45,93,111
	Professional membership and seminar participation fees	6,21,477	32,68,731
	Provision for doubtful debts	(9,77,172)	39,02,087
	Provision for doubtful loans and advances	75,17,240	93,909
	Other miscellaneous expenses	1,73,37,107	1,53,21,041
		1,70,04,69,318	**1,24,67,43,503**
14	**OTHER INCOME**		
	Interest income *		
	On deposits with financial institutions and body corporate	3,36,12,784	2,94,74,160
	On deposits with banks	20,60,64,835	10,77,25,158
	Dividends from liquid mutual fund investments	2,62,67,417	4,92,23,877
	Profit on sale of investments	40,91,675	-
	Profit on sale of fixed assets	21,65,224	-
	Exchange gain/(loss), net	(65,15,89,070)	2,16,80,791
	Interest on income tax refund	9,73,634	13,52,445
	Provisions for earlier year no longer required written back	1,15,64,190	-
	Miscellaneous income	3,71,45,548	12,31,467
	Subsidy income	11,60,49,861	-
		(21,36,53,902)	**21,06,87,898**
	*Tax deducted at source on interest income	2,19,06,985	2,76,41,457
15	**PROVISION FOR TAXATION**		
	Current taxes	23,41,68,796	20,16,09,613
	Deferred taxes	(5,12,66,076)	(3,99,70,935)
	MAT credit entitlement	(16,61,58,905)	(5,34,46,232)
		1,67,43,815	**10,81,92,446**

Schedules to the consolidated financial statements for the year ended March 31, 2009 (continued)

16 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

Group overview

Infosys BPO Limited along with its wholly owned subsidiaries, Infosys BPO s.r.o, Infosys BPO (Thailand) Limited and Infosys BPO Poland Sp.z.o.o collectively called as "Group" are a leading provider of business process management services to organizations that outsource their business processes. The Group leverages the benefits of service delivery globalization, process redesign and technology and thus drives efficiency and cost effectiveness into client's business processes and thereby improve their competitive position by managing their business processes in addition to providing increased value.

16.1 Significant accounting policies

16.1.1 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 except for certain financial instruments which are measured at fair values. GAAP comprises accounting standards as specified in rule 3 of the Companies (Accounting Standards) Rules 2006, and the relevant provisions of the Companies Act, 1956 to the extent applicable. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an on-going basis. The consolidated financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under the Accounting Standard (AS) 21, “Consolidated Financial Statements”. The financial statements of Infosys BPO Limited - the parent company, Infosys BPO s.r.o, Infosys BPO Poland s.p. z.o.o and Infosys BPO (Thailand) Limited have been combined on a line-by-line basis by adding together book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances and transactions and resulting unrealized gain/loss. The consolidated financial statements are prepared by applying uniform accounting policies in use at the Group.

16.1.2 Use of estimates

The preparation of the financial statements in conformity with GAAP requires that the management makes estimates and assumptions that affect the reported amounts of income and expenses of the period, reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as of the date of the financial statements. Examples of such estimates includes provision for doubtful debts, future obligations under employee retirement benefit plans, provision for income taxes, provision for SLA and the useful lives of fixed assets. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

16.1.3 Revenue recognition

The group 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, where there is no uncertainty as to measurement and collectibility of consideration, is recognized as per the proportionate-completion method. Revenues from unit-priced contracts are recognized as transactions are processed based on objective measures of output. When the Group receives advances for its services, such amounts are reported as client deposits until all conditions for revenue recognition are met. Cost and earnings in excess of billings are classified as unbilled revenue while billing in excess of cost and earnings is classified as 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. The Group presents revenues net of service taxes and value added taxes in its profit and loss account.

Profit on sale of investment is recorded on the transfer of title from the Group and is determined as the difference between the sale price and the carrying value of the Investment. Interest on deployment of surplus funds is recognized using time proportion method, based on underlying interest rates. Subsidy income is recognized when the obligation associated with the subsidy is performed and right to receive is established.

16.1.4 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.

16.1.5 Fixed assets, intagible assets and capital work-in-progress

Fixed assets are stated at cost, after reducing accumulated depreciation and impairment 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. Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortisation and impairment.Goodwill acquired on amalgamation is tested periodically for impairment (refer note 16.2.15)

16.1.6 Depreciation

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

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

16.1.7 Employee Benefits

16.1.7a 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 period end by an independent actuary using the projected unit credit method, based upon which Group 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.

The company recognizes the net obligation of the gratuity plan in the balance sheet as an asset or liability, respectively in accordance with Accounting Standard (AS) 15, "Employee Benefits". The discount rate is based on the Government securities yield. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the profit and loss account in the period in which they arise.

16.1.7b Superannuation

Certain employees of Infosys BPO are eligible for superannuation benefits. The Group contributes Rs.100/- annually or actual deduction for the superannuation benefits of the employees. The Group 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.

16.1.7c Provident fund

Eligible employees receive benefits from a provident fund, which is a defined contribution plan. Both the employee and the Group 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 Group has no further obligations under the provident fund plan beyond its monthly contributions.

16.1.7d Compensated absences

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

16.1.8 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 year in which they arise. Monetary assets and monetary liabilities denominated in foreign currency are translated at the exchange rate prevalent at the date of the balance sheet. The resulting difference is also recorded in the profit and loss account. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

The translation of financial statements of the foreign subsidiaries from the local currency to the functional currency of the company is performed for balance sheet accounts using the exchange rate in effect at the balance sheet date and for revenue, expense and cash-flow items using a monthly average exchange rate for the respective periods and the resulting difference is presented as foreign currency translation reserve included in "Reserves and Surplus". When a subsidiary is disposed off, in part or in full, the relevant amount is transferred to profit or loss.

16.1.9 Forward and option contracts in foreign currencies

The group 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 Group and the Group does not use the forward contracts and option contracts for trading or speculation purposes.

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

Forward and options contracts are fair valued at each reporting date. The group 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 an effective hedge, a gain or loss is recognized in the profit and loss account. Currently the hedges undertaken by the Group are all ineffective in nature and the resultant gain or loss consequent to fair valuation is recognised in the profit and loss account at each reporting date.

16.1.10 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 Group will pay normal tax after the tax holiday period and the resultant asset can be measured reliably. 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 Group and the asset can be measured reliably.The group offsets, on a year on year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting 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, other than those relating to unabsorbed depreciation and carry forward business loss 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.

16.1.11 Provisions and contingent liability

The Group recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a present obligation that cannot be estimated reliably or a possible or present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made. Provisions are made for all known losses and liabilities and future unforeseeable factors that may affect the profit on fixed-price business process
management contracts.Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

16.1.12 Impairment of assets

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

16.1.13 Earnings per share

In determining earnings per share, the Group 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.

16.1.14 Investments

Trade investments are the investments made to enhance the Group'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. 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 decline, 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.

16.1.15 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 operating, financing and investing activities of the Group 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.

16.1.16 Employee Stock Options

The Group 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.

16.2 Notes to financial statements

16.2.1 Capital commitments and contingent liabilities

(in Rs.)

	As at March 31, 2009	**As at March 31, 2008**
Estimated amount of unexecuted capital contracts (net of advance and deposits)	21,66,44,472	60,95,59,143
Contingent service tax liablity	75,20,238	-
Forward contracts outstanding		
USD/INR	$32,500,000	$65,000,000
(Equivalent approximate in Rs.)	(164,84,00,000)	(260,13,00,000)
GBP/USD	£5,500,000	£ 3,000,000
(Equivalent approximate in Rs.)	(39,86,95,000)	(23,83,80,000)
EUR/USD	-	€1,800,000
(Equivalent approximate in Rs.)	-	(11,38,50,000)
EUR/PLN	€ 6,500,000	€ 3,000,000
(Equivalent approximate in Rs.)	(43,83,60,000)	(18,97,50,000)
USD/THB	-	$300,000
(Equivalent approximate in Rs.)	-	(1,20,06,000)
Range barrier options in GBP	-	£7,500,000
(Equivalent approximate in Rs.)	-	(59,59,50,000)

16.2.2 Export obligation

The Group 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, 2009 and March 31, 2008.

16.2.3 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, 2009	2008
Salaries and ex-gratia including overseas staff expenses	598,86,36,777	434,03,77,062
Staff welfare	11,94,02,067	10,42,76,962
Contribution to provident and other funds	37,19,01,040	26,50,74,730
Foreign travel expenses	55,64,81,538	39,34,51,947
Consumables	1,83,84,045	2,16,63,253
Computer maintenance	73,74,432	2,16,17,427
Cost of software for own use	45,56,31,785	10,42,58,566
Communication expenses	43,20,48,279	26,29,74,054
Consultancy charges	56,03,32,668	32,97,50,460
Travel and conveyance	26,65,40,126	43,63,75,044
Rent	51,94,54,130	41,27,70,843
Printing, stationery and office maintenance	27,95,89,377	17,60,60,840
Legal and professional charges	7,64,16,628	9,07,51,281
Brand building	70,26,470	78,32,278
Recruitment and training expenses	17,20,84,749	25,15,17,624
Power and fuel	18,53,78,936	14,87,14,311
Insurance charges	7,90,47,663	5,20,87,567
Rates and taxes	3,34,07,605	2,16,05,883
Donations	20,75,000	-
Auditor's remuneration	-	-
audit fees	18,69,397	17,00,000
out-of-pocket expenses	67,500	66,000
Bank charges and commission	95,25,526	26,28,127
Postage and courier	2,72,27,968	45,93,111
Professional membership and seminar participation fees	1,44,67,064	50,36,535
Provision for bad and doubtful debts	(9,77,172)	39,02,087
Provision for bad and doubtful loans and advances	75,17,240	93,909
Other miscellaneous expenses	8,78,02,180	6,75,68,049
Settlement of customer claims	-	45,41,017
Total	**1027,87,13,018**	**753,12,88,967**
Fringe Benefit Tax (FBT) in India included in the above	3,29,09,174	1,36,13,537

16.2.4 Obligations on long-term non-cancellable operating leases

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

(in Rs.)

	Year ended March 31, 2009	2008
Lease rentals charged during the year	51,94,54,130	41,27,70,843

(in Rs.)

Lease obligations	As at March 31, 2009	As at March 31, 2009
Within one year of the balance sheet date	19,79,26,498	25,71,10,612
Due in a period between one year and five years	20,33,20,712	18,41,73,739
Later than five years	-	-

The Group has entered into non-cancellable 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 16.2.7 below).

16.2.5 Dues to micro medium and small enterprises

The Group had no dues (including outstanding) to micro enterprises and small enterprises during the year ended March 31,2009 (and as at March 31, 2009 and March 31, 2008).

16.2.6 Provision for taxation

The Group 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, 2010, whichever is earlier.

The Group also has operations in a Special Economic Zone (SEZ). Income from SEZs is fully tax exempt for the first 5 years, 50% exempt for the next 5 years and 50% exempt for another 5 years subject to fulfilling certain conditions. Pursuant to the amendments in the Indian Income Tax Act, the Group has calculated its tax liability after considering Minimum Alternate Tax (MAT). The MAT liability can be carried forward and set off against the future tax liabilities. Accordingly,Rs. 22.65 crore was carried forward and shown under “Loans and Advances” in the balance sheet as of March 31, 2009 and Rs 5.35 Crores as of March 31,2008.

16.2.7 Loans and advances

Deposits with financial institution and body corporate comprise:

(in Rs.)

	As at March 31, 2009	As at March 31, 2008
Deposits with financial institution :		
Housing Development Finance Corporation Limited	48,00,00,000	-
Deposits with body corporate		
GE Capital Services India Limited	-	25,00,00,000

Maximum balance held during the period

(in Rs.)

	As at March 31, 2009	As at March 31, 2008
Deposits with financial institution:		
Housing Development Finance Corporation Limited	48,00,00,000	25,00,00,000
Deposits with body corporate:		
GE Capital Services India Limited	25,00,00,000	25,00,00,000

16.2.8 Cash and bank balances

Details of balances as on balance sheet dates with non-scheduled banks:-

(in Rs.)

	As at March	As at March

	31, 2009	31, 2008
Cash on hand	4,14,360	5,98,460

(in Rs.)

Balances with non-scheduled banks	As at March 31, 2009	As at March 31, 2008
In current accounts		
ICICI Bank, London	8,56,425	26,88,058
PNC Bank,New Jersey*	2,52,580	2,00,100
Bank of America, California	8,52,64,767	6,21,38,154
Deutsche Bank, Philippines	1,18,84,388	57,10,613
Royal Bank of Canada, Ontario	68,66,816	33,24,490
Citibank N.A., Czech Republic	7,57,03,912	6,54,05,703
Deutsche Bank, Netherlands	-	34,96,144
Deutsche Bank, Poland	33,56,966	13,18,36,428
Deutsche Bank, Thailand	1,78,79,978	5,50,22,905
Citibank N.A., Poland	82,712	-
Citibank N.A., Thailand	2,52,975	-
	20,24,01,519	32,98,22,595
In deposit accounts		
Citibank N.A., Czech Republic	4,65,50,000	-
	4,65,50,000	-

* This represent restricted Bank balance, in trust account, in accordance with collection agency licensing requirements in US.
Details of balances as on balance sheet dates with scheduled banks:-

(in Rs.)

Balances with scheduled banks	As at March 31, 2009	As at March 31, 2008
In current accounts		
Citibank	12,26,559	31,74,273
Deustche Bank	1,60,49,724	4,21,27,801
Deustche Bank- EEFC account in Euro	64,10,085	7,96,44,651
Deustche Bank- EEFC account in United Kingdom Pound Sterling	28,32,419	53,55,612
Deustche Bank- EEFC account in US Dollars	1,21,46,583	1,40,07,838
ICICI Bank	4,09,21,984	2,92,70,283
ICICI Bank- EEFC account in Euro	62,76,290	6,26,32,148
ICICI Bank- EEFC account in United Kingdom Pound Sterling	5,75,83,794	-
ICICI Bank- EEFC account in US dollars	8,48,54,226	10,16,80,649
State Bank of India	59,099	99,950
	22,83,60,763	**33,79,93,205**
In deposit accounts		
Bank of Baroda	48,00,00,000	-
Bank of Maharastra	44,00,00,000	25,00,00,000
Barclays Bank	-	20,00,00,000

Corporation Bank	8,00,00,000	-
HSBC Bank	25,00,00,000	-
ICICI Bank	50,00,20,000	25,00,63,000
IDBI Bank	50,00,00,000	25,00,00,000
ING Vysya Bank	28,00,00,000	20,00,00,000
Punjab National Bank	-	25,00,00,000
State Bank of India	26,00,23,000	23,000
Standard Chartered Bank	38,00,00,000	-
	317,00,43,000	**140,00,86,000**

Maximum balances held in non-scheduled banks

(in Rs.)

	As at March 31, 2009	As at March 31, 2008
ICICI Bank, London	3,18,91,840	1,87,12,669
PNC Bank,New Jersey	2,55,650	2,20,550
Bank of America, California	16,61,78,323	16,86,65,656
Deutsche Bank, Phillippines	2,45,24,299	-
Royal Bank of Canada, Ontario	1,31,93,976	34,66,854

16.2.9 Related party transactions

List of Related Parties

Name of the Related Party	Country	
Infosys Technologies Limited	India	Holding Company
Infosys Technologies (Australia) Pty Limited ("Infosys Australia")*	Australia	
Infosys Technologies S.de R.L.de C.V. ("Infosys Mexico")*	Mexico	
Infosys Technologies (China) Co.Limited ("Infosys China") *	China	

* Wholly owned subsidiaries of Infosys Technologies Limited

List of key management personnel

Name of the Related Party	Designation
T.V.Mohandas Pai	Chairman and Director
Amitabh Chaudhry	Managing Director and Chief Executive Officer
S.D.Shibulal	Director
Prof.Jayanth R.Varma	Director
Sridar A.Iyengar	Director
B.G.Srinivas	Director
Eric S.Paternoster	Director

The details of the related party transactions entered into by the Group, year ended March 31, 2009 and 2008 are as follows:

(in Rs.)

Particualrs	Year ended March 31, 2009	2008
<u>Revenue transactions:</u>		
Purchase of services		

Infosys Mexico	1,38,16,874	-
Purchase of shared services including facilities and personnel		
Infosys Technologies Limited	51,18,04,218	44,55,82,100
Infosys Australia	1,34,06,832	52,52,165
Infosys Mexico	44,29,189	-
Sale of services		
Infosys Technologies Limited	1,09,66,673	33,84,446
Sale of shared services including facilities and personnel		
Infosys Technologies Limited	27,92,81,656	14,09,57,941
Infosys Australia	3,37,88,335	-
Infosys Mexico	57,68,058	-
Infosys China	10,69,304	10,308

The Group has received certain managerial services from Mr. T. V. Mohandas Pai and Mr. S. D. Shibulal, directors of the Group who are also directors of Infosys Technologies Limited, at no cost.Infosys Technologies Limited, the parent company has issued performance guarantees to certain clients for executed contracts.

Details of amounts due to or due from and maximum dues from related party for the year ended March 31, 2009 and March 31, 2008.

(in Rs.)

Particulars	As at March 31, 2009	As at March 31, 2008
Debtors		
Infosys Australia	48,05,921	-
Infosys Mexico	13,29,561	-
Infosys China	56,77,699	44,13,315
Infosys Technologies Limited	1,26,52,895	-
Creditors		
Infosys Technologies Limited	2,17,326	-
Infosys Australia	29,72,105	-
Infosys Mexico	(2,01,751)	-
Infosys China	26,49,114	1,261,281

Particulars of remuneration and other benefits paid to Managing Director during the year ended March 31, 2009 and 2008, are given below:

(in Rs.)

	Year ended March 31, 2009	2008
Salary and allowances	73,81,180	46,50,345

Provident fund, gratuity and superannuation contributions	2,77,166	2,15,081
Performance incentives	44,96,877	48,88,152
	1,21,55,223	**97,53,578**

The particulars of remuneration and benefits paid to other senior management personnel during the year ended March 31, 2009 and 2008, are given below:

(in Rs.)

	Year ended March 31,	
	2009	**2008**
Salary and allowances	-	24,62,491
Provident fund, gratuity and superannuation contributions	-	1,33,190
Performance incentives	-	40,66,814
	-	66,62,495

16.2.10 Managerial remuneration paid to non-whole time directors

Particulars of remuneration and other benefits paid to non-whole time directors during year ended March 31, 2009 and 2008, are given below:

(in Rs.)

	Year ended March 31,	
	2009	**2008**
Sitting fees	1,20,000	1,20,000
Commission	24,00,000	24,00,000

16.2.11 Investment activity

(in Rs.)

	No. of units as at		Amount as at	
Current investments	**March 31, 2009**	**March 31, 2008**	**March 31, 2009**	**March 31, 2008**
Birla Sun Life AMC Ltd Liquid Plus	-	2,06,72,280	-	20,68,63,372
TATA Asset Management Ltd Liquid Plus	-	2,60,69,588	-	26,16,23,958
Prudential ICICI Liquid PLUS Institutional Dividend	-	2,42,29,101	-	25,61,86,398
	-	**7,09,70,969**	**-**	**72,46,73,728**

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 Sun Life AMC Ltd Liquid Plus	**2,06,72,280**	**2,54,54,835**	**4,61,27,115**	**-**
	20,68,63,372	25,47,21,436	46,15,84,808	**-**
TATA Asset Management Ltd Liquid Plus	**2,60,69,588**	**6,60,206**	**2,67,29,794**	**-**

	26,16,23,958	66,25,562	26,82,49,520	-
ICICI Prudential Liquid PLUS Institutional Dividend	**2,42,29,101**	**6,16,247**	**2,48,45,348**	-
	25,61,86,398	65,15,884	26,27,02,282	-
DWS Mutual fund -Liquid Plus	-	**5,07,62,889**	**5,07,62,889**	-
	-	50,80,02,014	50,83,82,732	-
HSBC Mutual Fund Liquid Plus	-	**2,51,05,979**	**2,51,05,979**	-
	-	25,13,76,127	25,13,76,127	-
Franklin Templeton Liquid Plus	-	**4,00,36,230**	**4,00,36,230**	-
	-	40,07,12,540	40,07,12,540	-
HDFC Mutual Fund Liquid Plus	-	**1,99,00,196**	**1,99,00,196**	-
	-	20,06,11,887	20,06,11,887	-
IDFC Mutual Fund Liquid Plus	-	**1,50,86,625**	**1,50,86,625**	-
	-	15,09,49,231	15,09,49,231	-
Principal Mutual Fund Liquid Plus	-	**1,00,44,146**	**1,00,44,146**	-
	-	10,05,65,009	10,05,65,009	-
TATA Asset Management Ltd.- Growth plan	-	**2,73,16,235**	**2,73,16,235**	-
	-	33,82,49,520	34,00,02,177	-
ICICI Prudential SIP -Growth Plan	-	**2,35,14,377**	**2,35,14,377**	-
	-	36,27,02,282	36,46,60,581	-

On October 22, 2008 P-Financial Services Holding B.V., Netherlands, a wholly owned subsidiary of the company, signed share transfer agreements with the company to transfer its investments in three wholly owned subsidiaries, i.e. Infosys BPO Poland Sp z.o.o., Infosys BPO (Thailand) Limited and PAN Financial Shared Services India Private Limited, to the company. Subsequently, on October 27, 2008 P-Financial Services Holding B.V., Netherlands filed for liquidation and was wound-up on December 30, 2008 and its net assets were distributed to the company, being the sole shareholder. Consequently,Infosys BPO Poland Sp. z.o.o, Infosys BPO (Thailand) Limited and PAN Financial Shared Services India Private Limited became direct subsidiaries of the company. The investments in these subsidiaries have been recorded at the fair value of asset given up, i.e. the residual investment in P-Financial Services Holding B.V., Netherlands.Amalgamation of PAN Financial Services India Private Limited The Board of Directors in their meeting held on October 6, 2008, approved, subject to the approval of the Honorable High Courts of Karnataka and Chennai, a Scheme of amalgamation ("the Scheme") to amalgamate PAN Financial Services India Private Limited ("PAN Financial"), a wholly owned subsidiary of the Company engaged in providing business process management services, with the Company, with effect from April 1, 2008 ("effective date"). The approval of the High Court was received on April 6, 2009 and filed with the respective Registrar of Companies of Karnataka and Tamilnadu on April 6, 2009 and March 10, 2009 respectively. Accordingly on the scheme becoming effective, the financial statement of PAN Financial has been merged with the company.

The Scheme fulfills the conditions of pooling of interest method laid down in Accounting Standard 14. As per the Scheme, the assets, liabilities and reserves of PAN Financial as on April 1, 2008 have been recorded at their existing carrying amount and the book value of investment in shares of PAN Financial held by the Company and the share capital of PAN Financial have been cancelled (since PAN Financial was a subsidiary). Accordingly there is no amalgamation surplus/deficit arising on the amalgamation.

16.2.12 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.12,29,75,872 and Rs.11,47,81,997 as at March 31, 2009 and March 31, 2008 respectively.

16.2.12 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.12,29,75,872 and Rs.11,47,81,997 as at March 31, 2009 and March 31, 2008 respectively.

16.2.13 Reconciliation between basic and dilutive shares

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

(in Rs.)

	Year ended March 31,	
	2009	2008
Weighted average shares used in computing basic earnings per share	3,38,27,751	3,38,27,751
Dilutive effect of stock options	-	284
Weighted average shares used in computing diluted earnings per share	3,38,27,751	3,38,28,035

16.2.14 Disclosure for Defined Benefit Plans

Gratuity is applicable to permanent and full time employees of the Group. 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 Group.

The Group 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, 2009	As at March 31, 2008
Obligations at period beginning	7,29,76,969	4,78,76,295
Service cost	4,07,80,299	2,74,75,736
Interest cost	42,52,594	32,68,805
Benefits settled	(2,35,68,652)	(1,42,50,440)
Actuarial loss	1,39,13,415	86,06,573
Obligations at period end	**10,83,54,625**	**7,29,76,969**

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

Change in plan assets:

(in Rs.)

	As at March 31, 2009	As at March 31, 2008
Plans assets at beginning of the period, at fair value	7,72,14,922	3,49,57,318
Expected return on plan assets	64,94,791	33,91,458
Actuarial gain	18,39,632	3,84,157
Contributions	5,44,39,550	5,27,32,429
Benefits settled	(2,35,68,652)	(1,42,50,440)
Plans assets at end of the period, at fair value	**11,64,20,243**	**7,72,14,922**

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

(in Rs.)

	As at March 31, 2009	As at March 31, 2008
Fair value of plan assets at the end of the period	11,64,20,243	7,72,14,922
Present value of the defined benefit obligations at the end of the period	10,83,54,625	7,29,76,969
Asset recognized in the balance sheet	**80,65,618**	**42,37,953**

Gratuity cost for the period

(in Rs.)

	Year ended March 31,	
	2009	**2008**
Service cost	4,07,80,299	2,74,75,736
Interest cost	42,52,594	32,68,805
Expected return on plan assets	(64,94,791)	(33,91,458)
Actuarial loss	1,20,73,783	82,22,416
Net gratuity cost	**5,06,11,885**	**3,55,75,499**

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

Assumptions

Interest rate	7.01%	7.92%
Discount rate	7.01%	7.92%
Estimated rate of return on plan assets	7.01%	7.92%
Retirement age	58	58

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.

16.2.15 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 Group 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.

16.2.15a Infosys BPO Employee Stock Option Plan 2002

Infosys BPO's 2002 plan provides for the grant of stock options to employees of the Group and was approved by the Board of Directors and stockholders 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 Infosys BPO. 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 Infosys BPO in general meeting. Options granted under the 2002 plan vests over 1-6 years.

	Year ended March 31, 2009	
	Shares arising out of options	**Weighted average exercise prices (in Rs.)**
Outstanding at the beginning of the period	17,14,417	294.53
Forfeitures during the period	1,09,550	83.69
Exercised during the period	-	-
Outstanding at the end of the period	16,04,867	308.93
Exercisable at the end of the period	**7,66,151**	**283.02**

The company has not granted any options during the year ended March 31, 2009. Further there were no excercises year ended March 31,2009.

	Year ended March 31, 2008	
	Shares arising out of options	**Weighted average exercise prices (in Rs.)**
Outstanding at the beginning of the period	17,37,092	291.21
Granted during the period	-	-
Forfeitures during the period	22,675	39.74
Exercised during the period	-	-
Outstanding at the end of the period	17,14,417	294.53
Exercisable at the end of the period	4,55,955	113.71

As at March 31, 2009, 16,04,867 options are held by Infosys Technologies Limited (refer note 16.2.19b). 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, 2009 and March 31, 2008

Range of exercise prices (in Rs.)	**Stock options outstanding at the end of the period**		**Weighted average remaining contractual life at the end of the period**	
	Year ended March 31,2009	**Year ended March 31, 2008**	**Year ended March 31,2009**	**Year ended March 31, 2008**
33.12-58.33	1,64,846	1,64,846	1.26	1.75
58.34-77.89	1,18,475	1,92,025	1.69	1.66
77.90-99.20	87,600	1,23,600	2.29	2.13
99.21-162.23	23,500	23,500	3.75	1.26

162.24-195.00	4,03,961	4,03,961	4.47	2.84
195.01-214.00	26,475	26,475	4.92	1.77
214.01-230.00	1,49,610	1,49,610	5.20	3.46
230.01-310.00	1,19,300	1,19,300	6.94	3.32
310.01-604.00	5,11,100	5,11,100	13.16	3.91
	16,04,867	17,14,417	2.23	3.13

16.2.15b 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 1,51,933 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, 2009	
	Shares arising out of options	**Weighted average exercise prices (in Rs.)**
Outstanding at the beginning of the period	5,50,058	2,121
Granted during the period	-	-
Forfeitures during the period	38,298	2,121
Exercised during the period	-	-
Outstanding at the end of the period	**5,11,760**	**2,121**

The following table summarizes information about stock options as of March 31, 2009.

Range of exercise prices (in Rs.)	Stock options outstanding at the end of the period March 31, 2009.	Weighted average remaining contractual life March 31, 2009.
0- 2120.95	5,11,760	1.14

As allowed by the guidance note, the Group 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 Group's stock-based compensation plan been determined in a manner consistent with the fair value approach described in guidance note, the Group'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,	
	2009	**2008**
Net profit as reported	200,72,85,468	152,55,82,222
Less: Stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	6,83,45,198	12,90,08,140
Adjusted proforma profit	193,89,40,270	139,65,74,082
Basic EPS as reported	59.34	45.10
Adjusted		

proforma	57.32	41.28
Diluted EPS as reported	59.34	45.10
Adjusted proforma	57.32	41.28

16.2.16 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, 2009	As at March 31, 2008
Balance at the beginning of the period	2,23,96,922	88,95,213
Additional provision made during the period	2,41,34,063	1,45,10,602
Provision used during the period	52,28,699	10,08,893
Unused amounts reversed during the period	-	-
Balance at the end of the period	**4,13,02,286**	**2,23,96,922**

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

16.2.17 Segment reporting

The Group'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 Group primarily comprise customers relating to financial services, telecom 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 Group. The Group believes that it is not practical to provide segment disclosures relating to these costs and expenses, and accordingly these expenses are separately disclosed as unallocated and directly charged against total income. Fixed assets or liabilities contracted have not been identified to any reportable segments, as these are used interchangeably between segments. Accordingly no disclosure relating to total segment assets and liabilites are made.

Geographical segments are segregated based on the location of the customers, or in relation to which the revenue is otherwise recognized. All direct costs are identified to its respective verticals/ geographies on the basis of revenues from the respective verticals/ geographies while unallocable cost consists of depreciation only.

Industry segments

Year ended March **31, 2009** and March 31, 2008

(in Rs.)

Particulars	Financial services	Manufacturing	Telecom	Retail	Others	Total
Revenues	**300,88,38,167**	**413,55,15,261**	**444,25,51,056**	**18,71,05,169**	**120,80,80,768**	**1298,20,90,421**
	231,61,11,463	229,56,34,957	387,19,38,175	17,52,43,528	71,37,97,944	937,27,26,067
Identifiable operating expenses	**89,37,00,001**	**201,97,41,559**	**133,93,70,616**	**5,80,09,902**	**41,82,56,142**	**472,90,78,220**
	81,02,02,456	117,35,34,158	118,87,23,183	4,96,77,533	22,72,31,706	344,93,69,036
Allocated expenses	**131,05,88,316**	**168,35,97,549**	**195,60,07,570**	**8,22,51,447**	**51,71,89,916**	**554,96,34,798**
	104,36,94,480	90,76,46,116	173,40,39,873	7,84,82,469	31,80,56,992	408,19,19,930
Segmental operating profit	**80,45,49,850**	**43,21,76,153**	**114,71,72,870**	**4,68,43,820**	**27,26,34,710**	**270,33,77,403**
	46,22,14,527	21,44,54,683	94,91,75,119	4,70,83,526	16,85,09,246	184,14,37,101
Unallocable expenses						**46,56,94,218**
						41,83,50,333
Operating profit						**223,76,83,185**
						142,30,86,768

Other income net	**(21,36,53,902)**
	21,06,87,898
Net profit before taxes	**202,40,29,283**
	163,37,74,666
Taxes	**1,67,43,815**
	10,81,92,446
Net profit after taxes	**200,72,85,468**
	152,55,82,220

Geographical segments

Year ended March **31, 2009** and March 31, 2008

(in Rs.)

Particulars	United States of America	Europe	Others	Total
Revenues	**582,12,45,579**	**670,57,05,266**	**45,51,39,576**	**1298,20,90,421**
	450,04,12,038	482,53,52,055	4,69,61,974	937,27,26,067
Identifiable operating expenses	**197,39,35,886**	**254,49,68,697**	**21,01,73,637**	**472,90,78,220**
	170,31,61,051	174,29,83,769	3224,287	344,93,69,107
Allocated expenses	**254,29,86,731**	**281,03,87,996**	**19,62,60,071**	**554,96,34,798**
	202,63,97,187	203,42,90,900	2,12,31,772	408,19,19,859
Segmental operating profit	**130,43,22,962**	**135,03,48,573**	**4,87,05,868**	**270,33,77,403**
	77,08,53,800	104,80,77,386	2,25,05,915	184,14,37,101
Unallocable expenses				**46,56,94,218**
				41,83,50,333
Operating profit				**223,76,83,185**
				142,30,86,768
Other income net				**(213,653,902)**
				21,06,87,898
Net profit before taxes				**202,40,29,283**
				163,37,74,666
Taxes				**1,67,43,815**
				10,81,92,446
Net profit after taxes				**200,72,85,468**
				152,55,82,220

16.2.18 During the year ended March 31, 2009, the Company has recorded an expense of Rs. 26,25,46,875 relating to earlier periods towards the cost of software.

16.2.19 Previous year figures have been regrouped/reclassified, wherever necessary, to conform to the current period's presentation.

Information about subsidiaries

in Rs

Subsidiary	Infosys BPO S.R.O	Infosys BPO (Poland) Sp.Z.O.O	Infosys BPO (Thailand) Limited
Balance sheet Date	March 31,2009	March 31,2009	March 31,2009
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	27,23,19,597	56,21,17,521	10,15,21,248
Total assets	27,23,19,597	56,21,17,521	10,15,21,248
Sources of Funds			
Paid up Capital	3,49,78,993	3,93,50,000	9,38,00,000
Reserves and Surplus	23,73,40,604	42,95,67,577	-
Secured Loans	-	-	-
Unsecured loans	-	9,31,99,944	77,21,248
Application of Funds			
Net Fixed assets	3,32,80,392	39,66,96,516	10,34,13,254
Investments	-	-	-
Net Current assets	23,90,39,205	16,54,21,005	(33,90,589)
Miscelleneous expenditures	-	-	-
Accumalated losses	-	-	14,98,583
Performance of the Company			
Turnover	68,93,12,306	126,14,49,043	22,29,78,099
Other Income	12,84,47,386	(56,50,455)	(56,73,579)
Total Income	81,77,59,692	125,57,98,588	22,86,51,678
Total Expenditure	58,20,62,697	121,23,41,231	25,29,35,133
Profit/(Loss) before tax	23,56,96,995	4,34,57,357	(242,83,455)
Extraordinary Income	-	-	-
Profit/(Loss) after tax	19,43,14,615	2,75,62,157	(242,83,455)
Earnings per share from ordinary activities (Basic)	-	-	-
Earnings per share from ordinary actitivites (Diluted)	-	-	-
Dividend rate (%)	-	-	-

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

April 8, 2009

Dear Member,

You are cordially invited to attend the Seventh Annual General Meeting of the members of the company on Monday, June 15, 2009 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 Seventh Annual General Meeting of the Members of Infosys BPO Limited (the "Company") will be held on Monday, June 15, 2009 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, 2009 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. S D Shibulal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Mr. B G Srinivas, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Mr. Eric S Paternoster, who retires by rotation and being eligible, offers himself for re-appointment.
5. 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.

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modifications, the following resolution as a **Special Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956, a sum not exceeding 1% per annum of the net profits of the Company calculated in accordance with the provisions of Sections 198, 349 and 350 of the Companies Act, 1956, be paid to and distributed amongst the Directors of the Company or some or any of them (other than the Managing Director and the Executive Director) in such amounts or proportions and in such manner as may be directed by the Board of Directors, and such payments shall be made out of profits of the Company for each corresponding year, till March 31, 2014."

By Order of the Board

Bangalore — **N. R. Ravikrishnan**

April 8, 2009 — **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. S D Shibulal, Director

Mr. S.D. Shibulal is a co-founder and member of the Board of Directors of Infosys Technologies Limited. He took over from Mr. S. Gopalakrishnan as Chief Operating Officer on June 22, 2007. His focus is on increasing competitiveness, improving customer experience, improving employee engagement and increasing the depth of services.

Prior to June 22, 2007, Shibulal served as Group Head – Worldwide Sales & Customer Delivery, where he was responsible for the performance of practice units in terms of value delivered to customers, business performance, and organizational efficiency. This was complemented by his other responsibilities in fostering innovation, leadership, teamwork and work values within the organization.

In 1981 he started sales operations in the North American region and managed customer relationships for the next ten years, predominantly in the manufacturing and retail sectors.

Between 1991 and 1996 he took a sabbatical with Sun Microsystems where he was responsible for designing and implementing *Sun Plaza*, Sun's first e-commerce application, supporting online ordering, payments and distribution of software. As Senior Information Resource Manager, he was a consultant to various divisions of Sun Microsystems in the areas of architecture, auditing, implementation and security policies. He was chosen 'Producer of the Year' and received the SunIR Academy Award for 1995.

In 1997, on his return to Infosys, Shibulal established and headed the Internet Consultancy Practice and also served as Head of Manufacturing, Distribution and Y2K Business Unit. He took over as Worldwide Head of Customer Delivery in 1999 with the responsibility of creating and managing a scalable delivery organization, which he continues to hold.

Mr. Shibulal received a master's degree in Physics from the University of Kerala and an MS in Computer Science from Boston University.

Brief profile of Mr. B.G.Srinivas, Director

Mr. B G Srinivas is head of operations of EMEA for Infosys Technologies Limited. Mr. B G Srinivas has nearly 20 of experience in operations and consulting environment across multiple geographies and industry sectors. Prior to joining Infosys, Mr. Srinivas led corporate process systems for process automation and power transmission multinational, ABB. He has presented on Total quality in manufacturing at the international seminar for excellence in manufacturing and published papers on supply chains and enterprise solutions. Mr. Srinivas holds a Bachelor's degree in mechanical engineering from Bangalore University and Business Strategy with Wharton.

Brief profile of Mr. Eric S. Paternoster, Director

Mr. Eric S Paternoster joined Infosys Business Consulting Services in early 2002 as a Regional Consulting Head and is at present Head for the Insurance, HealthCare and Life Science Business Units of Infosys Technologies Limited. Mr. Eric S Paternoster has 23 years of experience in professional services/ consulting with Accenture, Ernst & Young and Infosys Technologies Limited. Prior to joining Infosys, Mr. Eric was with Accenture and Ernst & Young and handled a number of clients in banking, health care and insurance. Mr. Eric holds a engineering degree from the US Military Academy and a Masters in Business Administration in Finance from the University of Cincinnati. He also served as Infantry Officer in US Army.

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No.6

Section 309(4)(b) of the Companies Act, 1956 provides that a director who is neither in the whole-time employment of the company nor a Managing Director may be paid remuneration by way of commission, if the company by special resolution, authorizes such payment.

The proposed resolution would allow the Company to make payment by way of commission to the non-executive independent directors till the period ending March 31, 2014 in accordance with Section 309 of the Companies Act, 1956.

All the non-executive independent directors other than the Managing Director of the Company may be deemed to be interested or concerned in the resolution to the extent of the commission payable to them in accordance with the proposed resolution.

The Directors recommend the resolution for your approval

Infosys BPO Limited

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

Proxy Form

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 Monday, June 15, 2009 at 10.00 A.M. and at any adjournment(s) thereof.

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

15 Paise revenue stamp

Signature……………….....................................

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 at 10.00 A.M. on Monday, June15, 2009.

.... ………………………………………….

Member's / Proxy's name Signature of member / proxy

in BLOCK letters

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