Infosys®

Annual Report 2009-10

Infosys BPO Limited

Win in the flat world

Board of Directors

Mr. T V Mohandas Pai
Chairman

Mr. D Swaminathan
Managing Director and Chief Executive Officer

Mr. S D Shibulal
Director

Prof. Jayanth R Varma
Independent Director

Mr. Sridar A Iyengar
Independent Director

Mr. B G Srinivas
Director

Mr. Eric S. Paternoster
Director

Committees of the Board

Audit Committee

Prof. Jayanth R Varma
Chairman

Mr. Sridar A Iyengar

Mr. S D Shibulal

Compensation Committee

Prof. Jayanth R Varma
Chairman

Mr. Sridar Iyengar

Mr. T V Mohandas Pai

Share Allotment Committee

Mr. T V Mohandas Pai
Chairman

Mr. D Swaminathan

Mr. S D Shibulal

Investment Committee

Mr. T V Mohandas Pai
Chairman

Mr. D Swaminathan

Mr. Abraham Mathews

Subsidiaries

Infosys BPO s.r.o

Supervisory Board

Mr. D Swaminathan
Chairman of the Supervisory Board

Mr. Ritesh M Idnani

Mr. B G Srinivas

Mr. Abraham Mathews
Jednatel

Infosys BPO Poland Sp. Z o.o

Mr. B G Srinivas
Director

Mr. Ritesh M Idnani
Director

Mr. Abraham Mathews
Director

Infosys BPO (Thailand) Ltd.

Mr. D Swaminathan
Director

Mr. Abraham Mathews
Director

Mr. Chua Yeow Koon
Center Head, Hangzhou and Bangkok

McCamish Systems, L.L.C.

Management Committee

Mr. D Swaminathan
Chairman

Mr. Gordon Beckam
Chief Executive Officer

Mr. Eric Paternoster

Mr. Ritesh M Idnani

Mr. Sam Thomas

Registered Office
Plot No. 26/3, 26/4 and 26/6
Electronics City, Hosur Road
Bangalore 560100
Tel: 080-28522405
Fax: 080-28522411
Web Site: www.infosys.com/bpo

Global Presence

Australia – Melbourne
Level 5, 818, Bourke Street
Docklands VIC 3008
P.O. Box 528 Collins Street West
Melbourne VIC 8007
Tel. : 61 3 9860 2000
Fax : 61 3 9860 2999

Canada - Toronto
5140, Yonge Street Suite
1400 Toronto ON M2N 6L7
Tel. : 416 224 7400
Fax : 416 224 7449

India – Bangalore
Electronics City, Hosur Road
Bangalore 560 100
Tel. : 91 80 2852 2405
Fax : 91 80 2852 2411

Salarpuria Infozone
Wing A, No. 39 (P) 41 (P) and
42 (P) Electronic City,
Hosur Road
Bangalore 560 100
Tel. : 91 80 4067 0035
Fax : 91 80 4067 0034

SJR Towers
Bannerghatta Road
J. P. Nagar, III Phase
Bangalore 560 078
Tel. : 91 80 5103 2000
Fax : 91 80 2658 8676

Pavithra Complex
#1, 27th Main, 2nd Cross
1st Stage, BTM Layout
Bangalore - 560 068

India – Chennai
Temple Steps 6th and 7th Floor
No. 184, Annasalai
Saidapet
Chennai 600 015
Tel.: 91 44 6600 7000
Fax: 91 44 6600 7005

India - Gurgaon
The Presidency,
351/2, Mehrauli
Gurgaon Road
Gurgaon 122 001
Tel. : 91 124 4267 747
Fax : 91 124 3922 103

103, 7th floor
Tower A, B and C Building No. 6
DLF Cyber City Developer
Limited
Special Economic Zone Sector
24 and 25 DLF PH-3
Gurgaon, Haryana
Tel. : 0124-4583700
Fax : 0124-4583701

India – Jaipur
Plot No. E-142-143
Sitapura Industrial Area
Jaipur 302022
Tel. : 91141 2771 325
Fax : 91141 2771 325

IT-A-001 Mahindra World City
Special Economic Zone
Village Kalwara
Tahsil Sanganer
Jaipur 302029
Tel. : 0141-3956000
Fax : 0141-3956100

India – Pune
Plot No. 1, Building No. 4
Pune Infotech Park
Hinjawadi, Taluka
Mulshi
Pune 411 057
Tel. : 91 20 2293 2900
Fax : 91 20 2293 4540

Plot No. 24
Rajiv Gandhi Infotech Park
Phase II, Village Maan
Taluka Mulshi,
Pune 411 057
Tel. : 91 20 2293 2800
Fax : 91 20 2293 4540

Plot No. 24 / 3,
Rajiv Gandhi Infotech Park
Phase II, Village Mann
Taluka Mulshi
Pune 411 057
Tel: 91 20 4023 2001
Fax: 91 20 3981 5352

Philippines
2nd and 3rd Floor,
Trade Hall Metro Market,
Bonifacio Global City
Fort Bonifacio Taguig City Metro
Manila, Philippines
Tel. : 632 856 3319
Fax : 632 856 3320

United Kingdom
14th Floor 10
Upper Bank Street
Canary Wharf
London E14 5NP
Tel. : 44 20 7715 3388
Fax : 44 20 7715 3301

United States
400 Crossing Boulevard
1st Floor, Bridgewater
NJ 08807
Tel. : 1 908 450 8209
Fax : 1 908 842 0284

Subsidiaries

Infosys BPO s.r.o
Holandka 9,
63900, Brno
Tel. : 420 542212406
Fax : 420 543236349

Infosys BPO Poland Sp.Z o.o.
Al. Piłsudskiego
22 90-051 Lodz,
Poland
Tel. : 48 42 291 8000
Fax : 48 42 291 8081

UL. Gdanska
47 90-729 Lodz,
Poland
Tel. : 48 42 291 8205
Fax : 48 42 291 80 73

Infosys BPO (Thailand) Ltd.
No.1768, 26th Floor
Thai Summit Tower
New Petchaburi Road
Bangkapi Huaykwang
Bangkok 10310
Tel. : 662 614 3444
Fax : 662 614 3333

McCamish Systems, L.L.C.
6425, Powers Ferry Road
Third Floor Atlanta,
GA 30339
Tel: 1 800-366-0819
Fax: 1 770-690-1800

Contents

CEO and CFO Certification

To
The Board of Directors
Infosys BPO Limited
Bangalore

We, D Swaminathan, Chief Executive Officer and Managing Director, and Abraham Mathews, Head-Finance of Infosys BPO Limited, to the best of our knowledge and belief, certify that :-

1. We have reviewed the Balance Sheet and Profit and Loss account (standalone and consolidated), and all the schedules and notes on accounts, as well as the Cash Flow statements, and the Directors' 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 statements made, in light of the circumstances under which such statements were made, not misleading with respect to the statements made.

3. Based on our knowledge and information, the financial statements, and other financial information included in this report, present in all material respects, a true and fair view of the Company's affairs, 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. To the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct.

5. We are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company, and we have :-

   a) Designed such disclosure controls and procedures to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared.

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Generally Accepted Accounting Principles (GAAP).

   c) Evaluated the effectiveness of the Company's disclosure, controls and procedures.

   d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

6. We have disclosed based on our most recent evaluation, wherever applicable, to the Company's auditors and the audit committee of the Company's Board of Directors (and persons performing the equivalent functions):-

   a) There were no deficiencies in the design or operation of internal controls, that could adversely affect the Company's ability to record, process, summarize and report financial data, and there have been no material weaknesses in internal controls over financial reporting including any corrective actions with regard to deficiencies.

   b) There were no significant changes in internal controls during the year covered by this report.

c) All significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements.

d) There were no instances of fraud of which we are aware, that involve the Management or other employees who have a significant role in the Company's internal control system.

7. In the event of any materially significant misstatements or omissions, we will return to the Company that part of any bonus or incentive or equity-based compensation, which was inflated on account of such errors.
8. We affirm that we have not denied any personnel, access to the audit committee of the Company (in respect of matters involving alleged misconduct) and we have provided protection to whistleblowers from unfair termination and other unfair or prejudicial employment practices.
9. We further declare that all Board members and senior managerial personnel have affirmed compliance with the code of conduct for the current year.

s/d	s/d
D Swaminathan Managing Director and Chief Executive Officer	Abraham Mathews Head-Finance

Bangalore
April 8, 2010

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, 2010.

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 United States of America, Czech Republic, Poland, Thailand and Philippines.

Financial overview in Rs. in Crore

	March 31, 2010	March 31, 2009
Revenue from business process management services	1126.63	1081.53
Gross profit/ (loss)	525.06	453.28
Operating profit/ (loss) after interest and depreciation	**267.32**	211.29
Profit /(loss) after tax	273.81	178.42

Share capital

During the year under review, Your company has not issued any shares and hence the outstanding issued, subscribed and paid-up equity share capital stands at Rs. 33.83 Crore as on March 31, 2010 (Rs. 33.83 Crore as on March 31, 2009)

Acquisition of McCamish Systems LLC

Our Company entered into a Members Interest and purchase agreement to acquire all of the outstanding membership interests of McCamish Systems LLC ("McCamish"). The total consideration for the deal is Rs. 173 Crore and a contingent consideration of Rs. 67 Crore.

Founded in 1985, McCamish provides premier business process outsourcing services to the insurance, retirement and financial service industries. McCamish provides these services leveraging their proprietary platforms. McCamish supports both traditional and non-traditional life insurance and annuities across multiple markets, and counts half of the top 20 insurers among its many clients. For the past three years, their platforms have been consistently rated among the top platforms in the insurance and financial services space. For the year ended 31 December 2008, McCamish reported revenue of USD 38.2 million. For the nine months ending 30 September 2009, they reported revenue of USD 19.6 million. The company has approximately 260 employees based in Atlanta. This deal will enhance our capability to deliver end-to-end business solutions for the insurance, retirement and financial service industries. There is a high of complementary fit between the two companies in terms of customers and capabilities. We believe that such platform-BPO driven offerings will give us superior differentiation in the industry.

Consequent to the above acquisition, Infosys BPO Limited has the following subsidiaries as at March 31, 2010

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%
4	McCamish Systems LLC	United States of America	100%

Appropriations

Transfer to reserves

Your Company proposes to transfer Rs 200 Crore to the General Reserves.

Retained earnings

Your Company proposes to retain Rs 475.30 Crore in the Profit and loss account.

Performance Overview

Amidst an uncertain business environment, tough demand, and a highly volatile currency scenario, Infosys BPO grew at 4.17% YoY(standalone) and 6.85%(Consolidated) in terms of revenue. There continues to be optimism in the company for a brighter picture in the coming year. We continue to proactively focus on improving our internal efficiency.

The company continues to provide truly global delivery to our clients through our delivery locations world-wide. This year, we expanded our footprint in Brazil with the opening of a new BPO facility at Belo Horizonte. We acquired McCamish, a premier business process solutions provider based in US, which will enhance our capability to deliver end-to-end business solutions for our insurance and financial services clients with a compelling value proposition. It will also give us access to McCamish's client base. We also under took an organization wide Business Value Program to tie multiple ongoing effort/value enablers on differentiation and transformation with our "realized value" positioning.

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 largest bank holding companies in the United States, a large Indian telecom services provider, a mega Rural BPO project for one of the State Governments, a global law firm, which advises some of the world's leading organizations on transactions and operations, a multinational computer technology provider, one of the largest German mobile telephone providers among others.

Our robust HR practices continue to contribute towards improving employee satisfaction and retention. Key initiatives have been launched and evolved towards enhancing skill sets of our middle and junior level leadership. Tie-ups have been made with Premier Institutes for providing employees with further opportunities for higher education. Infosys Role And Career Enhancement ("iRACE") initiative was launched to enable us to clearly define ongoing talent management needs while simultaneously linking career movement to competencies and proficiency requirements, performance and client impact.

We participated in industry events like the European Supply Chain and Logistics Summit 2009, Gartner Customer Relationship Management Summit, International Federation of Purchasing and Supply Management World Summit, Sustainable Development, Green Retrofit and Construction 2, NASSCOM BPO Summit, among others. There is an increase in frequent and positive mentions of Infosys BPO across analyst firms (Gartner, Forrester, AMR, IDC, Everest, TBR, etc.) and service lines. Our work in the outsourcing space was validated by key influencers, as we were recognized for several achievements.

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

- Focus on world class capabilities around domain, process consulting, middle level 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 measurable business value to clients
- Focus on winning more clients and large deals to build on our current revenue growth and establish ourselves as industry leaders
- Substantially enhance the revenue productivity for services and provide dedicated focus on specialized services such as Knowledge Services, Business transformation services etc.,
- Leverage Infosys Technologies Limited's client relationships to cross sell Infosys BPO services

- Integrate McCamish with Infosys BPO for a prolonged sustainable relationship, which will help us differentiate in marketplace
- Increase focus on Agility in Operations for smooth running of transition, hiring, predictability in Operations Risk model, building on International Centers value proposition

Results of operations

The performance of the company during the year has been excellent. The total revenue increased by 4.17% over the previous year to Rs. 1,126.63 Crore from Rs. 1,081.53 Crore. The Company ended the year with net profit of Rs. 273.81 Crore when compared with the previous year of Rs. 178.42 Crore. The company added 27(net) customers and now has 87 customers. The company ended the year with 17,934 employees having added 825 (net) employees during the year.

Human Resources Management

"HR in emerging times"

The key role played by HR in the business environment of 2009-10 was to align, reorient and establish key HR practices for meeting employee and organization requirements.

With the shift in business priorities, HR needed to be the differentiator – the market killer; one that transforms the business context and moves from the role of a support function to that of a change agent and strategic business partner.

The key focus during the entire year was on differentiated HR strategies in Career Architecture, Developing Leadership pipeline and Employee Engagement (LITMUS-Employee Satisfaction Survey)

The key initiatives under each of this are as follows:-

1. Career Architecture

iRACE – Infosys Role And Career Enhancement

iRACE was initiated in May 2008 and the new structure was implemented from October 2009. The iRACE framework was driven by business to create an organization structure that will enable the organization to cope competitively in the emerging environment.

Organization Imperative:
Build a robust business infrastructure to remain viable in current evolving market conditions, at the same time lay the foundation for the future organization .
Customer Imperative:
Create a value proposition for customers that transcend traditional operating models capabilities.
Employee Imperative:
Invest in people so that they respond effectively to business realities and are able to build meaningful careers in the market place.

iRACE is the largest transformation initiative that the organization has ever taken.

Based on the emerging market realities, management took a decision to create a new organization structure that would align with business imperatives, Company philosophy and employee needs and talent market pressures. This necessitated the creation of a new structure which would address the needs unmet by a role based structure:-

- The need for a flexible structure that would allow emerging businesses and new roles to co-exist with current business/renewed roles
- The need to provide internal and external parity for all roles
- The need to be able to provide the employee with growth avenues in career streams
- The need to focus on building domain expertise within the organization
- The need to reduce hierarchy and span of control within delivery
- The need to link the role anchored to the value delivered by the employee

- The need to focus on "tenure" as criteria for progression – employees perceived the "Total years of experience" as a leading criterion for current role fitment and promotion

The new structure was to be created based on pivotal design elements:-

- Ensure balance between business realities and employee career growth aspirations
- Ensure business affordability of the new structure
- Facilitate relevant skill building within the organization
- Drive meritocracy within the organization
- Facilitate movement of employee across all businesses
- Establish a structure that would be applicable over the next 5 years
- Must be scalable keeping in mind organization size and growth potential

The diagnostic study was the first step in the iRACE initiative. Based on the analysis and results of the study, iRACE was designed through the following phases:-

- Plan - Project Planning and Business understanding
- Diagnose - Organizational Diagnosis
- Design – Job Analysis, Position Evaluation and Grading, Career Architecture
- Deliver – Implementation and Transition, Periodic Review and Ongoing Progress

Management of change was critical to the deployment of the initiative. There were two simultaneous activities which were the cornerstones of change management:-

- Communication and Roll out of iRACE
- Impact Analysis and People Mapping

To highlight some of the key benefits

Employee Benefit - The ability to position the organization effectively to prospective employees and hence attract talent. We are also able to offer our existing employees with viable career paths and career alternatives thus retaining existing employees.

Customer Benefit - The ability to position ourselves as a leader in the industry with strong HR practices.

Business Impact - The ability to create a flexible and scalable structure that is relevant to new businesses and can adapt to changing business needs. A structure that is applicable in the event of business growth and cross border expansion and enables higher revenue generation

2. Developing Leadership Pipeline.

- **MMLP (Middle Management Leadership Program)** –To create a robust middle management development process and to ensure a constant supply of home grown leaders at Infosys BPO, MMLP was launched and this year we witnessed the successful closure of MMLP both in Bangalore and Pune. We had 100 Middle Managers successfully graduate from this program. 18 STRAP related projects were initiated and completed by the participants under the able mentorship of senior management.
- **JMLP (Junior Management Leadership Program)** – JMLP was launched to extend an education based training program through a collaboration with Welingkar Institute of Management Development and Research. Currently we are running 2 batches of JMLP.
- **New Executive Education Programs**

Other than the regular HEP (Higher Education Programs) run successfully year on year, the key initiative of the year is the launch of two executive education programs from the Indian Institute of Management Ahmedabad. Executive Education Programs aim at building business competencies and provide comprehensive insight into management functions.

For the first time, Infosys BPO is:

- Partnering with IIM-A (Indian Institute of Management – Ahmedabad), one of the most coveted management development institutions in India.
- Introducing Synchronous Learning Platforms, in association with NIIT Imperia, giving us the ability to run classroom sessions across multiple DCs concurrently.

The two courses being offered in partnership with IIM across all career streams/functions, across all DCs in India are:-

- Certificate Program in Management
- Certificate Program in Business Management.

3. Employee Engagement/LITMUS

The two key action tracks covered under these are:

Proactive Employee communication

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.

- **Senior Management to Employees**

The various forums open for communication with the senior management were Meet Your Leader, Floor Walks, 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. These are structured and calenderised to ensure that employees are connected with management.

- **Organization to Employees.**

Panorama, Infosys BPO's intranet, supports over 17,000+ employees across our centers globally. This is used as the primary channel of communication through which the information gets 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. "Manager's Portal" is a one stop shop for all senior and middle level managers, which provides all the real-time information/ tools necessary to perform better and gain a competitive edge. "Communications Portal" on Panorama is a central repository for all the communication done in the organization. A knowledge sharing program called "Knowledge Nuggets" has also been started where articles/ cutting-edge practices related to management and leadership are shared with the managers in the organization.

- **Employee to Employee**

Through the "Team Huddle" program, the Team Leader receives information on policy, organization, day to day updates etc on a weekly basis. The focus further deepened with the Team Leader to be the first and the most pervasive layer of communication to the employees. To enable peer to peer communication and networking, a program called "Let's Connect" is conducted to bring together all senior and middle level managers together and give them opportunities to interact with each other through innovative sessions.

- **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. "Family day" is also conducted for the new recruits to be able to bring their families to the campus and introduce them to the Infosys Family.

International Center Alignment

The success of the culture in a system is characterized by the view that a whole system of beliefs must be analyzed rather than simply its individual components. The criticality of this aspect has been continually endorsed by the management through deployment in mediums like strategy meets and scorecards.

The people parameter being the most critical link of any M&A story, HR's role as a change agent became critical. We needed to be culturally inclusive and globally diverse. The organization witnessed a major change in 2006 when the company decided to enter into inorganic growth through acquisitions. A business triumph of this magnitude then needed a focused approach from the integration team in order to ensure a seamless alliance in terms of people, processes and technology, with no disruptions in business as usual. This focus came in the form of a step by step process of integration, branding and communication campaign which drove the assimilation message across all levels and all locations.

The major steps of the integration process were:

- HR Due Diligence
- Defining Key HR Objectives
- Articulating the HR Focus Areas
- Implementation and Execution of the plan and
- Assessment of the integration process (results)

Subsidiaries

A. Infosys BPO s.r.o

We incorporated Infosys BPO s.r.o. in the year 2004 in the Czech Republic, as a wholly owned subsidiary. Your company till March 31, 2010, has invested an amount of Rs 3.5 Crore (18,750,000 Czech Koruna) towards its equity capital. Your company provides 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 had 5 Clients and generated revenue of Rs 59.45 Crore as against revenue of Rs 68.93 Crore for the year ended March 31, 2009 with a net profit of Rs 1.39 Crore as against a profit of Rs.19.43 Crore for the year ended March 31, 2009.

During the year under review, the Centre's operations were stable. Employee attrition went down significantly. The portfolio of clients was extended with Sales and Fulfillment operations being added for one additional client. Exchange rate fluctuations had a negative impact on the Centre's financials, though the centre still maintains its positive profitability.

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 138.15 Crore as against revenue of Rs 126.14 Crore for the period ended March 31, 2009 with a net profit of Rs 19.74 Crore as against a profit of Rs 2.76. Crore for the period ended March 31, 2009.

During the year under review, the Centre's revenue grew by 15% year on year in PLN terms. Employee attrition was around 15%. The overall headcount was 850. The centre increased its language capability from 8 languages to 12 languages and enhanced its recruitment capabilities for all European Languages. 40% of the revenues come from high-end services (Tax, SOX Compliance, FP&A reporting and analysis, FP&A Consolidation of financial statements, BTS). The centre had 30 SIX SIGMA individuals under certification. The centre was the Co-founder of post graduate studies on outsourcing (University of Lodz) which is the first outsourcing post graduate studies program in Poland. The centre increased its continuous Focus on F&A, Procurement and data management services by taking the following steps-

1. Developed Finance Center of Excellence
2. Started S&P Center of Excellence

The centre's work was validated by key influencers, as it was recognized for several achievements during the year 2009:-

- Best in supporting young entrepreneurial people (Business Center Club, 2009)
- Business Partner of the Year (University of Lodz, 2009)
- Best business ambassador of the City (City of Lodz, 2009)
- Fastest growing BPO Center in Poland (FORBES, 2009)

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 26.04 Crore as against revenue of Rs 22.30 Crore for the period ended March 31, 2009 with a net profit of Rs 2.06 Crore as against a loss of Rs 2.43. Crore for the period ended March 31, 2009.

D. McCamish Systems LLC

Consequent to the purchase of Members Interest in McCamish Systems LLC ("McCamish"), Infosys BPO has become the sole member of McCamish with effect from December 4, 2009. During the period from December 4, 2009 to March 31, 2010 the company generated revenue of Rs 38.02 Crore with a loss of Rs 17.67 Crore. During the period under review, it focused on the integration into the Infosys family and taking the combined sales offerings to the marketplace.

Located in Atlanta, Georgia, McCamish, is a platform based business process outsourcer (BPO) that provides end to end administrative services to the financial services industry in support of life insurance and annuity products, non qualified retirement plans and the distribution organizations that sell these products. McCamish leverages its suite of proprietary intellectual property and deep domain expertise to provide services through a myriad of deployment options including comprehensive BPO, SaaS license and other hybrid service models. McCamish customers, include many of the largest financial services companies in the United States, they hire to support single products, a single line of business or the customer's entire product portfolio. While McCamish deploys a unique instance of its base software product for each customer, each customer also requires and funds customer specific enhancements based on their proprietary product and market requirements. These revenues, which are generated under time and materials engagements, augment the recurring revenue flows from the long term master service contracts. McCamish's intellectual property utilizes an advanced service oriented architecture that promotes seamless integration with customer specific operating models. McCamish's business has been historically focused on the US market, but there are no geographical constraints to market expansion.

Infosys BPO acquired McCamish in December 2009 to enhance its life insurance and retirement services footprint both in the US and abroad. With this acquisition, Atlanta also becomes our BPO onshore delivery center in the US.

Awards/ recognition and certifications

Our work in the outsourcing space was validated by key influencers, as we were recognized for several achievements.

- Infosys BPO positioned in Leader's Quadrant in Gartner's Magic Quadrant for F&A BPO
- Listed as a Top Enterprise Provider in FAO Today's Annual Survey
- Infosys BPO Poland is 'Company Supporting Young Entrepreneurial People for 2009' at the 2009 BCC Annual Award function
- Infosys BPO won ASTD Excellence in Practice Award, which honors 'Diversity Initiative'
- Infosys BPO has been conferred the prestigious Asia Pacific-Global HR Excellence award
- Infosys BPO and BT Openreach won the prestigious RMMY 2009 award, aimed at recognizing those providers who are investing in their organizational capability to build working relationships that deliver value
- NelsonHall published Philips-Infosys named case study highlighting FandA success and relationship
- Winner of MAKE awards (Most Admired Knowledge Enterprise) 2009
- Infosys BPO got level 5 eSCM-SP certification
- Infosys BPO featured in the Other Best Employers list in the **BT – Mercer Best companies to work survey (Jan 09)**
- **Diversity Hiring in the Valuing Differences** category has been selected to receive the ASTD Excellence in Practice Award (Jan 09)
- Won the award for **Innovation in Retention Strategy** for the Employer Branding Awards (Feb 09)
- Won the **Most Innovation Recruiting and Staffing Initiative** in the RASBIC forum (Feb 09)
- Conferred the Global HR Excellence Award for **Contribution to the Field of Global Training** and Development and **Organization with Innovative HR Practices** (Sep 09)

- Received **the Women Super Achiever Award** - Dr Archana Arcot (Head – Organization Development) in the Employer Branding Awards 2009 (Nov 09)
- Awarded the IVth best paper at the Bangalore HR Summit – IHRD for the paper presentation on **Innovation in Recruitment Process' (Dec 09)**

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 ongoing 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 and societal expectations

Your company's corporate governance initiative is based on the following principles

- Satisfy the spirit 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 is the trustee of the share capital and not the owner.

We wish to state that your company has complied with all norms of corporate governance applicable to Unlisted Public Companies as envisaged under the Companies Act, 1956

Committees of the Board

1. Audit Committee

As on March 31, 2010, 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, 2010, 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, 2010, 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, 2010, 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 to the CEO

1. Mr. Amitabh Chaudhry, Managing Director and Chief Executive Officer (till January 15, 2010)

The Board of Directors in their meeting held on January 10, 2006 appointed Mr. Amitabh Chaudhry as the Managing Director and CEO for a initial term of five (5) years. Mr. Amitabh Chaudhry resigned as the Managing Director and CEO of the company with effect from closing of business hours of January 15, 2010.

The details of remuneration paid to Mr. Amitabh Chaudhry for the period from April 1, 2009 through January 15, 2010 are as follows-

In Rupees

Particulars	April 1, 2009 to January 15, 2010	March 31, 2009
Salary, allowances including contributions to Provident Fund, Gratuity, Superannuation allowance and Performance incentive.	1,79,85,427	1,21,55,223

2. Mr. D Swaminathan, Managing Director and CEO (from January 16, 2010)

The Board of Directors in their meeting held on January 7, 2010 appointed, subject to the approval of the shareholder in a General Meeting, Mr. D Swaminathan as the Managing Director and CEO for a initial term of five (5) years with effect from January 16, 2010 or till his attaining the age of superannuation whichever is earlier.

The details of remuneration paid to Mr. D Swaminathan for the period from January 16, 2010 till March 31, 2010 is as follows-

In Rupees

Particulars	January 16, 2010 to March 31, 2010
Salary, allowances including contributions to Provident Fund, Gratuity, Superannuation allowance and Performance incentive	10,49,153

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 Prof. Jayanth R Varma and Mr. Sridar Iyengar retire by rotation in the forthcoming Annual General Meeting. Prof. Jayanth R Varma and Mr. Sridar Iyengar 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 of Prof. Jayanth R Varma and Mr. Sridar Iyengar as Directors of the Company have been incorporated in the notice of the ensuing Annual General Meeting.

Mr. Amitabh Chaudhry resigned as the Managing Director and Chief Executive Officer of the Company and also from the Board with effect from January 15, 2010 and in his place Mr. D Swaminathan was appointed as the Managing Director and Chief Executive Officer of the Company and to the Board with effect from January 16, 2010 subject to the share holders approval in the ensuing General Meeting. Mr. Amitabh Chaudhry has been associated with our Company from July 2003 and has contributed immensely for our Company's current success. The Directors place on record their sincere appreciation for the services rendered by Mr. Amitabh Chaudhry while he was the Managing Director and Chief Executive Officer of the Company and also as a Member of the Board.

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 Corporate Affairs, Government of India vide Letter of Approval No. 47/670/2009-CL-III dated March 3, 2010, 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 AS 21 issued by the Institute of Chartered Accountants of India, the consolidated financial statements presented by your company include financial statements of its subsidiary. The annual accounts of the subsidiary companies will also be kept for inspection by any member of the Company.

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 various countries where we have operations. Your directors also thank the Government of India, particularly the Ministry of Communication and Information Technology, the Department of Electronics, the Customs and Excise Departments, Software Technology Parks – Bangalore, Pune, Jaipur, Gurgaon, Chennai and the Ministry of Commerce and Industry, the Ministry of Finance, Ministry of Corporate Affairs, the Reserve Bank of India, the Department of Telecommunications, the State Governments 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

-s/d	-s/d
T. V. Mohandas Pai	D Swaminathan
Chairman	Managing Director and Chief Executive Officer

Bangalore

April 8, 2010

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, 2010

Not applicable

3. Technology absorption, adaptation and innovation

Not applicable

4. Foreign exchange earnings and outgo

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

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

b Foreign exchange earned and used for the year ended

in Rs. Crore

	March 31, 2010	March 31, 2009
Foreign exchange earnings	1,105.35	1,047.05
Foreign exchange outgo (including capital goods and imported software packages)	262.93	174.35

For and on behalf of the Board of Directors

-s/d -s/d

T. V. Mohandas Pai D Swaminathan

Chairman Managing Director and Chief Executive Officer

Bangalore

April 8, 2010

b) Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particular of employees) rules,1975, and forming part of the directors report for the year ended March 31, 2010.

Sl. No.	Name	Designation	Qualification	Age (Years)	Date of joining	Experience (Years)	Gross remuneration (Rs.)	Previous employment - Designation
1	Abraham Mathews	Head Finance - IBPO	B.Com, CA, CWA, CPA,CMA	47	15-Dec-03	21	70,33,622	OnMobile Asia Pacific (P)Ltd, Fin Cont
2	Amit Kothiyal	Strategic Business Unit Head	B.tech, MBA	34	1-Sep-03	11	34,76,317	HSBC, Branch Manager
3	Amit Kumar Gupta	Solution Design Head	BSC, MCA, PGD	41	14-Aug-08	18	32,68,597	Hexaware Technologies, Program Director
4	Amit Nagpal	Delivery Lead	Bsc, PGD	41	11-Oct-07	21	43,50,574	Cognizant Technologies,Director-Healthcare BPO
5	Amit Ramesh Yadav*	Senior Operations Manager	B.com, CA	34	2-May-08	10	23,67,907	Tata Consultancy Services, Ast Consdultant
6	Amitabh Chaudhry*	CEO – BPO and Global Unit Head - IVS	B.E , PGDBM	45	18-Apr-03	23	1,79,85,427	Credit Lyonnais Securities Asia Ltd, MD
7	Amulya Kapoor*	PR - Business Manager	BA, MBA	40	7-Feb-05	12	12,77,483	Brendan wood international, sr equity analyst
8	Anirudh Dendukuri	Delivery Lead	BE	38	1-Jul-02	15	38,15,857	Customer Asset -Manager
9	Anis Abdulhusein Lakdawala	Services Head-Client Operations	BE	39	30-Aug-07	18	31,62,790	Dell Intl Services, Area Manager
10	Anup Kapoor	Tower Head	BA, CA	44	2-May-08	20	47,78,545	Ansal Properties and Infra Ltd, CFO
11	Ayan Chakraborty	Tower Head	B.E , PGDM	38	19-Nov-03	14	63,82,420	Citi Bank, AVP
12	Bharat Kidambi*	PR - Business Manager	BA, MA	37	3-Jan-05	12	19,81,117	Mckinsey and Co,Analyst
13	Bharath Vasudevan	Senior Solution Design Head	B.Tech, PG-OT	32	10-Apr-08	10	37,14,965	Dell International Services, Sr.Consultant
14	Binny Mathews	Delivery Lead	Bsc, PGD	41	14-Aug-08	16	26,04,999	Mjunction Services Ltd,Sr.General Manager
15	Clifford M Pai	HR Business	BA	43	7-May-07	16	37,72,526	Glenmark Pharmaceutials

Sl. No.	Name	Designation	Qualification	Age (Years)	Date of joining	Experience (Years)	Gross remuneration (Rs.)	Previous employment - Designation
		Leader						Ltd, GM
16	Dandapani Swaminathan	Chief Executive Officer and Managing Director – BPO	CA	56	1-Apr-04	30	1,23,04,326	OTE Group - Oman , Sr.GM
17	Deepak Bhatia	Tower Head	BE, MBA	42	3-Apr-06	20	56,82,287	Trininty Computers, Head operations
18	Deepak Kapoor*	Lead – Client Operations and Services	B.com, CA, ICWA	36	14-Oct-09	14	10,53,918	Genpact, Asst Vice President
19	Dependra Mathur	Head – Talent Planning and Training	B.E , PGDM	45	19-May-06	21	54,09,831	Wep Periperals, GM
20	Dr. Archana Arcot	Head - Organization Development	BA, MA, PGD, Ph.d	36	8-May-09	13	32,42,173	Wns Global Services (P) Ltd, Vice President
21	Gaurav Malik*	Senior Consultant	B.com, PGD	37	12-Nov-09	13	8,14,112	Genpact India, Assistant Vice President
22	Ghanshyam Singh	Lead – Client Operations and Services	B.com	40	19-Mar-07	17	26,10,714	Sutherland, Sr Program Manager
23	Gopal D Kulkarni	Quality functional Head	B.E, Diploma	36	2-Dec-04	14	30,39,203	Ispat Industries Ltd,Manager
24	Gopal Devanahalli	Strategic Business Practice Head - CME	MSC, PGD	41	17-Aug-07	17	79,50,466	Infosys Technologies Ltd, VP
25	Hariprasad Karnam Bhupasamudram	Head - Platforms	BE,Master in Mgmt studies	39	6-Dec-07	12	51,16,015	Oracle India Pvt Ltd, SM
26	Harish T S	Senior Consultant - Alliances	MBA	42	20-Sep-07	16	25,55,139	Sybase Software Pvt Ltd, Manager
27	Janardhan Narasimhan*	Services Head-Client Operations	B.com, CA	44	15-Apr-09	21	15,69,486	Gmac Financial Services, Managing Director

Sl. No.	Name	Designation	Qualification	Age (Years)	Date of joining	Experience (Years)	Gross remuneration (Rs.)	Previous employment - Designation
28	Kapil Jain	Strategic Business Unit Head	MBA	43	13-Feb-06	19	68,67,392	Infosys Technologies Ltd, SM
29	Kavitha Krishnarao	Solution Design Head	BE, PGDM	32	3-Apr-06	9	26,83,403	Hindustan Lever Ltd, SM
30	Kunal Chatterjee	Senior Manager - Quality	Bcom	42	3-Jul-08	22	28,94,461	Rr Donnelley India, Director - Quality
31	Kunal Kumar Kundu*	PR - Senior Manager	Bsc, Msc, PGD	40	10-Aug-05	13	14,58,767	Fitch Ratings India Pvt Ltd,Analyst
32	Lakshminarasimha K	Regional Manager - IT Service, Support and Operations	Diploma	37	20-Oct-03	19	31,26,635	24/7 Customer .Com, Manager
33	Madhukar Tata*	Delivery Lead - Business Transformation Services	BE, MS	39	17-Jun-09	15	23,46,793	Mckinsey And Company, Practice Expert
34	Mamatha Upadhyaya*	PR - Business Manager	BSC, MS, CA	42	9-Jan-06	14	17,69,141	Northerm Trust,VP
35	Manisha Banthia*	PR - Group Manager	Bsc, MBA	39	17-Jul-08	13	10,26,625	Iflex Solutions Ltd,Sr.consultant
36	Mauram Madhukar Reddy	Quality functional Head	B.sc, M.sc	47	22-Dec-04	19	30,22,810	Avineon India Ltd
37	Meera Vasudeva Innanje	Tower Head	B.Com, ACS	53	10-Oct-05	30	60,49,503	Global Services Pvt Ltd, AVP
38	Mukesh V S	Solution Design Head	BA, MBA	38	23-Oct-08	15	25,56,145	Alpha Business Ent (P) L,Consultant
39	N. Hariharan	Program Lead Transition	B.tech, M.tech	40	1-Oct-07	17	35,24,809	Philips Electronics, Director Operation
40	Nandini S*	PR - Group Manager	BE, Msc	36	17-Jan-06	9	16,56,523	Infosys Technologies Ltd, AM
41	Narayanan Sampath	Head - Transition	BE, MBA	50	6-Oct-06	29	62,84,909	Tata Consultancy Services, Head Operation
42	Natha Arun Kumar	Services Head- Client Operations	ACA, CWA	37	7-Jun-06	18	24,09,485	Accenture, GM

Sl. No.	Name	Designation	Qualification	Age (Years)	Date of joining	Experience (Years)	Gross remuneration (Rs.)	Previous employment - Designation
43	Neela Mohan Subudhi Konchada	Delivery Lead	CA	39	10-Aug-05	15	37,71,809	Oracle (GFIC),Senior Manager
44	Nikhil Gupta	Principal Consultant - Solution Design	Bsc, PGD	34	21-Mar-06	8	24,15,935	G.E. Capital International Services, Manager
45	Nithya Prabhakar	Services Head- Client Operations	Bsc, Msc	46	5-Dec-08	23	31,59,050	Infosys Technologies
46	P C Ramesh	Tower Head	BE, PGD	40	27-Sep-07	14	29,41,320	Genpact, AVP
47	Poonam Vishal Vasudeva*	PR - Business Manager	BA, LLB	42	13-Sep-07	19	19,73,296	Pangea3 legal database, Director
48	Prabal Pakrasi	Senior Operations Manager	B.com, M.com, ICWA	56	1-Oct-07	31	26,05,237	Philips, General Manager
49	Pradeep Kumar G	Principal Technology Specialist - IT Services	Bsc, B.tech	46	13-Mar-09	23	31,30,823	Ing Vysya Life Insurance, General Manager
50	Pramod Padmanabhan	Services Head- Client Operations	BSC	39	30-May-07	17	27,20,414	First Source Solutions, Dgm Operations
51	Prashant Kala	Senior Manager - Planning and Assurance	B.com, MBA	35	25-May-05	11	25,79,320	GE Process Solutons, Llc, Financial Analyst
52	Prashant Radhakrishnan	Solution Design Head	Bcom, PGD	36	21-Aug-08	14	32,57,640	Dell International Services,Sr. Program Manager
53	Prashant Somesh Vaishnav	Services Head- Client Operations	BE, PGD	37	25-Apr-07	12	24,80,120	HP Globalsoft Ltd, Manager
54	Praveen Gopalkrishna Kombial	Solution Design Head	B.Tech, PGD	37	16-Jan-06	12	27,83,894	Ge Country Wide, AVP risk
55	Pravin Sangal*	Practice Lead	ME	49	27-Jan-10	26	3,75,872	Itaas India Pvt Ltd, COO
56	Puneet Gill	Regional Center Head	BBS, PGD	37	1-Aug-03	12	57,32,018	Job Street India Pvt, Regional Manager
57	Purnima Menon	Principal - Marketing	B.com(H), M.com	38	9-Jul-07	16	40,10,499	Avaya Global Connect,Hear Marcom

Sl. No.	Name	Designation	Qualification	Age (Years)	Date of joining	Experience (Years)	Gross remuneration (Rs.)	Previous employment - Designation
		Manager						and PR
58	Radhakrishnan Anantharaman	Strategic Business Practice Head – Business Platforms	BE (Honors), PGDM	42	2-May-07	19	1,04,89,482	Infosys Technologies Ltd, AVP
59	Raghavan S*	Associate Business Development Manager	BE, PGD	36	2-Nov-09	12	7,65,126	Symphony Services, Client Director
60	Raghavendra K	Head Human Resource Development - BPO	Bcom, PGD	49	5-Aug-08	25	56,55,571	Strides Acrolab Ltd, VP-HR
61	Rahul Shah	PR - AVP - Operations	BT, PGDM	39	13-Mar-06	15	33,28,818	Infosys Technologies Ltd, Consultant
62	Rajesh Bansal*	Senior Consultant - Solution Design	B.com, CA	41	27-Jul-09	20	16,60,926	Genpact India, AVP
63	Rajesh G Asrani*	Lead – Client Operations and Services	B.com	42	13-Aug-09	17	17,16,527	I Gate Global Solutions, Sr. Principal Consultant
64	Rajesh Mahabal Shetty	Tower Head	Bcom	43	20-Jul-05	21	54,02,606	Trac Mail, AVP
65	Rajiv Bhasin*	Lead – Client Operations and Services	BSc, MBA	45	2-Apr-07	22	23,29,102	GSBC (WWICS), CEO
66	Rajiv Raghunandan	Strategic Business Practice Head – Sales and Fulfilment	ICWAI, IIM	35	13-Dec-02	12	40,64,838	Arthur Andersen, consultant
67	Ramakrishnan Natarajan	Tower Head	BSC, PGDM	51	1-Mar-06	27	58,43,288	Loreal India Ltd, Logistics Manager
68	Raman Mahajan*	Principal Consultant - Solution Design	B.com, CA	35	22-Feb-10	12	2,45,110	Genpact, AVP

Sl. No.	Name	Designation	Qualification	Age (Years)	Date of joining	Experience (Years)	Gross remuneration (Rs.)	Previous employment - Designation
69	Ravi Panchanadan	Strategic Business Practice Head – Sourcing and Procurement	BE, PGD	46	24-Apr-08	22	61,26,962	Intel Technology India,Global Contracts Manager
70	Ravi Shankar V K	Tower Head	Graduate	43	24-Jun-02	27	38,80,928	Freelance Trainer
71	Ravichander Sundaram	Tower Head	BE	46	16-Apr-07	23	43,57,957	Popular Motor corporation, GM
72	Ravichandran Natarajan	Lead – Client Operations and Services	BSC, PGD	35	8-May-08	12	27,82,166	Equinox Global Service Ltd, Asst Vice President
73	N R Ravikrishnan	Company Secretary	Bcom, ACS, B.L , ICWA(I)	44	22-Jan-03	24	24,37,090	Speech and Speak software Technology, Company Secretary
74	Ravishankar P*	PR - Business Manager	B.Com, CA	42	4-Jul-05	16	19,64,830	ICICI Securities, VP
75	Rishi Kumar Jain	Head - IBPO Planning and Assurance	BE, MTech	37	26-Sep-07	14	44,07,038	Infosys Technologies Ltd,Group Manager
76	Rohit Mehrotra*	Services Head- Client Operations	B.com, CA	41	1-Feb-10	17	4,19,848	Wipro Ltd, Sr. Practice Manager
77	Samir Arvind Pradhan	Services Head- Client Operations	BE, PGD	34	29-Dec-05	12	32,69,203	Infosys Technologies Ltd,Sr.Manager
78	Sandeep Ratan Lal*	Services Head- Client Operations	BE, MS	46	8-Sep-09	22	16,23,500	Inga Farms Ltd, Director Supply Chain
79	Sandeep Subhash Joshi	Head - Talent Acquisition	BE, MHRM	36	10-Aug-06	15	28,18,770	Efunds Intil India Pvt Ltd,SDL
80	Sanjay Nayak	Tower Head	BE, PGD	41	8-May-08	18	36,27,741	Cognizant Tech Solution,Sr. Manager
81	Santanu Das	Senior Operations Manager	B.com, M.com, CA	52	1-Oct-07	15	29,77,992	Philips Shared Service Center, Sr. Manager
82	Satish Nair	Head - Key Solutions	BE, MBA	38	15-Jun-04	12	40,95,841	Fabmall (India) Pvt Ltd, Head Tech service
83	Seetharaman	Unit Head –	B.E, PG-Dip	51	3-Apr-06	29	1,07,44,918	Eicher Motors LTD,

Sl. No.	Name	Designation	Qualification	Age (Years)	Date of joining	Experience (Years)	Gross remuneration (Rs.)	Previous employment - Designation
	Vaitheeswaran	MFG						Director
84	Shamita Chatterjee	Head – Compensation and Benefits and International HR	BA(Honors), PGDM	39	13-Oct-03	17	49,86,175	Thinkharbour consultancy,Co-founder
85	Sheshadri B C	Head - Quality - BPO	B.Sc, MBA, LL.B, AII	46	23-Jun-04	23	76,51,474	Infosys, Delivery Manager
86	Shubha Subramanian	Delivery Lead	Bcom, ACA, MBA	40	7-Aug-08	12	26,14,780	Wipro Ltd, Finance Manager
87	Sree Kumar Ravuri	Delivery Lead	BTech, PGDM	40	27-Sep-07	19	38,61,550	Crossdomain Solutions pvt ltd, VP
88	Srikanth Vj Tanikella*	PR - Group Manager	B.Tech, PG- OT	33	21-Apr-03	8	19,91,927	Accenture Strategic Service,Analyst
89	Srimathi Kanakapura Swamy	Practice Manager - IT Service, Support and Operations	BE	40	4-Jan-06	19	62,98,186	Infosys Technologies Ltd, Group prd manager
90	Srinivas Ranganathan	Senior Solution Design Head	BA, CA	44	29-Nov-07	9	45,40,523	Genpact, VP
91	Subrat Mohanty	Strategic Business Unit Head	BE	33	4-Nov-02	10	61,92,055	Accenture services pvt ltd.
92	Sumanth Muthukrishnan	Delivery Lead	Bcom, CA	41	2-Jan-09	18	37,84,136	Accenture Services Pvt Ltd, VP
93	Suresh Nambiar	Principal - CAG	B.com, ICWAI	40	3-Jan-08	10	35,18,349	Bharati Airtel ltd.Deputy General Manager
94	V Raja	Quality functional Head	B.E, PGDM	42	1-Dec-04	19	55,88,571	Maven Bpo Services, COO
95	Varun Gupta*	Principal Consultant - Solution Design	B.tech, PGD	32	22-Oct-09	13	11,49,369	Boston Consulting Group, Consultant
96	Venkatgiri Vandali	Tower Head	BE	37	20-May-02	15	48,83,635	Godrej Appliances, Manager
97	Vijay Narsapur	Senior Solution Design Head	B.tech, PGD	38	16-Feb-09	17	34,79,969	Aditya Birla Minacs, SVP - Operations

Sl. No.	Name	Designation	Qualification	Age (Years)	Date of joining	Experience (Years)	Gross remuneration (Rs.)	Previous employment - Designation
98	Vinay Gopala Rao	Delivery Lead	B.com, CA, Diploma	42	4-Jun-07	19	39,19,580	KP Rao and Company, Partner
99	Vinay Viswanath Peshwa	Solution Design Head	B.Tech	37	18-Apr-08	14	24,01,718	Infosys Technologies Ltd,Delivery Manager
100	Vineet Chandak	Delivery Lead	Bcom(H),ICWAI, CWA, CA	38	3-Apr-08	14	40,92,493	Accenture, General Manager
101	Vipul Taneja*	Engagement Manager	BE, PGD	34	7-Apr-09	11	8,04,482	Equaterra Europe Ltd, Senior Consultant
102	Vivek Lakhotia*	Lead – Client Operations and Services	B.tech, MBA	38	27-Oct-09	12	9,62,094	Edelweiss Securities Ltd, Vice President
103	Yogesh Jagga	Lead – Client Operations and Services	BE, MMS	41	17-Jul-08	18	27,04,475	Parsec Technologies Ltd,CFO

* Employed during the part of the year and has drawn more than Rs. 2 Lakhs remuneration per month.

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, 2010

For and on behalf of the Board of Directors

-s/d	-s/d
T. V. Mohandas Pai	D Swaminathan
Chairman	Managing Director and Chief Executive Officer

Bangalore

April 8, 2010

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

-s/d	-s/d
T. V. Mohandas Pai	D Swaminathan
Chairman	Managing Director and Chief Executive Officer

Bangalore

April 8, 2010

Management's Discussion and Analysis (Consolidated)

Overview

Our Business

Infosys BPO Limited ("Infosys BPO") was incorporated on April 3, 2002 as "Progeon Limited" and offers business process outsourcing solutions to its global clients by leveraging process, domain and people management expertise. At Infosys BPO we have built our organization around managing risk for our clients through a scalable, cost-effective and predictable delivery platform. We focus on acquiring "strategic' clients with whom we can build a deep and wide relationship over time. The company is committed to providing best-in-class services to both horizontal and vertical focus areas. Horizontal solutions comprise of Customer Service, Finance and Accounting, Knowledge Services, Human Resource, Order Management and Procurement, while Vertical (Industry) solutions include Banking and Capital Markets, Communication Media and Entertainment, Manufacturing, Emerging Market Segments, Insurance and Healthcare, Retail, Energy, Utilities and Resources, Automotive and Aerospace, Transportation and Services.

We believe in continuously building a business mix, which will allow us to provide long-term and continuing benefits to our clients. Our objective is to enable our customers move up the risk-reward curve, by providing them the benefits of outsourcing, while effectively managing and mitigating risks associated with off-shoring based on our experience and process management skills.

Infosys BPO provides business process management services to organisations that outsource their business processes. Infosys BPO is a wholly owned subsidiary of Infosys Technologies Ltd. Rich industry experience within our Product Management Group as well as the Domain Competence Group (Infosys) helps us understand the evolving needs of our clients better and provides us with the ability to offer appropriate solutions across different industry verticals and horizontals, quickly.

Since inception, Infosys BPO has focused on end-to-end outsourcing and operates on the principle that true BPO is transformational, in addition to the cost arbitrage, Infosys BPO consistently demonstrates enterprise wide improvement in client operations through process optimization, process re-engineering and best practices.

Financial Condition and Business Performance

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956, and Generally Accepted Accounting Principles (GAAP) in India. The management of Infosys BPO accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. The estimates and judgments relating to 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 and profits for the year.

A. Financial condition

Financial Position as on March 31, 2010 at a glance — **in Rs Crore**

		2010	%	2009	%	Growth %
	Sources of Funds Shareholder's funds					
Share Capital	Share Capital	33.83	3.49%	33.83	4.91%	0.00%
Reserve and surplus	Reserve and surplus	935.48	96.51%	655.07	95.09%	42.81%
		969.31	100.00%	688.90	100.00%	42.81%
	Application of funds					
	Fixed assets					
Original cost	Original cost	706.81	72.92%	387.05	56.18%	82.62%
Depreciation	Depreciation	(197.50)	(20.38%)	(149.51)	(21.70%)	49.22%

Net book value	Net book value	509.31	52.54%	237.54	34.48%	114.41%
Capital Work in Progress	Capital Work in Progress	0.47	0.05%	59.64	8.66%	(99.21%)
		509.78	52.59%	297.18	43.14%	71.54%
	Investments	200.82	20.72%	0.00	0.00%	
	Deferred tax assets	17.12	1.77%	12.49	1.81%	37.13%
	Current assets, loans and advances					
Sundry debtors	Sundry debtors	238.30	24.58%	259.07	37.61%	(8.02%)
Cash and bank balances	Cash and bank balances	249.60	25.75%	364.78	52.95%	(31.57%)
Loans and advances	Loans and advances	212.04	21.88%	154.40	22.41%	37.33%
		699.94	72.21%	778.25	112.97%	(10.06%)
Current liabilities	Current liabilities	425.96	43.95%	376.48	54.65%	13.14%
Provisions	Provisions	32.39	3.34%	22.54	3.27%	43.70%
		458.35	47.29%	399.02	57.92%	14.87%
	Net current assets	241.58	24.92%	379.23	55.05%	(36.30%)
		969.31	1.00	688.90	1.00	40.70%

- Current Year generated free cash flows to the tune of Rs. 340.08 Crore (Net Profit plus Depreciation).
- Infrastructure and facilities (including CWIP) increased by Rs. 260.59 Crore during the year ended March 31, 2010 which accounts for 67.33% of the opening gross block.
- Cash and Cash Equivalents were at Rs. 484.92 Crore as on March 31, 2010 as against Rs. 412.78 Crore as on March 31, 2009.

1. Share capital

In Rs. Crore

Year ended		**Mar 31, 2010**		**Mar 31, 2009**
	No.s	**Rs.**	**No.s**	**Rs.**
Balance at the beginning of the year Equity Shares of Rs.10 each	3.38	33.83	3.38	33.83
Add: Shares issued during the year upon conversion of Options issued under 2002 plan	-	-	-	-
Balance at the end of the year	**3.38**	**33.83**	**3.38**	**33.83**

The company has one class of shares - Equity shares of par value Rs. 10 each.
During the current year there were no changes to the Issued, Subscribed and Paid up Share Capital.

2. Reserves and surplus

Reserves and surplus comprise of the following:-

In Rs. Crore

Year ended	Mar 31, 2010	Mar 31, 2009
Securities premium account	25.49	25.49
Capital Redumption Reserve	1.14	1.14
Foreign exchange translation reserve	4.98	3.91
General Reserve	400.00	200.00
Balance in profit and loss account	503.87	424.53
Total Reserves and Surplus	**935.48**	**655.07**

3. Fixed assets

In Rs. Crore

As Of	Mar 31, 2010	Mar 31, 2009	Growth % YoY
Gross Book Value			
Goodwill	309.70	83.07	273%
Land	11.55	11.55	-
Building	89.56	48.84	83%
Lease-hold Improvements	36.83	35.31	4%
Plant and machinery	100.84	73.35	37%
Computer equipment	113.08	96.61	17%
Furniture and fixtures	45.14	38.22	18%
Vehicles	0.11	0.10	9%
Total	**706.81**	**387.05**	**83%**
Less: Accumulated Depreciation	197.50	149.51	32%
Net block	**509.31**	**237.54**	**114%**
Add: capital work-in-progress	0.47	59.64	(99%)
Net fixed assets	**509.78**	**297.18**	**72%**
Depreciation as a % of total revenues	4.4%	3.6%	
Accumulated depreciation as a % of gross block	27.9%	38.6%	

Increase in goodwill is mainly due to the acquisition of McCamish.

Details of Location wise leased built up area and seats are as under:-

Location	Mar 31, 2010 sq. ft.	Mar 31, 2010 seats	Mar 31, 2009 sq. ft.	Mar 31, 2009 seats
Bangalore	585,076	8,516	590,648	8,347
Pune	406,194	5,271	428,936	6,045
Jaipur	333,618	4,425	186,743	1,834
Gurgaon	96,887	1,117	96,887	1,182
Chennai	39,416	419	39,416	419
Manila	63,056	1,180	39,188	650
Brno	39,809	454	39,809	454
Lodz	76,781	855	76,982	864
Bangkok	11,916	200	11,916	200
Atlanta	40,104	273	-	-
USA and Germany (for sales force)	2,443	41	1,966	33
Total	**1,695,300**	**22,751**	**1,512,491**	**20,028**

As of March 31, 2010 there is increase in 146,875 sq. ft of space and 2,591 seats for Jaipur location when compared to the previous year. Atlanta has been added as a new location with 273 seats, consequent to the acquisition of McCamish.

4. Subsidiaries of Infosys BPO

Infosys BPO s.r.o

Infosys BPO s.r.o (earlier known as Progeon s.r.o) was incorporated on February 4, 2004, under the laws of Czech Republic and is the wholly owned subsidiary of Infosys BPO Limited. As on March 31, 2010 Infosys BPO Ltd has invested Rs. 3.50 Crore in the share capital of Infosys BPO s.r.o.

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

Infosys BPO (Poland) Sp.Z.o.o is a wholly owned subsidiary of Infosys BPO Limited formed under the laws of Poland. As on March 31, 2010 Infosys BPO Ltd has invested Rs. 3.94 Crore in the Share capital of Infosys BPO (Poland) Sp.Z.o.o.

Infosys BPO (Thailand) LTD.

Infosys BPO Thailand Ltd is a wholly owned subsidiary of Infosys BPO Limited formed under the laws of Thailand. As on March 31, 2010 Infosys BPO Ltd has invested Rs. 9.38 Crore in the share capital of Infosys BPO (Thailand) Limited.

McCamish Systems LLC

On December 4, 2009, Infosys BPO acquired 100% of the voting interests in McCamish Systems LLC (McCamish), a business process solutions provider based in Atlanta, Georgia, in the United States. The business acquisition was conducted by entering into a Membership Interest Purchase Agreement for a cash consideration of Rs. 173 Crore and a contingent consideration of Rs. 67 Crore. The acquisition was completed during the quarter and accounted as a business combination which resulted in goodwill of Rs. 227 Crore.

5. Deferred tax assets

The company benefits from certain significant tax incentives provided to companies rendering business process management services under the Indian tax laws. The Government of India provides tax incentives to companies set up in designated STPs (Software Technology Parks) by way of tax holiday periods which is restricted to 10 consecutive years beginning from the financial year when the unit started rendering business process management services or March 31, 2011, whichever is earlier.

Infosys BPO also has operations in 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.

Our branch located at Manila, Philippines has been registered under PEZA- registered ECOZONE IT (Export) enterprise. The profits arising from operations of the centre are exempted from corporate taxes for a consecutive period of four years from the financial year in which the centre commences its operations. Presently, the centre enjoys the benefit of exemption of corporate taxes until March 31, 2011. There after the centre also enjoys concessional rate of corporate tax being registered under PEZA.

Income taxes are computed using the tax effect accounting method, where the taxes are accrued in the same period the related revenue and expenses arise. 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 liability or a deferred tax asset is recorded for all timing differences, namely the differences that originate in one accounting period and reversed in another. The tax effect is calculated on the accumulated timing differences at the end of an accounting period, based on the prevailing enacted or substantially enacted regulations.

Deferred tax assets are recognized only to the extent there is reasonable certainty that the asset can be realized in the future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, are recognized only if there is a virtual certainty of realization.

Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized. For the year ended March 31, 2010, the company has recognised a deferred tax asset of Rs.17.12 Crore as compared to Rs. 12.49 Crore for the year ended March 31, 2009.

6. Sundry debtors

Sundry debtors amount to Rs. 238.30 Crore as of March 31, 2010 as compared to Rs. 259.07 Crore as of March 31, 2009. The need for provisions is assessed based on various factors including collectibles of specific dues, risk perceptions of the industry in which the customer operates and general economic factors which could affect the customer's ability to settle. Provisions are generally made for all debtors outstanding for more than 180 days as also for others, depending on the management's perception of the risk. For the year ended March 31, 2010 provision for doubtful debts amounted to Rs. 0.48 Crore.

Debtors are at 17.18% and 19.96% of revenues for the years ended March 31, 2010 and March 31, 2009 respectively. The Company generally provides 30-60 days credit to its customers. Age wise analysis of debtors is as follows:-

In %

Period in days	Mar 31, 2010	Mar 31, 2009
0-30	50%	41%
31-60	32%	49%
61-90	5%	8%
More than 90 days	12%	2%

7. Cash and cash equivalents

In Rs. Crore

As of	Mar 31, 2010	Mar 31, 2009
Cash balances	0.09	0.04
Bank balances in India		
1. Current accounts	10.84	22.84

2. Deposit accounts	185.50	317.00
Bank balances – overseas		
1.Current accounts	28.49	20.25
2.Deposit accounts	24.68	4.65
Total cash and bank balances	**249.60**	**364.78**
Add:Deposits with financial institutions / body corporate	34.50	48.00
Add: Investments in Mutual Funds	200.82	0.00
Total cash and cash equivalents	**484.92**	**412.78**
Balance in current accounts as % total Cash and Bank Balances	16%	12%
Cash and cash equivalents as a % of total assets	50%	60%
Cash and cash equivalents as a % of revenues	35%	32%

The bank balances in India include both Rupee accounts and foreign currency accounts. The bank balances in overseas current accounts are maintained to meet the expenditure of the overseas branches and to meet project-related expenditure overseas. The deposit accounts in India represent deposits for short tenures and the details are given below.

In Rs. Crore

As of	**Mar 31, 2010**	**Mar 31, 2009**
Indian Overseas Bank	9.00	-
Kotak Bank	35.50	-
State Bank of Hyderabad	24.00	-
Allahabad Bank	50.00	-
ICICI Bank and Corporation Bank	49.50	58.00
Syndicate Bank	17.50	-
ING Vysya Bank	-	28.00
State Bank of India	-	26.00
IDBI Bank	-	50.00
Standard Chartered bank	-	38.00
Bank of Maharashtra	-	44.00
Bank of Baroda	-	48.00
HSBC Bank	-	25.00
Total	**185.50**	**317.00**

Cash and Cash equivalents includes surplus money invested in mutual funds, deposits with financial institutions and body corporate.

In Rs. Crore

As of	Mar 31, 2010	Mar 31, 2009
Deposits with Financial Institutions and Bodies Corporate	34.50	48.00
Total	34.50	48.00

8. Loans and advances

In Rs. Crore

As of	Mar 31, 2010	Mar 31, 2009
Prepaid Expenses	7.22	4.47
Advances for supply of Goods and services	7.74	7.67
Loans and Advances to employees	13.09	9.04
Deposit With Govt. authorities	0.11	0.01
Electricity Deposits	1.47	0.36
Rental Deposits	25.82	22.46
Advance Tax and Tax Deducted at source (net)	24.95	5.41
Deposits with body corporate*	34.50	48.00
MAT Credit Entitlement	41.82	22.65
Cenvat Credit Entitlement	22.23	16.55
Unbilled Revenue	22.12	10.12
Interest Accrued but not due	0.72	2.03
Other Assets	3.23	5.63
Mark to market gain on forward exchange contract and options	7.02	0.00
Total	**212.04**	**154.40**

* Deposits with body corporate is classified under Cash and Cash Equivalents.

- Employee and Other Advances comprise of salary and travel advances to employees both in India and abroad, which is recoverable within a year.
- Deposit with Government authorities represents deposits with sales tax authorities.
- Electricity and other deposits represent deposits with electricity boards and with communication service providers.
- Rent deposits are towards buildings on lease by the Company for its operations.
- Unbilled revenues comprise the revenue recognized in relation to efforts incurred on fixed-price and time and material contracts not billed as of the year end. The unbilled revenues as of March 31, 2010 and March 31, 2009 amounted to Rs. 22.12 and Rs. 10.12 Crore respectively.
- Other assets represent Interest accrued but not due on deposits with banks and financial institutions, down payment on domestic current assets and clients reimbursements.

The company’s liability towards income tax is fully provided for. The details of advance income tax are given below:-

In Rs. Crore

As of	Mar 31, 2010	Mar 31, 2009
MAT Credit Entitlement	41.82	22.65
Advance Income Tax	24.95	5.41
Total	**66.77**	**28.07**

9. Current liabilities and Provisions

In Rs. Crore

As of	Mar 31, 2010	Mar 31, 2009
Sundry Creditors for capital goods and Expenses	4.70	8.79
Accrued Salaries and Allowances	29.50	32.64
Accrued Ex-Gratia and Incentive Payable to employees	98.51	67.96
Leave Encashment	22.19	14.78
Withholding and other payables	2.17	1.85
Provision for expenses	201.00	232.01
Unearned revenue	15.79	12.30
Others	82.01	25.07
Provision for Income Tax	2.49	3.64
Total	**458.36**	**399.02**

- Sundry creditors for capital goods represent the amount payable to vendors for the supply of goods, both domestic and overseas.
- Sundry Creditors for expenses comprise of employee claims and money payable to vendors for services rendered.
- Accrued Salary Payable includes provision for salaries, allowances and variable pay to employees both in India and abroad.
- Accrued bonus and incentives include the provision for performance and salary incentives payable to the staff.
- Retirement Benefits comprise of provision for the company's liability for leave encashment and gratuity.
- Withholding and other taxes payable represent tax deducted at source on contractors, foreign payments, professional charges, rent payments, Salaries, Advertisement, ESI/PF payable etc.
- During the current year, increase in other liabilities is mainly on account of contingent consideration of Rs. 65.51 Crore.

10. Unearned revenue

Unearned revenue represents revenue not recognised due to non conformity with revenue recognition principles. The unearned revenues amounted to Rs. 15.79 Crore and Rs. 12.30 Crore as on March 31, 2010 and March 31, 2009 respectively.

B. Results of Operations

In Rs. Crore

	Mar 31, 2010	Mar 31, 2009
Income	1,387.18	1,298.21
Gross Profit (Before Depreciation and Selling marketing and General Administration)	585.04	504.03
Gross Profit %	42.17%	38.82%
Operating Profit (PBIDTA)	339.60	270.34
Net Profit	279.33	200.73
Net Profit %	20.14%	15.46%

- Consolidated Revenues for the year were Rs. 1387.18 Crore as against Rs. 1298.21 Crore for the previous year registering an increase of 6.9%

- Net Income for the current year ended March 31, 2010 was Rs. 279.33 Crore as compared to Rs. 200.73 Crore for the previous year.
- Gross Addition to headcount at 6,927 compared to 6,105 during the previous year.

1. Income

In Rs. Crore

Year ended	Mar 31, 2010	%	Mar 31, 2009	%	Growth
Revenues					YoY
Overseas	1,385.52	99.88%	1,297.78	99.97%	6.76%
Domestic	1.66	0.12%	0.43	0.03%	283.81%
Total	**1,387.18**	**100%**	**1,298.21**	**100%**	**6.9%**

Revenues for the current year increased by 6.9% as compared to the immediate preceding year.

Analysis of Consolidated Revenues

During the year ended March 31, 2010, revenues have increased by 6.9%, compared to increase of 38.5% during the previous year. The company's revenues are also segmented into onsite and offshore revenues. Onsite revenues are those services which are performed at client sites as part of transition or discovery services, while offshore services are those services which are performed at the company's operations centers. The onsite-offshore mix has a significant impact on the revenues. The details of Revenues and products are as follows:-

In Rs. Crore

Year Ended	Mar 31, 2010	%	Mar 31, 2009	%
Onsite	62.18	4%	41.26	3%
Offshore	1325.00	96%	1256.95	97%
Total	**1387.18**	**100%**	**1298.21**	**100%**

The growth in service revenues is due to an all-round growth in various segments and in business volumes. The details of the man months efforts are given below:-

Year Ended	Mar 31, 2010	Mar 31, 2009
Onsite	1,000	751
Offshore	128,614	130,632
Billed-total	**129,614**	**131,383**
Non-billable	42,259	48,684
Training	8,793	16,044
Total	**180,666**	**196,111**
Support	11,140	10,847
Total	**191,806**	**206,958**

Revenues by Project Type

The company's revenues are generated principally on time and material basis; transaction based pricing and fixed price contracts. Revenue from fixed price contracts is recognized as per the proportionate completion method. On time and material contracts, revenue is recognised as the related services are rendered.

The segmentation of service revenues based on project types is as follows:-

Year Ended	Mar 31, 2010	Mar 31, 2009
Fixed price	2.5%	0.8%
Transaction Based Pricing	16.9%	10.4%
Time and material	80.6%	88.8%
Total	**100.0%**	**100.0%**

There has been a change in Project type mix during the year on account of addition of McCamish in the 3rd quarter and addition of 3 more clients in the 4th quarter on transaction based Pricing.

Revenues by Industry Segments

Infosys BPO offers Business process outsourcing solutions to several clients and its service offerings span across multiple industry segments. Following is the break up for revenue by industry:-

Year Ended	Mar 31, 2010	Mar 31, 2009
Insurance, banking and financial services		
Insurance	5.7%	3.0%
Banking and financial services	17.2%	20.1%
Manufacturing	35.4%	31.9%
Retail	1.4%	1.4%
Telecom	28.6%	34.2%
Energy and Utilities	2.2%	1.8%
Transportation and logistics	0.0%	0.0%
Services	1.0%	1.9%
Others	8.5%	5.7%
Total	**100.0%**	**100.0%**

During the current year there was a decrease in the Banking and financial segment and Telecom revenues is mainly due to ramp down of sub-processes of a few clients

Revenues by Geographic Region

Revenue is also analysed in terms of the client locations spread across the globe. Infosys BPO offers services to the clients located at different parts of the world, both offshore and onsite. Revenues by location are:-

Year Ended	Mar 31, 2010	Mar 31, 2009
North America	51.34%	44.84%
Europe	44.89%	51.65%
Others	3.77%	3.51%
Total	**100.0%**	**100.0%**

During the current year decrease in revenue proportion for Europe region in March 2010 as compared to March 2009 due to ramp down of sub-processes of a few clients

Client Concentration and new business development

As of March 31, 2010, the company has 87 active clients. The company has been consistently providing value added services to its existing clients resulting in better visibility and stability of revenue streams. The following table provides information about client concentration:-

Year Ended	Mar 31, 2010	Mar 31, 2009
Active Clients	87	60
Added during the year	32	17
Deleted During the year	5	1
Revenue – top client	14%	22%
Revenue – top 5 clients	43%	52%
Revenue – top 10 clients	57%	67%

Voice Vs Non-Voice

Infosys BPO has from the beginning advocated a non-voice BPO strategy. The management is of the opinion that non voice would offer greater opportunities for process improvements, higher client retention and greater revenues. For the current year ended March 31, 2010, the voice and non voice proportion was at 21:79 whereas for the previous year, the voice and non-voice proportion was 25:75.

Expenditure

In Rs Crore

Year Ended	Mar 31, 2010 Total	%	Mar 31, 2009 Total	%	Growth % (YoY)
Revenues	1387.18	100.0%	1298.21	100.0%	6.9%
Cost of Revenue	802.14	57.8%	794.18	61.2%	1.0%
Gross profit	585.04	42.2%	504.03	38.8%	16.1%
Selling and marketing	80.47	5.8%	63.64	4.9%	26.4%
General and administration	164.98	11.9%	170.05	13.1%	(3.0%)
Total	245.45	17.7%	233.69	18.0%	5.0%
Operating profit before Depreciation	339.60	24.5%	270.34	20.8%	25.6%
Depreciation	60.75	4.4%	46.57	3.6%	30.4%
Operating profit	278.85	20.1%	223.77	17.2%	24.6%
Other income	25.60	1.8%	(21.37)	(1.6%)	(219.8%)
Profit before tax	304.45	21.9%	202.40	15.6%	50.4%
Provision for tax	25.12	1.8%	1.67	0.1%	1400.0%
Profit After Tax	279.33	20.1%	200.73	15.5%	39.2%

2.1 Cost of Revenues

In Rs Crore

Year Ended	Mar 31, 2010 Total	%	Mar 31, 2009 Total	%	Growth % (YoY)
Personnel Costs	577.92	41.7%	527.88	40.7%	9.5%
Travel and Conveyance	51.81	3.7%	65.99	5.1%	(21.5%)
Consultancy	48.09	3.5%	56.03	4.3%	(14.2%)
Cost of software	18.12	1.3%	43.53	3.4%	(58.4%)
Communication	33.58	2.4%	35.31	2.7%	(4.9%)
Rent	48.05	3.5%	46.84	3.6%	2.6%
Other expenses	24.58	1.8%	18.59	1.4%	32.2%
Total	802.14	57.8%	794.18	61.2%	1.0%
Revenues -	1387.18		1298.21		

Employee Cost consists of salaries paid to employees in India and includes overseas staff expenses. Details of total billed and non-billable persons month and gross Addition for the year are as follows:-

Year Ended	Mar 31, 2010	Mar 31, 2009
Billed Person Month	129,613	131,383
Non Billable and Training Person Month	51,052	64,728
Gross Addition	6,927	6,105
Aggregate Employees	17,932	17,080

During the current year decrease in non billable person month is higher in comparison to billed person month resulting in improved utilization

The utilization rates of billable employees are as below:-

As of	Mar 31, 2010	Mar 31, 2009
Including trainees	72%	67%
Excluding trainees	75%	73%

- Travelling expenses, representing cost of travel abroad for transition and discovery, client visits, local conveyance etc constituted approximately 3.7% and 5.1% of total revenue for the year ended March 31, 2010 and March 31, 2009 respectively.
- Consultancy charges represent the cost of sub-contractors used for operational activities. The company uses these consultants mainly to meet mismatch in certain skill-sets that are required in various projects and will continue to use external consultants for some of its project work on a need basis. It also includes sub contractor charges of an existing client.
- Cost of software packages represents the cost of software packages and tools procured for internal use by the company for enhancing the quality of its services. The company's policy is to charge such purchases to the profit and loss accounts in the year of purchase.
- A major part of the company's revenue comes from offshore business process services. This involves the large-scale use of communication links in order to be online with clients. Communication expenses represent 2.4% and 2.7% of revenues for the years ended March 31, 2010 and March 31, 2009 respectively.
- Other expenses represent computer maintenance, office maintenance, consumables and general expenses, recruitment and training expenses which were 1.8% of revenues for the year ended March 31, 2010 and 1.4% of revenues for the year ended March 31, 2009.

2.2 Selling and marketing Costs

in Rs Crore

Year Ended	Mar 31, 2010 Total	%	Mar 31, 2009 Total	%	Growth % (YoY)
Employee Costs	64.41	4.6%	45.22	3.5%	42.4%
Travel and Conveyance	8.10	0.6%	9.58	0.7%	(15.5%)
Brand Building	0.75	0.1%	0.70	0.1%	6.5%
Professional Charges	0.52	0.0%	0.26	0.0%	105.4%
Recruitment Exp	1.20	0.1%	0.17	0.0%	625.0%
Rent	1.10	0.1%	1.35	0.1%	(18.3%)
Others	4.38	0.3%	6.36	0.5%	(31.2%)
Total	80.47	5.8%	63.64	4.9%	26.4%
Revenues	1387.18		1298.21		

- The Company incurred Selling and marketing expenses at 5.8% of its revenue during the current year as compared to 4.9% during the previous year.
- Employee costs consist of salaries paid to sales and marketing employees and include the bonus payments made to sales personnel.
- Brand building expenses are payments made to PR agencies.
- Professional charges primarily relate to payments made for legal charges, translation charges, etc. It also includes consultant charges towards recruitment of sales personnel.
- Rent comprises of overseas and domestic rent payments for space utilised by sales and marketing team.
- Other Marketing Expenses represents communication expenses, printing and stationery, recruitment charges, postage and courier and other miscellaneous expenses.
- At the end of the current year, Infosys BPO had 87 clients as compared to 60 clients in the previous year.

2.3 General and administration expenses

in Rs Crore

Year Ended	Mar 31, 2010		Mar 31, 2009		Growth %
	Total	%	Total	%	(YoY)
Personnel Costs	77.54	5.6%	74.89	5.8%	3.5%
Professional Charges	5.84	0.4%	7.39	0.6%	(21.0%)
Rent	4.53	0.3%	3.75	0.3%	20.8%
Power and fuel	19.26	1.4%	18.54	1.4%	3.9%
Telephone	4.90	0.4%	5.70	0.4%	(13.9%)
Travel and Conveyance	4.85	0.3%	6.72	0.5%	(27.9%)
Cost of Software	0.76	0.1%	2.03	0.2%	(62.3%)
Office Maintenance	22.08	2.0%	25.69	2.0%	(14.1%)
Insurance Charges	6.60	0.5%	7.02	0.5%	(5.9%)
Other expenses	18.61	1.3%	18.32	1.4%	(1.58%)
Total	164.98	11.9%	170.05	13.1%	(3.0%)
Revenues	1387.18		1298.21		

- The Company incurred General and administration expenses amounting to 11.9% of its total revenue during the current year
- Professional charges include fees paid for availing services of consultants, US GAAP audit and legal fees. Professional charges also include payments towards ISO and SAS Audits, Brokerage fees, etc.

3. Operating profits

During the year ended March 31, 2010 the company earned an operating profit (profit before interest, depreciation and tax) of Rs. 339.60 Crore representing 24.48% of total revenues as compared to Rs. 270.34 Crore representing 20.82% of total revenues during the previous year.

4. Interest

The company continued to be debt-free during the year.

5. Depreciation and Amortization

The company provided a sum of Rs. 60.75 Crore towards depreciation for the year ended March 31, 2010 representing 4.38% of total revenues as against Rs. 46.57 Crore for the year ended March 31, 2009 representing 3.59% of total revenues. The depreciation and amortization as a percentage of average gross block is 11.11% and 14.31% for the years ended March 31, 2010 and March 31, 2009 respectively.

6. Other income

Other income includes interest received on deposits from banks and other financial institutions, dividends from mutual fund investments exchange differences and other miscellaneous income.

in Rs Crore

Year Ended	Mar 31, 2010	Mar 31, 2009
Interest Income		
On deposits with financial institution/bodies corporate	2.02	3.36
On deposits with banks	15.28	20.60
Dividend income	4.74	2.62
Profit on Sale of Investment	0.22	0.41

Exchange differences	(1.75)	(65.16)
Miscellaneous Income	5.09	16.70
Interest on Income Tax Refund	0.00	0.10
Total	25.60	(21.37)

7. Provision for tax

The present Indian corporate tax rate is 33.99% (comprising a base rate of 30% and a surcharge of 10% on the base rate and an educational cess of 3% on the cumulative tax). Export profits are entitled to benefit under Section 10A of The Income Tax Act 1962. Under this section, the profits attributable to the operations of the company under the 100% export oriented unit scheme – Software Technology Park (STP) scheme – are entitled to a tax holiday for a consecutive period of 10 years from the financial year in which the unit started rendering business process management services, or March 31,2011 whichever is earlier.

Infosys BPO 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 For the year ended March 31, 2010, 91.5% of revenues came from business operation centers operating under the Software Technology Park scheme and Special Economic Zone. Accordingly the company has provided for tax on other Income, onsite revenue and domestic income.

Provisions for taxation represent estimated income tax liabilities, both in India and abroad. For the year ended March 31, 2010 provision for taxation amounts to Rs. 48.93 Crore and deferred tax asset of Rs. (4.65) Crore were recognized. For the current year MAT credit entitlement for Rs. (19.16) Crore was also accounted for. The details of net impact of provision for taxation for different periods are as follows:-

In Rs. Crore

As of	Mar 31, 2010	Mar 31, 2009
Provision for Taxation (net of deferred tax and MAT credit)	25.12	1.67
Total	25.12	1.67

8. Net profit

The net profit of the company amounted to Rs. 279.33 Crore and Rs. 200.73 Crore for the years ended March 31, 2010 and March 31, 2009 respectively. This represents 20.14% and 15.46% of total revenue of the respective years. Excluding other income of Rs. 25.60 Crore (1.85% of revenues) in the current year as compared to Rs. (21.37) Crore (1.65% of revenues) in the previous year, the net profit would have been Rs. 253.73 Crore (18.29% of revenues) in the current year as against Rs. 222.09 Crore (17.11% of revenues) during the previous year.

9. Liquidity

The growth of the Company has been largely financed by cash generated from operations. As of March 31, 2010 the company had cash and cash equivalents of Rs. 484.92 Crore including short term liquid investments in money market instruments amounting to Rs. 235.32 Crore. The cash and cash equivalents increased by Rs. 72.14 Crore during the year.

The Company’s treasury policy calls for investing only in highly rated banks, financial institutions and companies for short maturities with a limit for individual entities. The company retains the money both in rupee and foreign currency accounts. The bank balances in overseas accounts are maintained to meet the expenditure of the overseas branches in the U.S. and other countries, and to meet project-related expenditure overseas.

The Company’s policy is to maintain sufficient cash in the balance sheet to fund the ongoing capex requirements, the operational expenses and other strategic initiatives for the next one year and to maintain business continuity in case of exigencies.

Liquidity Position in Rs Crore

	Mar 31, 2010	Mar 31, 2009
Cash and cash equivalents	484.92	412.78
Net increase in cash and cash equivalents	72.14	180.93
Cash Flows From :		
Operating Activities	264.69	214.07
Investment Activities	(147.24)	93.76
Capital expenditure	(45.11)	(122.46)
Exchange impact on cash	(0.20)	(4.44)

Investment activities includes investment in Mutual Fund of Rs.200.82 Crore

10. Stock option plans
Employee Stock Option Plan (2002 plan)

As at March 31, 2010, 13,36,331 options are held by Infosys Technologies Limited. Options held by Infosys Technologies Limited cannot be exercised due to legal restrictions and will expire in the 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, 2010 and March 31, 2009

Range of exercise prices (in Rs.)	Stock options o/s at the end of the period year ended	
	Mar 31, 2010	Mar 31, 2009
33.12-58.33	1,64,846	1,64,846
58.34-77.89	1,05,975	1,18,475
77.90-99.20	82,500	87,600
99.21-162.23	-	23,500
162.24-195.00	2,03,000	4,03,961
195.01-214.00	-	26,475
214.01-230.00	1,49,610	1,49,610
230.01-310.00	1,19,300	1,19,300
310.01-604.00	5,11,100	5,11,100
Total	13,36,331	16,04,867

11. Amortization of deferred stock compensation

The company applies the intrinsic value-based method of accounting prescribed by Accounting Research Commiteee 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 exceeded 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, guidance note on "Accounting for employee share based payments" 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 it falls on or after April 1, 2005.

The Guidance Note stipulates certain disclosure requirements for those entities which follow the intrinsic value- based method of accounting for employee stock option plans. Accordingly the company has made the relevant disclosures in its Notes to Accounts. If the Fair value method of accounting was used net profits of the company would have been reduced by Rs. 5.10 Crore for the year ended March 31, 2010.

12. Reconciliation of Indian and IFRS financial statements

During the current year, the Company recognised stock compensation charge to the tune of Rs. 0.72 Crore in the IFRS financials, as required by the revised SFAS 123. Customer Contracts of Rs. 23.52 Crore for Phillips and 16.07 Crore for McCamish were amortised during the current year. Net profit of the company as per Indian and IFRS differs to this extent.

In Rs. Crore

For the year Ended	Mar 31, 2010	Mar 31, 2009
Net profit as per Indian GAAP	279.33	200.73
Less: Stock Compensation Charge considered in IFRS financials	0.72	6.83
Less: Amortisation of Customer Contracts	23.52	6.34
Less: Customer Contracts and Software Platforms	16.07	0.00
Consolidated Net Income as per IFRS Financials	239.02	187.55

13. Related party transactions

These have been discussed in detail in the notes to the Indian GAAP financial statements.

14. Gains/ (Losses) on forward foreign exchange contracts and Options

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

The Group records the 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 options contract 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 an effective hedge, a gain or loss is recognized in the profit and loss account.

Ratio Analysis

Ratio Analysis	2009-10	2008-09
Ratios- Financial Performance		
Overseas revenue/ total revenue (%)	99.9	100.0
Domestic revenue/total revenue (%)	0.1	0.0
Gross profit / total revenue (%)	42.2	38.8
COR / total revenue (%)	57.8	61.2
Selling and Marketing Expenses / total revenue (%)	5.8	4.9
General and administrative expenses / total revenue (%)	11.9	13.1
SGandA expenses / total revenue (%)	17.7	18.0
Aggregate employee costs / total revenue (%)	51.9	49.9
Operating profit (PBIDAT) / total revenue (%)	24.5	20.8
Depreciation / total revenue (%)	4.4	3.6
Operating profit after depreciation and interest / total revenue (%)	20.1	17.2
Other Income / total revenue (%)	1.8	(1.6)
Profit before tax / total revenue (%)	21.9	15.6
Tax / total revenue (%)	1.8	0.1
Effective tax rate - Tax / PBT (%)	8.2	0.8
Net Profit after Tax/ revenue	20.1	15.5
Ratios - Balance Sheet		
Debt-equity ratio	-	-
Current Ratio	1.5	2.0
Days Sales Outstanding (DSO)	72.2	69.4
Cash and equivalents / total assets (%)	50.0	60.0
Cash and equivalents / total revenue (%)	35.0	32.0
Depreciation / average gross block (%)*	11.1	14.3
Capital Expenditure / total revenue (%)	18.8	9.3
Operating Cash Flows / total revenue (%)	19.1	16.5
Ratios- Return		
ROCE (PBIT / average capital employed) (%)*	36.7	34.3
Ratios- Growth		
Overseas revenue (%)	6.8	38.5
Total revenue (%)	6.9	38.5
Operating Profit (%)	24.6	57.2
Net Profit (%)	39.2	31.6
Earnings Per Share- Basic**(%)	39.2	31.6
Earnings Per Share- Diluted (%)	39.2	31.6

Note: The ratio calculations are based on consolidated Indian GAAP financial statements
* Average Capital of LTM and revenue of LTM is considered for calculation
** Weighted average number of shares are used in computing earnings per share

Report on Health, Safety and Environment

During the year, Infosys BPO Limited continued to work towards excellence in Health, Safety and Environment. The focus was on strengthening existing systems and seeking ways in which to introduce new measures in our journey of continual improvement and employees at all levels remained committed to meeting the set goals and objectives.

OZONE – The Health, Safety and Environmental Management System (HSEMS) at Infosys BPO Limited

The Ozone initiative, in partnership with Infosys Technologies Limited helps the company to comply fully with all legal requirements and meet or exceed these expectations wherever we operate, helps in providing a secure working environment to protect employees, assets and operations against all risks of injury, loss or damage, from natural calamities and hostile acts. The initiative also strives to keep employees, contractors and others well informed, trained and committed to our HSE process.

Our development centres at Bangalore and Pune were certified compliant to ISO 140001: 2004 and OHSAS 18001: 2007 during March 2010.

The various initiatives undertaken in the year 2009-10 includes and is not limited to:

- **Awareness:** Creating awareness about OZONE, initiatives among all employees
- **Energy:** Better controls - optimization of Chillers, UPS etc., adoption of best practices - introduction of LED lights, installation of energy savers in lighting systems, installation of occupancy sensors etc., energy audits and use of energy efficient systems, have resulted in conservation of energy.
- **Water:** Water is diligently used on all our campuses. Water consumption increased due to the expansion of working space and employees over the last year. Waste water, resulting from usage within each of our campuses, is treated and recycled in our own sewage treatment plants. All recycled water is used for landscape maintenance within the campus.
- **Paper:** Paper consumption has been reduced significantly through various initiatives like access password controlled printing, monitoring and control of printer utilization, building e-modules, awareness campaigns like zero print weeks among others.
- **Carbon emissions:** Our goal and commitment is to become carbon neutral by 2011. Several energy reduction programs have been initiated. Campaigns and initiatives promoting the use of mass transportation and car pooling amongst employees are two such examples. Employees are encouraged to use teleconferencing and video conferencing to avoid long distance travel and thus minimize their impact on the environment.
- **Waste management:** A focused approach to waste management has resulted in better disposal systems. We have worked on strengthening the process for effective e-waste disposal.
- **Campus design and infrastructure development:** New buildings and modifications to existing facilities are designed, constructed and commissioned by professionals, to enable a secure, healthy and environmentally-sound performance throughout their operational life. Regulatory requirements are always met or exceeded. Our quality assurance and inspection systems ensure that facilities meet design and procurement specifications and that construction is in accordance with approved standards.

  The BPO building in Pune Phase 2 campus has been awarded 5 star rating by the Bureau of Energy Efficiency (Ministry of Power, Government of India, New Delhi) under the scheme "STAR RATING FOR BPO BUILDINGS" on 1st April 2010 (BPO buildings are rated on a 1-5 star scale with 5 star rating being considered as the most energy efficient. The rating is valid for a period of 5 years).

Health and Safety

Safety is every employee's responsibility and concern. Employees are expected to report workplace hazards and incidents to the concerned officials and contribute to finding and implementing solutions.

SAFE - Secure Affirmative Fun Environment

SAFE initiative is committed to ensure Safe Affirmative Fun environment to employees. This is a comprehensive physical and psychological health initiative, customized to an IT and ITES environment and constantly innovating to cater to the needs of the employees with offerings which include interactive portals, quizzes, comprehensive health and well-being plan for employees with offerings such as preventive healthcare options for employees and families, health checks, talks, consultations, fitness related interventions, and health awareness campaigns. Safety Week and Health Week - comprising of master health check-ups and focused health and stress campaigns, was conducted in our campuses which saw good participation by employees. A hotline help and the psychological counseling that provide timely, expert help to employees and their families on issues related to relationships, stress, depression and personal issues is also established.

- **Risk assessment, disaster recovery and business continuity**

Infosys BPO Limited in partnership with Infosys Technologies Limited has a Business Continuity Plan which operates under the banner of the "Phoenix" initiative. Periodic drills and exercises test this plan, and through it, the preparedness of the Company in handling all potential disasters, including liaising with external organizations. Careful observations are made and analyzed during and after these mock drills. Lessons learnt from previous incidents and exercises are used to update plans and training programs.

- **Assessments and Reviews**

Periodic reviews and audits of the HSEMS are conducted for evaluating the HSE performance, suitability and effectiveness of processes and programmes in achieving objectives and targets in line with the HSE Policy and the standards.

Risk Management Report

This report sets out the enterprise wide risk management that is practiced by Infosys BPO Limited. Readers are cautioned that the risks outlined here are not exhaustive and are for information purposes only. This report contains statements, which may be forward-looking in nature. Our business model is subject to uncertainties that could cause actual results to differ materially from those reflected in the forward-looking statements. Readers are requested to exercise their own judgment in assessing the risks associated with the company.

Infosys BPO Limited leverages the strengths of the streamlining of processes to make them more standardized and simpler, minimizing risks associated with internal fraud, information leakage, interruption risk, damage to physical assets and innovation to eliminate redundant steps in process and add value for its stakeholders. In this process Infosys BPO Limited recognizes the fact that its clients are taking substantial risk in deciding to outsource their complex business processes and consequently adopts a strategic approach towards risk management from their perspective. This business model is fundamentally different from that of our competitors and hence our approach to risks is different from others. Further, Infosys BPO Limited also recognizes the fact that internal risk management practices are also important to all stakeholders including its internal clients.

Infosys BPO Limited has expanded exponentially since its inception. However, there has been considerable amount of pressure from the data protection and privacy perspective and Infosys BPO's client focused approach to risk management has been well accepted among our clients. Globally, business process outsourcing is attracting considerable attention and is gaining significant momentum. However, changes in global economic environment, matured and higher client expectations and shifts in competitive landscape have increased the challenges faced by Infosys BPO Limited.

Risk Management Framework

Infosys BPO Limited has always sought a comprehensive view to risk management to address risks inherent to clients as well as enterprise risks. Over the last few years, Infosys BPO Limited has implemented many controls focusing on reducing the risks to its operations from the perspective of operational risk and control, data protection, information security and business continuity.

Risk Governance: Key risks are managed through a structure that cascades across the corporate, business units; subsidiaries which are located in following locations

Americas

- Brazil
- Mexico
- United States

Europe

- Czech Republic
- Poland

APAC and Australia

- China
- India
- Philippines
- Thailand

At the corporate level, The Board of Directors is responsible for managing risks on various parameters. Under the supervision of the Managing Director and CEO, the Executive Council has to ensure implementation of the mitigation measures. The Audit Committee of the Board provides oversight and reviews the risk management policies annually. The Risk Management group facilitates the implementation and management of the controls at business unit and department level. The implementation approach and governance is based on the following three approaches

- Control Self Assessment by the various departments and units.
- Control validation through process audits.
- Third party assessments of control implementation

The day to day implementation of the Risk Management steps are undertaken at each facility by respective functional teams for each location and their implementation are overseen at the organization level by a Risk Management Core Group comprising of the various functional heads.

The Risk Council, comprising of the CEO, COO and Head Finance along with the CRO review both client facing risks and Infosys BPO internal risks and suggest appropriate mitigation to be put in place. Material Non Compliances identified out of Self Assessment and other audits are reported to the Risk Management Council. Mitigation action for the top risks in the organization is also tracked by the Risk council.

The Risk Management Core Group comprises of represented members from each of the Business Enabling Functions and center heads. This team recommends policies and standards formulation, implementation and communication. On a monthly basis this teams reviews all incidents, exceptions and suggests necessary changes to the appropriate policies and standards.

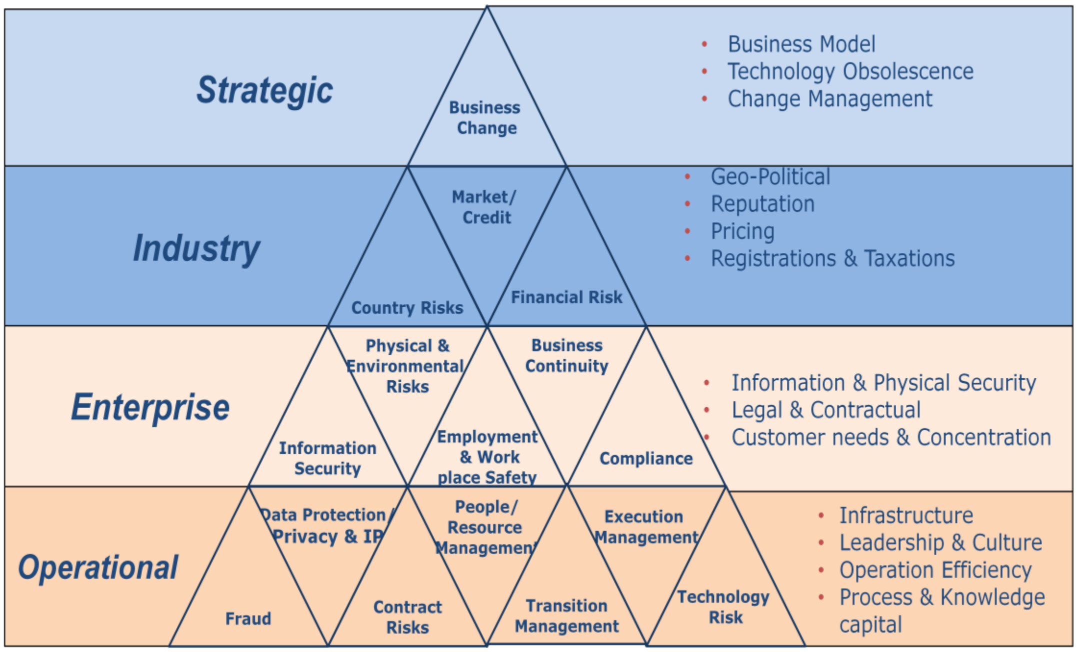
Risk Identification: External and internal risk factors that must be managed are identified in the context of organizational strategy. These are identified in using the recommendations for Enterprise Risk Management being proposed by The Committee of Sponsoring Organizations of the Tread way Commission (COSO). Using this framework, the risk factors that could potentially affect the company and its stakeholders are identified. The process of risk identification is done at the enterprise level by an annual Risk survey and at functional levels by the various functional teams along with the Risk Management team. At an engagement/ client level risks are identified and reported on a monthly basis.

Risk Assessment and Control: Infosys BPO has a Control Self Assessment Framework - SA/IA that is administered by the quality group. The Self assessment (SA) is conducted every quarter and the Independent assessment (IA) is done every 6 months.

Infosys BPO carries out periodic initiatives to improve the risk management capability of its managers and increase organizational awareness through a 6 monthly Risk Management Refresher campaign. In addition to ensuring that all employees go through a mandatory training on risk management during induction, employees are put through these refresher sessions including use of online awareness quiz which has been mandated twice a year for all employees and other learning resources has been introduced via the intranet online training module which is Technical Advance Learning under which courses like Anti Money Laundering (AML), Health Insurance Portability and Accountability Act (HIPAA) have been made available for all employees across the organization.

In addition to establishing adequate control environment, the company has a comprehensive scheme of transfer of residual risks by insurance.

Infosys BPO Limited has developed a comprehensive Risk Management Framework that is applied to each of the client engagements and tested periodically. The framework includes identifying and assessing the risk and hazards and analyzing the control measures in place to mitigate the risks and/or its consequences. Risks are documented and reviewed in the form of a dashboard as illustrated below:



Third Party Assurance

Infosys BPO's internal controls are also audited by third party. This is done via the Statement on Auditing Standards 70 which is an internationally recognized auditing standard developed by the American Institute of Certified Public Accountants. A SAS 70 audit suggests that a service organization has been through an in-depth audit of control activities, which generally include controls over information technology and related processes. Infosys BPO has been providing all clean reports since 2004. The audit is conducted by one of big four audit firms.

Infosys BPO Limited has covered all its locations under this audit - In FY09- Manila, Philippines; Monterrey, Mexico and Hangzhou, China were certified Type I and Bangalore, Chennai, Jaipur and Gurgaon, India; Lodz, Poland and Brno, Czech Republic were certified Type II

Corporate Governance Report

With the increasing globalization, corporate governance has assumed great significance in India in the recent past. The increasing diversity of the investing community and the integration of global capital markets make corporate governance a key issue in the investment decision of the investor. We in our pursuit towards achieving good governance as an ongoing process, seek to ensure truth, transparency, accountability and responsibility in all our dealings with our employees, shareholders, clients and the community at large.

Corporate Governance is not merely compliance but also a philosophy to be professed and its objective is to create and adhere to a corporate culture of transparency and openness and to develop capabilities and identified opportunities that best serves the goal of value creation, thereby creating an outperforming organization. Accordingly, timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the company, is an important part of corporate governance. Consequently, the organization is able to attract and enhance the trust and confidence of the stakeholders.

In line with the company's commitment to good corporate governance practices, your company has constituted audit and compensation committees consisting of majority of independent directors. As a step further towards this objective, your company has also complied with major aspects of the US Sarbanes–Oxley Act of 2002 such as constituting of the Whistle Blower Policy, Code of conduct for senior officers and executives and also Section 404 of the Act, relating to certification by the CFO and CEO of the appropriateness of internal controls relating to the financial reporting. Your company has complied with all norms of corporate governance applicable to unlisted Public Company as envisaged under the Companies Act, 1956. Though not mandatorily applicable/ notified, your company also complies with all the applicable recommendations of Naresh Chandra committee, N R Narayanamurthy committee as well as the secretarial standards on Board and general meetings issued by the Institute of Company Secretaries of India.

A. Board of Directors

Composition of the Board

The Board is at present headed by Mr. T V Mohandas Pai, non-executive Chairman and consists of six directors including Managing Director and Chief Executive Officer (CEO) and two independent Directors.

Composition of the Board, and External Directorships held during 2009 -2010

Directorship held as on March 31, 2010

Name of the Director	Position	Relationship with other Directors	Indian listed companies	All companies around world(1)
T V Mohandas Pai	Chairman	None	1	5
D Swaminathan*	MD and CEO	None	-	4
Amitabh Chaudhry**	MD and CEO	None	-	2
S D Shibulal	Director	None	1	7

Name of the Director	Position	Relationship with other Directors	Indian listed companies	All companies around world(1)
Prof. J R Varma	Director	None	2	3
Sridar Iyengar	Director	None	4	10
B G Srinivas	Director	None	-	3
Eric S Paternoster	Director	None	-	1

Note:

(1) Directorships in companies around the world including Infosys BPO Limited and its subsidiaries.
*Mr. D Swaminathan was appointed as Managing Director and Chief Executive officer with effect from 16.1.2010
**Mr. Amitabh Chaudhry resigned as Managing Director and Chief Executive officer with effect from closing of business hours of 15.1.2010

Board membership Criteria

The Board members are expected to possess the expertise, skills and experience required to manage and guide a high growth, hi-tech, ITES company deriving revenue globally. Expertise in strategy, technology, finance, quality and human resources is essential. Generally, they will be between 40 and 60 years of age. They will not be relatives of a director including executive director. They are generally not expected to serve in any executive or independent position in any company in direct competition with your company. The Board members are expected to rigorously prepare for, attend and participate in all Board and applicable committee meetings. Each Board Member is expected to ensure that their other current and planned future commitments do not materially interfere with the member's responsibility as a director of your company.

Board membership term

The Board constantly evaluates the contribution of its members and recommends to shareholders their appointment. The current law in India mandates the retirement of one-third of the Board Members every year and qualifies the retiring members for re-appointment. The executive directors are appointed by the shareholders for a maximum period of 5 years at one time, but are eligible for re-appointment upon completion of their term. The Non-executive Directors do not have a specified term and are liable to retire by rotation, unless resigned/removed from the office of Director.

Board compensation review

The compensation committee determines and recommends to the Board, the compensation payable to the Executive director. The compensation of the Executive director consists of a fixed component and a performance incentive. The shareholders determine the compensation of the Executive director for the entire period of the term. The Compensation payable to each of the Independent directors is limited to a fixed amount per year as determined and approved by the Board, which is within the limit of 1% as approved by the shareholders and calculated as per the provisions of the Companies Act, 1956.The performance of Independent directors is reviewed by the Board of Directors on an annual basis. The Compensation payable to independent directors and the method of calculation are disclosed in the financial statements.

Memberships of other Boards

The Executive director is excluded from serving on the Board of any other entity, unless the said entity is an industrial entity whose interests are germane to the business of the company or a government body that is of relevance to the business of the company or an entity whose objectives is the upliftment of the society. Independent directors are generally not expected to serve on the Boards of competing companies. Other than this, there are no limitations on them save those imposed by law and good corporate governance.

Board Meetings

Scheduling and selection of agenda items for Board meetings

Normally, Board meetings are scheduled at least a month in advance. The meetings are held at the company's registered office at Electronics City, Bangalore, India. The Chairman of the Board and the Company Secretary draft the agenda for each meeting, along with explanatory notes and distribute it in advance to the Board Members. Every Board Member is free to suggest the inclusion of items on the agenda. Independent directors are normally expected to attend at least four Board meetings in a year. A committee of the Board meets as and when required for transacting business of a routine nature.

Number of Board Meetings and the attendance of directors during FY 2009-2010

Name of the Director	Number of meetings held	Number of meetings attended
T V Mohandas Pai	5	5
D Swaminathan*	NA	NA
Amitabh Chaudhry**	5	5
S D Shibhulal	5	5
Prof. J R Varma	5	4
Sridar Iyengar	5	3
B G Srinivas	5	3
Eric S Paternoster	5	3

* Mr. D Swaminathan was appointed as Managing Director and Chief Executive officer with effect from 16.1.2010
**Mr. Amitabh Chaudhry resigned as Managing Director and Chief Executive officer with effect from closing of business hours of 15.1.2010

Availability of information to the members of the Board

The Board has unfettered and complete access to any information within the company and to any employee of the company. The Board is usually presented with the following information

- Review of annual operating plans of business, capital budgets, updates.
- Quarterly results of the company and that of its business segments.
- Minutes of its previous meeting and also minutes of all other committees of the Board.
- Information on recruitment, remunerations and other changes in the senior management.
- Materially important show cause, demand, prosecution and penalty notices
- Fatal or serious accident or dangerous occurrences.
- Any materially significant effluent or pollution problems.

- Any materially relevant default in financial obligations to and by the company.
- Any issue which involves possible public or product liability or claims of substantial nature.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- Significant labour problems and their proposed solutions.
- Sale of investments which are material in nature, subsidiaries, assets which are not in the normal course of business.
- Quarterly details of foreign exchange exposure and the steps taken by the management to limit the risks of adverse exchange rate movement.
- Non-compliance of any regulatory or statutory provisions.

Further the above matters are routinely presented with all information under the above heads whenever applicable and materially significant. These are submitted either as part of the agenda papers well in advance of the Board meetings or are tabled in the course of the Board meetings. Further, it welcomes the presence of managers who can provide additional insights into the items being discussed.

Materially significant related party transactions

There are no materially relevant related party transactions, pecuniary transactions or relationships between your company and its directors for the year ended March 31, 2010 that may have a potential conflict with the interest of the company at large. Non-material related party transactions in the normal course of business and conducted at arms length are duly recorded in the register of contracts maintained by the company pursuant to section 301 of the Companies Act, 1956.

Remuneration paid or payable to the Directors:

Non-executive directors

in Rupees

Name of the Director	Relationship with other Directors	Salary	Perquisites (1)	Commission (2)	Sitting fees	Total
T V Mohandas Pai	None	-	-	-	-	-
S D Shibulal	None	-	-	-	-	-
Prof. J R Varma	None	-	-	12,00,000	60,000	12,60,000
Sridar Iyengar	None	-	-	12,00,000	45,000	12,45,000
B G Srinivas	None	-	-	-	-	-
Eric S Paternoster	None	-	-	-	-	-

Executive director

1. Mr. Amitabh Chaudhry, Managing Director and Chief Executive Officer till January 15, 2010

The Board of Directors in their meeting held on January 10, 2006 appointed Mr. Amitabh Chaudhry as the Managing Director and CEO for an initial term of five (5) years. Mr. Amitabh Chaudhry resigned as the Managing Director and CEO of the company with effect from closing of business hours of January 15, 2010.

The details of remuneration paid to Mr. Amitabh Chaudhry for the period from April 1, 2009 through January 15, 2010 are as follows

In Rupees

Particulars	April 1, 2009 to January 15, 2010	March 31, 2009
Salary, allowances including contributions to Provident Fund, Gratuity, Superannuation allowance and Performance incentive	1,79,85,427	1,21,55,223

2. Mr. D Swaminathan, Managing Director and CEO from January 16, 2010

The Board of Directors in their meeting held on January 7, 2010 appointed, subject to the approval of the shareholder in a General Meeting, Mr. D Swaminathan as the Managing Director and CEO for a initial term of five (5) years with effect from January 16, 2010 or attaining the age of superannuation whichever is earlier.

The details of remuneration paid to Mr. D Swaminathan for the period from January 16, 2010 till March 31, 2010 is as follows

In Rupees

Particulars	January 16, 2010 to March 31, 2010
Salary, allowances including contributions to Provident Fund, Gratuity, Superannuation allowance and Performance incentive	10,49,153

Board Committees

The committees of the Board

Currently, the Board has four committees – the Audit committee, the Compensation committee, the Share allotment/ transfer committee and the Investment committee. The Audit and Compensation committees comprise of non-executive and independent director as Chairman and constitutes majority of independent directors. The Board is responsible for the constituting, assigning, co-opting and fixing the terms of service for committee members to various committees.

Frequency and duration of committee meetings and agenda

The chairman of the Board, in consultation with the Company Secretary and the Committee Chairman, determines the frequency and duration of the committee meetings. Normally, the committees meet four times a year. The recommendations of the committee are submitted to the full Board for approval.

Quorum for the meetings

The quorum should be either two members or one-third of the members of the committees, whichever is higher.

Audit committee

Section 292 A of the Companies Act, 1956 requires every public company having a paid-up capital of more than Rs 5 Crore to constitute an Audit committee consisting of at least three directors, of which two-third of the total number of directors shall be directors, other than managing director or whole time director.

Terms of reference

The terms of reference of the Audit committee are set out in the Audit committee charter.

Composition

As on March 31, 2010, the committee consists of the following members

Prof. Jayanth R Varma, Chairman

Mr. S D Shibulal

Mr. Sridar Iyengar

Audit committee charter

Primary objectives of the Audit Committee

The primary objectives of the Audit Committee (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 the independent auditor – and notes the processes and safeguards employed by each.

Scope of the Audit Committee

- Provide an open avenue of communication between the independent auditor, internal auditor and the Board of Directors ("BoD").
- Meet four times every year or more frequently as circumstances require. The Audit Committee may ask members of management or others to attend meetings and provide pertinent information.
- Confirm and assure the independence of the external auditor and objectivity of the internal auditor.
- Review with the independent auditor the co-ordination of audit efforts to assure completeness of coverage, reduction of redundant efforts and the effective use of all audit resources.
- Consider and review with the independent auditor:

  (a) The adequacy of internal controls including computerised information system controls and security; and

  (b) Related findings and recommendations of the independent auditor and internal auditor together with management's responses.
- Consider and review with management, internal audit and the independent auditor

  (a) Significant findings during the year, including the status of previous audit recommendations;

  (b) Any difficulties encountered in the course of audit work including any restrictions on the scope of activities or access to required information; and

  (c) Any changes required in the planned scope of the internal audit plan.
- Report periodically to the BoD on significant results of the foregoing activities.

Composition of the Audit Committee

- The Committee shall consist of a minimum of three directors, each of whom is `financially literate' or shall become `financially literate' within a reasonable period of time after his or her appointment. They should be diligent, knowledgeable, dedicated, interested in the job and willing to devote a substantial amount of time and energy to the responsibilities of the Committee, in addition to BoD responsibilities. At least one of the members shall have accounting or related `financial management expertise'. The members of the Committee shall be elected by the BoD and shall continue until their successors are duly elected. The duties and responsibilities of a member are in addition to those applicable to a member of the BoD. In recognition of the time burden associated with the service and, with a view to bring in fresh insight, the Committee may consider limiting the term of audit committee service, by automatic rotation or by other means. One of the members shall be elected as the Chairman either by the full BoD or by the members themselves, by majority vote.
- The BoD may, under exceptional and limited circumstances, waive this requirement if it is of the view that the concerned member is required in the Committee, in the best interests of the Company and its shareholders.

Relationship with independent and internal auditors

The BoD and the Committee have the ultimate authority and responsibility to select, evaluate, and, where appropriate, replace the independent auditors in accordance with law. All possible measures must be taken by the Committee to ensure the objectivity and independence of the independent auditors. These include:

- obtaining from the independent auditors formal written statements delineating all relationships between the auditors and the Company, consistent with applicable regulatory requirements;
- actively engaging in dialogues with the auditors with respect to any disclosed relationships or services that may impact their objectivity and independence and take, or recommend that the full BoD take appropriate action to ensure their independence;
- require and encourage the independent auditors to open and frank discussions on their judgements about the quality, not just the acceptability of the Company's accounting principles as applied in its financial reporting, including such issues as the clarity of the Company's financial disclosures and degree of aggressiveness or conservatism of the Company's accounting principles and underlying estimates and other significant decisions made by the management in preparing the financial disclosure and audited by them.
- The internal auditors of the Company are in the best position to evaluate and report on the adequacy and effectiveness of the internal controls. Keeping in view the need for the internal auditors' independence from management in order to remain objective, a formal mechanism should be created to facilitate confidential exchanges between the internal auditors and the Committee, regardless of irregularities or problems. The work carried out by each of these auditors needs to be assessed and reviewed with the independent auditors and appropriate recommendations made to the BoD.

Disclosure requirements

- The Committee Charter should be published in the annual report once every three years and also whenever any significant amendment is made to the Charter.
- The Committee shall disclose in the Company's Annual Report whether or not, with respect to the concerned fiscal year:
  - (a) management has reviewed the audited financial statements with the Committee, including a discussion of the quality of the accounting principles as applied and significant judgments' affecting the Company's financial statements;
  - (b) the independent auditors have discussed with the Committee their judgments' of the quality of those principles as applied and judgments' referred to above under the circumstances;

(c) the members of the Committee have discussed among themselves, without management or the independent auditors present, the information disclosed to the Committee as described above;

(d) the Committee, in reliance on the review and discussions conducted with management and the independent auditors pursuant to the requirements above, believes that the Company's financial statements are fairly presented in conformity with Generally Accepted Accounting Principles ("GAAP") in all material respects; and

(e) the Committee has satisfied its responsibilities in compliance with its Charter.

Definitions

Financial literacy

`Financial literacy' means the ability to read and understand fundamental financial statements. `Financial management expertise' means past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the member's financial sophistication, including being or having been a Chief Executive Officer or other senior officer with responsibilities to oversee financial issues.

Meetings and attendance during the year

Name of the Director	Number of meetings held	Number of meetings attended
Prof. Jayanth R Varma	4	4
S D Shibulal	4	4
Sridar Iyengar	4	3

Number of meetings held, and the dates on which they were held

During the year, meetings were held on April 8, 2009, July 6, 2009, October 5, 2009 and January 7, 2010

Report for the year ended March 31, 2010

The committee consists of atleast three directors, of which two-third of the total number of directors are other than managing director or whole time director.

The committee has, inter alia, the mandate to oversee the company's financial reporting process and the disclosure of financial information in order that the financial statements are correct, sufficient and credible. The committee reviewed the independence of both the internal and the statutory auditors and expressed its satisfaction with the same. The committee discussed the quality of the accounting principles as applied and significant judgements affecting the financial statements, with the management as well as the internal and the statutory auditors of the company. The committee also discussed with the internal and the statutory auditors, in the absence of the management, the company's financial disclosures and the quality of the company's accounting principles as applied, underlying judgements affecting the financial statements and other significant decisions made by the management in preparing the financial disclosures. The committee, in reliance on the review and discussions conducted with the management and the independent auditors, believes that the company's financial statements are fairly presented in conformity with Generally Accepted Accounting Principles in all material aspects. The committee also reviewed the financial and risk management policies of the company and expressed its satisfaction with the same. The committee is satisfied that it complies fully with its responsibilities as outlined in the Audit committee charter section of this Annual Report.

The committee reviewed the internal controls put in place to ensure that the accounts of the company are properly maintained and that accounting transactions are in accordance with prevailing laws and regulations. The committee found no material discrepancy or weakness in the internal control systems of the company.

s/d

Prof. Jayanth R Varma, Chairman

Bangalore

April 8, 2010

Compensation committee

Terms of reference

The committee has the mandate to review and recommend 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 to the eligible employees of the company in accordance with the company's stock option plan.

Composition

As on March 31, 2010, the compensation committee consists of the following members:

Prof. Jayanth R Varma, Chairman

Mr. T V Mohandas Pai

Mr. Sridar Iyengar

During the year, the compensation committee met four times.

Meetings and attendance during the year

Name of the Director	Number of meetings held	Number of meetings attended
Prof. Jayanth R Varma	4	3
T V Mohandas Pai	4	4
Sridar Iyengar	4	4

Number of compensation committee meetings held, and the dates on which they were held

During the year, meetings were held on April 8, 2009, July 10, 2009, October 5, 2009 and January 7, 2010

Report for the year ended March 31, 2010

The committee has, inter alia, the mandate to review and recommend compensation payable to the executive director and senior management of the company and administer the company's stock option plans. The committee approved the compensation payable to managing director and chief executive officer of the company, within the overall limits approved by the shareholders. Information on compensation and other benefits provided to the executive director is disclosed in the Corporate governance section of this annual report.

Save as disclosed, none of the directors had a material beneficial interest in any contract of significance to which the company was a party, during the financial year.

Bangalore

April 8, 2010

s/d

Prof. Jayanth R Varma, Chairman

Investment Committee

Terms of reference

To manage effectively and efficiently the surplus of company funds by properly channelising them in a manner so as to enhance the best possible returns with minimum of risk.

Composition of the committee

The investment committee consists of the following members:

Mr. T V Mohandas Pai, Chairman

Mr. D Swaminathan

Mr. Abraham Mathews

Report for the year ended March 31, 2010

The Committee has the mandate to approve investments in various corporate bodies within the statutory limits and powers delegated by the Board. During the year, the committee has approved an investment of USD 75 Million in McCamish Systems LLC a wholly owned subsidiary.

Bangalore s/d

April 8, 2010 T V Mohandas Pai, Chairman

Share Allotment / Transfer Committee

Terms of reference

To approve and register transfer and/ or transmission of all classes of shares and to sub-divide, consolidate and issue share certificates on behalf of the company.

Composition of the committee

The share allotment/ transfer committee consists of

Mr. T V Mohandas Pai, Chairman

Mr. D Swaminathan

Mr. S D Shibulal

Report for the year ended March 31, 2010

During the year the committee has allotted Nil equity shares consequent to the exercise of stock options by certain eligible employees.

Bangalore s/d

April 8, 2010 T V Mohandas Pai, Chairman

Management review and responsibility

Formal evaluation of officers

The compensation committee of the Board approves the compensation and benefits for the executive Board member as well as members of the management council. Another committee headed by the CEO reviews, evaluates and decides the annual compensation for the officers of the company from the level of associate vice-president but excluding members of the management council. The compensation committee administers the 2002 Employee Stock Option Plan.

Board interaction with clients, employees, investors, the government agencies and the press

The chairman and CEO in consultation with heads of the department, handle all interactions with the investors, media and various government agencies. The CEO and the respective heads of departments manage all interaction with clients and employees.

Risk management

The company has an integrated approach to managing the risks inherent in various aspects of its business. As part of this approach, the Board of directors is responsible for monitoring risk levels according to various parameters and the management council is responsible for ensuring implementation of mitigation measures, if required. The audit committee provides the overall direction on the risk management policies.

Management discussion and analysis

The Director's report includes details of Management discussion and Analysis (Consolidated) which are given as separate chapters in this annual report, according to Indian GAAP.

Shareholders

Disclosures regarding appointment or re-appointment of directors

According to the Articles of Association, one-third of the directors retires by rotation and if eligible, offers themselves for re-election at the Annual General Meeting. In accordance with Article 122 of the Article of Association, Prof. J R Varma and Mr. Sridar A Iyengar will retire in the ensuing Annual General Meeting. The Board has recommended the re-election of the retiring director. Mr. D Swaminathan, who has been appointed as additional director, is also proposed to be appointed as director of the company liable to retire by rotation. The detailed resume of the above directors are provided in the notice to the annual general meeting.

Details of non-compliance

There has been no non-compliance of any legal requirements by the company nor there has been any strictures imposed by any authorities.

General body meetings

Details of the last annual general meeting

Financial year (ended)	Date	Time	Venue
March 31, 2009	June 15, 2009	10.00 A.M.	Plot No. 26/3, 26/4 and26/6 Electronics City, Hosur Road Bangalore 561229

Details of the last extraordinary general meeting

Date	Time	Venue
August 25, 2006	10.00 A.M	Plot No. 26/3, 26/4 and26/6 Electronics City, Hosur Road Bangalore 561229

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 2010, the profit and loss account and the cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 2010 and taken on record by the Board of Directors, we report that none of the directors are disqualified as at 31 March 2010 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 2010;

    (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
Firm registration number: 101248W

Supreet Sachdev

Partner

Membership No. 205385

Bangalore

8 April 2010

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 2010. We report that:

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

(b) 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.

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

(ii) 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.

(iii) (a) The Company has granted loans to two body corporates covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount outstanding (in aggregate) during the year was Rs. 7,27,19,108 and the year-end balance of such loans was nil.

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

(c) In the case of loans granted to the body corporates 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.

(d) There are no overdue amounts of rupees one lakh in respect of loans granted to body corporates listed in the register maintained under Section 301 of the Companies Act, 1956.

(e) 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.

(iv) 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.

(v) (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.

(b) 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.

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

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

(viii) 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.

(ix) (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 2010 for a period of more than six months from the date they became payable.

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

(x) 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.

(xi) 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.

(xii) 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.

(xiii) 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.

(xiv) 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.

(xv) 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.

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

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

(xviii) 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.

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

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

(xxi) 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
Firm registration number: 101248W

Supreet Sachdev
Partner
Membership No. 205385

Bangalore
8 April 2010

Balance Sheet

In Rs.

	Schedule	March 31, 2010	March 31, 2009
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	1	33,82,77,510	33,82,77,510
Reserves and surplus	2	901,92,68,645	628,11,36,578
		935,75,46,155	**661,94,14,088**
APPLICATION OF FUNDS			
FIXED ASSETS			
Original cost	3	389,73,66,154	306,88,70,954
Less : Accumulated depreciation		180,87,19,841	139,57,53,759
Net book value		208,86,46,313	167,31,17,195
Capital work-in-progress		47,18,607	57,87,08,667
		209,33,64,920	**225,18,25,862**
INVESTMENTS	4	**530,46,01,906**	**71,56,60,761**
DEFERRED TAX ASSET	5	**16,64,76,463**	**11,96,01,410**
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry debtors	6	183,87,93,678	214,63,86,674
Cash and bank balances	7	209,77,31,970	350,36,23,507
Loans and advances	8	194,02,46,087	151,43,47,561
		587,67,71,735	**716,43,57,742**
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	9	386,03,56,795	348,24,65,530
Provisions	10	22,33,12,074	14,95,66,157
NET CURRENT ASSETS		**179,31,02,866**	**353,23,26,055**
		935,75,46,155	**661,94,14,088**
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

Supreet Sachdev
Partner
Membership No. 205385

T.V.Mohandas Pai
Chairman and Director

D.Swaminathan
Managing Director and Chief Executive Officer

S.D.Shibulal
Director

Prof.Jayanth R.Varma
Director

Sridar A.Iyengar
Director

B.G.Srinivas
Director

Abraham Mathews
Head - Finance and Accounts

N.R.Ravikrishnan
Company Secretary

Bangalore
April 8, 2010

Profit and Loss Account

In Rs.

	Schedule	Year ended March 31, 2010	2009
INCOME			
Revenues from business process management services		1126,63,70,226	1081,53,15,898
		1126,63,70,226	1081,53,15,898
COST OF REVENUES	11	601,57,47,344	628,25,08,005
GROSS PROFIT		**525,06,22,882**	**453,28,07,893**
SELLING AND MARKETING EXPENSES	12	78,42,59,246	63,64,08,459
GENERAL AND ADMINISTRATION EXPENSES	13	125,44,62,780	136,09,01,565
OPERATING PROFIT BEFORE DEPRECIATION		**321,19,00,856**	**253,54,97,869**
Depreciation	3	53,86,79,767	42,25,43,412
OPERATING PROFIT AFTER DEPRECIATION		**267,32,21,089**	**211,29,54,457**
Other Income	14	25,81,45,382	(36,92,59,321)
PROFIT BEFORE TAX		**293,13,66,471**	**174,36,95,136**
Provision for taxation	15	19,32,34,404	(4,05,33,765)
NET PROFIT AFTER TAX		**273,81,32,067**	**178,42,28,901**
Balance brought forward from the previous year		401,48,44,099	324,77,29,875
Balance of Profit and Loss account of Pan-Financial Shared Services India Private Limited (Refer note 16.2.14)		-	(1,71,14,677)
AMOUNT AVAILABLE FOR APPROPRIATION		**675,29,76,166**	**501,48,44,099**
Amount transferred to general reserve		200,00,00,000	100,00,00,000
BALANCE CARRIED FORWARD		475,29,76,166	401,48,44,099
Total		**675,29,76,166**	**501,48,44,099**
EARNINGS PER SHARE			
Equity shares of par value Rs.10 each			
Basic		80.94	52.74
Diluted		80.94	52.74
Weighted average number of shares used in computing earnings per share:	16.2.16		
Basic		3,38,27,751	3,38,27,751
Diluted		3,38,27,751	3,38,27,751
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

Supreet Sachdev
Partner
Membership No. 205385

T.V.Mohandas Pai
Chairman and Director

D.Swaminathan
Managing Director and Chief Executive Officer

S.D.Shibulal
Director

Prof.Jayanth R.Varma
Director

Sridar A.Iyengar
Director

B.G.Srinivas
Director

Abraham Mathews
Head - Finance and Accounts

N.R.Ravikrishnan
Company Secretary

Bangalore
April 8, 2010

Cash Flow Statement

In Rs.

	Year ended March 31, 2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	293,13,66,471	174,36,95,136
Adjustments to reconcile profit before tax to cash provided by operating activities		
Depreciation	53,86,79,767	42,25,43,412
Interest income	(17,43,07,868)	(24,10,67,168)
Dividend income	(4,74,31,253)	(2,62,67,417)
Provisions for earlier year no longer required written back	-	(11,564,190)
Profit on sale of investments	(22,44,820)	(41,72,770)
(Profit)/Loss on sale of fixed assets	(30,361)	(6,11,027)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	1,20,30,006	1,85,90,465
Changes in current assets and liabilities		
Sundry debtors	30,75,92,996	(58,17,71,382)
Loans and advances	(30,13,19,934)	(22,07,35,717)
Current liabilities	(25,96,51,877)	112,03,36,337
Provisions	8,73,81,251	3,31,76,815
	309,20,64,378	225,21,52,494
Income tax paid during the year, net	(59,78,73,925)	(20,35,05,170)
NET CASH GENERATED BY OPERATING ACTIVITIES	**249,41,90,453**	**204,86,47,324**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets and change in capital work-in-progress/advances	(42,08,87,019)	(119,10,14,350)
Proceeds from sale of fixed assets	34,54,197	30,23,156
Interest received	18,76,89,275	23,16,62,139
Dividend received	4,74,31,253	2,62,67,417
Purchase of units in liquid mutual funds	(885,62,17,762)	(261,10,31,492)
Proceeds from sale of units in liquid mutual funds	685,02,84,795	333,98,77,990
Investment in subsidiary	(172,63,75,858)	(4,99,53,402)
Loans given to subsidiaries	(27,67,76,124)	(2,50,35,136)
ans repaid by subsidiaries	16,83,45,259	8,90,49,394
NET CASH USED IN INVESTING ACTIVITIES	**(402,30,51,984)**	**(18,71,54,284)**
CASH FLOWS FROM FINANCING ACTIVITIES		
	-	-
NET CASH FLOWS FROM FINANCING ACTIVITIES	**-**	**-**
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(1,20,30,006)	(1,85,90,465)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(154,08,91,537)	184,29,02,575
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	398,36,23,507	205,24,19,361
Add : Opening balance of cash and bank balance of Pan-Financial Shared Services India Private Ltd (Refer note 16.2.14)	-	97,54,318
Add : Cash and bank balance received on liquidation of subsidiary	-	7,85,47,253
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR*	**244,27,31,970**	**398,36,23,507**

* Cash and cash equivalents aggregating Rs.244,27,31,970 (Rs.398,36,23,507 as at March 31,2009) comprises cash on hand amounting to Rs.84,850 (Rs.94,768 as at March 31, 2009), balances with banks amounting to Rs.209,76,47,120 (Rs.350,35,28,739 as at March 31, 2009) and deposits with financial institution/ body corporate amounting to Rs.34,50,00,000 (Rs.48,00,00,000 as at March 31,2009).

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

for B S R & Co.
Chartered Accountants

Supreet Sachdev
Partner
Membership No. 205385

T.V.Mohandas Pai
Chairman and Director

D.Swaminathan
Managing Director and Chief Executive Officer

S.D.Shibulal
Director

Prof.Jayanth R.Varma
Director

Sridar A.Iyengar
Director

B.G.Srinivas
Director

Abraham Mathews
Head - Finance and Accounts

N.R.Ravikrishnan
Company Secretary

Bangalore
April 8, 2010

Schedules to the Balance Sheet

		March 31, 2010	March 31, 2009
			In Rs.
1	**SHARE CAPITAL**		
	AUTHORISED		
	Equity shares, Rs.10 (Rs.10) par value		
	12,33,75,000 (12,33,75,000) equity shares	123,37,50,000	123,37,50,000
		123,37,50,000	**123,37,50,000**
	ISSUED, SUBSCRIBED AND PAID UP		
	Equity shares, Rs.10 (Rs.10) par value*		
	3,38,27,751 (3,38,27,751) equity shares fully paid up	33,82,77,510	33,82,77,510
	[Of the above, 3,38,22,319 (3,38,22,319) 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 16.2.18		
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	200,00,00,000	100,00,00,000
	Add : Transfer from profit and loss account during the year	200,00,00,000	100,00,00,000
	General Reserve - closing balance	400,00,00,000	200,00,00,000
	Balance in profit and loss account	475,29,76,166	401,48,44,099
		901,92,68,645	**628,11,36,578**

3 FIXED ASSETS

in Rs.

Particulars	Original cost				Accumulated depreciation				Net book value	
	Cost as of April 01, 2009	Additions during the year	Deletions during the year	Cost as of March 31, 2010	As of April 01, 2009	For the year	Deductions during the year	As of March 31, 2010	As of March 31, 2010	As of March 31, 2009
Goodwill	19,03,70,324	-	-	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	11,93,790	-	16,87,659	11,38,12,341	11,50,06,131
Buildings	48,84,13,912	40,72,32,819	-	89,56,46,731	1,68,10,360	5,18,22,770	-	6,86,33,130	82,70,13,601	47,16,03,552
Leasehold improvements	33,61,87,369	2,33,18,522	1,11,09,572	34,83,96,319	14,62,38,106	7,49,70,340	1,11,09,572	21,00,98,874	13,82,97,445	18,99,49,263
Plant and machinery	70,56,39,106	30,77,49,974	5,02,99,172	96,30,89,908	28,06,77,086	17,79,49,875	4,68,76,619	41,17,50,342	55,13,39,566	42,49,62,020
Computer equipment	88,36,27,917	16,17,79,702	6,61,66,185	97,92,41,434	75,88,51,720	14,34,31,965	6,61,64,903	83,61,18,782	14,31,22,652	12,47,76,197
Furniture and fixtures	34,91,32,326	5,75,51,704	15,62,592	40,51,21,438	19,26,82,618	8,93,11,027	15,62,591	28,04,31,054	12,46,90,384	15,64,49,708
	306,88,70,954	**95,76,32,721**	**12,91,37,521**	**389,73,66,154**	**139,57,53,759**	**53,86,79,767**	**12,57,13,685**	**180,87,19,841**	**208,86,46,313**	**167,31,17,195**
Previous year	185,95,01,700	121,65,13,292	71,44,038	306,88,70,954	97,79,42,256	42,25,43,412	47,31,909	139,57,53,759	167,31,17,195	

	In Rs.	
	March 31, 2010	**March 31, 2009**
4 INVESTMENTS		
Non-traded (unquoted)	-	-
Long term - at cost		
Investment in Subsidiaries		
Infosys BPO s.r.o, Czech Republic, a wholly owned subsidiary	3,49,78,993	3,49,78,993
Infosys BPO Poland Sp Z o o, a wholly owned subsidiary	58,68,81,768	58,68,81,768
5,000 (5,000) equity shares of PLN 500 each, fully paid		
Infosys BPO (Thailand) Ltd, a wholly owned subsidiary	9,38,00,000	9,38,00,000
70,000 (70,000) equity shares of THB 1000 each, fully paid		
McCamish Systems LLC, a wholly owned subsidiary*	258,07,63,358	-
Other investments (unquoted)		
Current investments (unquoted) - at lower of cost or fair value		
Liquid mutual funds**	200,81,77,787	-
	530,46,01,906	**71,56,60,761**

* Refer to note 16.2.14a

5 DEFERRED TAX ASSET		
Fixed assets	13,08,73,277	9,69,07,091
Provisions	3,52,99,143	2,26,94,319
Others	3,04,043	-
	16,64,76,463	**11,96,01,410**
6 SUNDRY DEBTORS		
Debts outstanding for a period exceeding six months		
Unsecured, considered doubtful	46,14,832	16,56,726
Other debts		
Unsecured, considered good *	183,87,93,678	214,63,86,674
Unsecured, considered doubtful	-	18,26,988
	184,34,08,510	214,98,70,388

	Less : Provision for doubtful debts	46,14,832	34,83,714
		183,87,93,678	**214,63,86,674**
	* Of which dues from subsidiary companies (Also refer to note 16.2.12)	35,21,087	39,45,048
7	**CASH AND BANK BALANCES**		
	Cash on hand	84,850	94,768
	Balances with scheduled banks		
	-in current accounts	10,83,93,509	22,83,60,763
	-in deposit accounts in Indian rupees	185,50,63,000	317,00,43,000
	Balances with non-scheduled banks*		
	-in current accounts	13,41,90,611	10,51,24,976
		209,77,31,970	**350,36,23,507**
	* Refer to note 16.2.10 for details of maximum balances held with non scheduled banks		
8	**LOANS AND ADVANCES**		
	Unsecured, considered good		
	Advances		
	Prepaid expenses	4,41,75,125	4,31,23,464
	Advance to gratuity fund	1,19,81,312	80,65,618
	For supply of goods and rendering of services	7,52,84,179	7,49,12,624
	Interest accrued and not due	69,35,485	2,03,16,892
	Loans given to subsidiaries*	15,49,973	7,27,19,108
	Loans and advances to employees	11,77,23,114	8,35,59,200
		25,76,49,188	**30,26,96,906**
	Deposits with financial institution and body corporate**	34,50,00,000	48,00,00,000
	Deposits with government authorities	11,10,766	1,16,652
	Rental deposits	22,07,23,931	18,76,61,899
	Electricity and other deposits	1,09,26,753	35,42,872
	Customer recoverables	1,48,53,961	28,85,508
	Unbilled revenue	18,83,87,668	10,11,91,187
	Advance income tax, net	19,47,37,436	4,22,26,973
	Withholding and other taxes receivable	10,73,438	19,43,249
	Cenvat credit receivable	22,23,11,699	16,55,34,450
	MAT credit entitlement	41,81,66,536	22,65,47,865
	Mark to market gain on forward exchange contract and options	6,53,04,711	-
		194,02,46,087	**151,43,47,561**
	Unsecured, considered doubtful		
	Loans and advances to employees	15,94,627	90,19,461
		194,18,40,714	**152,33,67,022**

	Less : Provision for doubtful loans and advances to employees	15,94,627	90,19,461
		194,02,46,087	**151,43,47,561**
	* Refer to note 16.2.12 for details		
9	**CURRENT LIABILITIES**		
	Sundry creditors		
	for capital goods	-	4,10,46,280
	for expenses*	4,22,07,471	2,01,65,927
	for accrued salaries and benefits		
	salaries and allowances	23,97,29,154	25,43,51,940
	ex-gratia and incentives	86,67,47,334	60,76,95,236
	for other liabilities		
	provision for expenses	188,12,93,552	226,68,43,132
	retention monies	5,64,04,055	5,26,02,133
	withholding taxes and other payables	1,06,80,007	16,39,627
	mark to market loss on forward exchange contract and options	-	12,95,25,272
		309,70,61,573	337,38,69,547
	Contingent consideration (Refer to note 16.2.14a)	65,50,91,000	-
	Advances received from clients	3,14,73,081	22,14,567
	Deferred revenue (Refer to note 16.2.15)	7,67,31,141	10,63,81,416
		386,03,56,795	**348,24,65,530**
	* Of which dues to subsidiary company (also refer note 16.2.12)	59,29,031	5,03,730
10	**PROVISIONS**		
	Provision for leave encashment	17,13,97,911	10,91,60,991
	Provision for income taxes, net	-	1,36,35,334
	Provisions for SLA compliance*	5,19,14,163	2,67,69,832
		22,33,12,074	**14,95,66,157**
	* Refer to note 16.2.19 for details of Provision for SLA compliance.		

Schedules to the Profit and Loss Account

In Rs.

		Year ended March 31,	
		2010	2009
11	**COST OF REVENUES**		
	Salaries including overseas staff expenses	412,84,48,582	381,33,36,340
	Staff welfare	(12,02,909)	5,21,06,231
	Contribution to provident and other funds	18,73,49,290	17,29,17,838
	Travelling expenses	29,08,12,800	38,26,95,902
	Conveyance	12,61,82,179	19,43,27,555
	Cost of software for own use	16,84,94,855	43,53,44,481
	Computer maintenance	63,39,320	73,74,432
	Communication expenses	22,77,94,847	22,67,02,533
	Rent	35,30,95,942	37,21,77,021
	Office maintenance	2,81,04,088	1,04,14,871
	Consultancy charges	37,05,00,833	52,23,01,160
	Consumables	63,16,150	76,97,986
	Recruitment and training expenses	11,05,00,237	6,28,78,796
	Insurance	36,50,289	58,43,575
	Other miscellaneous expenses	93,60,841	1,63,89,284
		601,57,47,344	**628,25,08,005**
12	**SELLING AND MARKETING EXPENSES**		
	Salaries including overseas staff expenses	63,30,56,512	44,11,45,289
	Staff welfare	46,866	9,97,045
	Contribution to provident and other funds	5,30,189	1,00,56,568
	Brand building and advertisement	69,16,780	70,26,470
	Travelling expenses	7,87,39,294	9,48,82,997
	Communication expenses	2,30,90,178	2,20,21,149
	Conveyance	4,07,442	9,49,765
	Rent	1,07,89,865	1,34,96,079
	Printing, stationery and office maintenance	14,10,386	11,54,404
	Insurance	28,75,870	30,23,348

	Marketing expenses	63,98,467	2,30,86,340
	Recruitment expenses	1,20,30,214	16,59,431
	Professional charges	52,42,839	25,52,000
	Professional memberships and seminars	22,28,749	1,38,45,587
	Other miscellaneous expenses	4,95,595	5,11,987
		78,42,59,246	**63,64,08,459**
13	**GENERAL AND ADMINISTRATION EXPENSES**		
	Salaries	55,09,44,403	54,95,21,908
	Staff welfare	1,13,31,236	2,79,22,091
	Contribution to provident and other funds	2,14,61,220	2,12,61,805
	Conveyance	2,70,81,022	5,04,25,414
	Consumables	85,92,824	96,01,605
	Cost of software for own use	76,35,041	1,09,92,456
	Rent	3,23,76,796	1,90,23,171
	Telephone and communication charges	2,96,74,309	4,12,44,672
	Legal and professional charges	4,87,43,255	6,29,60,592
	Printing and stationery	57,15,428	1,67,58,965
	Office maintenance	21,84,41,204	21,50,51,633
	Power and fuel	17,70,80,350	17,05,90,497
	Recruitment and training expenses	1,67,75,836	4,63,83,673
	Insurance	6,35,95,157	6,74,71,281
	Rates and taxes	1,81,08,947	2,22,45,539
	Donations	59,60,028	20,75,000
	Auditor's remuneration		
	audit fees	20,90,000	18,69,397
	out-of-pocket expenses	-	67,500
	Bank charges and commission	12,51,323	76,68,535
	Postage and courier	35,86,210	37,64,147
	Professional membership and seminar participation fees	4,69,241	5,44,114
	Provision for doubtful debts	11,31,118	(5,25,230)
	Provision for doubtful loans and advances	8,62,912	75,17,240
	Other miscellaneous expenses	15,54,920	64,65,560
		125,44,62,780	**136,09,01,565**

14	**OTHER INCOME**		
	Interest income *		
	On deposits with financial institutions and body corporate	2,01,96,794	3,24,73,165
	On deposits with banks	15,03,41,222	20,57,30,948
	On loans to subsidiary	37,69,852	27,14,014
	Dividends from liquid mutual fund investments	4,74,31,253	2,62,67,417
	Profit on sale of investments	22,44,820	41,72,770
	Profit on sale of fixed assets	30,361	6,11,027
	Exchange gain/(loss), net	1,47,22,880	(66,14,71,871)
	Interest on income tax refund	-	9,73,634
	Provisions for earlier year no longer required written back	-	1,15,64,190
	Miscellaneous income	1,94,08,200	77,05,385
		25,81,45,382	**(36,92,59,321)**
	*Tax deducted at source on interest income	2,65,54,996	4,74,86,536
15	**PROVISION FOR TAXATION**		
	Current taxes	43,17,28,128	18,15,50,581
	Deferred taxes	(4,68,75,053)	(4,89,82,713)
	MAT credit entitlement	(19,16,18,671)	(17,31,01,633)
		19,32,34,404	**(4,05,33,765)**

16 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.

16.1 Significant accounting policies

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.

16.1.3 Revenue recognition

The company derives its revenues primarily from business process management services, on time-and-material, fixed-price, fixed-time frame and unit-price basis. Revenue on time-and-material contracts is recognized as the related services are rendered. 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 deferred revenue. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates. When the company receives advances for its services, such amounts are reflected as advance received from clients until all conditions for revenue recognition are met. The company presents revenues net of service taxes and value added taxes in its profit and loss account.

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

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

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

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

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

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 within a year of acquisition. Leasehold improvements are written off over the lower of the lease term or the useful life of the asset. Leasehold land is amortised over the lease period. Intangible assets are amortised over their useful life on a straight line basis commencing from the date the asset is available to the company for its use. Management estimates the useful lives for the various fixed assets as follows:

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

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 eligible salary and the tenure of employment. Liabilities with regard to the Gratuity Plan are determined by an 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

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

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 in situation of unabsorbed depreciation and carry forward business losses exist, are recognised only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets, other than in situation of unabsorbed depreciation and carry forward business losses are recognized only if there is reasonable certainty that they will be realized. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

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 there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

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 individual 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, whereby 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, 2010		As at March 31, 2009
Estimated amount of unexecuted capital contracts (net of advance and deposits)		12,39,09,532		21,66,44,472
Forward contracts outstanding				
USD/INR	$	39,000,000	$	32,500,000
(Equivalent approximate in Rs.)		(175,11,00,000)		(164,84,00,000)
GBP/USD	£	3,500,000	£	5,500,000
(Equivalent approximate in Rs.)		(23,78,60,000)		(39,86,95,000)
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, 2009).

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, 2010 and March 31, 2009.

16.2.3 Aggregate expenses

(in Rs.)

	Year ended March 31, 2010	2009
Salaries and ex-gratia including overseas staff expenses	531,24,49,497	480,40,03,537
Staff welfare	1,01,75,193	8,10,25,367
Contribution to provident and other funds	20,93,40,699	20,42,36,211
Foreign travel expenses	36,95,52,094	47,75,78,899
Consumables	1,49,08,974	1,72,99,591
Computer maintenance	63,39,320	73,74,432
Cost of software for own use	17,61,29,896	44,63,36,937
Communication expenses	28,05,59,334	28,99,68,354
Consultancy charges	37,05,00,833	52,23,01,160
Travel and conveyance	15,36,70,643	24,57,02,734
Rent	39,62,62,603	40,46,96,271
Printing and stationery	71,25,814	1,79,13,369
Office maintenance	24,65,45,292	22,54,66,504
Legal and professional charges	5,39,86,094	6,55,12,592
Brand building	69,16,780	70,26,470
Recruitment and training expenses	13,93,06,287	11,09,21,900
Power and fuel	17,70,80,350	17,05,90,497
Insurance charges	7,01,21,316	7,63,38,204
Rates and taxes	1,81,08,947	2,22,45,539
Donations	59,60,028	20,75,000
Auditor's remuneration		
audit fees	20,90,000	18,69,397
out-of-pocket expenses	-	67,500
Bank charges and commission	12,51,323	76,68,535
Postage and courier	35,86,210	37,64,147
Professional membership and seminar participation fees	26,97,990	1,43,89,701
Provision for bad and doubtful debts	11,31,118	(5,25,230)
Provision for bad and doubtful loans and advances	8,62,912	75,17,240
Marketing expenses	63,98,467	2,30,86,340
Other miscellaneous expenses	1,14,11,356	2,33,66,831
Total	805,44,69,370	827,98,18,029
Fringe Benefit Tax(FBT) in India included in the above	-	3,47,04,873

During year ended March 31, 2010, the company has reversed provisions for operating expenses amounting to Rs. 11,88,05,772 relating to earlier periods. The nature of these expenses were primarily consultancy charges, recruitment expenses and staff welfare expenses. During the year ended March 31, 2009, the company had recorded a credit of Rs.

3,88,16,816 relating to earlier periods in its income statement pertaining to productivity commitments/volume discounts on the basis of contractual obligations.

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,	
	2010	2009
Capital goods	6,09,28,256	17,52,85,809

16.2.6 Expenditure in foreign currency (on payments basis)

(in Rs.)

	Year ended March 31,	
	2010	2009
Salary, legal and professional charges	150,51,89,183	114,92,14,274
Foreign travel expenses and relocation expenses	42,60,57,841	34,36,43,298
Bank charges, consultancy and others	55,41,30,936	9,52,50,959
Communication	14,39,18,243	15,54,34,750
	262,92,96,203	174,35,43,281

16.2.7 Earnings in foreign currency (on receipt basis)

(in Rs.)

	Year ended March 31,	
	2010	2009
From business process management services	1105,35,29,120	1047,05,35,018

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,	
	2010	2009
Lease rentals charged during the period	39,62,62,603	40,46,96,271

(in Rs.)

Lease obligations	As at March 31, 2010	As at March 31, 2009
Within one year of the balance sheet date	10,89,75,438	17,11,76,942
Due in a period between one year and five years	9,35,84,295	20,33,20,712
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 Technologies Limited (also refer Note 16.2.12 below).

16.2.9 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, 2011, 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. 41.82 Crore was carried forward and shown under "Loans and Advances" in the balance sheet as of March 31, 2010 and Rs 22.65 Crore as of March 31,2009.

16.2.10 Cash and bank balances

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

(in Rs.)

	As at March 31, 2010	As at March 31, 2009
Cash on hand	84,850	94,768

(in Rs.)

Balances with non-scheduled banks	As at March 31, 2010	As at March 31, 2009
In current accounts		
ICICI Bank, London	1,06,84,997	8,56,425
PNC Bank,New Jersey*	2,24,500	2,52,580
Bank of America, California	8,38,42,099	8,52,64,767
Deutsche Bank, Philippines	3,81,24,631	1,18,84,388
Royal Bank of Canada, Ontario	13,14,384	68,66,816
	13,41,90,611	10,51,24,976

* This represents 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, 2010	As at March 31, 2009
In current accounts		
Citibank	12,44,514	12,26,559
Deustche Bank	64,51,133	1,60,49,724
Deustche Bank- EEFC account in Euro	55,91,061	64,10,085
Deustche Bank- EEFC account in United Kingdom Pound Sterling	50,58,140	28,32,419
Deustche Bank- EEFC account in US dollars	41,00,082	1,21,46,583
ICICI Bank	3,32,11,141	4,09,21,984
ICICI Bank- EEFC account in Euro	74,75,628	62,76,290
ICICI Bank- EEFC account in United Kingdom Pound Sterling	1,45,79,067	5,75,83,794
ICICI Bank- EEFC account in US dollars	3,06,23,644	8,48,54,226
State Bank of India	59,099	59,099
	10,83,93,509	22,83,60,763
In deposit accounts		
Allahabad Bank	50,00,00,000	
Bank of Baroda	-	48,00,00,000
Bank of Maharastra	-	44,00,00,000
Corporation Bank	-	8,00,00,000
HSBC Bank	-	25,00,00,000
ICICI Bank	49,50,40,000	50,00,20,000
IDBI Bank	-	50,00,00,000
Indian Overseas Bank	9,00,00,000	-
ING Vysya Bank	-	28,00,00,000
Punjab National Bank	35,50,00,000	-
Standard Chartered Bank	-	38,00,00,000
State Bank of Hyderabad	24,00,00,000	-
State Bank of India	23,000	26,00,23,000
Syndicate Bank	17,50,00,000	-
	185,50,63,000	317,00,43,000

(in Rs.)

Maximum balances held in non-scheduled banks		Year ended March 31,
	2010	2009
In current accounts		
ICICI Bank, London	3,46,60,072	3,18,91,840
PNC Bank,New Jersey	2,52,580	2,55,650
Bank of America, California	23,89,68,846	16,61,78,323
Deutsche Bank, Philippines	12,99,37,963	2,45,24,299
Royal Bank of Canada, Ontario	89,77,435	1,31,93,976

16.2.11 Loans and advances

Deposits with financial institution and body corporate comprise:

(in Rs.)

	As at March 31, 2010	As at March 31, 2009
Deposits with financial institution:		
Housing Development Finance Corporation Limited	34,50,00,000	48,00,00,000
	34,50,00,000	48,00,00,000

Maximum balance held

(in Rs.)

	Year ended March 31, 2010	2009
Deposits with financial institution:		
Housing Development Finance Corporation Limited	50,00,00,000	48,00,00,000
Deposits with body corporate:		
GE Capital Services India Limited	-	25,00,00,000

16.2.12 Related party transactions

List of Related Parties

Name of the Related Party	Country	Holding as at March 31, 2010	Holding as at March 31, 2009
Infosys Technologies Limited	India	Holding Company	Holding Company
Infosys BPO s.r.o	Czech Republic	100%	100%
Infosys BPO Poland Sp.z.o.o	Poland	100%	100%
Infosys BPO (Thailand) Limited	Thailand	100%	100%
McCamish Systems LLC (refer to note 16.2.14a)	United States	100%	-
Infosys Consulting Inc*	United States		
Infosys Technologies (Australia) Pty Limited ("Infosys Australia")*	Australia		
Infosys Technologies S.de R.L.de C.V. ("Infosys Mexico")*	Mexico		
Infosys Technologies (China) Co.Limited ("Infosys China") *	China		
Infosys Technologia Do Brasil LTDA (" Infosys Brazil")*	Brazil		
Infosys Consulting India Limited#	India		

* Wholly owned subsidiaries of Infosys Technologies Limited i.e. fellow subsidiaries.

wholly owned subsidiaries of Infosys Consulting Inc

List of key management personnel

Name of the Related Party	Designation
T.V.Mohandas Pai	Chairman and Director
D. Swaminathan*	Managing Director and Chief Executive Officer
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

* Appointed as Managing Director and Chief Executive Officer effective January 16, 2010

Managing Director and Chief Executive Officer till January 15, 2010

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

(in Rs.)

Particulars	Year ended March 31, 2010	2009
Capital transactions:		
Financials transactions		
Loans		
Infosys BPO s.r.o	-	(1,17,77,262)
Infosys BPO Poland Sp.z.o.o	(7,27,19,108)	7,27,19,108
McCamish Systems LLC	15,49,973	-
P-Financial Services Holding B.V	-	(4,23,99,828)
Revenue transactions:		
Purchase of services		
Infosys BPO s.r.o	6,81,630	72,77,711
Infosys BPO Poland Sp.z.o.o	52,42,650	-
Infosys Consulting Inc	1,34,84,238	-
Infosys Mexico	3,42,83,644	1,38,16,874
Purchase of shared services including facilities and personnel		
Infosys Technologies Limited	3,79,696	51,04,88,472
Infosys BPO s.r.o	4,483,679	54,19,980
Infosys BPO Poland Sp.z.o.o	15,22,842	-
Infosys Australia	2,09,96,658	1,34,06,832
Infosys Mexico	24,03,063	44,29,189
Infosys China	16,28,225	13,73,901
Infosys Brazil	1,59,748	-
Interest Income		
Infosys BPO s.r.o	3,44,121	2,87,585
Infosys BPO Poland Sp.z.o.o	18,75,759	17,15,752
McCamish Systems LLC	1,549,972	-
P-Financial Services Holding B.V	-	7,10,677
Sale of services		
Infosys Technologies Limited	-	36,78,302
Infosys BPO s.r.o	52,44,663	-
Sale of shared services including facilities and personnel		
Infosys Technologies Limited	63,16,87,140	27,67,54,705
Infosys BPO s.r.o	53,68,721	54,93,477
Infosys BPO Poland Sp.z.o.o	7,39,431	-
Infosys BPO (Thailand) Limited	75,593	3,960
Infosys Australia	23,90,915	2,35,70,098
Infosys Mexico	2,281	35,29,212
Infosys China	1,11,15,990	5,67,623
Infosys Brazil	60,20,021	-
Infosys Consulting India Limited	5,383,218	-

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.

Details of amounts due to or due from and maximum dues from related party for the year ended March 31, 2010 and March 31, 2009.

(in Rs.)

Particulars	As at March 31, 2010	As at March 31, 2009
Loans and Advances		
Infosys BPO Poland Sp.z.o.o	-	7,27,19,108
McCamish Systems LLC	15,49,973	-
Deposit given for shared services		
Infosys Technologies Limited	6,89,00,000	3,28,00,000
Debtors		
Infosys Technologies Limited	5,82,90,185	1,17,34,830
Infosys BPO s.r.o	10,64,220	32,54,777
Infosys BPO Poland Sp.z.o.o	12,52,487	6,75,217
Infosys BPO (Thailand) Limited	1,220	15,054
McCamish Systems LLC	12,03,160	-
Infosys Consulting Inc	2,245	-
Infosys Australia	9,82,637	46,73,533
Infosys Mexico	2,59,921	13,29,561
Infosys China	1,08,23,121	56,77,699
Infosys Brazil	1,46,980	-
Infosys Consulting India Limited	23,892	-
Creditors		
Infosys Technologies Limited	2,24,52,343	-
Infosys BPO s.r.o	1,07,610	45,101
Infosys BPO Poland Sp.z.o.o	58,21,421	4,58,629
Infosys Consulting Inc	14,85,444	-
Infosys Australia	35,40,761	29,72,105
Infosys Mexico	(5,49,757)	(2,01,751)
Infosys China	40,99,043	26,49,114
Infosys Brazil	1,05,234	-
Infosys Consulting India Limited	828	-
Maximum balances of loans and advances		
Infosys Technologies Limited	6,89,00,000	3,28,00,000
Infosys BPO s.r.o	-	1,98,41,514
Infosys BPO Poland Sp.z.o.o	7,27,19,108	8,42,72,028
McCamish Systems LLC	18,11,56,124	-

During the year ended March 31, 2010 an amount of Rs. 30,00,000 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, 2010 and 2009, are given below:

(in Rs.)

	Year ended March 31,	
	2010	2009
Salary and allowances	97,63,863	73,81,180
Provident fund, gratuity and superannuation contributions	2,82,981	2,77,166
Performance incentives	89,87,736	44,96,877
	1,90,34,580	1,21,55,223

16.2. 13 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, 2010 and 2009 are given below:

(in Rs.)

	Year ended March 31,	
	2010	2009
Sitting fees	105,000	120,000
Commission	24,00,000	24,00,000
	25,05,000	25,20,000

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,	
	2010	2009
Net profit after tax from ordinary activities	273,81,32,067	178,42,28,901
Add:		
1. Whole time director's remuneration	1,90,34,580	1,21,55,223
2. Director's sitting fee	1,05,000	1,20,000
3. Commission to non whole time directors	24,00,000	24,00,000
4. Depreciation as per books of account	53,86,79,767	42,25,43,412
5. Provision for doubtful debts	11,31,118	(5,25,230)
6. Provision for doubtful loans and advances	8,62,912	75,17,240
5. Provision for taxation	19,32,34,404	(4,05,33,765)
	349,35,79,848	218,79,05,781
Less:		
1.Depreciation as envisaged under Section 350 of the Companies Act, 1956*	53,86,79,767	42,25,43,412
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	295,49,00,081	176,53,62,369

3.Commission payable to non whole time directors:		
4.Maximum allowed as per the Companies Act, 1956 at 1%	2,95,49,001	1,76,53,624
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.

16.2.14 Details of Investment

(in Rs.)

	No. of units as at		Amount as at	
Current investments	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Birla Sun Life AMC Ltd Liquid Plus	2,56,07,020	-	25,62,44,320	-
DWS Mutual fund -Liquid Plus	1,89,66,884	-	19,00,08,350	-
ICICI Prudential SIP Liquid Plus	13,38,737	-	14,15,51,298	-
IDFC Mutual Fund Liquid Plus	2,53,03,413	-	25,30,72,094	-
Kotak mutual fund-Liquid plus	2,50,08,866	-	25,20,84,370	-
Reliance Mutual Fund Liquid Plus	1,02,27,161	-	17,48,38,407	-
Religare mutual fund-Liquid plus	2,51,38,547	-	25,17,80,149	-
TATA Asset Management Ltd Liquid Plus	2,55,96,059	-	25,68,71,808	-
UTI mutual fund-Liquid plus	2,31,677	-	23,17,26,991	-
	15,74,18,364	-	200,81,77,787	-

Movement of Investment during year ended March 31,2010	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	**-**	**11,53,41,080**	**8,97,34,060**	**2,56,07,020**
	-	116,93,95,563	91,38,26,964	25,62,44,320
DWS Mutual fund -Liquid Plus	**-**	**8,41,38,984**	**6,51,72,100**	**1,89,66,884**
	-	84,28,95,935	65,28,87,585	19,00,08,350
Franklin Templeton Liquid Plus	**-**	**1,34,952**	**1,34,952**	**-**
	-	13,50,42,716	13,50,42,716	-
HDFC Mutual Fund Liquid Plus	**-**	**6,18,73,691**	**6,18,73,691**	**-**
	-	62,37,42,469	62,37,42,479	-
HSBC Mutual Fund Liquid Plus	**-**	**1,43,78,972**	**1,43,78,972**	**-**
	-	20,00,00,000	20,05,92,414	-
ICICI Prudential Liquid PLUS Institutional Dividend	**-**	**6,08,90,769**	**5,95,52,032**	**13,38,737**
	-	112,04,31,356	97,93,68,696	14,15,51,298
IDFC Mutual Fund Liquid Plus	**-**	**7,25,83,717**	**4,72,80,304**	**2,53,03,413**

	-	72,59,46,043	47,28,74,094	25,30,72,094
Kotak mutual fund-liquid plus	-	**4,99,57,800**	**2,49,48,933**	**2,50,08,866**
	-	50,35,64,630	25,14,80,260	25,20,84,370
Principal mutual fund - Liquid plus	-	**2,25,04,645**	**2,25,04,645**	-
	-	22,53,23,255	22,53,23,255	-
Reliance Mutual Fund Liquid Plus	-	**3,89,74,154**	**2,87,46,993**	**1,02,27,161**
		66,62,82,614	49,14,44,612	17,48,38,407
Religare mutual fund-liquid plus	-	**7,51,90,482**	**5,00,51,935**	**2,51,38,547**
	-	75,30,85,303	50,13,05,274	25,17,80,149
SBI mutual fund- liquid plus	-	**5,01,23,994**	**5,01,23,994**	-
	-	50,15,26,081	50,15,40,712	-
TATA Asset Management Ltd Liquid Plus	-	**4,46,65,303**	**1,90,69,243**	**2,55,96,059**
	-	48,18,71,808	22,54,72,733	25,68,71,808
UTI mutual fund-liquid plus	-	**9,06,915**	**6,75,238**	**2,31,677**
	-	90,71,09,989	67,53,83,001	23,17,26,991

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 Madras, 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 and filed with the respective Registrar of Companies of Karnataka and Tamilnadu on April 6, 2009 and March 10, 2009 respectively. Accordingly, the financial statements of PAN Financial has been merged with the company with effect from April 1, 2008.

16.2.14a Investment in McCamish Systems LLC

On December 4, 2009, Infosys BPO acquired 100% of the voting interests in McCamish Systems LLC (McCamish), a business process solutions provider based in Atlanta, Georgia, in the United States. The business acquisition was conducted by entering into Membership Interest Purchase Agreement for a cash consideration of Rs. 173 Crore and a contingent consideration of Rs. 67 Crore. In the current year, the company advanced a loan of Rs. 18 Crore which was converted into membership interest of McCamish.

16.2.15 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 7,67,31,141 and Rs.10,63,81,416 as at March 31, 2010 and March 31, 2009 respectively and have been disclosed under current liabilities.

16.2.16 Reconciliation between basic and dilutive shares

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

(in Rs.)

	Year ended March 31, 2010	2009
Weighted average shares used in computing basic earnings per share	3,38,27,751	3,38,27,751
Dilutive effect of stock options	-	-
Weighted average shares used in computing diluted earnings per share	3,38,27,751	3,38,27,751

16.2.17 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 60 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,			
	2010	2009	2008	2007
Obligations at period beginning	10,83,54,625	5,97,96,919	3,65,75,416	2,62,50,439
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	6,73,44,267	4,07,80,299	2,57,48,242	1,14,79,588
Interest cost	46,65,510	42,52,594	28,21,347	19,97,287
Benefits settled	(3,71,70,205)	(2,35,68,652)	(1,42,50,440)	(82,27,072)
Actuarial (gain)/loss	(6,58,346)	13913,415)	8902,354)	5075,174)
Obligations at period end	14,25,35,851	10,83,54,625	5,97,96,919	3,65,75,416

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

Change in plan assets:

(in Rs.)

	As at March 31,			
	2010	2009	2008	2007
Plans assets at beginning of the period, at fair value	11,64,20,243	6,12,93,221	3,49,57,318	2,64,62,265
Assets as on April 1, 2008 assumed on the amalgamation of PAN Financial Shared Services India Private Limited (refer note 16.2.14)	-	1,59,21,701	-	-
Expected return on plan assets	1,14,83,981	64,94,791	33,91,458	21,14,335
Actuarial gain/(loss)	3,04,464	18,39,632	3,84,157	3,03,185
Contributions	6,34,78,680	5,44,39,550	3,68,10,728	1,59,22,703
Benefits settled	(3,71,70,205)	(2,35,68,652)	(1,42,50,440)	(82,27,072)

Plans assets at end of the period, at fair value	15,45,17,163	11,64,20,243	6,12,93,221	3,65,75,416

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

(in Rs.)

	As at March 31,			
	2010	2009	2008	2007
Fair value of plan assets at the end of the period	15,45,17,163	11,64,20,243	6,12,93,221	3,65,75,416
Present value of the defined benefit obligations at the end of the period	14,25,35,851	10,83,54,625	5,97,96,919	3,65,75,416
Asset recognized in the balance sheet	1,19,81,312	80,65,618	14,96,302	-

Gratuity cost for the period (in Rs.)

	Year ended March 31,	
	2010	2009
Service cost	6,73,44,267	4,07,80,299
Interest cost	46,65,510	42,52,594
Expected return on plan assets	(1,14,83,981)	(64,94,791)
Actuarial (gain)/loss	(9,62,810)	1,20,73,783
Net gratuity cost	5,95,62,986	5,06,11,885
Actual return on plan assets	1,17,88,445	83,34,423

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

Assumptions

	As at March 31,			
	2010	2009	2008	2007
Interest rate	7.82%	7.01%	7.92%	7.99%
Discount rate	7.82%	7.01%	7.92%	7.99%
Estimated rate of return on plan assets	9.00%	7.01%	7.92%	7.99%
Retirement age	60	58	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.

16.2.18 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.

16.2.18a 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, 2010	
	Shares arising out of options	Weighted average exercise prices (in Rs.)
Outstanding at the beginning of the year	16,04,867	308.93
Granted during the year	-	-
Forfeitures during the year	2,68,536	186.38
Exercised during the year	-	-
Outstanding at the end of the year	13,36,331	333.55
Exercisable at the end of the year	8,98,806	306.55

The company has not granted any options during the year ended March 31, 2010. Further there were no exercises for the year ended March 31, 2010.

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

As at March 31, 2010, 13,36,331 (March 31,2009: 16,04,867) options are held by Infosys Technologies Limited (refer note 16.2.18b). 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, 2010 and March 31, 2009

Range of exercise prices (in Rs.)	Stock options outstanding at the end of the period		Weighted average remaining contractual life	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
33.12-58.33	1,64,846	1,64,846	0.02	0.72
58.34-77.89	1,05,975	1,18,475	0.33	1.31
77.90-99.20	82,500	87,600	0.51	1.43
99.21-162.23	-	23,500	-	2.26
162.24-195.00	2,03,000	4,03,961	0.85	1.74
195.01-214.00	-	26,475	-	0.77
214.01-230.00	1,49,610	1,49,610	1.42	2.42
230.01-310.00	1,19,300	1,19,300	1.82	3.03
310.01-604.00	5,11,100	5,11,100	1.86	2.92
	13,36,331	16,04,867	1.22	2.11

16.2.18b 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, 2010	
	Shares arising out of options	Weighted average exercise prices (in Rs.)
Outstanding at the beginning of the year	3,95,998	2,121
Granted during the year	-	-
Forfeitures during the year	2,97,451	2,121
Exercised during the year	46,254	2,121
Outstanding at the end of the year	52,293	2,121
Exercisable at the end of the year	52,293	2,121

	Year ended March 31, 2009	
	Shares arising out of options	Weighted average exercise prices (in Rs.)
Outstanding at the beginning of the year	5,50,592	2,121
Granted during the year		

	-	-
Forfeitures during the year	1,54,594	2,121
Exercised during the year	-	-
Outstanding at the end of the year	3,95,998	2,121
Exercisable at the end of the year	3,95,998	2,121

The following table summarizes information about stock options as of March 31, 2010 and March 31,2009

Range of exercise prices (in Rs.)	Stock options outstanding at the end of the period		Weighted average remaining contractual life	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
0- 2120.95	52,293	3,95,998	1.02	1.44
	52,293	3,95,998	1.02	1.44

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,	
	2010	2009
Net profit as reported	273,81,32,067	178,42,28,901
Less: Stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	5,10,30,304	6,83,45,198
Adjusted proforma profit	268,71,01,763	171,58,83,703
Basic EPS as reported	80.94	52.74
Adjusted proforma	79.43	50.72
Diluted EPS as reported	80.94	52.74
Adjusted proforma	79.43	50.72

16.2.19 Provision for SLA compliance

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

	As at March 31, 2010	As at March 31, 2009
Balance at the beginning of the period	2,67,69,832	1,63,42,186
Balance assumed on the amalgamation of PAN Financial Shared Services India Private Limited (refer note 16.2.14)	-	5,83,256
Additional provision made during the period	4,23,46,603	1,50,73,089

Provision used during the period	65,23,719	52,28,699
Unused amounts reversed during the period	1,06,78,553	-
Balance at the end of the period	5,19,14,163	2,67,69,832

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

16.2.20 Segment reporting

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

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

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

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

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

Industry segments

Year ended March 31, 2010 and March 31, 2009

(in Rs.)

Particulars	Financial services	Manufacturing	Telecom	Retail	Others	Total
Revenues	**276,34,27,431**	**278,67,05,555**	**395,51,35,610**	**19,17,53,092**	**156,93,48,538**	**1126,63,70,226**
	295,22,73,592	210,04,62,092	444,95,15,981	18,71,05,169	112,59,59,064	1081,53,15,898
Identifiable operating expenses	**72,26,66,414**	**104,92,64,523**	**115,64,25,120**	**5,67,97,691**	**63,43,66,733**	**361,95,20,481**
	83,35,15,873	83,70,12,566	134,63,35,541	5,80,09,902	37,15,84,252	344,64,58,134
Allocated expenses	**106,09,42,131**	**111,89,79,714**	**153,87,37,365**	**7,57,49,821**	**64,05,39,858**	**443,49,48,889**
	129,78,19,700	100,23,09,486	195,60,07,570	8,22,51,447	49,49,71,692	483,33,59,895
Segmental operating profit	**97,98,18,886**	**61,84,61,318**	**125,99,73,125**	**5,92,05,580**	**29,44,41,947**	**321,19,00,856**
	82,09,38,019	26,11,40,040	114,71,72,870	4,68,43,820	25,94,03,120	253,54,97,869
Unallocable expenses						**53,86,79,767**

	42,25,43,412
Operating profit	**267,32,21,089**
	211,29,54,457
Other income net	**25,81,45,382**
	(36,92,59,321)
Net profit before taxes	**293,13,66,471**
	174,36,95,136
Taxes	**19,32,34,404**
	(4,05,33,765)
Net profit after taxes	**273,81,32,067**
	178,42,28,901

Geographical segments

Year ended March 31, 2010 and March 31, 2009

(in Rs.)

Particulars	United States of America	Europe	Others	Total
Revenues	**672,30,60,776**	**402,03,24,688**	**52,29,84,762**	**1126,63,70,226**
	573,89,24,878	475,77,51,915	31,86,39,105	1081,53,15,898
Identifiable operating expenses	**212,17,29,673**	**130,93,70,539**	**18,84,20,269**	**361,95,20,481**
	193,03,48,323	142,28,72,933	9,32,36,878	344,64,58,134
Allocated expenses	**267,14,80,385**	**155,95,11,178**	**20,39,57,326**	**443,49,48,889**
	252,28,31,821	217,04,54,298	14,00,73,776	483,33,59,895
Segmental operating profit	**192,98,50,718**	**115,14,42,971**	**13,06,07,167**	**321,19,00,856**
	128,57,44,734	116,44,24,684	8,53,28,451	253,54,97,869
Unallocable expenses				**53,86,79,767**
				42,25,43,412
Operating profit				**267,32,21,089**
				211,29,54,457
Other income net				**25,81,45,382**
				(36,92,59,321)
Net profit before taxes				**293,13,66,471**
				174,36,95,136
Taxes				**19,32,34,404**
				(4,05,33,765)
Net profit after taxes				**273,81,32,067**
				178,42,28,901

16.2.21 Provision for doubtful debts

Periodically, the Company evaluates all customer dues to the Company for collectability. The need for provisions is assessed based on various factors including collectability of specific dues, risk perceptions of the industry in which the customer operates, general economic factors, which could affect the customer's ability to settle. The Company normally provides for debtor dues outstanding for 180 days or longer as at the Balance Sheet date. As at March 31, 2010 the company has provided for doubtful debts of Rs. Nil (Rs. 18,26,988 as at March31, 2009) on dues from certain customers although the outstanding amounts were less than 180 days old, since the amounts were considered doubtful of recovery.

16.2.22 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

I. Registration Details	
CIN Number	U72200KA2002PLC030310
Registration number	30310
State Code	08
Balance Sheet Date	March 31, 2010
II. Capital raised during the year	
Public Issue	-
Rights Issue	-
Bonus Issue	-
Private Placements	-
Preferential offer of shares under Employees Stock Option Plan	-
III. Position of mobilization and deployment of funds	
Total liabilities	935,75,46,155
Total assets	935,75,46,155
Sources of Funds	
Paid up capital	33,82,77,510
Reserves and surplus	901,92,68,645
Secured loans	-
Unsecured loans	-
Application of Funds	
Net fixed assets	209,33,64,920
Investments	530,46,01,906
Net Current assets	195,95,79,329
Miscelleneous expenditure	-
Accumulated losses	-
IV. Performance of the Company	
Turnover	1126,63,70,226
Other Income	25,81,45,382
Total Income	1152,45,15,608
Total Expenditure	859,31,49,137
Profit / (Loss) before tax	293,13,66,471
Extraordinary Income	-
Profit / (Loss) after tax	273,81,32,067
Earnings per share from ordinary activities (Basic)	80.94
Earnings per share from ordinary activities (Diluted)	80.94
Dividend rate (%)	-
V. 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

D.Swaminathan
Managing Director and Chief Executive Officer

S.D.Shibulal
Director

Prof.Jayanth R.Varma
Director

Sridar A.Iyengar
Director

B.G.Srinivas
Director

Abraham Mathews
Head - Finance and Accounts

N.R.Ravikrishnan
Company Secretary

Bangalore
April 8, 2010

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	McCamish Systems LLC
Financial period ended	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010
Holding company interest	100%	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	1,38,93,989	19,73,83,137	2,06,45,355	(17,67,10,661)
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	22,69,08,324	3,60,70,725	(3,13,91,886)	-

T.V.Mohandas Pai
Chairman and Director

D.Swaminathan
Managing Director and Chief Executive Officer

S.D.Shibulal
Director

Prof.Jayanth R.Varma
Director

Sridar A.Iyengar
Director

B.G.Srinivas
Director

Abraham Mathews
Head - Finance and Accounts

N.R.Ravikrishnan
Company Secretary

Bangalore
April 8, 2010

Consolidated Financial Statements

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 2010, 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 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 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 2010;

(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

Firm registration number: 101248W

Supreet Sachdev

Partner

Membership No. 205385

Bangalore

8 April 2010

Consolidated Balance Sheet

In Rs.

	Schedule	March 31, 2010	March 31, 2009
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	1	33,82,77,510	33,82,77,510
Reserves and surplus	2	935,47,81,699	655,06,75,506
		969,30,59,209	**688,89,53,016**
APPLICATION OF FUNDS			
FIXED ASSETS			
Original cost	3	706,81,20,022	387,04,87,230
Less : Accumulated depreciation		197,49,90,650	149,50,85,002
Net book value		509,31,29,372	237,54,02,228
Capital work-in-progress		47,18,607	59,64,34,292
		509,78,47,979	**297,18,36,520**
INVESTMENTS	4	**200,81,77,787**	**-**
DEFERRED TAX ASSET	5	**17,12,03,876**	**12,48,52,380**
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry debtors	6	238,30,01,965	259,06,97,820
Cash and bank balances	7	249,60,15,451	364,77,69,642
Loans and advances	8	212,03,82,430	154,39,93,002
		699,93,99,846	**778,24,60,464**
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	9	425,96,46,560	376,47,74,479
Provisions	10	32,39,23,719	22,54,21,869
NET CURRENT ASSETS		**241,58,29,567**	**379,22,64,116**
		969,30,59,209	**688,89,53,016**
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

Supreet Sachdev
Partner
Membership No. 205385

T.V.Mohandas Pai
Chairman and Director

D.Swaminathan
Managing Director and Chief Executive Officer

S.D.Shibulal
Director

Prof.Jayanth R.Varma
Director

Sridar A.Iyengar
Director

B.G.Srinivas
Director

Abraham Mathews
Head - Finance and Accounts

N.R.Ravikrishnan
Company Secretary

Bangalore
April 8, 2010

Consolidated Profit and Loss Account

In Rs.

	Schedule	Year ended March 31, 2010	2009
INCOME			
Revenues from business process management services		1387,17,97,211	1298,20,90,421
		1387,17,97,211	1298,20,90,421
COST OF REVENUES	11	802,13,73,130	794,18,35,241
GROSS PROFIT		**585,04,24,081**	**504,02,55,180**
SELLING AND MARKETING EXPENSES	12	80,46,73,939	63,64,08,459
GENERAL AND ADMINISTRATION EXPENSES	13	164,97,95,537	170,04,69,318
OPERATING PROFIT BEFORE DEPRECIATION		**339,59,54,605**	**270,33,77,403**
Depreciation	3	60,74,89,379	46,56,94,218
OPERATING PROFIT AFTER DEPRECIATION		**278,84,65,226**	**223,76,83,185**
Other Income	14	25,60,37,127	(21,36,53,902)
PROFIT BEFORE TAX		**304,45,02,353**	**202,40,29,283**
Provision for taxation	15	25,11,58,466	1,67,43,815
NET PROFIT AFTER TAX		**279,33,43,887**	**200,72,85,468**
Balance brought forward from the previous year		424,53,15,095	323,80,29,627
AMOUNT AVAILABLE FOR APPROPRIATION		**703,86,58,982**	**524,53,15,095**
Amount transferred to general reserve		200,00,00,000	100,00,00,000
BALANCE CARRIED FORWARD		503,86,58,982	424,53,15,095
Total		**703,86,58,982**	**524,53,15,095**
EARNINGS PER SHARE			
Equity shares of par value Rs.10 each			
Basic		82.58	59.34
Diluted		82.58	59.34
Weighted average number of shares used in computing earnings per share:	16.2.13		
Basic		3,38,27,751	3,38,27,751
Diluted		3,38,27,751	3,38,27,751
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	16		

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

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

Supreet Sachdev
Partner
Membership No. 205385

T.V.Mohandas Pai
Chairman and Director

D.Swaminathan
Managing Director and Chief Executive Officer

S.D.Shibulal
Director

Prof.Jayanth R.Varma
Director

Sridar A.Iyengar
Director

B.G.Srinivas
Director

Abraham Mathews
Head - Finance and Accounts

N.R.Ravikrishnan
Company Secretary

Bangalore
April 8, 2010

Consolidated Cash Flow Statement

In Rs.

	Year ended March 31, 2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	304,45,02,353	202,40,29,283
Adjustments to reconcile profit before tax to cash provided by operating activities		
Depreciation	60,74,89,379	46,56,94,218
Interest income	(17,29,70,583)	(23,96,77,619)
Dividend income	(4,74,31,253)	(2,62,67,417)
Provisions for earlier year no longer required written back	-	(11,564,190)
Profit on sale of investments	(22,44,820)	(40,91,675)
(Profit)/Loss on sale of fixed assets	(41,175)	(21,65,224)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	1,28,67,980	2,08,73,617
Changes in current assets and liabilities		
Sundry debtors	37,13,20,770	(72,79,13,895)
Loans and advances	(31,11,48,195)	(23,84,88,968)
Current liabilities	(26,08,89,359)	109,84,76,850
Provisions	10,15,49,689	5,36,90,390
	334,30,04,786	241,25,95,370
Income tax paid during the year, net	(69,60,76,238)	(27,18,98,227)
NET CASH GENERATED BY OPERATING ACTIVITIES	**264,69,28,548**	**214,06,97,143**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets and change in capital work-in-progress / advances	(45,10,79,651)	(122,46,04,218)
Proceeds from sale of fixed assets	15,94,965	22,24,738
Interest received	18,61,42,086	23,02,59,291
Dividend received	4,74,31,253	2,62,67,417
Purchase of units in liquid mutual funds	(885,62,17,762)	(258,10,31,492)
Proceeds from sale of units in liquid mutual funds	685,02,84,795	330,97,96,895
Consideration for acquisition of businesses, net of cash acquired	(170,98,56,388)	(4,99,53,400)
NET CASH USED IN INVESTING ACTIVITIES	**(393,17,00,702)**	**(28,70,40,769)**
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
NET CASH FLOWS FROM FINANCING ACTIVITIES	-	-
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(19,82,037)	(4,43,86,992)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(128,67,54,191)	180,92,69,382
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	412,77,69,642	231,85,00,260
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD*	**284,10,15,451**	**412,77,69,642**

* Cash and cash equivalents aggregating Rs.284,10,15,451(Rs.412,77,69,642 as at March 31,2009) comprises cash on hand amounting to Rs.8,96,951 (Rs.4,14,360 as at March 31, 2009), balances with banks amounting to Rs.249,51,18,500(Rs.364,73,55,282 as at March 31, 2009) and deposits with financial institution/ body corporate amounting to Rs.34,50,00,000 (Rs.48,00,00,000 as at March 31,2009).

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

for B S R & Co.
Chartered Accountants

Supreet Sachdev
Partner
Membership No. 205385

T.V.Mohandas Pai
Chairman and Director

D.Swaminathan
Managing Director and Chief Executive Officer

S.D.Shibulal
Director

Prof.Jayanth R.Varma
Director

Sridar A.Iyengar
Director

B.G.Srinivas
Director

Abraham Mathews
Head - Finance and Accounts

N.R.Ravikrishnan
Company Secretary

Bangalore
April 8, 2010

Schedules to the Consolidated Balance Sheet

In Rs.

		March 31, 2010	March 31, 2009
1	**SHARE CAPITAL**		
	AUTHORISED		
	Equity shares, Rs.10 (Rs.10) par value		
	12,33,75,000 (12,33,75,000) equity shares	123,37,50,000	123,37,50,000
		123,37,50,000	**123,37,50,000**
	ISSUED, SUBSCRIBED AND PAID UP		
	Equity shares, Rs.10 (Rs.10) par value*		
	3,38,27,751 (3,38,27,751) equity shares fully paid up	33,82,77,510	33,82,77,510
	[Of the above, 3,38,22,319 (3,38,22,319) 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 16.2.15		
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
	Foreign exchange translation reserve	4,98,30,238	3,90,67,932
	General Reserve - opening balance	200,00,00,000	100,00,00,000
	Add : Transfer from profit and loss account during the period/ year	200,00,00,000	100,00,00,000
	General Reserve - closing balance	400,00,00,000	200,00,00,000
	Balance in profit and loss account	503,86,58,982	424,53,15,095
		935,47,81,699	**655,06,75,506**

in Rs.

Particulars	Original cost				Accumulated depreciation				Net book value	
	Cost as of April 01, 2009	Additions/ Adjustment during the year	Deletions during the year	Cost as of March 31, 2010	As of April 01, 2009	For the year	Deductions/ Adjustment during the year	As of March 31, 2010	As of March 31, 2010	As of March 31, 2009
Goodwill	83,06,59,832	226,63,91,273	-	309,70,51,105	-	-	-	-	309,70,51,105	83,06,59,832
Land - Leasehold	11,55,00,000	-	-	11,55,00,000	4,93,869	11,93,790	-	16,87,659	11,38,12,341	11,50,06,131
Buildings	48,84,13,912	40,72,32,819	-	89,56,46,731	1,68,10,360	5,18,22,770	-	6,86,33,130	82,70,13,601	47,16,03,552
Leasehold improvements	35,30,84,640	2,63,39,814	1,11,09,572	36,83,14,882	15,38,11,683	7,86,71,208	1,15,44,676	22,09,38,215	14,73,76,667	19,92,72,957
Plant and machinery	73,34,85,215	32,51,91,526	5,02,99,172	100,83,77,569	29,20,14,610	18,63,61,802	4,68,97,048	43,14,79,364	57,68,98,205	44,14,70,605
Computer equipment	96,61,40,241	23,08,31,961	6,61,66,185	113,08,06,017	82,39,04,392	18,97,63,198	6,79,46,049	94,57,21,541	18,50,84,476	14,22,35,849
Furniture and fixtures	38,22,37,921	7,06,94,599	15,62,592	45,13,69,928	20,70,84,619	9,96,76,611	(12,84,279)	30,54,76,951	14,58,92,977	17,51,53,302
Vehicles	9,65,469	88,321	-	10,53,790	9,65,469	-	(88,321)	10,53,790	-	-
	387,04,87,230	**332,67,70,313**	**12,91,37,521**	**706,81,20,022**	**149,50,85,002**	**60,74,89,379**	**12,75,83,731**	**197,49,90,650**	**509,31,29,372**	**237,54,02,228**
Previous year	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	

		March 31, 2010	March 31, 2009
			In Rs.
4	**INVESTMENTS**		
	Non trade investments (unquoted)		
	Current investments (unquoted) - at lower of cost or fair value		
	Liquid mutual funds*	200,81,77,787	-
		200,81,77,787	**-**
	* Refer to note 16.2.11		
5	**DEFERRED TAX ASSET**		
	Fixed assets	13,08,73,277	9,71,67,727
	Provisions	3,73,51,422	2,76,84,653
	Others	29,79,177	-
		17,12,03,876	**12,48,52,380**
6	**SUNDRY DEBTORS**		
	Debts outstanding for a period exceeding six months		
	Unsecured, considered doubtful	47,90,150	16,56,726
	Other debts		
	Unsecured, considered good	238,30,01,965	259,06,97,820
	Unsecured, considered doubtful	-	18,26,988
		238,77,92,115	259,41,81,534
	Less : Provision for doubtful debts	47,90,150	34,83,714
		238,30,01,965	**259,06,97,820**
7	**CASH AND BANK BALANCES**		
	Cash on hand	8,96,951	4,14,360
	Balances with scheduled banks		
	-in current accounts	10,83,93,509	22,83,60,763
	-in deposit accounts in Indian rupees	185,50,63,000	317,00,43,000
	Balances with non-scheduled banks*		
	-in current accounts in foreign currency	28,48,21,967	20,24,01,519
	-in deposit accounts in foreign currency	24,68,40,024	4,65,50,000
		249,60,15,451	**364,77,69,642**
	* Refer to note 16.2.8 for details of maximum balances held with non scheduled banks		
8	**LOANS AND ADVANCES**		
	Unsecured, considered good		
	Advances		
	Prepaid expenses	7,22,45,754	4,47,37,976

	Advance to gratuity fund	1,19,81,312	80,65,618
	For supply of goods and rendering of services	7,73,56,383	7,67,17,111
	Interest accrued and not due	71,58,688	2,03,30,191
	Loans and advances to employees	13,08,66,788	9,04,06,308
		29,96,08,925	**24,02,57,204**
	Deposits with financial institution and body corporate*	34,50,00,000	48,00,00,000
	Deposits with government authorities	11,10,766	1,16,652
	Rental deposits	25,82,39,562	22,46,02,008
	Electricity and other deposits	1,46,95,353	36,31,827
	Customer recoverables	1,48,81,142	28,85,508
	Unbilled revenue	22,12,48,048	10,11,91,187
	Advance income tax, net	24,94,90,502	5,41,28,715
	Withholding and other taxes receivable	54,63,506	4,50,97,586
	Cenvat credit receivable	22,23,11,699	16,55,34,450
	MAT credit entitlement	41,81,66,536	22,65,47,865
	Mark to market gain on forward exchange contract and options	7,01,66,391	-
		212,03,82,430	**154,39,93,002**
	Unsecured, considered doubtful		
	Loans and advances to employees	15,94,627	90,19,461
		212,19,77,057	**155,30,12,463**
	Less : Provision for doubtful loans and advances to employees	15,94,627	90,19,461
		212,03,82,430	**154,39,93,002**
	* Refer to note 16.2.7 for details		
9	**CURRENT LIABILITIES**		
	Sundry creditors		
	for capital goods	-	4,02,89,631
	for expenses	4,70,47,228	4,76,00,948
	for accrued salaries and benefits		
	salaries and allowances	29,50,10,177	32,63,71,157
	ex-gratia and incentives	98,50,64,632	67,95,92,467
	for other liabilities		
	provision for expenses	200,99,70,571	232,00,81,330
	retention monies	5,64,04,055	5,26,02,133
	withholding taxes and other payables	2,17,02,836	1,85,04,721
	mark to market loss on forward exchange contract and options	-	15,45,41,653
		341,51,99,499	363,95,84,040
	Contingent consideration (Refer to note 16.2.11a)	65,50,91,000	-
	Advances received from clients	3,14,73,081	22,14,567

		2010	2009
	Deferred revenue (Refer to note 16.2.12)	15,78,82,980	12,29,75,872
		425,96,46,560	**376,47,74,479**
10	**PROVISIONS**		
	Provision for leave encashment	22,18,94,216	14,77,63,091
	Provision for income taxes, net	2,48,94,311	3,63,56,492
	Provisions for SLA compliance*	7,71,35,192	4,13,02,286
		32,39,23,719	**22,54,21,869**

* 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,	
		2010	**2009**
11	**COST OF REVENUES**		
	Salaries including overseas staff expenses	547,69,27,219	487,06,60,416
	Staff welfare	2,44,74,532	8,10,94,824
	Contribution to provident and other funds	27,77,66,395	32,70,52,073
	Travelling expenses	38,97,00,115	46,15,98,541
	Conveyance	12,83,70,690	19,83,44,218
	Cost of software for own use	18,11,74,255	43,53,44,481
	Computer maintenance	4,14,30,648	73,74,432
	Communication expenses	33,57,88,874	35,30,65,639
	Rent	48,04,81,923	46,84,33,019
	Office maintenance	2,81,04,088	1,04,14,871
	Consultancy charges	48,08,82,935	56,03,32,668
	Consumables	72,92,279	1,45,92,609
	Recruitment and training expenses	14,00,73,099	11,11,94,855
	Insurance	86,29,111	58,43,575
	Other miscellaneous expenses	2,02,76,967	3,64,89,020
		802,13,73,130	**794,18,35,241**
12	**SELLING AND MARKETING EXPENSES**		
	Salaries including overseas staff expenses	64,32,23,429	44,11,45,289
	Staff welfare	3,78,049	9,97,045
	Contribution to provident and other funds	5,30,189	1,00,56,568
	Brand building and advertisement	74,86,703	70,26,470

	Travelling expenses	8,04,15,964	9,48,82,997
	Communication expenses	2,31,01,709	2,20,21,149
	Conveyance	5,57,933	9,49,765
	Rent	1,10,28,482	1,34,96,079
	Printing, stationery and office maintenance	14,10,386	11,54,404
	Insurance	28,75,870	30,23,348
	Marketing expenses	66,65,898	2,30,86,340
	Recruitment expenses	1,20,30,214	16,59,431
	Professional charges	52,42,839	25,52,000
	Professional memberships and seminars	22,28,749	1,38,45,587
	Other miscellaneous expenses	74,97,525	5,11,987
		80,46,73,939	**63,64,08,459**
13	**GENERAL AND ADMINISTRATION EXPENSES**		
	Salaries	72,10,60,160	67,68,31,072
	Staff welfare	2,34,74,274	3,73,10,198
	Contribution to provident and other funds	3,08,20,153	3,47,92,399
	Conveyance	4,85,02,561	6,72,46,143
	Consumables	1,29,61,815	37,85,071
	Cost of software for own use	76,35,041	2,02,56,524
	Rent	4,53,25,156	3,75,25,032
	Telephone and communication charges	4,90,20,875	5,69,61,491
	Legal and professional charges	5,83,80,473	7,38,64,628
	Printing and stationery	6,35,13,115	2,15,18,459
	Office maintenance	22,08,30,521	25,69,16,514
	Power and fuel	19,26,35,560	18,53,78,936
	Recruitment and training expenses	2,14,84,693	5,92,30,463
	Insurance	6,60,16,940	7,01,80,740
	Rates and taxes	3,21,31,731	3,34,07,605
	Donations	71,48,248	20,75,000
	Auditor's remuneration		
	audit fees	37,92,873	18,69,397
	out-of-pocket expenses	-	67,500
	Bank charges and commission	35,16,823	95,25,526
	Postage and courier	2,71,28,635	2,72,27,968
	Professional membership and seminar participation fees	8,28,970	6,21,477
	Provision for doubtful debts	15,45,063	(9,77,172)
	Provision for doubtful loans and advances	8,62,912	75,17,240
	Other miscellaneous expenses	1,11,78,945	1,73,37,107

		164,97,95,537	**170,04,69,318**
14	**OTHER INCOME**		
	Interest income *		
	On deposits with financial institutions and body corporate	2,01,96,794	3,36,12,784
	On deposits with banks	15,27,73,789	20,60,64,835
	Dividends from liquid mutual fund investments	4,74,31,253	2,62,67,417
	Profit on sale of investments	22,44,820	40,91,675
	Profit on sale of fixed assets	41,175	21,65,224
	Exchange gain/(loss), net	(1,75,40,258)	(65,15,89,070)
	Interest on income tax refund	-	9,73,634
	Miscellaneous income	5,08,89,554	16,47,59,599
		25,60,37,127	**(21,36,53,902)**
	*Tax deducted at source on interest income	2,65,54,996	4,74,86,536
15	**PROVISION FOR TAXATION**		
	Current taxes	48,92,52,270	23,41,68,796
	Deferred taxes	(4,64,75,133)	(5,12,66,076)
	MAT credit entitlement	(19,16,18,671)	(16,61,58,905)
		25,11,58,466	**1,67,43,815**

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, Infosys BPO Poland Sp.z.o.o and McCamish Systems LLC 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 consolidated 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 (Thailand) Limited, Infosys BPO Poland s.p. z.o.o and McCamish Systems LLC 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 computation of percentage-of-completion which requires the Group to estimate efforts expended to date as proportion of the total efforts to be expended, provision for doubtful debts, future obligations under employee retirement benefit plans, 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 basis and unit-priced basis. Revenue on time-and-material contracts is recognized as the related services are rendered. Revenue from fixed-price, fixed-time frame contracts, where there is no uncertanity 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 reflected as advance received from clients until all conditions for revenue recognition are met. Cost and earnings in excess of billings are classified as unbilled revenue while billing in excess of cost and earnings is classified as deferred revenue. Provision for estimated losses, if any, on uncompleted contracts are recorded in the year in which such losses become probable based on the current estimates. The Group presents revenues net of service taxes and value added taxes in its profit and loss account.

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

Profit on sale of investment is recorded on the transfer of title from the 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 recognised using time proportion method, based on underlying interest rates. Dividend income is recognized when the company’s right to receive dividend is established.

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

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

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

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 a 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	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 eligible 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

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

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 period and reverse in another, based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on prevailing enacted or substantively enacted regulations. Deferred tax assets in situation of unabsorbed depreciation and carry forward business losses exist, are recognised only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets, other than in situation of unabsorbed depreciation and carry forward business losses are recognized only if there is reasonable certainty that they will be realized. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

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 there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

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, determined on an individual 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 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, 2010	As at March 31, 2009
Estimated amount of unexecuted capital contracts (net of advance and deposits)	12,39,09,532	21,66,44,472
Forward contracts outstanding		
USD/INR	$ 39,000,000	$ 32,500,000
(Equivalent approximate in Rs.)	(175,11,00,000)	(164,84,00,000)

GBP/USD	£ 3,500,000	£ 5,500,000
(Equivalent approximate in Rs.)	(23,78,60,000)	(39,86,95,000)
EUR/PLN	€ 5,500,000	€ 6,500,000
(Equivalent approximate in Rs.)	(33,24,75,000)	(43,83,60,000)
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, 2009).

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, 2010 and March 31, 2009.

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,	
	2010	2009
Salaries and ex-gratia including overseas staff expenses	684,12,10,808	598,86,36,777
Staff welfare	4,83,26,855	11,94,02,067
Contribution to provident and other funds	30,91,16,737	37,19,01,040
Foreign travel expenses	47,01,16,079	55,64,81,538
Consumables	2,02,54,094	1,83,77,680
Computer maintenance	4,14,30,648	73,74,432
Cost of software for own use	18,88,09,296	45,56,01,005
Communication expenses	40,79,11,458	43,20,48,279
Consultancy charges	48,08,82,935	56,03,32,668
Travel and conveyance	17,74,31,184	26,65,40,126
Rent	53,68,35,561	51,94,54,130
Printing and stationery	6,49,23,501	2,26,72,863
Office maintenance	24,89,34,609	26,73,31,385
Legal and professional charges	6,36,23,312	7,64,16,628
Brand building	74,86,703	70,26,470
Recruitment and training expenses	17,35,88,006	17,20,84,749
Power and fuel	19,26,35,560	18,53,78,936
Insurance charges	7,75,21,921	7,90,47,663
Rates and taxes	3,21,31,731	3,34,07,605
Donations	71,48,248	20,75,000

Auditor's remuneration		
audit fees	37,92,873	18,69,397
out-of-pocket expenses	-	67,500
Bank charges and commission	35,16,823	95,25,526
Postage and courier	2,71,28,635	2,72,27,968
Professional membership and seminar participation fees	30,57,719	1,44,67,064
Provision for bad and doubtful debts	15,45,063	(9,77,172)
Provision for bad and doubtful loans and advances	8,62,912	75,17,240
Marketing expenses	66,65,898	2,30,86,340
Other miscellaneous expenses	3,89,53,437	5,43,38,114
Total	1047,58,42,606	1027,87,13,018

During the year ended March 31, 2010, the company has reversed provisions for operating expenses amounting to Rs. 11,88,05,772 respectively relating to earlier periods. The nature of these expenses were primarily consultancy charges, recruitment expenses and staff welfare expenses.During the year ended March 31, 2009, the company had recorded a credit of Rs. 3,88,16,816 relating to earlier periods in its income statement pertaining to productivity commitments/volume discounts on the basis of contractual obligations.

16.2.4 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,	
	2010	2009
Lease rentals charged during the period	53,68,35,561	51,94,54,130

(in Rs.)

Lease obligations	As at March 31, 2010	As at March 31, 2009
Within one year of the balance sheet date	10,89,75,438	19,79,26,498
Due in a period between one year and five years	9,35,84,295	20,33,20,712
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 Technologies Limited (also refer Note 16.2.9 below).

16.2.5 Dues to micro medium and small enterprises

The Group had no dues (including outstanding) to micro enterprises and small enterprises as at March 31, 2010 and March 31, 2009.

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, 2011, 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. 41.82 Crore was carried forward and shown under "Loans and Advances" in the balance sheet as of March 31, 2010 and Rs 22.65 Crore as of March 31,2009.

16.2.7 Loans and advances

Deposits with financial institution and body corporate comprise:

(in Rs.)

	As at March 31, 2010	As at March 31, 2009
Deposits with financial institution :		
Housing Development Finance Corporation Limited	34,50,00,000	48,00,00,000

Maximum balance held during the period

(in Rs.)

	Year ended March 31, 2010	2009
Deposits with financial institution:		
Housing Development Finance Corporation Limited	50,00,00,000	48,00,00,000
Deposits with body corporate:		
GE Capital Services India	-	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 31, 2010	As at March 31, 2009
Cash on hand	8,96,951	4,14,360

(in Rs.)

Balances with non-scheduled banks	As at March 31, 2010	As at March 31, 2009
In current accounts		
ICICI Bank, London	1,06,84,997	8,56,425
PNC Bank,New Jersey*	2,24,500	2,52,580
Bank of America, California	8,38,42,099	8,52,64,767
Deutsche Bank, Philippines	3,81,24,631	1,18,84,388
Royal Bank of Canada, Ontario	13,14,384	68,66,816
Citibank N.A., Czech Republic	1,98,03,088	7,57,03,912
Deutsche Bank, Poland	3,10,49,291	33,56,966
Deutsche Bank, Thailand	3,44,19,956	1,78,79,978
Citibank N.A., Thailand	2,42,841	2,52,975
Citibank N.A., Poland	-	82,712
Wachovia Bank N.A.	6,51,16,180	-
	28,48,21,967	20,24,01,519
In deposit accounts		
Citibank N.A., Czech Republic	16,86,90,024	4,65,50,000
Deutsche Bank, Poland	7,81,50,000	-
	24,68,40,024	4,65,50,000

* This represents 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, 2010	As at March 31, 2009
In current accounts		
Citibank	12,44,514	12,26,559
Deustche Bank	64,51,133	1,60,49,724
Deustche Bank- EEFC account in Euro	55,91,061	64,10,085
Deustche Bank- EEFC account in United Kingdom Pound Sterling	50,58,140	28,32,419
Deustche Bank- EEFC account in US dollars	41,00,082	1,21,46,583
ICICI Bank	3,32,11,141	4,09,21,984

ICICI Bank- EEFC account in Euro	74,75,628	62,76,290
ICICI Bank- EEFC account in United Kingdom Pound Sterling	1,45,79,067	5,75,83,794
ICICI Bank- EEFC account in US dollars	3,06,23,644	8,48,54,226
State Bank of India	59,099	59,099
	10,83,93,509	22,83,60,763
In deposit accounts		
Allahabad Bank	50,00,00,000	-
Bank of Baroda	-	48,00,00,000
Bank of Maharastra	-	44,00,00,000
Corporation Bank	-	8,00,00,000
HSBC Bank	-	25,00,00,000
ICICI Bank	49,50,40,000	50,00,20,000
IDBI Bank	-	50,00,00,000
Indian Overseas Bank	9,00,00,000	-
ING Vysya Bank	-	28,00,00,000
Kotak Mahindra Bank	35,50,00,000	-
Standard Chartered Bank	-	38,00,00,000
State Bank of Hyderabad	24,00,00,000	-
State Bank of India	23,000	26,00,23,000
Syndicate Bank	17,50,00,000	
	185,50,63,000	317,00,43,000

Maximum balances held in non-scheduled banks

(in Rs.)

	As at March 31, 2010	As at March 31, 2009
ICICI Bank, London	3,46,60,072	3,18,91,840
PNC Bank,New Jersey	2,52,580	2,55,650
Bank of America, California	23,89,68,846	16,61,78,323
Deutsche Bank, Phillippines	12,99,37,963	2,45,24,299
Royal Bank of Canada, Ontario	89,77,435	1,31,93,976
Citibank N.A., Czech Republic	26,96,30,337	10,95,44,684
Deutsche Bank, Poland	25,61,55,488	48,22,33,915
Deutsche Bank, Thailand	4,72,05,529	1,82,59,756
Citibank N.A., Thailand	2,52,975	2,52,975
Citibank N.A., Poland	82,712	82,712
Wachovia Bank N.A.	23,90,23,722	-

16.2.9 Related party transactions

List of Related Parties

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

* Wholly owned subsidiaries of Infosys Technologies Limited i.e. fellow subsidiaries

wholly owned subsidiaries of Infosys Consulting Inc

List of key management personnel

Name of the Related Party	Designation
T.V.Mohandas Pai	Chairman and Director
D Swaminathan*	Managing Director and Chief Executive Officer
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

* Appointed as Managing Director and Chief Executive Officer effective January 16, 2010

Managing Director and Chief Executive Officer till January 15, 2010

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

(in Rs.)

Particualrs	Year ended March 31, 2010	2009
Revenue transactions:		
Purchase of services		
Infosys Mexico	3,42,83,644	1,38,16,874
Infosys Consulting Inc	1,34,84,238	-
Infosys Technologies Ltd	(47,38,402)	-
Purchase of shared services including facilities and personnel		
Infosys Technologies Limited	55,04,799	51,18,04,218
Infosys Australia	2,09,96,658	1,34,06,832
Infosys Mexico	24,03,063	44,29,189
Infosys China	16,28,225	-
Infosys Brazil	1,59,748	-
Sale of services		
Infosys Technologies Ltd	2,36,49,497	1,09,66,673
Sale of shared services including facilities and personnel		
Infosys Technologies Limited	63,43,12,987	27,92,81,656
Infosys Australia	23,90,915	3,37,88,335
Infosys Mexico	2,281	57,68,058
Infosys China	1,11,15,990	10,69,304
Infosys Brazil	60,20,021	-
Infosys Consulting India Limited	53,83,218	-

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, 2010 and March 31, 2009.

(in Rs.)

Particulars	As at March 31, 2010	As at March 31, 2009
Deposit given for shared services		
Infosys Technologies Limited	6,89,00,000	3,28,00,000
Debtors		
Infosys Technologies Limited	7,00,44,625	1,26,52,895

Infosys Consulting Inc	2,245	-
Infosys Australia	9,82,637	48,05,921
Infosys Mexico	2,59,921	13,29,561
Infosys China	1,08,23,121	56,77,699
Infosys Brazil	1,29,238	-
Infosys Consulting India Limited	23,891	-
Creditors		
Infosys Technologies Limited	2,39,54,295	2,17,326
Infosys Consulting Inc	14,85,444	-
Infosys Australia	35,40,761	29,72,105
Infosys Mexico	(5,49,758)	(2,01,751)
Infosys China	40,99,043	26,49,114
Infosys Brazil	1,05,234	-
Infosys Consulting India Limited	829	-
Maximum balances of loans and advances		
Infosys Technologies Limited	6,89,00,000	3,28,00,000

Particulars of remuneration and other benefits paid to Managing Director during the year ended March 31, 2010 and 2009, are given below:

(in Rs.)

	Year ended March 31,	
	2010	2009
Salary and allowances	97,63,863	73,81,180
Provident fund, gratuity and superannuation contributions	2,82,981	2,77,166
Performance incentives	89,87,736	44,96,877
	1,90,34,580	1,21,55,223

16.2.10 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, 2010 and 2009 are given below:

(in Rs.)

	Year ended March 31,	
	2010	2009
Sitting fees	1,05,000	1,20,000
Commission	24,00,000	24,00,000
	25,05,000	25,20,000

16.2.11 Details of Investment

(in Rs.)

Current investments	No. of units as at March 31, 2010	No. of units as at March 31, 2009	Amount as at March 31, 2010	Amount as at March 31, 2009
Birla Sun Life AMC Ltd Liquid Plus	2,56,07,020	-	25,62,44,320	-
DWS Mutual fund -Liquid Plus	1,89,66,884	-	19,00,08,350	-
ICICI Prudential SIP Liquid Plus	13,38,737	-	14,15,51,298	-
IDFC Mutual Fund Liquid Plus	2,53,03,413	-	25,30,72,094	-
Kotak mutual fund-Liquid plus	2,50,08,866	-	25,20,84,370	-
Reliance Mutual Fund Liquid Plus	1,02,27,161	-	17,48,38,407	-
Religare mutual fund-Liquid plus	2,51,38,547	-	25,17,80,149	-
TATA Asset Management Ltd Liquid Plus	2,55,96,059	-	25,68,71,808	-
UTI mutual fund-Liquid plus	2,31,677	-	23,17,26,991	-
	15,74,18,364	-	200,81,77,787	-

Movement of Investment to be updated	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	**-**	**11,53,41,080**	**8,97,34,060**	**2,56,07,020**
	-	116,93,95,563	91,38,26,964	25,62,44,320
DWS Mutual fund -Liquid Plus	**-**	**8,41,38,984**	**6,51,72,100**	**1,89,66,884**
	-	84,28,95,935	65,28,87,585	19,00,08,350
Franklin Templeton Liquid Plus	**-**	**1,34,952**	**1,34,952**	**-**
	-	13,50,42,716	13,50,42,716	-
HDFC Mutual Fund Liquid Plus	**-**	**6,18,73,691**	**6,18,73,691**	**-**
	-	62,37,42,469	62,37,42,479	-
HSBC Mutual Fund Liquid Plus	**-**	**1,43,78,972**	**1,43,78,972**	**-**
	-	20,00,00,000	20,05,92,414	-
ICICI Prudential Liquid PLUS Institutional Dividend	**-**	**6,08,90,769**	**5,95,52,032**	**13,38,737**
	-	112,04,31,356	97,93,68,696	14,15,51,298
IDFC Mutual Fund Liquid Plus	**-**	**7,25,83,717**	**4,72,80,304**	**2,53,03,413**
	-	72,59,46,043	47,28,74,094	25,30,72,094
Kotak mutual fund-liquid plus		**4,99,57,800**	**2,49,48,933**	**2,50,08,866**

	-			
	-	50,35,64,630	25,14,80,260	25,20,84,370
Principal mutual fund - Liquid plus	-	**2,25,04,645**	**2,25,04,645**	-
	-	22,53,23,255	22,53,23,255	-
Reliance Mutual Fund Liquid Plus	-	**3,89,74,154**	**2,87,46,993**	**1,02,27,161**
	-	66,62,82,614	49,14,44,612	17,48,38,407
Religare mutual fund-liquid plus	-	**7,51,90,482**	**5,00,51,935**	**2,51,38,547**
	-	75,30,85,303	50,13,05,274	25,17,80,149
SBI mutual fund- liquid plus	-	**5,01,23,994**	**5,01,23,994**	-
	-	50,15,26,081	50,15,40,712	-
TATA Asset Management Ltd Liquid Plus	-	**4,46,65,303**	**1,90,69,243**	**2,55,96,059**
	-	48,18,71,808	22,54,72,733	25,68,71,808
UTI mutual fund-liquid plus	-	**9,06,915**	**6,75,238**	**2,31,677**
	-	90,71,09,989	67,53,83,001	23,17,26,991

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 Madras, 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 and filed with the respective Registrar of Companies of Karnataka and Tamilnadu on April 6, 2009 and March 10, 2009 respectively. Accordingly, the financial statements of PAN Financial have been merged with the company with effect from April 1, 2008.

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.

16.2.11a Investment in McCamish Systems LLC

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

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. 15,78,82,980 and Rs.12,29,75,872 as at March 31, 2010 and March 31, 2009 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,	
	2010	2009
Weighted average shares used in computing basic earnings per share	3,38,27,751	3,38,27,751
Dilutive effect of stock options	-	-
Weighted average shares used in computing diluted earnings per share	3,38,27,751	3,38,27,751

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,			
	2010	2009	2008	2007
Obligations at period beginning	10,83,54,625	7,29,76,969	4,78,76,295	2,62,50,439
Service cost	6,73,44,267	4,07,80,299	2,74,75,736	1,14,79,588
Interest cost	46,65,510	42,52,594	32,68,805	19,97,287
Benefits settled	(3,71,70,205)	(2,35,68,652)	(1,42,50,440)	(82,27,072)
Actuarial loss/(gain)	(6,58,346)	1,39,13,415	86,06,573	50,75,174
Obligations at period end	14,25,35,851	10,83,54,625	7,29,76,969	3,65,75,416

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,			
	2010	2009	2008	2007
Plans assets at beginning of the period, at fair value	11,64,20,243	7,72,14,922	3,49,57,318	2,64,62,265
Expected return on plan assets	1,14,83,981	64,94,791	33,91,458	21,14,335
Actuarial gain	3,04,464	18,39,632	3,84,157	3,03,185

Contributions	6,34,78,680	5,44,39,550	5,27,32,429	1,59,22,703
Benefits settled	(3,71,70,205)	(2,35,68,652)	(1,42,50,440)	(82,27,072)
Plans assets at end of the period, at fair value	15,45,17,163	11,64,20,243	7,72,14,922	3,65,75,416

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

(in Rs.)

	As at March 31,			
	2010	2009	2008	2007
Fair value of plan assets at the end of the period	15,45,17,163	11,64,20,243	7,72,14,922	3,65,75,416
Present value of the defined benefit obligations at the end of the year	14,25,35,851	10,83,54,625	7,29,76,969	3,65,75,416
Asset recognized in the balance sheet	1,19,81,312	80,65,618	42,37,953	-

Gratuity cost for the period

(in Rs.)

	Year ended March 31,	
	2010	2009
Service cost	6,73,44,267	4,07,80,299
Interest cost	46,65,510	42,52,594
Expected return on plan assets	(1,14,83,981)	(64,94,791)
Actuarial loss/(gain)	(9,62,810)	1,20,73,783
Net gratuity cost	5,95,62,986	5,06,11,885
Actual return on plan assets	37,75,615	24,17,520

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

Assumptions

	As at March 31,			
	2010	2009	2008	2007
Interest rate	7.82%	7.01%	7.92%	7.99%
Discount rate	7.82%	7.01%	7.92%	7.99%
Estimated rate of return on plan assets	9.00%	7.01%	7.92%	7.99%
Retirement age	60	58	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, 2010	
	Shares arising out of options	Weighted average exercise prices (in Rs.)
Outstanding at the beginning of the period	16,04,867	308.93
Forfeitures during the period	2,68,536	186.38
Exercised during the period	-	-
Outstanding at the end of the period	13,36,331	333.55
Exercisable at the end of the period	8,98,806	306.55

The company has not granted any options during the year ended March 31, 2010. Further there were no excercises during the year ended March 31,2010.

	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

As at March 31, 2010, 13,36,331 options are held by Infosys Technologies Limited (refer note 16.2.15b). 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, 2010 and March 31, 2009

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, 2010	Year ended March 31, 2009	Year ended March 31, 2010	Year ended March 31, 2009
33.12-58.33	1,64,846	1,64,846	0.02	0.72
58.34-77.89	1,05,975	1,18,475	0.33	1.31
77.90-99.20	82,500	87,600	0.51	1.43
99.21-162.23	-	23,500	-	2.26
162.24-195.00	2,03,000	4,03,961	0.85	1.74
195.01-214.00	-	26,475	-	0.77
214.01-230.00	1,49,610	1,49,610	1.42	2.42
230.01-310.00	1,19,300	1,19,300	1.82	3.03
310.01-604.00	5,11,100	5,11,100	1.86	2.92
	13,36,331	16,04,867	1.22	2.11

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 1,51,932 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, 2010	
	Shares arising out of options	Weighted average exercise prices (in Rs.)
Outstanding at the beginning of the period	3,95,998	2,121
Forfeitures during the period	2,97,451	2,121
Exercised during the period	46,254	2,121
Outstanding at the end of the period	52,293	2,121
Exercisable at the end of the period	52,293	2,121

	Year ended March 31, 2009	
	Shares arising out of options	Weighted average exercise prices (in Rs.)
Outstanding at the beginning of the period	5,50,592	2,121
Forfeitures during the period	1,54,594	2,121
Exercised during the period	-	-
Outstanding at the end of the period	3,95,998	2,121
Exercisable at the end of the period	3,95,998	2,121

The following table summarizes information about stock options as of March 31, 2010.

Range of exercise prices (in Rs.)	Stock options outstanding at the end of the period		Weighted average remaining contractual life	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
0- 2120.95	52,293	3,95,998	1.02	1.44

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.

	Year ended March 31,	
	2010	2009
Net profit as reported	279,33,43,887	200,72,85,468
Less: Stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	5,10,30,304	6,83,45,198
Adjusted proforma profit	274,23,13,583	193,89,40,270
Basic EPS as reported	82.58	59.34
Adjusted proforma	81.07	57.32
Diluted EPS as reported	82.58	59.34
Adjusted proforma	81.07	57.32

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, 2010	As at March 31, 2009
Balance at the beginning of the period	4,13,02,286	2,23,96,922
Additional provision made during the period	6,30,59,819	2,41,34,063
Provision used during the period	82,63,805	52,28,699
Unused amounts reversed during the period	1,89,63,108	-
Balance at the end of the period	7,71,35,192	4,13,02,286

Management believes that the aforesaid provision will be utilised within a 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. 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, 2010 and March 31, 2009

(in Rs.)

Particulars	Financial services	Manufacturing	Telecom	Retail	Others	Total
Revenues	**328,26,70,585**	**485,78,05,943**	**395,66,23,326**	**19,31,93,787**	**158,15,03,570**	**1387,17,97,211**
	300,88,38,167	413,55,15,261	444,25,51,056	18,71,05,169	120,80,80,768	1298,20,90,421
Identifiable operating expenses	**75,98,91,288**	**211,60,71,868**	**115,12,85,335**	**5,51,41,607**	**64,64,74,655**	**472,88,64,753**
	89,37,00,001	201,97,41,559	133,93,70,616	5,80,09,902	41,82,56,142	472,90,78,220
Allocated expenses	**160,92,96,621**	**187,38,50,466**	**154,33,36,813**	**7,65,49,020**	**64,39,44,933**	**574,69,77,853**
	131,05,88,316	168,35,97,549	195,60,07,570	8,22,51,447	51,71,89,916	554,96,34,798
Segmental operating profit	**91,34,82,676**	**86,78,83,609**	**126,20,01,178**	**6,15,03,160**	**29,10,83,982**	**339,59,54,605**

	80,45,49,850	43,21,76,153	114,71,72,870	4,68,43,820	27,26,34,710	270,33,77,403
Unallocable expenses						**60,74,89,379**
						46,56,94,218
Operating profit						**278,84,65,226**
						223,76,83,185
Other income net						**25,60,37,127**
						(21,36,53,902)
Net profit before taxes						**304,45,02,353**
						202,40,29,283
Taxes						**25,11,58,466**
						1,67,43,815
Net profit after taxes						**279,33,43,887**
						200,72,85,468

Geographical segments

Year ended March 31, 2010 and March 31, 2009

(in Rs.)

Particulars	United States of America	Europe	Others	Total
Revenues	**712,20,23,386**	**622,67,89,063**	**52,29,84,762**	**1387,17,97,211**
	582,12,45,579	670,57,05,266	45,51,39,576	1298,20,90,421
Identifiable operating expenses	**213,20,23,943**	**240,84,20,541**	**18,84,20,269**	**472,88,64,753**
	197,39,35,886	254,49,68,697	21,01,73,637	472,90,78,220
Allocated expenses	**321,26,25,663**	**233,03,94,864**	**20,39,57,326**	**574,69,77,853**
	254,29,86,731	281,03,87,996	19,62,60,071	554,96,34,798
Segmental operating profit	**177,73,73,780**	**148,79,73,658**	**13,06,07,167**	**339,59,54,605**
	130,43,22,962	135,03,48,573	4,87,05,868	270,33,77,403
Unallocable expenses				**60,74,89,379**
				46,56,94,218
Operating profit				**278,84,65,226**
				223,76,83,185
Other income net				**25,60,37,127**
				(21,36,53,902)
Net profit before taxes				**304,45,02,353**
				202,40,29,283
Taxes				**25,11,58,466**
				1,67,43,815
Net profit after taxes				**279,33,43,887**
				200,72,85,468

16.2.18 Provision for doubtful debts

Periodically, the Group evaluates all customer dues to the Group for collectability.The need for provisions is assessed based on various factors including collectability of specific dues, risk perceptions of the industry in which the customer operates, general economic factors, which could affect the customer’s ability to settle.The Group normally provides for debtor dues outstanding for 180 days or longer as at the Balance Sheet date. As at March 31, 2010 the company has provided for doubtful debts of Rs. Nil (Rs. 18,26,988 as at March31, 2009) on dues from certain customers although the outstanding amounts were less than 180 days old, since the amounts were considered doubtful of recovery.

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	McCamish Systems LLC
Balance sheet Date	March 31,2010	March 31,2010	March 31,2010	March 31,2010
Exchange rate as at March 31, 2010	1 Czk = Rs. 2.39	1 PLN = Rs. 15.63	1 THB = Rs. 1.39	1 USD = Rs. 44.90
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	28,30,76,847	67,28,95,467	9,38,00,000	115,22,32,827
Total assets	28,30,76,847	67,28,95,467	9,38,00,000	115,22,32,827
Sources of Funds				
Paid up Capital	3,49,78,993	3,93,50,000	9,38,00,000	115,06,82,854
Reserves and Surplus	24,80,97,854	63,35,45,467		
Secured Loans	-	-	-	-
Unsecured loans	-	-	-	15,49,973
Application of Funds				
Net Fixed assets	1,89,67,347	39,65,32,596	10,28,25,211	3,31,47,496
Investments	-	-	-	-
Net Current assets	25,93,82,088	27,63,62,871	(1,80,00,256)	10,59,66,376
Miscellaneous expenditures	-	-	-	-
Accumulated losses	-	-	89,75,045	101,31,18,955
Performance of the Company				
Turnover	59,45,13,209	138,15,43,804	26,03,69,913	38,02,29,857
Other Income	1,45,74,889	(65,43,660)	(63,01,852)	98,061
Total Income	60,90,88,098	137,50,00,144	25,40,68,061	38,03,27,918
Total Expenditure	58,50,10,486	112,98,84,341	23,34,22,705	55,70,38,520
Profit/(Loss) before tax	2,40,77,612	24,51,15,803	2,06,45,356	(17,67,10,602)
Extraordinary Income	-	-	-	-
Provision for tax	1,01,91,405	4,77,32,658	-	-
Profit/(Loss) after tax	1,38,86,207	19,73,83,145	2,06,45,356	(17,67,10,602)
Earnings per share from ordinary activities (Basic)	-	-	-	-
Earnings per share from ordinary activities (Diluted)	-	-	-	-
Dividend rate (%)	-	-	-	-

Infosys BPO Limited

Electronics City, Hosur Road

Bangalore 560100, India

Tel.: 91-80-28522405

Fax: 91-80-28522411

April 8, 2010

Dear Member,

You are cordially invited to attend the Eighth Annual General Meeting of the members of the company on Friday, June 11, 2010 at 10.00 A.M. at the Registered Office of the company at Plot Nos 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,

s/d-

T V Mohandas Pai

Chairman

Notice

NOTICE is hereby given that the Eighth Annual General Meeting of the Members of Infosys BPO Limited (the "Company") will be held on Friday, June 11, 2010 at 10.00 A.M. at the Registered Office of the company at Plot Nos. 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, 2010 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 Prof. Jayanth R Varma, who retires by rotation and being eligible, offers him for re-appointment.

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

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

RESOLVED THAT B S R & 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

5. To consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

RESOLVED THAT Mr. D Swaminathan, who was co-opted as an additional director by the Board of Directors of the company and who in terms of Section 260 of the Companies Act, 1956, holds until the date of the ensuing annual general meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of a director, be and is hereby appointed as a director of the Company, liable to retire by rotation.

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

RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or reenactments thereof, for the time being in force) to the Companies Act,1956 the approval of the shareholders of the Company be and is hereby accorded to the appointment of Mr. D Swaminathan as Managing Director and Chief Executive Officer of the company for a period of five (5) years with effect from January 16, 2010 or till attaining his age of superannuation, whichever is earlier, as per terms and conditions as stated in the explanatory statement and on the remuneration set out follows:

(i) Fixed Salary per month – Rs. 4,16,971/- in the scale of Rs. 3,00,000 to Rs. 10,00,000.
(ii) Company performance linked incentive – Mr. D Swaminathan shall be entitled to company performance linked incentive, payable quarterly or at such other intervals as may be decided by the Board.
(iii) Individual performance linked incentive - Mr. D Swaminathan shall be entitled to Individual performance linked incentive, payable quarterly or at such other intervals as may be decided by the Board.
(iv) Long term Bonus – USD 60,000 payable quarterly or at such intervals as may be decided by the Board.

Perquisites and allowances - Mr. D Swaminathan shall be entitled to the following perquisites and allowances:

- Housing: Furnished/ unfurnished residential accommodation or house rent allowance upto 10% of salary in lieu thereof. The expenditure incurred by the company on gas, electricity, water and furnishings shall be valued as per Income Tax Rules. 1962.
- Medical Reimbursement/ allowance: Reimbursement of actual expenses for self and family and/ or allowance will be paid as decided by the Board from time to time.
- Leave travel concession/ allowance: For self and family once in a year, as decided by the Board from time to time.
- Club fees: Fees payable subject to a maximum of two clubs.
- Provision for driver/ driver's salary allowance: As per the rules of the company.
- Personal accident insurance: As per the rules of the company.

Other benefit- Mr. D Swaminathan shall be entitled to the other benefits as follows:

(a) Earned/ Privilege leave: As per the Rules of the company.
(b) Company contribution to provident fund and superannuation fund: As per the rules of the company.
(c) Gratuity: As per the rules of the company.
(d) Encashment of leave: As per the rules of the company.
(e) Company car and telephone: Use of the company's car and telephone at residence for official purpose, as per the rules of the company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to vary, alter or modify the different components of the above-stated remuneration as may be agreed to by the Board of Directors and Mr. D Swaminathan.

RESOLVED FURTHER THAT notwithstanding the statements made above, wherein any financial year during the tenure of his appointment, the company has incurred loss or its profits are inadequate, the company shall pay to Mr. D Swaminathan, the remuneration by way of salary, perquisites, other allowances and other benefits not exceeding the limits specified under paragraph 2 of Section II, Part II of Schedule XIII to the Companies Act, 1956 (including any statutory modifications or re-enactments thereof, for the time being in force), or such other limits as may be prescribed by the government from time to time as minimum remuneration

7. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution

RESOLVED THAT M/s. Diaz Murillo Dalupan and Co, Chartered Accountants, Philippines be and hereby appointed as the Branch Auditors of the company for auditing the books of accounts maintained by the Manila Branch of the company situated in Philippines from the date of the inception of the branch till the date of the next annual meeting of the company, pursuant to Section 228 (3) of the Companies Act, 1956, at a remuneration to be fixed by the Board of Directors of the Company after discussion with the aforesaid auditors.

By Order of the Board

For Infosys BPO Limited

s/d-

N. R. Ravikrishnan
Company Secretary

Bangalore

April 8, 2010

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.

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

Item No.5

Mr. D Swaminathan was co-opted as an additional director of the Company with effect from January 16, 2010 pursuant to Section 260 of the Companies Act, 1956 and Article 111 of the Article of Association of the Company. Mr. D Swaminathan holds office of the additional director up to the date of the ensuing annual general meeting and is eligible for reappointment as a Director liable to retire by rotation. The Company has received a notice in writing from a member along with a deposit of Rs. 500/- (Rupees Five Hundred) proposing the candidature of Mr. D Swaminathan for the office of the director under the provisions of Section 257 of the Companies Act, 1956

Further a brief resume of Mr. D Swaminathan, his expertise in specific functional areas and details of other directorships/ committees memberships are furnished in the 'Additional Information on Directors seeking election at the Annual General Meeting' forming part of this Notice.

The Board considers that his appointment as a Director will be beneficial to and in the interest of the company. The Directors recommend the resolution for your approval.

None of the directors other than Mr. D Swaminathan may be deemed to be interested or concerned in the proposed resolution as set out in Item No. 5 above.

Item No.6

The Board of Directors of the company, at their meeting held on January 7, 2010, have inducted Mr. D Swaminathan on the Board of the company and further appointed him as the Managing Director and Chief Executive Officer of the company for a period of five (5) years with effect from January 16, 2010 or attaining the age of his superannuation, whichever is earlier. Further, the company has entered into an employment agreement / contract with Mr. D Swaminathan. It may be noted that the abstract of the terms and conditions of appointment of Mr. D Swaminathan as Managing Director and Chief Executive Officer of the company and the memorandum signifying the concern or interest of the Directors therein, were circulated to the shareholders of the company vide letter dated January 18, 2010 as required under Section 302 of the Companies Act, 1956.

The appointment is subject to the approval of members. The terms and conditions of his appointment are as follows:-

(a) Date of appointment: January 16, 2010.
(b) Tenure of appointment: Five (5) years with effect from January 16, 2010 or attaining his age of superannuation whichever is earlier.
(c) Details of remuneration: As provided in the statement made in the resolution.

(d) The agreement executed between the company and Mr. D Swaminathan, may be terminated by either party by giving six months notice in writing.

(e) Mr. D Swaminathan shall perform such duties as shall from time to time be entrusted to him, subject to the superintendence, guidance and control of the Board of Directors and he shall perform such other duties as shall from time to time be entrusted to him by the Board of Directors and / or Chairman.

None of the directors other than Mr. D Swaminathan may be deemed to be interested or concerned in his appointment and remuneration payable to him as Managing Director and Chief Executive Officer of the company. The Copies of relevant resolutions of the Board and agreement with respect to the appointment is available for inspection by the members at the registered office of the company during working hours on any working day till the date of this Annual General Meeting.

The Board accordingly recommends the resolution as set out in Item No. 6 of the Notice for the approval of the members.

Item No. 7

The Board of Directors in their meeting held on April 8, 2010 have appointed M/s. Diaz Murillo Dalupan and Co, Chartered Accountants, Philippines as the Branch Auditors of the company for auditing the books of accounts maintained by the Manila Branch of the company situated in Philippines from the date of inception till the date of the next annual general meeting. In this context, it is highlighted that the approval of the shareholders is taken as matter of abundant caution as we have been advised that there is no requirement to have an statutory audit under the laws of Philippines but the audit is done only from tax perspective.

None of the directors may be deemed to be interested or concerned in the proposed resolution as set out in Item No. 7 above.

Additional information on directors seeking election at the annual general meeting

Brief profile of Prof Jayanth R Varma, Director

Prof. Jayanth R. Varma is a Professor at the Indian Institute of Management, Ahmadabad. He was also the chairman and member of various committees formed by the Securities Exchange Board of India and Department of Company Affairs. Prof. Jayanth R. Varma is the Chairman of the Audit Committee and Compensation Committee of the company and also an independent director of the company. He is also in the Boards of Axis Bank Limited and On Mobile Global Limited as an Independent Director. Prof Jayanth R Varma holds “Nil” equity shares of the company.

Brief profile of Mr. Sridar Iyengar, Director

Mr. Sridar Iyengar has the unique distinction of having worked as a partner in all three of KPMG’s regions – Europe, America and Asia-pacific as well as in all four of KPMG’s functional disciplines - assurance, tax, consulting and financial advisory services. He was the Chairman and CEO of KPMG’s India operations between 1997 to 2000 and during that period was a member of the executive Board of KPMG’s Asia-Pacific practice. Prior to that, he headed the International Services practice in the West Coast. On his return from India in 2000 he was asked to lead a major effort of KPMG focused on delivering audit and advisory services to early stage companies. Mr. Sridar Iyengar served as a member of the audit strategy group of KPMG LLP. He was with KPMG from 1968 until his retirement in March 2002. Mr. Sridar Iyengar is a Fellow of the Institute of Chartered Accountants in England and Wales, holds Bachelors Degree in Commerce (honors) from the University of Calcutta and has attended the Executive Education Course at Stanford. He is also in the Boards of ICICI Bank Limited, Infosys Technologies Limited, On Mobile Global Limited, Mahindra Holidays and Resorts Limited as an Independent Director. Mr. Sridar Iyengar holds “Nil” equity shares in the company.

Brief profile of Mr. D Swaminathan, Managing Director and Chief Executive Officer

Mr. D Swaminathan joined Infosys BPO in 2004 and has been a key member in the Executive Council of Infosys BPO. He has provided leadership in building some of the key Industry Verticals, International Centers, Horizontal Practices and managing Corporate Functions such as Business Transition, Quality and Risk. He has contributed significantly in the growth of Infosys BPO. He has built CSP and EM business almost from the start to USD 115 Mn. He has provided leadership in building all the practices in Customer Service, Finance and Accounting , Sourcing and Procurement, Sales and Fulfillment, Human Resources which now account for 61% of Infosys BPO business.

Prior to joining Infosys, He was working with OTE Group, Nippon Gulf Enterprises LLC, Eicher Limited, East India Hotels Ltd. and IBM World Trade Corporation Inc. performing multiple roles in the field of marketing and operations. He has over 30 years of experience in the areas of General Management, Finance and Accounting, Sales and Marketing, International Trading and Human Resources Management. He is a Chartered Accountant and is relentless in his operations, financial and people focus. Mr. D Swaminathan holds “Nil” shares in the company.

Infosys BPO Limited

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

Proxy Form

Regd. Folio No. | | | | | | | | | | | | |

I/We……………………………………………………………………..of……………………………………………………in the district of being a member/members

of the Company hereby appoint…………………………………………………………of in the district of………………. ……………………………or failing him/her of…………………………………………………………………in the district of as my/our proxy to vote for me/us on my/our behalf at the ANNUAL GENERAL MEETING of Infosys BPO Limited to be held at the Registered Office of the Company at Plot No. 26/3, 26/4 and 26/6, Electronics City, Hosur Road, Bangalore 560100 on Friday, June 11, 2010 at 10.00 A.M. and at any adjournment(s) thereof.

Signed this………………………………………………………day of 2010

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 and 26/6, Electronics City, Hosur Road,, Bangalore 560100, India at 10.00 A.M. on Friday, June 11, 2010.

…………………………………

Member's / Proxy's name in BLOCK letters

Signature of member / proxy

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