Annual Report 2010-11

Infosys BPO Limited

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

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

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Plot No. 26/3, 26/4 and 26/6
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Global Presence

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1st Stage, BTM Layout
Bangalore - 560 068

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Saidapet
Chennai 600 015
Tel.: 91 44 6600 7000
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Tower A, B and C Building No. 6
DLF Cyber City Developer
Limited
Special Economic Zone Sector
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IT-A-001 Mahindra World City
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Taluka Mulshi,
Pune 411 057
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Fax: 91 20 2293 4540

Plot No. 24 / 3,
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Taluka Mulshi
Pune 411 057
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Fax: 91 20 3981 5352

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Fort Bonifacio Taguig City Metro
Manila, Philippines
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Fax : 1 908 842 0284

Subsidiaries

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Fax : 48 42 291 8081

UL. Gdanska
47 90-729 Lodz,
Poland
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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 11, 2011

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, 2011.

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 and Philippines.

Financial overview

in ₹ Crore

	March 31, 2011	March 31, 2010
Revenue from business process management services	1,129.11	1,126.63
Gross profit/ (loss)	461.36	525.06
Operating profit/ (loss) after interest and depreciation	**176.23**	**267.32**
Profit /(loss) after tax	204.83	273.81

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 ₹ 33.83 Crore as on March 31, 2011 (₹ 33.83 Crore as on March 31, 2010)

Liquidation of Infosys BPO (Thailand) Limited.

As part of restructuring / reorganizing our business operations, your company has liquidated Infosys BPO (Thailand) Limited, its wholly owned subsidiary situated in Thailand, effective from March 18, 2011. As a result of this, the consolidated financial statements for the period and year ended March 31, 2011 and forming part of this Annual Report does not contain the financial information of Infosys BPO (Thailand) Limited.

Consequent to the above, Infosys BPO Limited has the following subsidiaries as at March 31, 2011

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	McCamish Systems LLC	United States of America	100%

Appropriations

Transfer to reserves

Your Company proposes to transfer ₹ 600 Crore to the General Reserves.

Retained earnings

Your Company proposes to retain ₹ 80 Crore in the Profit and loss account.

Performance Overview

Your Company ended the year with ₹ 1,129 crores as income from operations. There is increasing optimism in your company with clear focus on enhancing the key levers of growth, differentiation and people. Your company proactively focuses on improving our internal efficiency.

Your company continues to provide truly global delivery to its clients through 11 delivery locations world-wide (5 in India and 6 internationally). This year, we expanded our footprint in Atlanta adding other BPO services to the delivery of services by McCamish which was acquired last fiscal. McCamish has emerged as an industry leader and show cases our delivery capability of end-to-end business solutions to our insurance and financial services clients. We have launched org-wide programs to tie multiple ongoing effort / value levers on differentiation & transformation towards driving business value for our clients. Our emphasis continues to provide higher value services, technology-led solutions and domain expertise to help clients achieve their strategic and business goals.

Your company is consistently maintaining its growth momentum and has strengthened its market position through some key strategic wins. Key clients won this year include a leading issuer of credit cards, auto loans and other consumer loan products, a leading global custodian and private bank, world's leading pharmaceutical company, a large global bank, a world leader in healthcare, lifestyle and lighting, the largest mobile operator in the UK, a top-10 pharmaceutical company that delivers health solutions and operates in multiple global markets, among others.

In our pursuit to improve HR practices and create the building blocks that provide 'careers for life', we have established a mandatory training grid aligned by career streams and competency. We have partnered with premier institutions for further education opportunities and launched specific leadership development programs for first-time leaders. On the external front, our outreach programs such as "Project Genesis" and "Spark" have contributed to enhancing the skill sets of students in Tier II and III towns. This year, we have rolled out nearly 50% more offers than last year. Our training team was instrumental in supporting the training requirements of students in Bhutan and Egypt (70+ offers and 2500+ students coached). The HR practices continue to set benchmarks and are recognized in various public forums and trade bodies both in India and abroad.

Infosys BPO participated in leading industry events across Europe, the Americas and APAC this year. Some of these include:

Shared Services Singapore & Australia, IQPC-International Quality and Productivity Center Brazil & US, Nasscom BPO Strategy Summit India, RLA & Argyle Leadership Conferences USA, Hackett BP Conference (US&UK), Supply Chain Logistics events in Europe, CFO day Amsterdam, among others.

Infosys BPO also established its thought leadership with 'Colloquium' – the annual user event in its 3rd year in running. 2 of our senior leaders have been nominated into the global leadership platform instituted by SSON- Shared Services Outsourcing Network

Infosys BPO, together with Forbes, co-launched a worldwide survey to get C-suite leaders' perspectives on Business Value in the outsourcing industry. The Daily Telegraph's Business Club chose Infosys BPO to feature in their "Secrets of Success" series.

The company also launched its first ever case-study handbook, featuring 7 global client case studies. The Infosys BPO thought leadership journal is in its 6th edition with contributions from sourcing advisors and analysts besides domain experts. There is an increase in frequent and positive mentions about Infosys BPO across analyst firms (Gartner, Forrester, AMR, IDC, Everest, TBR, etc.) and service lines.

In our sustained effort to drive value for our clients, we have aligned our strategy and investments towards the following key initiatives:

- Leveraging more of our capabilities with existing clients and taking our solutions to more and more clients

- High value offerings to cater to client needs and focus on niche solutions
- Focus on platforms and solutions to provide measurable business value to clients through technology
- Focus on blue-ocean market spaces and innovative solutions to address client business problems
- Building centers of excellence and benchmarks for industry and horizontal practices to drive measurable business value for clients
- Specific onsite business models to enable increased relevance of services and create higher BPO+IT convergence in our client relationships
- Focus on Inspired Workplace therefore raising inspiration quotient in the organization and enhancing employee engagement.

Results of operations

The total revenue increased to ₹. 1,129.11 Crore from ₹ 1,126.63 Crore . The Company ended the year with net profit of ₹ 204.83 Crore when compared with the previous year of ₹ 273.81 Crore. The company added 7 (net) customers and now has 94 customers. The company ended the year with 18,943 employees having added 333 (net) employees during the year.

Human Resources Management

"HR IN EMERGING TIMES"

As an offshoot of the GDP strategy, the HR focus areas that emerged for the year were 25% attrition for the year, 45 days turnaround time for ERF closures and 70% of all open positions to be filled from within. This was termed as the 25-45-70 HR Plan for the year 2010-2011.

1. 25% Attrition target.

Attrition this year was more a result of external pull than internal push, owing to the opening up of the Job market from the beginning of the year. Conscious of this market change we took a lot of proactive measures to ensure that our attrition figures were below market average.

- **Communication** – As a part of building Employee connects, we focused on employee communication all around the year. There were a number of communication programs run by the Employee engagement team this year. Some of them are listed below:
  - Meet Your Leader – This is a two-way communication between employees and leaders in a large setting across the organization. It establishes face to face communication between employees and senior leaders and helps our employees get a better understanding of strategic decisions and provides them with a forum to ask questions to the leaders and give feedback as well.
  - Infocus – This is a family newsletter released once in six months. It includes details of our employee engagement and welfare activities, brief articles on our leaders, and other articles addressing family members.
  - Team Huddles- Company related updates are sent to the entire organization through the Team Huddle program. The information is percolated down to the ground level by each team leader who receives this information on a weekly basis. It has been one of the most effective medium of communication in Infosys BPO.
  - Newsletters - Footprints is a monthly newsletter which is hosted by different DCs every month to showcase their senior leaders, employees, ER activities, fun facts about their cities and much more to the rest of the centers.
  - Managers Portal - Manager's Portal is a one stop shop for all senior and middle level managers which provide all the information/ tools necessary to perform better and gain a competitive edge. It is platform for our future leaders to share their ideas, knowledge, latest industry news etc. The portal also allows cross functional communication. It is a strong channel which allows all types of communication i.e. Top down, bottom up and peer to peer communication at one place.

- Communication Portal - Communication Portal is a central repository for all the communication done in the organization. This includes Team Huddle, Footprints, Infocus, Meet Your Leader, & much more. It provides easy access and quick reference to all our communication enablers.

- **Fun place to work** - The Fun at work (F@W) practice is an integral subset of the Employee Engagement (ER) function at IBPO. The focus is to enhance employee engagement through employee delight to increase organization's effectiveness and ensure the engagement of talent to support business goals. The all encompassing philosophy of F@W is "The greatest business value is derived from attracting and retaining the right talent as 'Happy employees ensure Happy Customers'. Establishing and delivering on an Employee value proposition go a long way in achieving a satisfied, engaged and performance oriented employee base". The various activities that were conducted as part of fun at work this year were :
  - DJ Nites – This is a frequent and a very popular event where employees get a chance to groove in the campus on the tunes of the finest DJ's in the town.
  - Theme events – The theme based events are based on different seasons and festivals. Some of the theme events of this year were, The Go Green campaign, Christmas Celebrations, Jungle theme for Petit infoscions etc.
  - World Disability Day celebrations.
  - Sports Events – These events are for the Sport enthusiasts. Some sports events conducted this year were Cycling race, Marathon for a cause, Basketball Championship and the funky sports day.
  - Sambhrama – This is the annual IBPO event wherein employees come together and participate in various cultural and sports events.
  - Family Day and Petit Infoscion day – These events invite the families and kids of infoscions to visit the campus and enjoy the facilities. There are various entertainment activities conducted for the families which add a lot of fun and colour to this day.
- Our attrition analysis highlighted that our new joinees' attrition was a big contributor to our overall attrition this year. To address this, we started with a Pre-joinee engagement Program. The intention was to help the new joinees assimilate better into the organization. The activities that took off as part of this program were:
  - On-Boarding helpdesk calling employees before joining date to answer their doubts and queries.
  - Expectations management at the time of joining has improved through changing and altering the format of the offer letter.
  - BHR Sessions at induction for better clarity on take home salaries.
  - Focused induction drive in Mysore.
  - Calibration of Training from 21 days to 15 days.
- The Other activities done to ensure our attrition figures are under control were:
  - Higher Education programs (JMLP, IIMA and Open programs) yielding higher retention levels.
  - Club-5 celebrations enhancing pride amongst vintage folks. Loyalty and Pride themes through Sambhrama celebration.
  - Corporate Talent Pool and focused redeployment efforts across locations, units and engagements to enable career movement and growth.
  - Focused retention efforts in top-12 high attrition accounts. This has lead to a steady decline in attrition in these accounts. (Dropped by 50%)

2. 45 days Turnaround time on hiring.

Till about the beginning of the year, the recruitment team's focus had being more on quality of hires as we believed that "Quality of services goes hand in hand with the quality of personnel who are delivering these services". However, this year the focus shifted to not just hiring the best in class but hiring them at the right time to meet the business requirements.

This year Talent Acquisition has given special emphasis on reducing the hiring timeline from the industry and internal benchmark of 90 days to 45 days. Our year to date performance on this metrics has been at 92% for entry level hires and approximately 45 % for Lateral hires (considering that they usually have a notice period of 30 – 90 days to serve at the pervious organization). Despite having to hire a huge number of niche skills like F/A and SnP for our current and new clients this was a remarkable achievement. The credit also goes to a thorough Manpower planning exercise done by out Talent Planning team and a good pipeline that was created as a result of that.

3. 70% of all positions to be filled internally

One of the key themes of FY-11 was development of the Internal Talent Pool in line with the organization imperative of 70% growth from within the organization. The objective is to create opportunities and provide avenues for employees to aspire and achieve the role of their choice in addition to realizing their potential to do their best. To achieve the above, we worked on the 3 tracks of Competency based Assessments to identify and develop potential, Competency based Development Programs and Creation of Internal Talent Pipeline

- **Competency Based Assessments**: An extensive program to establish the competency based assessments in critical internal movement processes was undertaken. We have been able to institutionalize all of these processes over the past 1.5 years.
  - **Building Internal Assessor Pool:**

    A behavior based approach to interviewing is a proven method for improving hiring decisions. Hiring decisions made with behavior based interviewing are 2 - 5 times more accurate than those based on traditional interviews. All interviewers involved in external hiring in Infosys BPO mandatorily needs to go through a CBI program to ensure that he is equipped with the appropriate knowledge and tools/methods to assess an individual as far his capability is concerned.

  - **Assessment & Development Centers:**

    We have also incorporated tools like ADCs (Assessment and Development Centers) for movement from JL 4 to JL 5 (which is a critical transition in terms of movement to a managerial position). These ADCs run over a period of 2 days wherein we have a design developed in collaboration with a third party consultant that specializes in designing these frameworks for organizations across the industry. The assessors for the ADCs are trained in a specially designed workshop of 2 days by the consultants. These ADCs do not just aim at assessing the individuals but also providing objective feedback to them on their developmental needs.

Competency Based Development

- **Leadership Development Practice**

The Leadership Development Practice Categorizes the competencies under critical and core w.r.to each job level, these development path for these competencies help in imbibing a culture of behavioral Leadership traits across all job levels spanned across Infosys BPO geographies. The spread is intensive and mandated even to the most distinguished, diversified & uncommon roles. They are infused into employees through a structured learning platform of multiple methodologies such as Class room training, simulation, mentoring, project based, Virtual , E-learning, coaching and assessments. Learning is further re-enforced through regular Leader Teach series & specific business need analysis to encourage structure and discipline to sustained learning.

- **Executive Education**

The Executive Education initiative was designed to address the desire of new recruits within the organization particularly graduates just out of college, to obtain a post graduate qualification. The initiative also addressed the organization's need to develop its first level leaders and contribute to developing the Leadership Pipeline.

The initiative was designed after assessing various offerings within the field of Executive Education, and began with a program by the Indian Institute of Management-Bangalore and saw other programs by Welingkar Institute of Management Development & Research, and the Indian Institute of Management-Ahmadabad. The programs have addressed primarily the junior and middle management levels within the organization. Further tie-ups in the near future will also see programs for the senior management, contributing to bring in a culture of Learning at all levels' within the organization. The organization has a well-defined competency framework for all roles up to the upper-middle management, followed by Leadership Dimensions defined for senior management roles. Training and development of an individual is built around these competencies through robust internally developed workshops and tie-ups with leading training/education partners.

- **Career Development**

While our offerings are attractive, we have been working towards aligning many crucial initiatives that can give proliferate information enablers for the growth of our employees. The various solutions or initiatives that we have tailored for our employees not only address their aspirations but also help us grow as an organization from within are:

- **Promotions & Progressions**:

  Promotions and Progressions are one of the most critical HR focus area. With most of our talent strategy for the current and the next financial year resting on internal growth, P&P and IJP becomes two of the most important HR practices. We aim at filling 70% of the open positions through internal growth and movements and to achieve this it becomes imperative to ensure that the P&P and IJP mechanisms, instrumental in creating this talent pipeline are extremely robust. All promotion and progression assessments are also aligned to the competency framework. Any individual being considered for the next level within the organization needs to be proven competent for the next level. There are various tools that we employ including panel interviews (designed along the lines of CBI). We have tie ups with SHL and DDI for conducting training and certification programs for assessment at the senior levels and have created robust processes that are well defined for both the assessors and the assesses.

- **IJPs and Internal Movements:**

  Internal Job Postings and Movements are important tools for career movements and growth within the organization. We have taken the IJPs to the next level by incorporating both Inter and Intra company movements (Group level) as a part of the process. The selection process for all these methods are aligned to the recruitment process thereby ensuring a more uniform and objective assessment for employees vis a vis external candidates.

- **Career Seminars:**

  This organization wide initiative was formulated to eliminate the myth that it is difficult to build a career in a BPO. The workshop sets sight on the various career paths and enablers available to employees belonging to the Operations and the other streams. It is a 3 hour long session that is conducted for the employees across all levels. The workshop gives an overview of the organization, touching upon the significance of the RBO and alignment of businesses. With this the employees are able to appreciate the clarity and importance of their roles in the structure.

- **Good to Join, Great to Grow:**

  This is another unique initiative in the field of career development. This came as an offshoot of the career workshop and the career movie wherein we highlight the exciting journey of growth, exposure and experience of various employees in our organization. It gives cognizance to the fact that performance and competencies are the criteria of growth in the organization and if the employee shows the required potential he/she can grow as they wish and the organization will be more than willing to extend support to the employees for the same. These growth stories are highlighted by way of posters on all notice boards.

- **Career Pathfinder:**

  It is a one stop shop for all career related information for an employee. This portal provides all possible information that any employee wants with regards to careers @ Infosys BPO. The portal employee to navigate through various career options thus giving an overview of all possibilities within and across various career streams.

Subsidiaries

A. Infosys BPO s.r.o

Your Company incorporated Infosys BPO s.r.o. in the year 2004 in the Czech Republic, as a wholly owned subsidiary. Your company till March 31, 2011, has invested an amount of ₹ 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 ₹ 55.86 Crore as against revenue of ₹59.45 Crore for the year ended March 31, 2010 with a net profit of ₹ 1.54 Crore as against a profit of ₹ 1.39 Crore for the year ended March 31, 2010.

The center has proven recruitment capabilities of all levels of European languages proficiency with particular stress on voice resources with IT related skills and providing a variety of services being delivered like Sales & Fulfillment (also including marketing services), Finance & Accounting, Underwriting support (Insurance domain) and Information technology related services

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 ₹ 140.03 Crore as against revenue of ₹ 138.15 Crore for the period ended March 31, 2010 with a net profit of ₹ 11.44 Crore as against a profit of ₹ 19.74 Crore for the period ended March 31, 2010.

The centre has Increased language capability (from 12 languages beginning FY to 19 languages end FY) and proven recruitment capabilities for all European languages in large numbers with 50% revenues coming from high-end services (Tax, SOX Compliance, FP&A reporting and analysis, FP&A Consolidation of financial statements, BTS, onsite project work). The centre has been bestowed with the following awards in the year under review CIMA Training Partner (CIMA, 2010), Leader in HR Management (Institute of Social Studies, 2010), Partner of Innovative Education (University of Lodz, 2010), Krystian Bestry (DC Head) in top 20 polish leaders in international corporations, Krystian Bestry (DC Head) in top 5 managers of the region

C. McCamish Systems LLC

Headquartered in Atlanta, Georgia, McCamish Systems, LLC, (the Company) 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. The Company 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. The Company's clients, which include many of the largest financial services companies in the United States and a growing number outside of the United States, hire McCamish to support single products, a single line of business or the client's entire product portfolio. While the Company deploys a unique instance of its base software product for each client, each client also requires and funds client specific enhancements based on their proprietary product and market requirements. These revenues, which are generated under time and materials or fixed priced engagements, augment the recurring revenue flows from the long term master service contracts. All of the Company's intellectual property utilizes an advanced service oriented architecture that promotes seamless integration with client specific operating models.

The Company has been historically focused on the US market, but it is currently expanding into international markets. Infosys BPO acquired the Company in December 2009 to enhance its life insurance and retirement services footprint both in the US and abroad. With this acquisition, Atlanta also becomes Infosys' US BPO delivery center.

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 year under review the company generated a revenue of ₹ 149.87 Crore as against a revenue of ₹ 38.02 Crore for the period from December 4, 2009 to March 31, 2010 with a loss of ₹ 19.68 Crore as against the loss of ₹ 17.67 Crores for the period from December 4, 2009 to March 31, 2010.

Awards/ recognition and certifications

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

Some of our key achievements and recognitions this year were:

- M&A deal of the year at the Asia Pacific M&A Atlas Awards for the acquisition of McCamish Systems
- CMO Asia Awards 2010 for Excellence in Branding & Marketing
- Singapore HR Awards in the special mention category of leading HR practices – learning and human capital development and performance management
- Australasian Shared Services Excellence Award along with NAB for 'Best New Services Delivery'
- Royal 'Philips Electronics Breakthrough Award' 2009
- Awarded 5-Star Rating by Bureau of Energy Efficiency (BEE)
- Infosys BPO won the 'Most Dynamically Developing BPO Center in Poland' Award from Forbes Magazine

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 the company is 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, 2011, 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, 2011, 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, 2011, 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, 2011, 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

Mr. D Swaminathan, Managing Director and CEO

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 year ended March 31, 2011 are as follows-

in ₹

Particulars	March 31, 2011	January 16, 2010 to March 31, 2010
Salary, allowances including contributions to Provident Fund, Gratuity, Superannuation allowance and Performance incentive	1,24,74,014	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 Mr. T V Mohandas Pai and Mr. S D Shibulal retire by rotation in the forthcoming Annual General Meeting. Mr. T V Mohandas Pai and Mr. S D Shibulal 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 Mr. T V Mohandas Pai and Mr. S D Shibulal as Directors of the Company have been incorporated in the notice of the ensuing Annual General Meeting.

Auditors

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

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

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

Consolidation of accounts

In terms of approval granted under Section 212(8) of the Companies Act, 1956 by the Ministry of Corporate Affairs, Government of India vide Letter of Approval No. 47/2/2011-CL-III dated January 24, 2011, 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 11, 2011

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, 2011

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 ₹Crores

	March 31, 2011	March 31, 2010
Foreign exchange earnings	1,090.00	1,105.35
Foreign exchange outgo (including capital goods and imported software packages)	264.14	262.93

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 11, 2011

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 11, 2011

Management's Discussion and Analysis (Consolidated)

Overview

Our Business

Infosys BPO Limited ("Infosys BPO") was incorporated on April 3, 2002 as "Progeon Limited" offering 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 & Accounting, Knowledge Services, Human Resource, Order Management and Procurement, while Vertical (Industry) solutions include Banking & Capital Markets, Communication Media & Entertainment, Manufacturing, Emerging Market Segments, Insurance & Healthcare, Retail, Energy, Utilities & Resources, Automotive & Aerospace, Transportation & 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 majority owned and controlled 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 reengineering and best practices.

Financial Condition & 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.

Financial condition

Financial Position as on March 31, 2011 at a glance

*****Current year generated free cash flows to the tune of ₹267.11 Cr. (Net profit plus Depreciation plus stock compensation plus customer contract write off)

- Additions to Infrastructure and facilities during the current year amounted to ₹ 47.98 Cr which accounts for 6.79% of the opening gross block.
- Cash and Cash Equivalents were at ₹638.11 at the end of March 31, 2011 as compared to ₹484.92 Cr. at the end of March 31, 2010.

Balance Sheet Snapshot

In ₹ crore

	Mar 31, 2011	%	Mar 31, 2010	%	Growth %
Sources of Funds					
Shareholders' funds					
Share Capital	33.8	2.9	33.8	3.5	-
Reserve & Surplus	1,147.7	97.1	935.5	96.5	22.7
	1,181.6	**100.0**	**969.3**	**100.0**	**21.9**
Application of funds					
Fixed Assets					
Original cost	730.5	61.8	706.8	72.9	3.4
Depreciation	249.9	21.2	197.5	20.4	26.5
Net book value	480.6	**40.7**	509.3	**52.5**	**(5.6)**
Capital work in progress	24.8	2.1	0.5	0.0	5,147.3
	505.3	**42.8**	**509.8**	**52.6**	**(0.9)**
Investments	20.6	1.7	200.8	20.7	(89.7)
Deferred tax assets	24.3	2.1	17.1	1.8	41.8
Current assets, loans & advances					
Sundry Debtors	276.2	23.4	237.4	24.5	16.3
Cash and bank balances	567.5	48.0	249.6	25.8	127.4
Loans and advances	290.4	24.6	212.0	21.9	36.9
	1,134.1	**96.0**	**699.0**	**72.1**	**62.2**
Current Liabilities	460.4	39.0	425.0	43.9	8.3
Provisions	42.3	3.6	32.4	3.3	30.7
Net current Assets	**631.3**	**53.4**	**241.6**	**24.9**	**161.3**
	1,181.6	**100.0**	**969.3**	**100.0**	**21.9**

1. Share capital

In ₹Crore

Year ended	Mar 31, 2011		Mar 31, 2010	
	No.s	₹	No.s	₹
Balance at the beginning of the year Equity Shares of ₹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 ₹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 comprises of the following:- In ₹Crores

Year ended	Mar 31, 2011	Mar 31, 2010
Securities premium account	25.49	25.49
Capital Redemption Reserve	1.14	1.14
Foreign exchange translation reserve	8.15	4.98
General Reserve	1,000.00	400.00
Balance in profit and loss account	112.95	503.87
Total Reserves & Surplus	**1,147.73**	**935.48**

3. Fixed assets

In ₹Crores

As Of	Mar 31, 2011	Mar 31, 2010	Growth % YoY
Gross Book Value			
Goodwill	309.7	309.7	0%
Land	11.6	11.6	
Building	92.6	89.6	3%
Lease-hold Improvements	37.1	36.8	1%
Plant and machinery	105.2	100.8	4%
Computer equipment	128.1	113.1	13%
Furniture and fixtures	46.1	45.1	2%
Vehicles	0.1	0.1	1%
Total	**730.5**	**706.8**	**3%**
Less: accumulated depreciation	249.9	197.5	27%
Net block	**480.6**	**509.3**	**-6%**
Add: capital work-in-progress	24.8	0.5	5,147%
Net fixed assets	**505.3**	**509.8**	**-1%**
Depreciation as a % of total revenues	3.9%	4.4%	
Accumulated depreciation as a % of gross block	34.2%	27.9%	

Increase in Work in Progress due to construction at new sites coming up at Pune SEZ Phase 2 & Chennai SEZ

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

Location	Mar 31, 2011		Mar 31, 2010	
	sq. ft.	seats	sq. ft.	seats
Bangalore	5,88,159	8,399	5,85,076	8,516
Pune	3,95,722	5,007	4,06,194	5,271
Jaipur	3,33,618	4,409	3,33,618	4,425
Delhi	75,406	847	96,887	1,117
Chennai	39,416	405	39,416	419
Manila	63,056	1,171	63,056	1,180
Brno	39,809	454	39,809	454
Lodz	86,846	998	76,781	855
Bangkok	-	-	11,916	200
McCamish	40,104	273	40,104	273
USA & Germany (for sales force)	2,209	38	2,443	41
Total	**16,64,344**	**22,001**	**16,95,299**	**22,751**

Pune Seats have decreased because of 170 Seats were surrendered. Decrease in seats in Gurgoan and Jaipur is due to partitioning the large bays into smaller units.

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, 2011 Infosys BPO Ltd has ₹3.50 crore investments in the form of share capital.

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

Infosys BPO (Poland) Sp..Zoo is a wholly owned subsidiary of Infosys BPO Limited formed under the laws of Poland. As on March 31, 2011 Infosys BPO Ltd has ₹3.94 crores investment in the form of share capital.

Infosys BPO Thailand LTD.

On 1st July 2010, Infosys BPO Thailand Ltd was registered with Department of Business Development for dissolution and accordingly this was finalized on 18th March 2011 and the company was dissolved as of that date.

McCamish Systems LLC

McCamish Systems LLC is a wholly owned subsidiary of Infosys BPO Limited formed under the laws of United States. As on March 31, 2011 Infosys BPO Ltd has ₹115.07 crore investments in form of share capital.

	Revenue			**Net Profit/Loss**				**Net Worth***
	31-Mar-11	31-Mar-10	Growth %	31-Mar-11	31-Mar-10	Growth %	% of consol revenue	As at March 31, 2011
Infosys BPO s.r.o.	16.1	12.8	26.3	3.4	6.7	48.5	1.1	31.9
Infosys BPO (Poland) Sp.z.o.o	36.0	29.2	23.1	1.5	2.4	(40.2)	2.4	79.1
Infosys BPO Thailand Limited	-	6.7		0.0	2.5		-	-
McCamish Systems LLC	149.9	38.0	294.5	(6.9)	(19.7)	65.0	2.3	115.3
	202.0	86.7	133.0	(2.0)	(8.0)	(75.4)	5.8	226.3

*Net worth comprises of Equity share capital and Reserve and surplus

No. of Employees

	As on Mar 31, 2011	**As on Mar 31, 2010**
Infosys BPO s.r.o.	353	334
Infosys BPO (Poland) Sp.z.o.o	1,059	1,040
McCamish Systems LLC	238	243
	1,650	**1,617**

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 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.
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, 2011, the company has recognised a deferred tax asset of ₹24.28 Cr. as compared to ₹ 17.12 Cr. for the year ended March 31, 2010.

6. Sundry debtors

Sundry debtors amount to ₹276.19 Cr. as of March 31, 2011 as compared to ₹237.38 Cr. as of March 31, 2010. 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. Debtors are at 18.77% of revenues for the year ended March 31, 2011 and 17.11% of revenues for the year ended March 31, 2010. The Company generally provides 30-60 days credit to its customers. For the year ended March 31, 2011 ₹ 1.79 Cr. were provided towards the doubtful debts. Remaining all debtors are considered good and realizable.

In %

Period in days	Mar 31,2011	Mar 31,2010
0-30	51%	50%
31-60	32%	32%
61-90	5%	5%
More than 90 days	12%	12%

7. Cash and cash equivalents

In ₹Crores

As of	Mar 31, 2011	Mar 31, 2010
Cash balances	0.07	0.09
Bank balances in India		
1. Current accounts	21.94	10.84
2. Deposit accounts	501.50	185.51
Bank balances – overseas		
Current accounts	44.01	53.17
Total cash and bank balances	**567.52**	**249.60**
Add: Deposits with financial institutions / body corporate	73.50	34.50
Add: Investments in Mutual Funds	20.59	200.82
Total cash and cash equivalents	**661.61**	**484.92**
Balance in current accounts as % total Cash & Bank Balances	12%	26%
Cash and cash equivalents as a % of total assets	38%	34%
Cash and cash equivalents as a % of revenues	45%	35%

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 account represents deposits for short tenures and the details are given below.

In ₹Crores

As of	Mar 31, 2011	Mar 31, 2010
Indian Overseas Bank	18.00	9.00
Kotak	-	35.50
State Bank of Hyderabad	30.00	24.00
Allahabad Bank	61.50	50.00
ICICI Bank	41.60	49.50
Syndicate Bank	4.00	17.50
State Bank of India	0.02	0.00
IDBI Bank	54.00	-
Bank of Maharashtra	18.00	-
Canara Bank	75.00	-
Vijaya Bank	49.00	-
Yes Bank	10.00	-
Axis Bank Limited	60.00	-
HDFC Bank	-	34.50
Oriental Bank of Commerce	75.00	-
Union Bank	-	-
Citi Bank	7.84	-
Bank of America	7.27	-
PNC Bank	0.02	-
Royal Bank of Canada	1.30	-
Deustche Bank	28.48	-
HDFC limited	50.00	34.50
Tata Asset Management Limited-LIQUID	1.03	-
Wachovia	1.41	-
Birla Sunlife AMC Ltd.	7.03	-
Reliance Mutual Fund	3.01	-
Kotak Mutual Fund	9.53	-
South Indian Bank Limited	25.00	-
Balance with non scheduled banks	-	29.51
Mutual Funds	-	200.82
Total	**638.04**	**484.83**

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

In ₹Crores

As of	Mar 31, 2011	Mar 31, 2010
Deposits with Financial Institutions & Bodies Corporate	73.50	34.50
Total	73.50	34.50

8. Loans and advances

In ₹Crores

As of	Mar 31, 2011	Mar 31, 2010
Prepaid Expenses	5.75	7.22
Advances for supply of Goods and services	11.38	8.93
Employee and Other Advances	13.09	13.09
Deposit With Govt. authorities	0.00	0.11
Electricity Deposits	1.31	1.47
Rental Deposits	26.74	25.82
Advance Tax and Tax Deducted at source (net)	23.11	24.95
Deposits with body corporate*	73.50	34.50
MAT Credit Entitlement	63.05	41.82
VAT Recoverables	10.27	0.38
Cenvat Credit Entitlement	25.24	22.23
Unbilled Revenue	29.73	22.12
Interest Accrued but not due	5.95	0.72
Other Assets	-1.80	1.65
Mark to market gain on forward exchange contract and options	3.03	7.02
Total	**290.36**	**212.04**

* Deposits with body corporate is classified under Cash & 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 sales tax.
*Electricity and other deposits represent electricity deposits and communication deposits.
*Rent deposits are towards buildings on lease by the company for its operations.
*Unbilled revenues comprise of revenue recognized in relation to efforts incurred on fixed-price and time & material contracts not billed as of the year-end. The unbilled revenues as of March 31, 2011 and March 31, 2010 amounted to ₹ 29.73 Cr. and ₹22.12 Cr. 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 ₹Crores

As of	Mar 31, 2011	Mar 31, 2010
MAT Credit Entitlement	63.05	41.82
Advance Income Tax	23.11	24.95
Tax deducted at Source on Interest and Consultancy		
Total	**86.17**	**66.77**

9.Current liabilities and Provisions

In ₹Crores

As of	Mar 31, 2011	Mar 31, 2010
Sundry Creditors for capital goods and Expenses	5.50	4.70
Accrued Salaries and Allowances	38.52	29.50
Accrued Ex-Gratia and Incentive Payable to employees	111.95	98.51
Retirement Benefits and Leave Encashment	29.84	22.19
Withholding and other taxes	8.31	2.17
Provision for expenses	206.89	200.08

As of	Mar 31, 2011	Mar 31, 2010
Unearned revenue	16.51	15.79
Others	80.36	82.01
Payable to Philips for acquisition		
Provision for Income Tax	4.83	2.49
Total	**502.71**	**457.44**

*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.

10. Unearned revenue

Deferred revenue represents revenue not recognised due to non confirmity with revenue recognition principles. The deferred revenues amounted to ₹ 16.51 Cr as of March 31, 2011 and ₹ 15.79 Cr as of March 31, 2010.

B.Results of Operations

Performance during the year ended on March 31, 2011 at a glance

In ₹Crores

	Mar 31,2011	Mar 31,2010
Income	1,471.63	1,387.18
Gross Profit (Post depreciation)	523.38	585.04
Gross Profit %	35.6%	42.2%
Operating Profit (PBIDTA)	235.64	339.60
Net Profit	209.08	279.33
Net Profit %	14.2%	20.1%

*Consolidated Revenues for the year were ₹1471.63 Cr. as against ₹1387.18 Cr. for the previous year
*Gross Margin post depreciation for the year was ₹523.38 Cr. compared to ₹585.04 Cr. during the previous year
*Net Income for the current year was ₹209.08 Cr. as compared to ₹279.33 Cr. for the previous year.

Gross Addition to headcount for the year ended March 31, 2011 was 8,219 compared to 6,927 at the end of the previous year.

In ₹Crores

Year ended	Mar 31, 2011	%	Mar 31, 2010	%	Growth YoY
Revenues					
Overseas	1,465.35	99.57%	1,385.52	99.88%	5.76%
Domestic	6.28	0.43%	1.66	0.12%	278.03%
Total	**1,471.63**	**100%**	**1,387.18**	**100%**	**6.1%**

Revenues for the current year increased by 6.09% as compared to the immediately preceding year.

Analysis of Consolidated Revenues

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:-

Year Ended	Mar 31, 2011	%	Mar 31, 2010	%
Onsite	109.25	7%	62.18	4%
Offshore	1,362.38	93%	1,325.00	96%
Total	**1,471.63**	**100%**	**1,387.18**	**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, 2011	Mar 31, 2010
Onsite	3,798	1,000
Offshore	1,30,399	1,28,614
Billed-total	**1,34,196**	**1,29,613**
Non-billable	47,902	42,259
Training	9,627	8,793
Total professionals	**1,91,726**	**1,80,666**
Support	11,869	11,140
Total	**2,03,595**	**1,91,806**

Revenues by Project Type

The company's revenues are generated principally on time and material basis 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, 2011	Mar 31, 2010
Fixed price	5.4%	2.5%
Transaction Based Pricing	27.4%	16.9%
Time and material	67.2%	80.6%
Total	**100.0%**	**100.0%**

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, 2011	Mar 31, 2010
Insurance, banking & financial services	29.7%	22.8%
Insurance	12.7%	5.7%
Banking & financial services	17.0%	17.2%
Manufacturing	32.2%	35.4%
Retail	2.3%	1.4%
Telecom	25.4%	28.6%
Energy and Utilities	1.9%	2.2%
Transportation & logistics	0.0%	0.0%
Services	1.4%	1.0%
Others	7.1%	8.5%
Total	**100.0%**	**100.0%**

During the current year there was decrease in Banking & financial segment and Telecom revenues.

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, 2011	Mar 31, 2010
North America	47.2%	51.2%
Europe	44.8%	42.9%
Others	8.0%	5.9%
Total	**100.0%**	**100.0%**

During the current year there was increase in Insurance segment revenues.

Client Concentration and new business development

For year ended March 31, 2011, the company has 96 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, 2011	Mar 31, 2010
Active Clients	96	87
Added during the year	14	14
Deleted During the year	5	5
Revenue – top client	13%	12%
Revenue – top 5 clients	36%	39%
Revenue – top 10 clients	48%	52%

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, 2011, the voice and non voice proportion was at 18:82 whereas for the previous year, the voice and non-voice proportion was 21:79.

Expenditure

In ₹Crores

Year Ended	Mar 31, 2011						Mar 31, 2010		Growth %
	IBPO	%	McCamish	%	Total	%	Total	%	(YoY)
Revenues	1,321.75	100.0 %	149.88	100.0%	1,471.63	100.0%	1,387.18	100.0%	6.1%
Cost of Services	806.13	61.0%	142.12	94.8%	948.25	64.4%	802.14	57.8%	18.2%
Gross profit	515.62	39.0%	7.76	5.2%	523.38	35.6%	585.04	42.2%	-10.5%
Selling & marketing	96.27	7.3%	7.42	4.9%	103.68	7.0%	80.47	5.8%	28.8%
General and administration	167.48	12.7%	16.58	11.1%	184.06	12.5%	164.98	11.9%	11.6%
Total	263.74	20.0%	24.00	16.0%	287.74	19.6%	245.45	17.7%	17.2%
Operating profit before Depreciation	251.88	19.1%	-16.24	-10.8%	235.64	16.0%	339.60	24.5%	-30.6%
Depreciation	54.69	4.1%	3.34	2.2%	58.03	3.9%	60.75	4.4%	-4.5%
Operating profit	197.19	14.9%	-19.58	-13.1%	177.61	12.1%	278.85	20.1%	-36.3%
Other income	45.01	3.4%	-0.11	-0.1%	44.91	3.1%	25.60	1.8%	75.4%
Profit before tax	242.20	18.3%	-19.68	-13.1%	222.51	15.1%	304.45	21.9%	-26.9%

Year Ended	Mar 31, 2011						Mar 31, 2010		Growth %
Provision for tax	13.43	1.0%	0.00	0.0%	13.43	0.9%	25.12	1.8%	-46.5%
Profit After Tax	228.77	17.3%	-19.68	-13.1%	209.08	14.2%	279.33	20.1%	-25.2%

2.1 Cost of Services

In ₹Crores

Year Ended	Mar 31, 2011						Mar 31, 2010		Growth %
	IBPO	%	McCamish	%	Total	%	Total	%	(YoY)
Personnel Costs	589.16	44.6%	82.99	55%	672.15	45.7%	577.92	41.7%	16.3%
Travel & Conveyance	51.73	3.9%	2.32	1.5%	54.04	3.7%	51.81	3.7%	4.3%
Consultancy	35.90	2.7%	39.97	26.7%	75.87	5.2%	48.09	3.5%	57.8%
Cost of software	24.03	1.8%	3.00	2.0%	27.04	1.8%	18.12	1.3%	49.2%
Communication	35.08	2.7%	0.52	0.3%	35.60	2.4%	33.58	2.4%	6.0%
Rent	46.42	3.5%	2.92	1.9%	49.34	3.4%	48.05	3.5%	2.7%
Other expenses	23.81	1.8%	10.40	6.9%	34.21	2.3%	24.58	1.8%	39.2%
Total	806.13	61.0%	142.12	94.8%	948.25	64.4%	802.14	57.8%	18.2%
Revenues	1321.75		149.88		1471.63		1387.18		

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

Year Ended	Mar 31, 2011	Mar 31, 2010
Billed Person Month	134,196	129,613
Non Billable & Training Person Month	57,530	51,052
Gross Addition	8,219	6,927
Aggregate Employees	18,113	17,932

During the current year there is increase in both billed and non billable person month.

The utilization rates of billable employees are as below:-

As of	Mar 31, 2011	Mar 31, 2010
Including trainees	70%	72%
Excluding trainees	74%	75%

*Travelling expenses, representing cost of travel abroad for transition and discovery, client visits, local conveyance etc constituted approximately 1.55% and 3.73% of total revenue for the year ended March 31, 2011 and March 31, 2010 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 0.35% and 2.42% of revenues for the years ended March 31, 2011 and March 31, 2010 respectively.

*Other expenses represent office and computer maintenance, consumables and general expenses, which were 6.94% and 1.77% of the revenues for the year ended March 31, 2011 and March 31, 2010 respectively.

2.2 Selling and marketing Costs

In ₹Crores

Year Ended	Mar 31, 2011						Mar 31, 2010		Growth %
	IBPO	%	McCamish	%	Total	%	Total	%	(YoY)
Employee Costs	75.59	5.7%	3.59	2.4%	79.18	5.4%	64.41	4.6%	22.9%
Travel & Conveyance	9.65	0.7%	0.58	0.4%	10.24	0.7%	8.10	0.6%	26.4%
Brand Building	2.04	0.2%	0.23	0.2%	2.26	0.2%	0.75	0.1%	202.2%
Professional Charges	0.83	0.1%	0.00	0.0%	0.83	0.1%	0.52	0.0%	59.2%
Recruitment Exp	0.29	0.0%	0.00	0.0%	0.29	0.0%	1.20	0.1%	-76.1%
Rent	1.97	0.1%	0.07	0.0%	2.04	0.1%	1.10	0.1%	85.3%
Others	5.90	0.4%	2.94	2.0%	8.83	0.6%	4.38	0.3%	101.8%
Total	96.27	7.3%	7.42	4.9%	103.68	7.0%	80.47	5.8%	28.8%
Revenues	1321.75		149.88		1471.63		1387.18		

*The company incurred Selling and Marketing expenses at 4.95% of its revenue during the current year as compared to 5.80% 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 mainly expenses paid 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 96 clients as compared to 87 clients in the previous year.

2.3 General and administration expenses

In ₹Crores

Year Ended	Mar 31, 2011						Mar 31, 2010		Growth %
	IBPO	%	McCamish	%	Total	%	Total	%	(YoY)
Personnel Costs	79.14	6.0%	11.54	7.7%	90.68	6.2%	77.54	5.6%	16.9%
Professional Charges	7.58	0.6%	0.71	0.5%	8.29	0.6%	5.84	0.4%	42.0%
Rent	3.84	0.3%	0.24	0.2%	4.08	0.3%	4.53	0.3%	-10.1%
Power and fuel	18.90	1.4%	0.15	0.1%	19.05	1.3%	19.26	1.4%	-1.1%
Telephone	3.78	0.3%	0.47	0.3%	4.25	0.3%	4.90	0.4%	-13.2%
Travel and Conveyance	2.30	0.2%	0.00	0.0%	2.30	0.2%	4.85	0.3%	-52.6%
Cost of Software	1.18	0.1%	0.00	0.0%	1.18	0.1%	0.76	0.1%	54.3%
Office Maintenance	30.72	2.3%	0.11	0.1%	30.83	2.1%	28.43	2.0%	8.4%
Insurance Charges	7.28	0.6%	0.91	0.6%	8.20	0.6%	6.60	0.5%	24.1%
Other expenses	12.76	1.0%	2.46	1.6%	15.21	1.0%	12.26	0.9%	24.1%
Total	167.48	12.7%	16.58	11.1%	184.06	12.5%	164.98	11.9%	11.6%
Revenues	1,321.75		149.88		1,471.63		1,387.18		

*The company incurred General and administration expenses amounting to 11.06% of its total revenue during the current year as compared to 11.89% of revenues during the previous 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, 2011, the company earned an operating profit (profit before interest, depreciation and tax) of ₹177.61 Cr. representing 12.07% of revenues as compared to ₹278.85 Cr. representing 20.10% of revenues during the previous year.

1. Interest

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

2. Depreciation and Amortization

The company provided a sum of ₹ 58.03 Cr and ₹ 60.75 Cr towards depreciation for the years ended March 31, 2011 and March 31, 2010 respectively representing 3.94% and 4.38% of total revenues respectively. The depreciation and amortization as a percentage of average gross block is 8.07% and 11.11% for the years ended March 31, 2011 and March 31, 2010 respectively.

3. Other income

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

In ₹Crores

Year Ended	Mar 31, 2011	Mar 31, 2010
Interest Income		
On deposits with financial institution/bodies corporate	3.38	2.02
On deposits with banks	28.69	15.28
Dividend income	3.41	4.74
Profit on Sale of Investment	0.00	0.22
Exchange differences	6.63	(1.75)
Miscellaneous Income	2.80	5.09
Interest on Income Tax Refund	0.00	0.00
Total	44.91	25.60

4. 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, 2011, 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, 2011, provision for taxation amounts to ₹41.79 Cr. Deferred tax assets of ₹(7.12) Cr. were recognised and MAT credit entitlement for ₹ (21.24) Cr. was accounted for. Net impact of provision for taxation for different period is as follows.

In ₹Crores

As of	Mar 31, 2011	Mar 31, 2010
Provision for Taxation (net of deferred tax and MAT credit)	13.43	25.12
Total	13.43	25.12

5. Net profit

The net profit of the company from ordinary activities amounted to ₹209.08 Cr. and ₹279.33 Cr for the years ended March 31, 2011 and March 31, 2010 respectively. This represents 14.21% and 20.14% of total revenue for the respective years. Excluding other income of ₹44.91 Cr. (3.05% of revenues) in the current year as compared to ₹25.60 Cr. (1.85% of revenues) in the previous year, the net profit would have been ₹164.17 Cr. and ₹253.73 Cr. in the current and previous year respectively.

6. Liquidity

The growth of the company has been largely financed by cash generated from operations. As of March 31, 2011 the company had cash and cash equivalents of ₹638.11 Cr. including short term liquid investments in money market instruments amounting to ₹50.00 Cr. and investment in Mutual fund amounting to ₹20.59 Cr. The cash and cash equivalents increased by ₹153.19 Cr. 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 ₹ Crores

	Mar 31, 2011	Mar 31, 2010
Cash and cash equivalents	567.52	249.60
Net increase in cash and cash equivalents	153.19	72.14
Current assets	-	-
Net current assets	-	-
Cash Flows From :		
Operating Activities	175.45	264.69
Investment Activities	231.06	(147.40)
Capital expenditure	(54.70)	(44.95)
Exchange impact on cash	2.20	(0.20)

Investment activities include investment in Mutual Fund ₹205.93 Cr.

7. Stock option plans

Employee Stock Option Plan (2002 plan)

As at March 31, 2011, 679,250 options are held by Infosys Technologies Limited. Options held by Infosys Technologies Limited cannot be exercised due to legal restrictions and will expire in due course. Accordingly these options have not been considered while computing dilutive earnings per share of the company from the date Infosys Technologies Limited owned these options.

The following table summarizes information about stock options held by Infosys Technologies Limited as of March 31, 2011 and March 31, 2010

Range of exercise prices (in ₹)	Stock options o/s at the end of the period year ended	
	Mar 31, 2011	Mar 31, 2010
33.12-58.33	-	1,64,846
58.34-77.89	-	1,05,975
77.90-99.20	-	82,500
99.21-162.23	-	-
162.24-195.00	2,03,000	2,03,000
195.01-214.00	-	-
214.01-230.00	1,05,000	1,49,610
230.01-310.00	61,250	1,19,300
310.01-604.00	3,10,000	5,11,100
Total	**6,79,250**	**13,36,331**

8. Amortization of deferred stock compensation

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 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 remain same for the quarter ended March 31, 2011.

9. Reconciliation of Indian and IFRS financial statements

During the current year, Customer Contracts of ₹2.53 crores for Phillips and 9.23 crores for McCamish were amortized during the current year. Net profit of the company as per Indian and IFRS differs to this extent.

In ₹Crores

For the year Ended	Mar 31, 2011	Mar 31, 2010
Net profit as per Indian GAAP	209.08	279.33
Less: Stock Compensation Charge considered in IFRS financials	0.00	0.72
Less: Amortization of Customer Contracts	2.53	23.52
Less: McCamish LLC - Customer Contracts & Software Platforms	9.12	16.07
Consolidated Net Income as per IFRS Financials	197.43	239.02

10. Related party transactions

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

11. Gains/ (Losses) on forward foreign exchange contracts & 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

	2010-2011	2009-2010
Ratios- Financial Performance		
Overseas revenue/ total revenue (%)	99.6	99.9
Domestic revenue/total revenue (%)	0.4	0.1
Gross profit / total revenue (%)	35.6	42.2
COR / total revenue (%)	64.4	57.8
Selling & Marketing Expenses / total revenue (%)	7.0	5.8
General & administrative expenses / total revenue (%)	12.5	11.9
SG&A expenses / total revenue (%)	19.6	17.7
Aggregate employee costs / total revenue (%)	57.1	51.9
Operating profit (PBIDAT) / total revenue (%)	16.0	24.5
Depreciation / total revenue (%)	6.1	7.6
Operating profit after depreciation and interest / total revenue (%)	12.1	20.1
Other Income / total revenue (%)	3.0	1.8
Profit before tax / total revenue (%)	15.1	21.9
Tax / total revenue (%)	0.9	1.8
Effective tax rate - Tax / PBT (%)	6.0	8.2
Net Profit after Tax/ revenue	14.2	20.1
Ratios - Balance Sheet		
Debt-equity ratio	-	-
Current Ratio	2.3	1.5
Days Sales Outstanding (DSO)	77.5	72.2
Cash and equivalents / total assets (%)	33.7	17.5
Cash and equivalents / total revenue (%)	38.6	18.0
Depreciation / average gross block (%)*	8.1	11.1
Capital Expenditure / total revenue (%)	3.3	18.8
Operating Cash Flows / total revenue (%)	13.5	19.1
Ratios- Return		
ROCE (PBIT / average capital employed) (%)*	20.7	36.7
Ratios- Growth		
Overseas revenue (%)	5.8	6.8
Total revenue (%)	6.1	6.9
Operating Profit (%)	(36.3)	24.6
Net Profit (%)	(25.2)	39.2
Earnings Per Share- Basic** (%)	(25.2)	39.2
Earnings Per Share- Diluted (%)	(25.2)	39.2

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

The operations of Infosys BPO Limited are people intensive rather than resource intensive. Hence we not only work towards sustaining our infrastructure but, employees who are the end users of this infrastructure are also engaged through various initiatives.

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.

The various initiatives undertaken in the year 2010-11 includes and is not limited to:

- **Awareness:** Creating awareness about OZONE, SAFE and other 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., and use of energy efficient systems, have resulted in conservation of energy.
- **Water:** Water is diligently used on all our campuses. 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.
- **Campus design and infrastructure development:** Developing smart infrastructures which not only caters to our needs but also supports the overall ecology and enable a secure, healthy and environmentally-sound performance throughout their operational life has been our focus. The highlight of the year was the LEED Platinum rating for our building at Jaipur.

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**

An exhaustive, well defined and well-rehearsed Business Continuity Plan exists at Infosys, to effectively address all perceived threats. This partnership of Infosys BPO Limited with Infosys Technologies Limited operates under the banner of the "Phoenix" initiative. Learnings from previous incidents, threats and exercises are used to update plans and trainings effectively.

- **Assessments and Reviews**

Periodic reviews and quarterly audits of the HSEMS were conducted for evaluating the HSE performance. An annual surveillance audit of the Bangalore and Pune facilities will be held during March 2011 which will be conducted by our certification body.

Risk Management Report

Management of Risk

This report sets out the enterprise wide risk management that is practiced by Infosys BPO. 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 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 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 also recognizes the fact that internal risk management practices are also important to all stakeholders including its internal clients and regulators.

Infosys BPO has grown both organically and inorganically since its inception. This has led to integration of management systems and internal controls. 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 and therefore the management of risks has become more important.

Risk Management Framework

Infosys BPO 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 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 and the subsidiaries 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

1) Control Self Assessment by the various departments and units.
2) Control validation through process audits.
3) 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. (See Pic 1)

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.

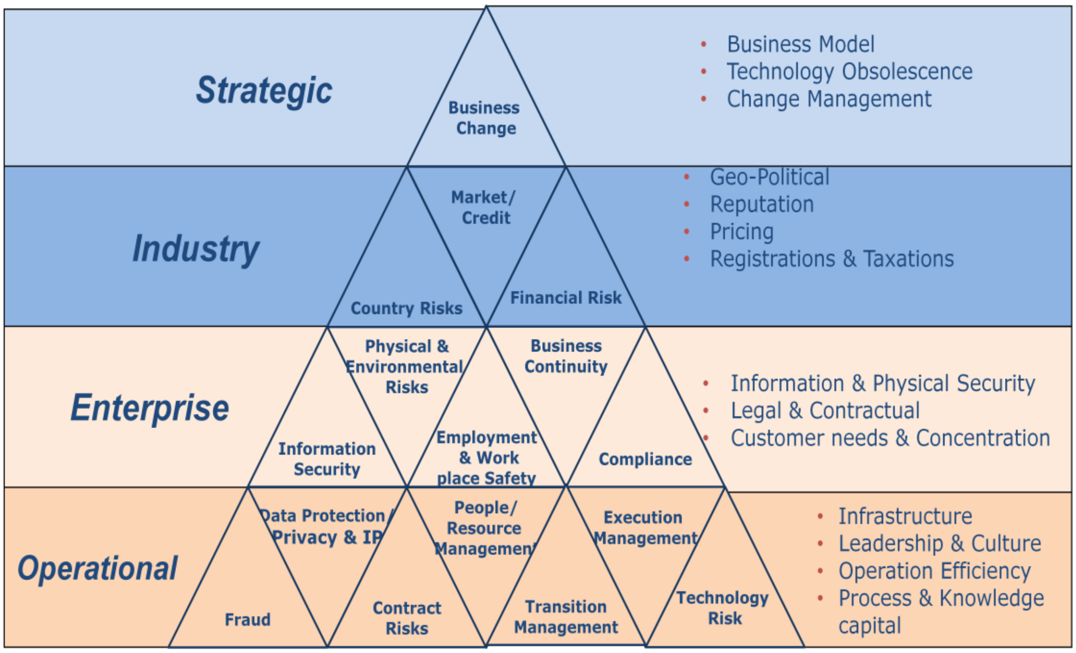
Risk Identification: External and internal risk factors that must be managed are identified in the context of organizational strategy. These are identified by using the recommendations for Enterprise Risk Management being proposed by The Committee of Sponsoring Organizations of the Tread way Commission (COSO). Using this framework, the risk factors that could potentially affect the company and its stakeholders are identified. The process of business/strategic 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 establishing adequate control environment, the company has a comprehensive scheme of transfer of residual risks by insurance.

Infosys BPO 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, 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 and this is done via the Statement on Auditing Standards 70 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 firm.

Infosys BPO has covered all its locations under this audit- In FY10- Manila, Philippines; Monterrey, Mexico; Atlanta-USA and Hangzhou, China; Bangalore, Chennai, Jaipur and Gurgaon, India; Lodz, Poland; and Brno, Czech Republic were certified Type II and Belo-Horizonte, Brazil was certified under Type 1.

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 our aspirations of becoming a global corporation, our corporate governance standards must be globally benchmarked and hence good governance as an ongoing process seeks to ensure truth, transparency, accountability and responsibility and committed to meet the aspirations of all our stake holders.

The Corporate conduct is integral part of our business. The actions are governed by the values and principles which are reinforced at all levels in the organisation. Our code of business principles reflects our continued commitment to ethical business practices, values and compliance to all laws of the land. Our company belongs to the visionary founders who have made good governance as part of their life and demonstrated in every act they pursued.

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 2010-11

Directorship held as on March 31, 2011

Name of the Director	Position	Relationship with other Directors	Indian listed companies	All companies around world*
T V Mohandas Pai	Chairman	None	1	5
D Swaminathan	MD and CEO	None	-	4

Name of the Director	Position	Relationship with other Directors	Indian listed companies	All companies around world*
S D Shibulal	Director	None	1	8
Prof. J R Varma	Director	None	2	3
Sridar Iyengar	Director	None	4	13
B G Srinivas	Director	None	-	3
Eric S Paternoster	Director	None	-	2

Note:

*Directorships in companies around the world including Infosys BPO Limited and its subsidiaries.

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 2010-2011

Name of the Director	Number of meetings held	Number of meetings attended
T V Mohandas Pai	4	4
D Swaminathan	4	4
S D Shibulal	4	3
Prof. J R Varma	4	4
Sridar Iyengar	4	2
B G Srinivas	4	4
Eric S Paternoster	4	3

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, 2011 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 ₹

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	30,000	12,30,000
B G Srinivas	None	-	-	-	-	-
Eric S Paternoster	None	-	-	-	-	-

Executive director

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 year ending March 31, 2011 is as follows

In ₹

Particulars	March 31, 2011	January 16, 2010 to March 31, 2010
Salary, allowances including contributions to Provident Fund, Gratuity, Superannuation allowance and Performance incentive	1,24,74,014	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 ₹ 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, 2011, 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	3
Sridar Iyengar	4	2

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

During the year, meetings were held on April 8, 2010, July 8, 2010, October 11, 2010 and January 7, 2011

Report for the year ended March 31, 2011

1. The Audit Committee ("the committee") consists of the following directors:

- Prof. Jayanth R Varma - Chairman.
- Mr. S D Shibulal, Member
- Mr. Sridar A Iyengar, Member.

2. Each member of the committee is an independent director, according to the definition laid down in the audit committee charter; The Management is responsible for the Company's internal controls and the financial reporting process.

3. The independent auditors are responsible for performing an independent audit of the Company's financial statements in accordance with the generally accepted auditing standards, and for issuing a report thereon. The committee's responsibility is to monitor these processes. The committee is also responsible for overseeing the processes related to the financial reporting and information dissemination. This is to ensure that the financial statements are true, fair, sufficient and credible. In addition, the committee recommends to the Board the appointment of the Company's internal and independent auditors. In this context, the committee discussed with the Company's auditors the overall scope and plans for the independent audit.

4. The Management represented to the committee that the Company's financial statements were prepared in accordance with GAAP. The committee discussed with the auditors, in the absence of the Management (whenever necessary), the Company's audited financial statements including the auditors' judgments about the quality, not just the applicability, of the accounting principles, the rationality of significant judgments and the clarity of disclosures in the financial statements.

5. Relying on the review and discussions conducted with the Management and the independent auditors, the audit committee believes that the Company's financial statements are fairly presented in conformity with GAAP in all material aspects. The committee has also reviewed the internal controls put in place to ensure that the accounts of the Company are properly maintained and that the accounting transactions are in accordance with the prevailing laws and regulations. In conducting such reviews, the committee found no material discrepancy or weakness in the internal control systems of the Company.

6. The committee also reviewed the financial policies of the Company and expressed its satisfaction with the same

7. Based on the committee's discussion with the Management and the auditors and the committee's review of the representations of the Management and the report of the auditors to the committee, the committee has recommended the following to the Board of Directors:

- The audited financial statements prepared as per Indian GAAP of Infosys BPO Limited for the year ended March 31, 2011, be accepted by the Board as a true and fair statement of the financial status of the Company.
- The audited consolidated financial statements prepared as per Indian GAAP of Infosys BPO Limited and its subsidiaries for the year ended March 31, 2011, be accepted by the Board as a true and fair statement of the financial status of the group, and
- The financial statements prepared as per IFRS as issued by International Accounting Standards Board (IASB) for the year ended March 31, 2011, be accepted by the Board as a true and fair statement of the financial status of the group.

8. The committee has recommended to the Board the re-appointment of M/s. B S R & Co., Chartered Accountants, as the statutory auditors of the Company for the fiscal year ending March 31, 2011, and that the necessary resolutions for appointing them as auditors be placed before the shareholders.

9. The committee recommended the appointment of M/s. K P Rao, Chartered Accountants as the internal auditors of the Company for the fiscal ending March 31, 2011, to review various operations of the Company, and determined and approved the fees payable to them.

In conclusion, the committee is sufficiently satisfied that it has complied with its responsibilities as outlined in the Audit committee charter.

Bangalore

April 11, 2011

Prof Jayanth R Varma

Chairman – Audit Committee

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, 2011, 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	4
T V Mohandas Pai	4	4
Sridar Iyengar	4	2

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

During the year, meetings were held on April 8, 2010, July 8, 2010, October 11, 2010 and January 7, 2011.

Report for the year ended March 31, 2011

1. The Compensation Committee ("the committee") consists of the following directors:

- Prof. Jayanth R Varma - Chairman.
- Mr. T V Mohandas Pai, Member
- Mr. Sridar A Iyengar, Member.

2. The committee reviewed the performance of the executive director on a quarterly basis and approved the payment of individual performance incentive to him. The committee believes that the compensation and benefits are adequate to motivate and retain the senior officers of the Company. Apart from the said disclosures, none of the directors had a material beneficial interest in any contract of significance to which the Company or any of its subsidiary undertakings was a party, during the financial year.

Bangalore

April 11, 2011

Prof Jayanth R Varma

Chairman – Compensation Committee

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, 2011

The Committee has the mandate to approve investments in various corporate bodies within the statutory limits and powers delegated by the Board.

Bangalore s/d

April 11, 2011 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, 2011

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 11, 2011 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, Mr. T V Mohandas Pai and Mr. S D Shibulal will retire in the ensuing Annual General Meeting. The Board has recommended the re-election of the retiring director. 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	Date	Time	Venue
March 31, 2010	June 11, 2010	10.00 A.M.	Plot No. 26/3, 26/4 and26/6 Electronics City, Hosur Road Bangalore 561229

Financial year	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 2011, 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 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as at 31 March 2011 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 2011;

(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
11 April 2011

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 2011. 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 ₹ 11,12,46,614 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 repayable on demand. The amounts have been repaid on demand.

(d) There are no overdue amounts (either interest or principal) of rupees one lakh or more 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 ₹ 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.

(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.

(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 2011 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 Sales-Tax, Service Tax and cess which have not been deposited with the appropriate authorities on account of any dispute.

According to the information and explanations given to us, the following dues of Income tax have not been deposited by the Company on account of dispute.

Name of the statute	**Nature of dues demanded**	**Amount demanded**	**Period to which the amount relates**	**Forum where dispute is pending**
Income Tax Act, 1961	Interest/ Tax Demands	41,21,490	AY 2004-05	Income Tax Appellate Tribunal, Bangalore
Income Tax Act, 1961	Interest/ Tax Demands	1,38,53,275*	AY 2006-07	Income Tax Appellate Tribunal, Bangalore

*net of amounts paid ₹ 13,790,470.

(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.

(xi) The Company did not have any outstanding dues to any financial institutions, banks or debenture holders during the year.

(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.

(xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund/ nidhi/ mutual benefit fund/ society.

(xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.

(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.

(xvi) The Company did not have any term loans outstanding during the year.

(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.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised any money by public issues during the year.

(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
11 April 2011

Balance Sheet

in ₹

	Schedule	March 31, 2011	March 31, 2010
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	1	33,82,77,510	33,82,77,510
Reserves and surplus	2	1106,76,29,347	901,92,68,645
		1140,59,06,857	**935,75,46,155**
APPLICATION OF FUNDS			
FIXED ASSETS			
Original cost	3	405,90,29,754	389,73,66,154
Less : Accumulated depreciation		225,95,92,410	180,87,19,841
Net book value		179,94,37,344	208,86,46,313
Capital work-in-progress		24,71,40,056	47,18,607
		204,65,77,400	**209,33,64,920**
INVESTMENTS	4	**340,85,58,878**	**530,46,01,906**
DEFERRED TAX ASSET	5	**23,64,94,783**	**16,64,76,463**
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry debtors	6	215,54,19,787	182,96,06,376
Cash and bank balances	7	533,53,36,646	209,77,31,970
Loans and advances	8	270,91,25,383	194,02,46,087
		1019,98,81,816	**586,75,84,433**
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	9	416,62,77,009	385,11,69,493
Provisions	10	31,93,29,011	22,33,12,074
NET CURRENT ASSETS		**571,42,75,796**	**179,31,02,866**
		1140,59,06,857	**935,75,46,155**
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
Firm Registration No:101248W

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

Eric S. Paternoster
Director

Abraham Mathews
Head - Finance

N.R.Ravikrishnan
Company Secretary

Profit and Loss Account

in ₹

	Schedule	'Year ended March 31,	
		2011	2010
INCOME			
Revenues from business process management services		1129,11,47,909	1126,63,70,226
		1129,11,47,909	1126,63,70,226
COST OF REVENUES	11	667,74,86,031	601,57,47,344
GROSS PROFIT		**461,36,61,878**	**525,06,22,882**
SELLING AND MARKETING EXPENSES	12	95,58,64,076	78,42,59,246
GENERAL AND ADMINISTRATION EXPENSES	13	138,79,69,780	125,44,62,780
OPERATING PROFIT BEFORE DEPRECIATION		**226,98,28,022**	**321,19,00,856**
Depreciation	3	50,74,55,954	53,86,79,767
OPERATING PROFIT AFTER DEPRECIATION		**176,23,72,068**	**267,32,21,089**
Other Income	14	44,45,93,206	25,81,45,382
Impairment for investments		6,21,66,191	-
PROFIT BEFORE TAX		**214,47,99,083**	**293,13,66,471**
Provision for taxation	15	9,64,38,381	19,32,34,404
NET PROFIT AFTER TAX		**204,83,60,702**	**273,81,32,067**
Balance brought forward from the previous year		475,29,76,166	401,48,44,099
AMOUNT AVAILABLE FOR APPROPRIATION		**680,13,36,868**	**675,29,76,166**
Amount transferred to general reserve		600,00,00,000	200,00,00,000
BALANCE CARRIED FORWARD		80,13,36,868	475,29,76,166
Total		**680,13,36,868**	**675,29,76,166**
EARNINGS PER SHARE			
Equity shares of par value ₹ 10 each			
Basic		60.55	80.94
Diluted		60.55	80.94
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
Firm Registration No:101248W

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

Eric S. Paternoster
Director

Abraham Mathews
Head - Finance

N.R.Ravikrishnan
Company Secretary

Cash Flow Statement

in ₹

	Year ended March 31, 2011	Year ended March 31, 2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	214,47,99,083	293,13,66,471
Adjustments to reconcile profit before tax to cash provided by operating activities		
Depreciation	50,74,55,954	53,86,79,767
Interest income	(31,83,30,127)	(17,43,07,868)
Dividend income	(3,40,79,908)	(4,74,31,253)
Provisions for earlier year no longer required written back	-	
Profit on sale of investments	-	(22,44,820)
Provison for investments	6,21,66,191	-
(Profit)/Loss on sale of fixed assets	(2,44,780)	(30,361)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	24,75,177	1,20,30,006
Changes in current assets and liabilities		
Sundry debtors	(32,58,13,411)	30,75,92,996
Loans and advances	(33,70,93,312)	(30,13,19,934)
Other current assets		
Current liabilities	32,85,33,418	(25,96,51,877)
Provisions	7,63,51,645	8,73,81,251
	210,62,19,930	309,20,64,378
Income tax paid during the year, net	(37,27,02,209)	(59,78,73,925)
NET CASH GENERATED BY OPERATING ACTIVITIES	**1,733,517,721**	**249,41,90,453**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets and change in capital work-in-progress/advances	(47,64,27,487)	(42,08,87,019)
Proceeds from sale of fixed assets	25,77,931	34,54,197
Interest received	26,59,04,970	18,76,89,275
Dividend received	3,40,79,908	4,74,31,253
Purchase of units in liquid mutual funds	(349,22,26,735)	(885,62,17,762)
Proceeds from sale of units in liquid mutual funds	529,44,69,763	685,02,84,795
Investment in subsidiary	-	(172,63,75,858)
Proceeds from repayment of investment in subsidiary	3,16,33,809	-
Loans given to subsidiaries	(11,20,08,880)	(27,67,76,124)
Loans repaid by subsidiaries	11,35,58,853	16,83,45,259
NET CASH GENERATED/(USED) IN INVESTING ACTIVITIES	**166,15,62,132**	**(402,30,51,984)**
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
NET CASH FLOWS FROM FINANCING ACTIVITIES	**-**	**-**
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(24,75,177)	(120,30,006)
NET CHANGE IN CASH AND CASH EQUIVALENTS	339,26,04,676	(154,08,91,537)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	244,27,31,970	398,36,23,507
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR*	**583,53,36,646**	**244,27,31,970**

* Cash and cash equivalents aggregating ₹ 583,53,36,646 (₹ 244,27,31,970 as at March 31,2010) comprises cash on hand amounting to ₹ 92,621 (₹ 84,850 as at March 31, 2010), balances with banks amounting to ₹ 533,52,44,025 (₹ 209,76,47,120 as at March 31, 2010) and deposits with financial institution/ body corporate amounting to ₹ 50,00,00,000 (₹ 34,50,00,000 as at March 31,2010).

As per our report attached
for B S R & Co.
Chartered Accountants
Firm Registration No:101248W

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

Eric S. Paternoster
Director

Abraham Mathews
Head - Finance

N.R.Ravikrishnan
Company Secretary

Schedules to the Balance Sheet

in ₹

		March 31, 2011	March 31, 2010
1	**SHARE CAPITAL**		
	AUTHORISED		
	Equity shares, ₹ 10 (₹ 10) par value		
	12,33,75,000 (12,33,75,000) equity shares	123,37,50,000	123,37,50,000
	0.0005% Cumulative Convertible Preference Shares, ₹100 (₹100) par value		
	Nil (87,50,000) preference shares	-	-
		123,37,50,000	**123,37,50,000**
	ISSUED, SUBSCRIBED AND PAID UP		
	Equity shares, ₹ 10 (₹ 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]		
	0.0005% Cumulative Convertible Preference Shares, ₹ 100 (₹.100) par value		
	Nil (87,50,000) preference shares, fully paid up (also refer to Note 16.2.9)	-	-
		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 and end of the year	25,48,97,789	25,48,97,789
	Less : Utilized on account of buy back of shares	-	-
	Less : Share issue expenses written off	-	-
	Securities premium account at the end of the period	**25,48,97,789**	**25,48,97,789**
	Capital Redemption Reserve	1,13,94,690	1,13,94,690
	General Reserve - opening balance	400,00,00,000	200,00,00,000
	Add : Transfer from profit and loss account during the year	600,00,00,000	200,00,00,000
	General Reserve - closing balance	1000,00,00,000	400,00,00,000
	Balance in profit and loss account	80,13,36,868	475,29,76,166
		1106,76,29,347	**901,92,68,645**

Infosys BPO Limited

Schedules to the Balance Sheet (continued)

3 FIXED ASSETS

In `

Particulars	Original cost				Accumulated depreciation				Net book value	
	Cost as of April 01, 2010	Additions during the year	Deletions during the year	Cost as of March 31, 2011	As of April 01, 2010	For the year	Deductions during the year	As of March 31, 2011	As of March 31, 2011	As of March 31, 2010
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	16,87,659	11,93,790	-	28,81,449	11,26,18,551	11,38,12,341
Buildings	89,56,46,731	3,06,10,044	-	92,62,56,775	6,86,33,130	6,17,42,387	-	13,03,75,517	79,58,81,258	82,70,13,601
Leasehold improvements	34,83,96,319	10,78,732	40,53,255	34,54,21,796	21,00,98,874	6,65,99,416	40,53,255	27,26,45,035	7,27,76,761	13,82,97,445
Plant and machinery	96,30,89,908	4,35,45,805	47,66,326	100,18,69,387	41,17,50,342	18,05,92,375	34,73,405	58,88,69,312	41,30,00,075	55,13,39,566
Computer equipment	97,92,41,434	14,02,54,865	4,86,88,332	107,08,07,967	83,61,18,782	14,36,83,912	4,81,18,869	93,16,83,825	13,91,24,142	14,31,22,652
Furniture and fixtures	40,51,21,438	50,90,690	14,08,623	40,88,03,505	28,04,31,054	5,36,44,074	9,37,856	33,31,37,272	7,56,66,233	12,46,90,384
	389,73,66,154	22,05,80,136	5,89,16,536	405,90,29,754	180,87,19,841	50,74,55,954	5,65,83,385	225,95,92,410	179,94,37,344	208,86,46,313
Previous year	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	

in ₹

		March 31, 2011	March 31, 2010
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
	P-Financial Services Holding B.V. Netherlands , a wholly owned subsidiary*	-	
	Nil (500) equity shares of € 100 each, fully paid		
	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
	70,000 (70,000) equity shares of THB 1000 each, fully paid***		
	McCamish Systems LLC, a wholly owned subsidiary*	258,07,63,358	258,07,63,358
		320,26,24,119	329,64,24,119
	Less : Provision for investments***	-	-
		320,26,24,119	329,64,24,119
	Other investments (unquoted)		
	Current investments (unquoted) - at lower of cost or fair value		
	Liquid mutual funds**	20,59,34,759	200,81,77,787
		340,85,58,878	**530,46,01,906**
	* Refer to note 16.2.14a		
	** Refer to note 16.2.14 *** Refer to note 16.2.14b		
5	**DEFERRED TAX ASSET**		
	Fixed assets	16,32,44,481	13,08,73,277
	Provisions	7,06,85,231	3,52,99,143
	Others	25,65,071	3,04,043
		23,64,94,783	**16,64,76,463**
6	**SUNDRY DEBTORS**		
	Debts outstanding for a period exceeding six months		
	Unsecured, considered doubtful	1,74,10,555	46,14,832
	Other debts		
	Unsecured, considered good *	215,54,19,787	182,96,06,376
	Unsecured, considered doubtful	-	-
		217,28,30,342	183,42,21,208
	Less : Provision for doubtful debts	1,74,10,555	46,14,832
		215,54,19,787	**182,96,06,376**
	* Of which dues from subsidiary companies (Also refer to note 16.2.12)	66,511	35,21,087
7	**CASH AND BANK BALANCES**		
	Cash on hand	92,621	84,850
	Balances with scheduled banks		
	-in current accounts	21,93,68,458	10,83,93,509

		March 31, 2011	March 31, 2010
	-in deposit accounts	501,50,23,000	185,50,63,000
	Balances with non-scheduled banks*		
	-in current accounts	10,08,52,567	13,41,90,611
	-in deposit accounts in foreign currency	-	-
		533,53,36,646	**209,77,31,970**
	Balances with non scheduled banks*		
	In current accounts		
	Royal Bank of Canada, Ontario	45,90,164	68,66,816
	PNC Bank, New Jersey**	2,23,000	2,52,580
	ICICI Bank, London	67,23,007	8,56,425
	Bank of America, California	7,26,58,909	8,52,64,767
	Deutsche Bank, Philippines	76,55,871	1,18,84,388
		9,18,50,951	10,51,24,976
	* Refer to note 16.2.10 for details of maximum balances held with non scheduled banks		
	** This represent restricted bank balance, in trust account, in accordance with collection agency licensing requirements in US.		
8	**LOANS AND ADVANCES**		
	Unsecured, considered good		
	Advances		
	Prepaid expenses	2,40,00,051	4,41,75,125
	Advance to gratuity fund (Refer to note 16.2.17)	1,00,65,608	1,19,81,312
	For supply of goods and rendering of services	9,71,68,052	7,52,84,179
	Interest accrued and not due	5,93,60,642	69,35,485
	Loans given to subsidiaries*	-	15,49,973
	Other receivables from subsidiary	-	
	Loans and advances to employees	11,35,09,870	11,77,23,114
		30,41,04,223	**25,76,49,188**
	Deposits with financial institution and body corporate**	73,50,00,000	34,50,00,000
	Deposits with government authorities	25,000	11,10,766
	Rental deposits	23,07,12,049	22,07,23,931
	Electricity and other deposits	89,91,863	1,09,26,753
	Customer recoverables	2,24,43,803	1,48,53,961
	Unbilled revenue	26,78,08,796	18,83,87,668
	Advance income tax, net	20,82,91,231	19,47,37,436
	Withholding taxes and other receivable	10,15,786	10,73,438
	Cenvat credit receivable	25,24,16,240	22,23,11,699
	MAT credit entitlement (Refer to note 16.2.9)	63,05,23,541	41,81,66,536
	Mark to market gain on forward exchange contract and options	4,77,92,851	6,53,04,711
		270,91,25,383	**194,02,46,087**
	Unsecured, considered doubtful		
	Loans and advances to employees	24,13,729	15,94,627
		271,15,39,112	**194,18,40,714**
	Less : Provision for doubtful loans and advances to employees	24,13,729	15,94,627
		270,91,25,383	**194,02,46,087**
	* Refer to note 16.2.12 for details		

		March 31, 2011	March 31, 2010
	** Refer to note 16.2.11 for details		
9	**CURRENT LIABILITIES**		
	Sundry creditors		
	for capital goods	-	-
	for expenses*	2,86,32,227	4,22,07,471
	for accrued salaries and benefits		
	salaries and allowances	32,35,05,656	23,97,29,154
	ex-gratia and incentives	104,98,41,121	86,67,47,334
	for other liabilities		
	provision for expenses	193,39,46,604	187,21,06,250
	retention monies	4,29,78,153	5,64,04,055
	withholding taxes and other payables	1,70,46,578	1,06,80,007
	mark to market loss on forward exchange contract and options	-	-
		339,59,50,339	308,78,74,271
	Contingent consideration (Refer to note 16.2.14a)	65,07,14,000	65,50,91,000
	Advances received from clients	3,24,33,733	3,14,73,081
	Deferred revenue (Refer to note 16.2.15)	8,71,78,937	7,67,31,141
		416,62,77,009	**385,11,69,493**
	* Of which dues to subsidiary company (also refer note 16.2.12)	-	59,29,031
10	**PROVISIONS**		
	Provision for leave encashment	24,92,77,108	17,13,97,911
	Provision for gratuity	-	-
	Provision for income taxes, net	1,96,65,292	-
	Provisions for SLA compliance*	5,03,86,611	5,19,14,163
	Preference Dividend	-	-
	Provision for Dividend Tax	-	-
		31,93,29,011	**22,33,12,074**
	* Refer to note 16.2.19 for details of Provision for SLA compliance.		

Schedules to the Profit and Loss Account

in ₹

		Quarter ended March 31, 2011	Quarter ended March 31, 2010	Year ended March 31, 2011	Year ended March 31, 2010
11	**COST OF REVENUES**				
	Salaries including overseas staff expenses	116,52,37,535	104,12,32,118	458,62,99,921	412,84,48,582
	Staff welfare	1,07,34,641	36,99,184	4,37,89,585	(12,02,909)
	Contribution to provident and other funds	5,18,49,193	4,58,64,364	22,70,48,160	18,73,49,290
	Travelling expenses	5,45,90,200	7,29,43,114	24,17,93,550	29,08,12,800
	Conveyance	1,98,86,625	3,78,87,272	13,08,42,185	12,61,82,179
	Cost of software for own use	6,94,22,364	3,61,97,502	23,78,66,711	16,84,94,855
	Computer maintenance	48,32,606	9,72,341	98,28,471	63,39,320
	Communication expenses	5,73,31,178	5,12,03,720	28,94,01,922	22,77,94,847
	Rent	8,40,97,952	8,43,85,330	35,15,13,877	35,30,95,942
	Office maintenance	55,40,308	45,06,125	1,49,37,713	2,81,04,088
	Consultancy charges	6,36,28,845	14,13,44,157	37,53,55,896	37,05,00,833
	Consumables	1,06,51,537	38,47,964	1,98,00,585	63,16,150
	Recruitment and training expenses	3,45,82,283	3,55,68,143	12,38,67,080	11,05,00,237
	Insurance	11,73,959	6,89,375	46,63,803	36,50,289
	Other miscellaneous expenses	42,96,886	56,27,297	2,04,76,572	93,60,841
		163,78,56,112	**156,59,68,006**	**667,74,86,031**	**601,57,47,344**
12	**SELLING AND MARKETING EXPENSES**				
	Salaries including overseas staff expenses	19,49,56,270	20,57,71,296	75,52,59,434	63,30,56,512
	Staff welfare	93,635	33,377	1,01,285	46,866
	Contribution to provident and other funds	1,12,924	1,08,649	5,25,581	5,30,189
	Brand building and advertisement	49,20,648	36,69,329	1,94,46,326	69,16,780
	Travelling expenses	2,76,84,132	3,05,93,074	9,56,74,808	7,87,39,294
	Consumables	-		-	
	Cost of software package for own use	-		-	
	Communication expenses	25,90,227	32,82,811	1,16,25,596	2,30,90,178
	Conveyance	28,354	1,36,932	2,47,095	4,07,442
	Rent	51,48,403	27,60,349	1,97,27,384	1,07,89,865
	Printing, stationery and office maintenance	1,12,489	1,39,828	10,88,832	14,10,386
	Office maintenance	-		-	
	Power & fuel	-		-	
	Insurance	-	7,33,337	-	28,75,870
	Rates & taxes	-		-	
	Marketing expenses	93,00,962	39,82,661	3,98,18,972	63,98,467
	Recruitment expenses	10,23,975	8,72,714	28,56,097	1,20,30,214
	Professional charges	9,66,964	5,38,681	82,65,566	52,42,839

		Quarter ended March 31, 2011	Quarter ended March 31, 2010	Year ended March 31, 2011	Year ended March 31, 2010
	Professional membership and seminar participation fees	90,459	18,670	2,59,689	22,28,749
	Other miscellaneous expenses	26,222	2,46,600	9,67,411	4,95,595
		24,70,55,664	**25,28,88,308**	**95,58,64,076**	**78,42,59,246**
13	**GENERAL AND ADMINISTRATION EXPENSES**				
	Salaries	16,55,89,078	13,40,85,222	63,21,49,020	55,09,44,403
	Staff welfare	56,47,199	8,98,820	1,67,48,650	1,13,31,236
	Contribution to provident and other funds	60,26,927	56,39,182	2,60,27,438	2,14,61,220
	Conveyance	43,66,332	51,17,352	1,44,30,754	2,70,81,022
	Consumables	22,45,563	28,92,810	1,20,96,048	85,92,824
	Cost of software for own use	60,22,091	36,45,239	1,17,81,679	76,35,041
	Rent	78,88,344	1,23,69,759	3,18,44,906	3,23,76,796
	Telephone and communication charges	44,63,326	92,51,470	2,10,40,756	2,96,74,309
	Legal and professional charges	45,74,883	81,53,511	6,48,48,953	4,87,43,255
	Printing and stationery	18,84,627	18,74,052	87,59,667	57,15,428
	Office maintenance	6,19,89,172	6,43,42,750	24,53,35,168	21,84,41,204
	Power and fuel	3,12,46,922	4,31,05,863	17,64,29,955	17,70,80,350
	Recruitment and training expenses	4,58,086	14,09,937	59,16,133	1,67,75,836
	Insurance	1,66,51,444	1,90,83,071	7,05,98,056	6,35,95,157
	Rates and taxes	1,11,57,883	33,29,258	2,17,97,669	1,81,08,947
	Donations	-	29,10,028	-	59,60,028
	Auditor's remuneration				
	audit fees	4,22,912	1,15,000	23,00,000	20,90,000
	out-of-pocket expenses	-	-	-	-
	Bank charges and commission	9,61,997	3,40,716	24,86,576	12,51,323
	Postage and courier	6,39,293	9,67,547	45,27,131	35,86,210
	Professional membership and seminar participation fees	1,10,505	38,812	6,07,726	4,69,241
	Provision for doubtful debts	50,96,597	(2,31,10,630)	1,27,95,723	11,31,118
	Provision for doubtful loans and advances	3,79,086	64,995	8,21,763	8,62,912
	Exchange loss, net	-		-	
	Other miscellaneous expenses	7,69,525	5,09,018	46,26,009	15,54,920
		33,85,91,792	**29,70,33,782**	**138,79,69,780**	**125,44,62,780**
14	**OTHER INCOME**				
	Interest income *				
	On deposits with financial institution and body corporate	1,12,15,788	15,71,986	3,37,76,378	2,01,96,794
	On deposits with banks	10,87,34,602	2,03,89,602	28,34,79,899	15,03,41,222
	On loans to subsidiary	2,84,509	15,49,972	10,73,850	37,69,852
	Dividends from liquid mutual fund investments	73,49,407	2,10,81,272	3,40,79,908	4,74,31,253
	Profit on sale of investments	-	-	-	22,44,820
	Profit on sale fixed assets	-	30,361	2,44,780	30,361

		Quarter ended March 31, 2011	Quarter ended March 31, 2010	Year ended March 31, 2011	Year ended March 31, 2010
	Exchange gain/(loss), net	6,27,98,251	(1,06,49,666)	7,94,97,766	1,47,22,880
	Miscellaneous income	27,77,464	95,20,319	1,24,40,625	1,94,08,200
		19,31,60,021	**4,34,93,846**	**44,45,93,206**	**25,81,45,382**
	* Tax deducted at source on interest income	1,63,61,228	41,42,593	3,15,12,346	2,65,54,996
15	**PROVISION FOR TAXATION**				
	Current taxes*	15,52,42,664	7,20,31,226	37,88,13,706	43,17,28,128
	Deferred taxes (credit)	(63,58,495)	(101,41,286)	(7,00,18,320)	(4,68,75,053)
	MAT credit entitlement	(12,14,98,592)	1,13,03,641	(21,23,57,005)	(19,16,18,671)
		2,73,85,577	**7,31,93,581**	**9,64,38,381**	**19,32,34,404**
	*Refer to note 16.2.9 for details				

Schedules to the financial statements for the year ended March 31, 2011 (continued)

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 Basis of preparation of financial statements

These interim 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.

16.1.2 Use of estimates

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

Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

16.1.3 Revenue recognition

The company derives its revenues primarily from business process management services, on 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 percentage of completion method. When there is uncertainty as to measurement or ultimate collectability revenue recognition is postponed until such uncertainty is resolved. Revenues from unit-priced contracts are recognized as transactions are processed based on objective measures of output. Cost and earnings in excess of billings are classified as unbilled revenue while billing in excess of cost and earnings is classified as deferred revenue. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates. When the company receives advances for its services, such amounts are reflected as advance received from clients until all conditions for revenue recognition are met. The company presents revenues net of service taxes and value added taxes in its profit and loss account.

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

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

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 ₹ 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 ₹ 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. The income tax provision for the interim period is made based on the best estimate of the annual average tax rate expected to be applicable for the full fiscal year.

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

16.1.14 Investments

Trade investments are 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.

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 ₹)

		As at March 31, 2011		As at March 31, 2010
Estimated amount of unexecuted capital contracts (net of advance and deposits)		65,38,84,579		12,39,09,532
Forward contracts outstanding				
USD/INR	$	45,500,000	$	39,000,000
(Equivalent approximate in ₹)		(202,93,00,000)		(175,11,00,000)
GBP/USD	£	5,000,000	£	3,500,000
(Equivalent approximate in ₹)		(35,90,00,000)		(23,78,60,000)
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 ₹ Nil (₹ Nil as at March 31, 2010).

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, 2011 and March 31, 2010.

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 ₹)

	Year ended March 31,	
	2011	2010
Salaries and ex-gratia including overseas staff expenses	597,37,08,375	531,24,49,497
Staff welfare	6,06,39,520	1,01,75,193
Contribution to provident and other funds	25,36,01,179	20,93,40,699
Overseas travel expenses	33,74,68,358	36,95,52,094
Consumables	3,18,96,633	1,49,08,974
Computer maintenance	98,28,471	63,39,320
Cost of software for own use	24,96,48,390	17,61,29,896
Communication expenses	32,20,68,274	28,05,59,334
Consultancy charges	37,53,55,896	37,05,00,833
Travel and conveyance	14,55,20,034	15,36,70,643
Rent	40,30,86,167	39,62,62,603
Printing and stationery	98,48,499	71,25,814
Office maintenance	26,02,72,881	24,65,45,292
Legal and professional charges	7,31,14,519	5,39,86,094
Brand building	1,94,46,326	69,16,780
Recruitment and training expenses	13,26,39,310	13,93,06,287
Power and fuel	17,64,29,955	17,70,80,350
Insurance charges	7,52,61,859	7,01,21,316
Rates and taxes	2,17,97,669	1,81,08,947
Donations	-	59,60,028
Auditor's remuneration		
- audit fees	23,00,000	20,90,000
Bank charges and commission	24,86,576	12,51,323
Postage and courier	45,27,131	35,86,210
Professional membership and seminar participation fees	8,67,415	26,97,990
Provision for bad and doubtful debts	1,27,95,723	11,31,118
Provision for bad and doubtful loans and advances	8,21,763	8,62,912
Marketing expenses	3,98,18,972	63,98,467
Other miscellaneous expenses	2,60,69,992	1,14,11,356
Total	902,13,19,887	805,44,69,370

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 ₹)

		Year ended March 31,
	2011	2010
Capital goods	6,62,02,041	6,09,28,256

16.2.6 Expenditure in foreign currency (on payment basis)

(in ₹)

		Year ended March 31,
	2011	2010
Salary, legal and professional charges	133,94,27,779	150,51,89,183
Overseas travel expenses and relocation expenses	38,32,12,225	42,60,57,841
Bank charges, consultancy and others	70,08,41,363	55,41,30,936
Communication	21,79,26,254	14,39,18,243
	264,14,07,621	262,92,96,203

16.2.7 Earnings in foreign currency (on receipt basis)

(in ₹)

		Year ended March 31,
	2011	2010
From business process management services	1090,00,11,448	1105,35,29,120

16.2.8 Obligations on long-term non-cancellable operating leases

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

(in ₹)

		Year ended March 31,
	2011	2010
Lease rentals charged during the year	40,30,86,167	39,62,62,603

(in ₹)

Lease obligations	As at March 31, 2011	As at March 31, 2010
Within one year of the balance sheet date	8,50,28,088	10,89,75,438
Due in a period between one year and five years	8,12,09,462	9,35,84,295
Later than five years	-	-

The company has entered into non-cancellable operating lease arrangements for premises with Infosys Technologies Limited 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 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, ₹ 63,05,23,541 was carried forward and shown under "Loans and Advances" in the balance sheet as of March 31, 2011 and ₹ 41,81,66,536 as of March 31,2010.

During the year ended March 31, 2011 the Company has provided ₹ 4,44,75,547 as additional provision for tax and ₹ 9,42,08,313 as additional MAT credit entitlement for earlier years.

16.2.10 Cash and bank balances

(in ₹)

	As at March 31, 2011	As at March 31, 2010
Cash on hand	92,621	84,850

(in ₹)

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

Balances with non-scheduled banks	As at March 31, 2011	As at March 31, 2010
In current accounts		
ICICI Bank, London	67,23,007	1,06,84,997
PNC Bank, New Jersey*	2,23,000	2,24,500
Bank of America, California	7,26,58,909	8,38,42,099
Deutsche Bank, Philippines	1,66,57,487	3,81,24,631
Royal Bank of Canada, Ontario	45,90,164	13,14,384
	10,08,52,567	13,41,90,611

* 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 ₹)

Balances with scheduled banks	As at March 31, 2011	As at March 31, 2010
In current accounts		
Citibank	3,20,400	12,44,514
Deustche Bank	72,15,811	64,51,133

Deustche Bank- EEFC account in Euro	16,34,655	55,91,061
Deustche Bank- EEFC account in United Kingdom Pound Sterling	19,59,860	50,58,140
Deustche Bank- EEFC account in US dollars	1,87,70,059	41,00,082
ICICI Bank	9,77,80,843	3,32,11,141
ICICI Bank- EEFC account in Euro	7,95,75,167	74,75,628
ICICI Bank- EEFC account in United Kingdom Pound Sterling	41,67,262	1,45,79,067
ICICI Bank- EEFC account in US dollars	77,80,267	3,06,23,644
State Bank of India	1,64,134	59,099
	21,93,68,458	10,83,93,509
In deposit accounts		
Allahabad Bank	61,50,00,000	50,00,00,000
Axis Bank Limited	60,00,00,000	-
Bank of Maharastra	18,00,00,000	-
Canara Bank	75,00,00,000	-
Central Bank of India	-	-
ICICI Bank	22,00,00,000	49,50,40,000
IDBI Bank	54,00,00,000	-
Indian Overseas Bank	18,00,00,000	9,00,00,000
Kotak Mahindra Bank	-	35,50,00,000
Oriental Bank of Commerce	75,00,00,000	-
State Bank of Hyderabad	30,00,00,000	24,00,00,000
State Bank of India	23,000	23,000
Syndicate Bank	4,00,00,000	17,50,00,000
South Indian Bank Limited	25,00,00,000	-
Vijaya Bank	49,00,00,000	-
Yes Bank	10,00,00,000	-
	501,50,23,000	185,50,63,000

(in ₹)

Maximum balances held in non-scheduled banks	Year ended March 31,	
	2011	2010
In current accounts		
ICICI Bank, London	4,08,84,293	3,46,60,072
PNC Bank, New Jersey	2,35,350	2,52,580

Bank of America, California	18,06,59,160	23,89,68,846
Deutsche Bank, Philippines	9,77,16,012	12,99,37,963
Royal Bank of Canada, Ontario	1,06,90,435	89,77,435

16.2.11 Loans and advances

Deposits with financial institution and body corporate comprise:

(in ₹)

	As at March 31, 2011	As at March 31, 2010
Deposits with financial institution:		
Housing Development Finance Corporation Limited	50,00,00,000	34,50,00,000
Life Insurance Corporation of India	23,50,00,000	-

Maximum balance held

(in ₹)

	Year ended March 31,	
	2011	2010
Deposits with financial institution:		
Housing Development Finance Corporation Limited	50,00,00,000	50,00,00,000
Life Insurance Corporation of India	23,50,00,000	-

16.2.12 Related party transactions

List of Related Parties

Name of the Related Party	Country	Holding as at	
		March 31, 2011	March 31, 2010
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%
McCamish Systems LLC	United States	100%	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 subsidiary of Infosys Consulting Inc

** Liquidated effective March 18, 2011.

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, 2011 and 2010 are as follows:

(in ₹)

Particulars	Year ended March 31, 2011	2010
Capital transactions:		
Financial transactions		
Infosys BPO Poland Sp.z.o.o	-	(7,27,19,108)
McCamish Systems LLC	(15,49,973)	1,549,973
-		
Revenue transactions:		
Purchase of services		
Infosys BPO s.r.o	16,26,623	6,81,630
Infosys Consulting Inc	1,76,45,583	1,34,84,238
Infosys BPO Poland Sp.z.o.o	-	52,42,650
Infosys Mexico	2,02,96,180	3,42,83,644
McCamish Systems LLC	60,84,062	-
Purchase of shared services including facilities and personnel		
Infosys Technologies Limited	73,39,43,837	65,65,21,775
Infosys BPO s.r.o	4,02,543	3,79,696
Infosys BPO Poland Sp.z.o.o	44,695	44,83,679
Infosys Consulting Inc	-	15,22,842
Infosys BPO (Thailand) Limited	1,220	-
McCamish Systems LLC	1,22,20,764	-
Infosys Australia	2,67,61,644	2,09,96,658
Infosys Mexico	28,47,985	24,03,063
Infosys China	89,37,566	16,28,225
Infosys Brazil	13,57,877	1,59,748
Interest Income		
Infosys BPO Poland Sp.z.o.o	-	18,75,759
Infosys BPO s.r.o	-	3,44,121
Infosys BPO (Thailand) Limited	1,81,233	-
McCamish Systems LLC	8,92,617	15,49,972
Sale of services		
Infosys BPO s.r.o	-	52,44,663
McCamish Systems LLC	4,51,77,009	
Sale of shared services including facilities and personnel		

Infosys Technologies Limited	110,75,66,483	63,16,87,140
Infosys BPO s.r.o	89,14,375	53,68,721
Infosys BPO Poland Sp.z.o.o	15,51,838	7,39,431
Infosys BPO (Thailand) Limited	-	75,593
McCamish Systems LLC	3,32,33,566	23,90,915
Infosys Australia	3,44,19,371	1,11,15,990
Infosys Mexico	63,03,004	60,20,021
Infosys China	1,63,25,479	53,83,218
Infosys Consulting Inc	24,229	2,281
Infosys Brazil	1,49,36,410	72,75,970
Infosys Consulting India Limited	1,00,36,532	32,870

The company has received certain managerial services from Mr. T. V. Mohandas Pai and Mr. S. D. Shibulal, directors of the company who are also directors of Infosys Technologies Limited, at no cost.

Infosys Technologies Limited, the parent company has issued performance guarantees to certain clients for executed contracts.

Details of amounts due to or due from and maximum dues from related party for the year ended March 31, 2011 and year ended March 31, 2010.

(in ₹)

Particulars	As at March 31, 2011	As at March 31, 2010
Loans and Advances		
Infosys BPO Poland Sp.z.o.o	-	-
McCamish Systems LLC	-	15,49,973
Deposit given for shared services		
Infosys Technologies Limited	6,89,00,000	6,89,00,000
Debtors		
Infosys Technologies Limited	2,07,85,682	5,82,90,185
Infosys BPO s.r.o	41,423	10,64,220
Infosys BPO Poland Sp.z.o.o	25,088	12,52,487
Infosys BPO (Thailand) Limited	-	1,220
McCamish Systems LLC	-	12,03,160
Infosys Consulting Inc	3,697	2,245
Infosys Australia	33,45,694	9,82,637
Infosys Mexico	6,46,607	2,59,921
Infosys China	2,29,89,664	1,08,23,121
Infosys Brazil	-	1,46,980
Infosys Consulting India Limited	8,76,208	23,892
Creditors		
Infosys Technologies Limited	1,40,12,209	2,24,52,343
Infosys BPO s.r.o	-	1,07,610
Infosys BPO Poland Sp.z.o.o	-	58,21,421
Infosys Consulting Inc	16,69,423	14,85,444
Infosys Australia	1,11,252	35,40,761

Infosys Mexico	25,02,248	(5,49,757)
Infosys China	96,35,279	40,99,043
Infosys Brazil	-	1,05,234
Infosys Consulting India Limited	-	828
McCamish Systems LLC	-	-
Maximum balances of deposits given for shared services		
Infosys Technologies Limited	6,89,00,000	6,89,00,000
Maximum balances of loans and advances		
Infosys BPO Poland Sp.z.o.o	-	7,27,19,108
Infosys BPO (Thailand) Limited	2,25,88,767	-
McCamish Systems LLC	8,86,57,847	18,11,56,124

During the year ended March 31, 2011 and March 31, 2010 an amount of ₹ Nil (₹ 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, 2011 and 2010, are given below:

(in ₹)

	Year ended March 31,	
	2011	2010
Salary and allowances	78,73,281	97,63,863
Provident fund, gratuity and superannuation contributions	2,26,209	2,82,981
Performance incentives	43,74,524	89,87,736
	1,24,74,014	1,90,34,580

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, 2011 and 2010 are given below:

(in ₹)

	Year ended March 31,	
	2011	2010
Sitting fees	90,000	1,05,000
Commission	24,00,000	24,00,000

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

(in ₹)

	Year ended March 31,	
	2011	2010
Net profit after tax from ordinary activities	204,83,60,702	273,81,32,067
Add:		
1. Whole time director's remuneration	1,24,74,014	1,90,34,580

2. Director's sitting fee	90,000	1,05,000
3. Commission to non whole time directors	24,00,000	24,00,000
4. Depreciation as per books of account	50,74,55,954	53,86,79,767
5. Provision for doubtful debts	1,27,95,723	11,31,118
6. Provision for doubtful loans and advances	8,21,763	8,62,912
5. Provision for taxation	9,64,38,381	19,32,34,404
	268,08,36,537	349,35,79,848
Less:		
1.Depreciation as envisaged under Section 350 of the Companies Act, 1956*	50,74,55,954	53,86,79,767
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	217,33,80,583	295,49,00,081
3.Commission payable to non whole time directors:	-	-
4.Maximum allowed as per the Companies Act, 1956 at 1%	2,17,33,806	2,95,49,001
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 Investments

(in ₹)

	No. of units as at		Amount as at	
Current investments	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
Birla Sun Life AMC Ltd Liquid Plus	70,13,771	2,56,07,020	7,02,74,475	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	77,94,013	2,50,08,866	9,53,05,962	25,20,84,370
Reliance Mutual Fund Liquid Plus	26,97,883	1,02,27,161	3,00,58,466	17,48,38,407
Religare mutual fund-Liquid plus	-	2,51,38,547	-	25,17,80,149
TATA Asset Management Ltd Liquid Plus	9,238	2,55,96,059	1,02,95,856	25,68,71,808
UTI mutual fund-Liquid plus	-	2,31,677	-	23,17,26,991
	1,75,14,905	15,74,18,364	20,59,34,759	200,81,77,787

Movement of Investment during period ended March 31,2011	Opening balance in **units,** Amount (₹)	Purchased in **units,** Amount (₹)	Redemption in **units,** Amount (₹)	Closing balance in **units,** Amount (₹)
Birla Sun Life AMC Ltd Liquid Plus	**2,56,07,020**	**2,73,81,874**	**4,59,75,123**	**70,13,771**
	25,62,44,320	27,42,72,849	46,02,42,694	7,02,74,475
DWS Mutual fund -Liquid Plus	**1,89,66,884**	**3,02,14,345**	**4,91,81,229**	**-**
	19,00,08,350	30,26,84,288	49,26,92,638	-
HDFC Mutual Fund- Liquid Plus	**-**	**2,49,73,318**	**2,49,73,318**	**-**
	-	25,17,53,521	25,17,53,521	-

ICICI Prudential SIP Liquid Plus	**13,38,737**	**32,72,525**	**46,11,262**	**-**
	14,15,51,298	33,24,88,638	47,40,39,936	-
IDFC Mutual Fund Liquid Plus	**2,53,03,413**	**62,19,494**	**3,15,22,907**	**-**
	25,30,72,094	6,22,10,289	31,52,82,383	-
Kotak mutual fund-liquid plus	**2,50,08,866**	**4,30,75,988**	**6,02,90,841**	**77,94,013**
	25,20,84,370	52,59,78,207	68,27,56,615	9,53,05,962
Principal Mutual Fund- Liquid Plus	**-**	**1,80,50,057**	**1,80,50,057**	**-**
	-	18,07,22,590	18,07,22,590	-
Reliance Mutual Fund Liquid Plus	**1,02,27,161**	**2,92,45,090**	**3,67,74,368**	**26,97,883**
	17,48,38,407	35,43,74,176	49,91,54,117	3,00,58,466
Religare mutual fund-liquid plus	**2,51,38,547**	**67,23,001**	**3,18,61,548**	**-**
	25,17,80,149	12,19,46,666	37,37,26,815	-
TATA Asset Management Ltd Liquid Plus	**2,55,96,059**	**1,28,12,886**	**3,83,99,707**	**9,238**
	25,68,71,808	27,54,35,615	52,20,11,567	1,02,95,856
Templeton Mutual Fund- Liquid Plus	**-**	**5,17,258**	**5,17,258**	**-**
	-	51,76,05,043	51,76,05,043	-
UTI mutual fund-liquid plus	**2,31,677**	**2,87,204**	**5,18,881**	**-**
	23,17,26,992	29,27,54,853	52,44,81,845	-

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 concluded by entering into Membership Interest Purchase Agreement for a cash consideration of ₹ 173 crore and a contingent consideration of ₹ 67 crore. During the year ended March 31, 2010, the company advanced a loan of ₹ 18 crores which was converted into membership interests of McCamish.

16.2.14b Provision for Investment

During the year ended March 31, 2011, Infosys BPO (Thailand) Limited, a subsidiary, filed for liquidation which was approved by appropriate authorities in Thailand on March 18, 2011. The Company received ₹ 3,16,33,809 during the year as repayment of investment made in the subsidiary and has written off the balance amount because of diminution other than temporary.

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 ₹ 8,71,78,937 and ₹ 7,67,31,141 as at March 31, 2011 and March 31, 2010 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 ₹)

	Year ended March 31,	
	2011	2010
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 ₹)

	As at			
	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Obligations at the beginning of the year	14,25,35,851	10,83,54,625	5,97,96,919	3,65,75,416
Liability as on April 1, 2008 assumed on the amalgamation of PAN Financial Shared Services India Private Limited	-	-	1,31,80,050	-
Service cost	6,51,09,966	6,73,44,267	4,07,80,299	2,57,48,242
Interest cost	74,96,831	46,65,510	42,52,594	28,21,347
Benefits settled	(4,42,43,763)	(3,71,70,205)	(2,35,68,652)	(1,42,50,440)
Actuarial (gain)/loss	1,67,91,815	(6,58,346)	1,39,13,415	89,02,354
Obligations at the end of the year	18,76,90,700	14,25,35,851	10,83,54,625	5,97,96,919

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

Change in plan assets:

(in ₹)

	As at			
	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Plan assets at beginning of the year, at fair value	15,45,17,163	11,64,20,243	6,12,93,221	3,49,57,318
Assets as on April 1, 2008 assumed on the amalgamation of PAN Financial Shared Services India Private Limited	-	-	1,59,21,701	-
Expected return on plan assets	1,56,93,766	1,14,83,981	64,94,791	33,91,458
Actuarial gain/(loss)	(1,84,436)	3,04,464	18,39,632	3,84,157
Contributions	7,19,73,579	6,34,78,680	5,44,39,550	3,68,10,728
Benefits settled	(4,42,43,763)	(3,71,70,205)	(2,35,68,652)	(1,42,50,440)

Plan assets at end of the year, at fair value	19,77,56,309	15,45,17,163	11,64,20,243	6,12,93,221

Reconciliation of present value of the obligation and the fair value of the plan assets: (in ₹)

	As at			
	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Fair value of plan assets at the end of the year	19,77,56,309	15,45,17,163	11,64,20,243	6,12,93,221
Present value of the defined benefit obligations at the end of the year	18,76,90,700	14,25,35,851	10,83,54,625	5,97,96,919
Asset recognized in the balance sheet	1,00,65,608	1,19,81,312	80,65,618	14,96,302

Gratuity cost for the year:

(in ₹)

	Year ended March 31,	
	2011	2010
Service cost	6,51,09,966	6,73,44,267
Interest cost	74,96,831	46,65,510
Expected return on plan assets	(1,56,93,766)	(1,14,83,981)
Actuarial (gain)/loss	1,69,76,251	(9,62,810)
Net gratuity cost	7,38,89,283	5,95,62,986
Actual return on plan assets	1,55,09,330	1,17,88,445

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

Assumptions

	As at			
	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Interest rate	7.98%	7.82%	7.01%	7.92%
Discount rate	7.98%	7.82%	7.01%	7.92%
Estimated rate of return on plan assets	9.36%	9.00%	7.01%	7.92%
Retirement age	60	60	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, 2011	
	Shares arising out of options	Weighted average exercise prices (in ₹)
Outstanding at the beginning of the year	13,36,331	333.55
Granted during the year	-	-
Forfeitures during the year	6,57,081	267.51
Exercised during the year	-	-
Outstanding at the end of the year	6,79,250	397.44
Exercisable at the end of the year	4,78,750	394.67

	Year ended March 31, 2010	
	Shares arising out of options	Weighted average exercise prices (in ₹)
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

As at March 31, 2011, 6,79,250 (March 31,2010: 13,36,331) 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, 2011 and March 31, 2010

Range of exercise prices (in ₹)	Stock options outstanding at the end of the year		Weighted average remaining contractual life	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
33.12-58.33	-	1,64,846	-	0.02
58.34-77.89	-	1,05,975	-	0.33
77.90-99.20	-	82,500	-	0.51
99.21-162.23	-	-	-	-
162.24-195.00	2,03,000	2,03,000	0.37	0.85
195.01-214.00	-	-	-	-
214.01-230.00	1,05,000	1,49,610	0.42	1.42

230.01-310.00	61,250	1,19,300	1.27	1.82
310.01-604.00	3,10,000	5,11,100	1.71	1.86
	6,79,250	13,36,331	1.07	1.22

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 ₹ 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, 2011	
	Shares arising out of options	Weighted average exercise prices (in ₹)
Outstanding at the beginning of the year	52,293	2,120.95
Granted during the year	-	-
Forfeitures during the year	31,448	2,120.95
Exercised during the year	5,884	2,120.95
Outstanding at the end of the year	14,961	2,120.95
Exercisable at the end of the year	6,473	2,120.95

	Year ended March 31, 2010	
	Shares arising out of options	Weighted average exercise prices (in ₹)
Outstanding at the beginning of the year	3,95,998	2,120.95
Granted during the year	-	-
Forfeitures during the year	2,97,451	2,120.95
Exercised during the year	46,254	2,120.95
Outstanding at the end of the year	52,293	2,120.95
Exercisable at the end of the year	52,293	2,120.95

The following table summarizes information about stock options as of March 31, 2011 and March 31,2010

Range of exercise prices (in ₹)	Stock options outstanding at the end of the year		Weighted average remaining contractual life	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
0- 2120.95	14,961	52,293	0.86	1.02
	14,961	52,293	0.86	1.02

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 ₹)

	Year ended March 31, 2011	2010
Net profit as reported	204,83,60,702	273,81,32,067
Less: Stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	-	5,10,30,304
Adjusted proforma profit	204,83,60,702	268,71,01,763
Basic EPS as reported	60.55	80.94
Adjusted proforma	60.55	79.43
Diluted EPS as reported	60.55	80.94
Adjusted proforma	60.55	79.43

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 ₹)

	As at March 31, 2011	As at March 31, 2010
Balance at the beginning of the year	5,19,14,163	2,67,69,832
Additional provision made during the year	1,22,93,108	4,23,46,603
Provision used during the year	12,61,838	65,23,719
Unused amounts reversed during the year	1,25,58,822	1,06,78,553
Balance at the end of the year	5,03,86,611	5,19,14,163

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 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, 2011 and March 31, 2010

(in ₹)

Particulars	Financial services	Manufacturing	Telecom	Retail	Others	Total
Revenues	**272,32,67,173**	**261,45,51,837**	**371,81,54,392**	**34,50,73,901**	**189,01,00,606**	**1129,11,47,909**
	263,46,71,190	203,21,16,986	395,51,35,610	19,36,07,746	245,08,38,694	1126,63,70,226
Identifiable operating expenses	**72,05,71,557**	**84,69,56,250**	**137,24,96,672**	**13,03,82,177**	**75,49,70,073**	**382,53,76,729**
	70,85,67,865	63,89,78,980	115,64,25,120	5,74,85,647	105,77,74,425	361,92,32,037
Allocated expenses	**125,35,03,079**	**120,46,04,514**	**171,13,78,093**	**15,96,83,334**	**86,67,74,138**	**519,59,43,158**
	102,95,98,380	82,06,70,865	153,82,58,719	7,61,87,898	97,05,21,471	443,52,37,333
Segmental operating profit	**74,91,92,537**	**56,29,91,073**	**63,42,79,627**	**5,50,08,390**	**26,83,56,395**	**226,98,28,022**
	89,65,04,945	57,24,67,141	126,04,51,771	5,99,34,201	42,25,42,798	321,19,00,856
Unallocable expenses						**56,96,22,145**
						53,86,79,767
Operating profit						**170,02,05,877**
						267,32,21,089
Other income net						**44,45,93,206**
						25,81,45,382
Net profit before taxes						**214,47,99,083**
						293,13,66,471
Taxes						**9,64,38,381**
						19,32,34,404
Net profit after taxes						**204,83,60,702**
						273,81,32,067

Geographical segments

Year ended March 31, 2011 and March 31, 2010

(in ₹)

Particulars	United States of America	Europe	Others	Total
Revenues	**655,60,57,517**	**382,15,29,931**	**91,35,60,461**	**1129,11,47,909**
	672,30,60,776	402,03,24,688	52,29,84,762	1126,63,70,226
Identifiable operating expenses	**227,77,96,890**	**132,28,42,755**	**22,47,37,084**	**382,53,76,729**
	212,07,99,198	130,93,70,539	18,90,62,300	361,92,32,037
Allocated expenses	**301,45,64,845**	**176,07,54,470**	**42,06,23,843**	**519,59,43,158**
	267,23,16,150	155,90,21,621	20,38,99,562	443,52,37,333

Segmental operating profit	**126,36,95,782**	**73,79,32,706**	**26,81,99,534**	**226,98,28,022**
	192,99,45,428	115,19,32,528	13,00,22,900	321,19,00,856
Unallocable expenses				**56,96,22,145**
				53,86,79,767
Operating profit				**170,02,05,877**
				267,32,21,089
Other income net				**44,45,93,206**
				25,81,45,382
Net profit before taxes				**214,47,99,083**
				293,13,66,471
Taxes				**9,64,38,381**
				19,32,34,404
Net profit after taxes				**204,83,60,702**
				273,81,32,067

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

Balance Sheet abstract and Company's General Business Profile

Registration Details	
CIN Number	7220 KA 2002 PLC 030310
Registration No	030310
State Code	08
Balance Sheet Date	March 31, 2011
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	1140,59,06,857
Total assets	1140,59,06,857
Sources of Funds	
Paid up capital	33,82,77,510
Reserves and surplus	1106,76,29,347
Secured loans	-
Unsecured loans	-
Application of Funds	
Net fixed assets	204,65,77,400
Investments	340,85,58,878
Net Current assets	595,07,70,579
Miscellaneous expenditure	-
Accumulated losses	-
Performance of the Company	
Turnover	1129,11,47,909
Other Income	44,45,93,206
Total Income	1173,57,41,115
Total Expenditure	952,87,75,841
Extraordinary Expenses	6,21,66,191
Profit / (Loss) before tax	214,47,99,083
Extraordinary Income	-
Profit / (Loss) after tax	204,83,60,702
Earnings per share from ordinary activities (Basic)	60.55
Earnings per share from ordinary activities (Diluted)	60.55
Dividend rate (%)	-
Generic names of principal products / services of the company	Business Process Outsourcing
Item code no.(ITC Code)	85 24 91 19
Product description	Software – others

T.V.Mohandas Pai
Chairman and Director

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

Eric S.Paternoster
Director

Abraham Mathews
Head - Finance

N.R.Ravikrishnan
Company Secretary

Bangalore
April 11, 2011

Statement pursuant to Section 212 of the Companies Act, 1956

Subsidiary	Infosys BPO S.R.O	Infosys BPO (Poland) Sp.Z.O.O	McCamish Systems LLC
Financial period ended	March 31, 2011	March 31, 2011	March 31, 2011
Holding company interest	100%	100%	100%
Net aggregate profits/losses of the subsidiary for the current period so far as it concerns the members of the holding company			
a. dealt with or provided for in the accounts of the holding company	-	-	-
b. not dealt with or provided for in the accounts of the holding company	1,54,83,585	11,44,16,291	(19,68,44,090)
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	24,08,02,313	23,34,53,862	(101,30,21,431)

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Director

Eric S.Paternoster
Director

Abraham Mathews
Head - Finance

N.R.Ravikrishnan
Company Secretary

Bangalore
April 11, 2011

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 2011, the Consolidated Profit and Loss Account 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 2011;

(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

11 April 2011

Consolidated Balance Sheet

In ₹

	Schedule	March 31, 2011	March 31, 2010
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	1	33,82,77,510	33,82,77,510
Reserves and surplus	2	1147,72,80,215	935,47,81,699
		1181,55,57,725	**969,30,59,209**
APPLICATION OF FUNDS		-	-
FIXED ASSETS			
Original cost	3	730,50,44,477	706,81,20,022
Less : Accumulated depreciation		249,93,17,464	197,49,90,650
Net book value		480,57,27,013	509,31,29,372
Capital work-in-progress		24,75,99,633	47,18,607
		505,33,26,646	**509,78,47,979**
INVESTMENTS	4	**20,59,34,759**	**200,81,77,787**
DEFERRED TAX ASSET	5	**24,28,21,366**	**17,12,03,876**
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry debtors	6	276,19,00,097	237,38,14,663
Cash and bank balances	7	567,51,61,140	249,60,15,451
Loans and advances	8	290,35,54,558	212,03,82,430
		1134,06,15,795	**699,02,12,544**
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	9	460,38,37,224	425,04,59,258
Provisions	10	42,33,03,617	32,39,23,719
NET CURRENT ASSETS		**631,34,74,954**	**241,58,29,567**
PROFIT AND LOSS ACCOUNT		-	-
		1181,55,57,725	**969,30,59,209**
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
Firm Registration No:101248W

Supreet Sachdev
Partner
Membership No. 205385

T.V.Mohandas Pai
Chairman and Director

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Head - Finance

N.R.Ravikrishnan
Company Secretary

Bangalore
April 11, 2011

Consolidated Profit and Loss Account

In ₹

	Schedule	Year ended March 31, 2011	Year ended March 31, 2010
INCOME			
Revenues from business process management services		1471,63,21,924	1387,17,97,211
		1471,63,21,924	1387,17,97,211
COST OF REVENUES	11	948,25,35,604	802,13,73,130
GROSS PROFIT		**523,37,86,320**	**585,04,24,081**
SELLING AND MARKETING EXPENSES	12	103,68,15,231	80,46,73,939
GENERAL AND ADMINISTRATION EXPENSES	13	184,06,16,584	164,97,95,537
OPERATING PROFIT BEFORE DEPRECIATION		**235,63,54,505**	**339,59,54,605**
Depreciation	3	58,02,78,486	60,74,89,379
OPERATING PROFIT AFTER DEPRECIATION		**177,60,76,019**	**278,84,65,226**
Other Income	14	44,90,70,925	25,60,37,127
PROFIT BEFORE TAX		**222,51,46,944**	**304,45,02,353**
Provision for taxation	15	13,43,38,004	25,11,58,466
NET PROFIT AFTER TAX		**209,08,08,940**	**279,33,43,887**
Balance brought forward from the previous year		503,86,58,982	424,53,15,095
AMOUNT AVAILABLE FOR APPROPRIATION		**712,94,67,922**	**703,86,58,982**
Amount transferred to general reserve		600,00,00,000	200,00,00,000
BALANCE CARRIED FORWARD		112,94,67,922	503,86,58,982
Total		**712,94,67,922**	**703,86,58,982**
EARNINGS PER SHARE			
Equity shares of par value ₹ 10 each			
Basic		61.81	82.58
Diluted		61.81	82.58
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 Loss Account.
As per our report attached
for B S R & Co.
Chartered Accountants
Firm Registration No:101248W

Supreet Sachdev
Partner
Membership No. 205385

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Abraham Mathews
Head - Finance

N.R.Ravikrishnan
Company Secretary

Bangalore
April 11, 2011

Consolidated Cash Flow Statement

In ₹

	Year ended March 31, 2011	Year ended March 31, 2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	222,51,46,944	304,45,02,353
Adjustments to reconcile profit before tax to cash provided by operating activities		
Depreciation	58,02,78,486	60,74,89,379
Interest income	(32,06,88,394)	(17,29,70,583)
Dividend income	(3,40,79,908)	(474,31,253)
Profit on sale of investments	-	(22,44,820)
(Profit)/Loss on sale of fixed assets	(21,47,438)	(41,175)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	93,03,555	1,28,67,980
Changes in current assets and liabilities		
Sundry debtors	(38,80,85,434)	37,13,20,770
Loans and advances	(38,18,52,591)	(31,11,48,195)
Current liabilities	36,68,03,868	(26,08,89,359)
Provisions	7,59,35,243	10,15,49,689
	213,06,14,331	334,30,04,786
Income tax paid during the year, net	(37,61,39,079)	(69,60,76,238)
NET CASH GENERATED BY OPERATING ACTIVITIES	**175,44,75,252**	**264,69,28,548**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets and change in capital work-in-progress / advances	(55,90,82,796)	(45,10,79,651)
Proceeds from sale of fixed assets	1,20,47,179	15,94,965
Interest received	26,83,68,174	18,61,42,086
Dividend received	3,40,79,908	4,74,31,253
Purchase of units in liquid mutual funds	(349,22,26,735)	(885,62,17,762)
Proceeds from sale of units in liquid mutual funds	529,44,69,763	685,02,84,795
Consideration for acquisition of businesses, net of cash acquired	-	(170,98,56,388)
NET CASH GENERATED /(USED) IN INVESTING ACTIVITIES	**155,76,55,493**	**(393,17,00,702)**
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
NET CASH FLOWS FROM FINANCING ACTIVITIES	-	-
Effect of exchange differences on translation of foreign currency cash and cash equivalents	2,20,14,944	(19,82,037)
NET CHANGE IN CASH AND CASH EQUIVALENTS	333,41,45,689	(128,67,54,191)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	284,10,15,451	412,77,69,642
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR*	**617,51,61,140**	**284,10,15,451**

* Cash and cash equivalents aggregating ₹ 617,51,61,140(₹ 284,10,15,451 as at March 31,2010) comprises cash on hand amounting to ₹ 6,99,641 (₹ 8,96,951 as at March 31, 2010), balances with banks amounting to ₹ 567,44,61,499(₹ 249,51,18,500 as at March 31, 2010) and deposits with financial institution/ body corporate amounting to ₹ 50,00,00,000 (₹ 34,50,00,000 as at March 31,2010).

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

As per our report attached
for B S R & Co.
Chartered Accountants
Firm Registration No:101248W

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

Eric S. Paternoster
Director

Abraham Mathews
Head - Finance

N.R.Ravikrishnan
Company Secretary

Bangalore
April 11, 2011

Schedules to the Consolidated Balance Sheet

In ₹

		March 31, 2011	March 31, 2010
1	**SHARE CAPITAL**		
	AUTHORISED		
	Equity shares, ₹ 10 (₹ 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, ₹ 10 (₹ 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 and 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	8,15,19,814	4,98,30,238
	General Reserve - opening balance	400,00,00,000	200,00,00,000
	Add : Transfer from profit and loss account during the year	600,00,00,000	200,00,00,000
	General Reserve - closing balance	1000,00,00,000	400,00,00,000
	Balance in profit and loss account	112,94,67,922	503,86,58,982
		1147,72,80,215	**935,47,81,699**

Infosys BPO Limited

Schedules to the Consolidated Balance Sheet (continued)

3 FIXED ASSETS

In `

Particulars	Original cost				Accumulated depreciation				Net book value	
	Cost as of April 01, 2010	Additions/ Adjustment during the year	Deletions during the year	Cost as of March 31, 2011	As of April 01, 2010	For the period	Deductions/ Adjustment during the year	As of March 31, 2011	As of March 31, 2011	As of March 31, 2010
Goodwill	309,70,51,105	-	-	309,70,51,105	-	-	-	-	309,70,51,105	309,70,51,105
Land - Leasehold	11,55,00,000	-	-	11,55,00,000	16,87,659	11,93,790	-	28,81,449	11,26,18,551	11,38,12,341
Buildings	89,56,46,731	3,06,10,044	-	92,62,56,775	6,86,33,130	6,17,42,387	-	13,03,75,517	79,58,81,258	82,70,13,601
Leasehold improvements	36,83,14,882	79,05,158	54,87,205	37,07,32,835	22,09,38,215	7,07,91,515	45,07,135	28,72,22,595	8,35,10,240	14,73,76,667
Plant and machinery	100,83,77,569	4,83,88,396	47,84,151	105,19,81,814	43,14,79,364	19,09,25,997	26,87,589	61,97,17,772	43,22,64,042	57,68,98,205
Computer equipment	113,08,06,017	20,35,76,629	5,32,72,987	128,11,09,659	94,57,21,541	19,18,05,612	4,85,56,931	108,89,70,222	19,21,39,437	18,50,84,476
Furniture and fixtures	45,13,69,928	1,22,86,876	23,07,070	46,13,49,734	30,54,76,951	6,38,19,185	2,08,782	36,90,87,354	9,22,62,380	14,58,92,977
Vehicles	10,53,790	8,765	-	10,62,555	10,53,790	-	(8,765)	10,62,555	-	-
	706,81,20,022	**30,27,75,868**	**6,58,51,413**	**730,50,44,477**	**197,49,90,650**	**58,02,78,486**	**5,59,51,672**	**249,93,17,464**	**480,57,27,013**	**509,31,29,372**
Previous year	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	

In ₹

		March 31, 2011	March 31, 2010
4	**INVESTMENTS**		
	Non trade investments (unquoted)		
	Current investments (unquoted) - at lower of cost or fair value		
	Liquid mutual funds*	20,59,34,759	200,81,77,787
		20,59,34,759	**200,81,77,787**
	* Refer to note 16.2.11		
5	**DEFERRED TAX ASSET**		
	Fixed assets	16,32,44,481	13,08,73,277
	Provisions	7,25,12,054	3,73,51,422
	Others	70,64,831	29,79,177
		24,28,21,366	**17,12,03,876**
6	**SUNDRY DEBTORS**		
	Debts outstanding for a period exceeding six months		
	Unsecured, considered doubtful	1,78,73,883	47,90,150
	Other debts		
	Unsecured, considered good	276,19,00,097	237,38,14,663
	Unsecured, considered doubtful	-	-
		277,97,73,980	237,86,04,813
	Less : Provision for doubtful debts	1,78,73,883	47,90,150
		276,19,00,097	**237,38,14,663**
7	**CASH AND BANK BALANCES**		
	Cash on hand	6,99,641	8,96,951
	Balances with scheduled banks		
	-in current accounts	21,93,68,458	10,83,93,509
	-in deposit accounts in Indian rupees	501,50,23,000	185,50,63,000
	Balances with non-scheduled banks*		
	-in current accounts in foreign currency	16,84,56,691	28,48,21,967
	-in deposit accounts in foreign currency	27,16,13,350	24,68,40,024
		567,51,61,140	**249,60,15,451**
	* 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	5,75,48,573	7,22,45,754

		March 31, 2011	March 31, 2010
	Advance to gratuity fund (Refer to note 16.2.14)	1,00,65,608	1,19,81,312
	For supply of goods and rendering of services	10,37,20,056	7,73,56,383
	Interest accrued and not due	5,94,78,908	71,58,688
	Loans and advances to employees	13,08,96,577	13,08,66,788
		36,17,09,722	**29,96,08,925**
	Deposits with financial institution and body corporate*	73,50,00,000	34,50,00,000
	Deposits with government authorities	25,000	11,10,766
	Rental deposits	26,74,05,171	25,82,39,562
	Electricity and other deposits	1,31,39,711	1,46,95,353
	Customer recoverables	2,24,68,152	1,48,81,142
	Unbilled revenue	29,72,80,431	22,12,48,048
	Advance income tax, net	23,11,32,814	24,94,90,502
	Withholding taxes and other receivable	6,21,66,644	54,63,506
	Cenvat credit receivable	25,24,16,240	22,23,11,699
	MAT credit entitlement	63,05,23,541	41,81,66,536
	Mark to market gain on forward exchange contract and options	3,02,87,132	7,01,66,391
		290,35,54,558	**212,03,82,430**
	Loans and advances to employees	24,13,729	15,94,627
		290,59,68,287	**212,19,77,057**
	Less : Provision for doubtful loans and advances to employees	24,13,729	15,94,627
		290,35,54,558	**212,03,82,430**
	* Refer to note 16.2.7 for details		
9	**CURRENT LIABILITIES**		
	Sundry creditors		
	for expenses	5,49,95,918	4,70,47,228
	for accrued salaries and benefits		
	salaries and allowances	38,51,74,409	29,50,10,177
	ex-gratia and incentives	111,94,56,492	98,50,64,632
	for other liabilities		
	provision for expenses	206,89,47,465	200,07,83,269
	retention monies	4,29,78,153	5,64,04,055
	withholding taxes and other payables	8,31,09,780	2,17,02,836
		375,46,62,217	340,60,12,197
	Contingent consideration	65,07,14,000	65,50,91,000
	Advances received from clients	3,33,64,200	3,14,73,081

		March 31, 2011	March 31, 2010
	Deferred revenue (Refer to note 16.2.12)	16,50,96,807	15,78,82,980
		460,38,37,224	**425,04,59,258**
10	**PROVISIONS**		
	Provision for leave encashment	29,83,96,239	22,18,94,216
	Provision for income taxes, net	4,83,38,966	2,48,94,311
	Provisions for SLA compliance*	7,65,68,412	7,71,35,192
		42,33,03,617	**32,39,23,719**
	* Refer to note 16.2.16 for details of Provision for SLA compliance.		

Schedules to the Consolidated Profit and Loss Account

In ₹

		Year ended March 31, 2011	Year ended March 31, 2010
11	**COST OF REVENUES**		
	Salaries including overseas staff expenses	634,26,55,787	547,69,27,219
	Staff welfare	7,19,34,797	2,44,74,532
	Contribution to provident and other funds	30,69,22,125	27,77,66,395
	Travelling expenses	40,57,68,377	38,97,00,115
	Conveyance	13,46,56,399	12,83,70,690
	Cost of software for own use	27,03,59,653	18,11,74,255
	Computer maintenance	10,88,19,043	4,14,30,648
	Communication expenses	35,60,07,283	33,57,88,874
	Rent	49,33,59,969	48,04,81,923
	Office maintenance	1,49,37,713	2,81,04,088
	Consultancy charges	75,87,23,948	48,08,82,935
	Consumables	2,09,80,023	72,92,279
	Recruitment and training expenses	15,97,37,946	14,00,73,099
	Insurance	58,89,046	86,29,111
	Other miscellaneous expenses	3,17,83,495	2,02,76,967
		948,25,35,604	**802,13,73,130**
12	**SELLING AND MARKETING EXPENSES**		
	Salaries including overseas staff expenses	78,88,20,366	64,32,23,429
	Staff welfare	25,03,730	3,78,049
	Contribution to provident and other funds	5,25,581	5,30,189
	Brand building and advertisement	2,26,21,581	74,86,703
	Travelling expenses	10,08,98,741	8,04,15,964
	Communication expenses	1,25,99,297	2,31,01,709
	Conveyance	14,54,933	5,57,933
	Rent	2,04,36,092	1,10,28,482
	Printing, stationery and office maintenance	12,21,747	14,10,386
	Insurance	838	28,75,870
	Marketing expenses	4,60,21,233	66,65,898
	Recruitment expenses	28,69,322	1,20,30,214
	Professional charges	83,47,142	52,42,839
	Professional memberships and seminars	2,59,689	22,28,749
	Other miscellaneous expenses	2,82,34,939	74,97,525
		103,68,15,231	**80,46,73,939**
13	**GENERAL AND ADMINISTRATION EXPENSES**		
	Salaries	85,23,76,495	72,10,60,160
	Staff welfare	2,16,74,509	2,34,74,274
	Contribution to provident and other funds	3,27,11,361	3,08,20,153
	Conveyance	2,30,14,388	4,85,02,561
	Consumables	2,12,18,779	1,29,61,815

		Year ended March 31, 2011	Year ended March 31, 2010
	Cost of software for own use	1,17,81,679	76,35,041
	Rent	4,07,62,322	4,53,25,156
	Telephone and communication charges	4,25,39,417	4,90,20,875
	Legal and professional charges	8,29,11,246	5,83,80,473
	Printing and stationery	6,26,63,273	6,35,13,115
	Office maintenance	24,56,28,386	22,08,30,521
	Power and fuel	19,04,60,743	19,26,35,560
	Recruitment and training expenses	2,29,75,382	2,14,84,693
	Insurance	8,19,52,970	6,60,16,940
	Rates and taxes	3,77,20,196	3,21,31,731
	Donations	11,61,987	71,48,248
	Auditor's remuneration		
	audit fees	45,28,949	37,92,873
	out-of-pocket expenses	-	-
	Bank charges and commission	51,15,461	35,16,823
	Postage and courier	3,12,98,190	2,71,28,635
	Professional membership and seminar participation fees	6,24,048	8,28,970
	Provision for doubtful debts	1,29,66,062	15,45,063
	Provision for doubtful loans and advances	8,21,763	8,62,912
	Other miscellaneous expenses	1,37,08,978	1,11,78,945
		184,06,16,584	**164,97,95,537**
14	**OTHER INCOME**		
	Interest income *		
	On deposits with financial institutions and body corporate	3,37,76,378	2,01,96,794
	On deposits with banks	28,69,12,016	15,27,73,789
	Dividends from liquid mutual fund investments	3,40,79,908	4,74,31,253
	Profit on sale of investments	-	22,44,820
	Profit on sale of fixed assets	21,47,438	41,175
	Exchange gain/(loss), net	6,63,14,133	(1,75,40,258)
	Interest on income tax refund	-	-
	Miscellaneous income	2,58,41,052	5,08,89,554
		44,90,70,925	**25,60,37,127**
	*Tax deducted at source on interest income	2,65,54,996	4,74,86,536
15	**PROVISION FOR TAXATION**		
	Current taxes*	41,79,41,422	48,92,52,270
	Deferred taxes	(7,12,46,413)	(4,64,75,133)
	MAT credit entitlement	(21,23,57,005)	(19,16,18,671)
		13,43,38,004	**25,11,58,466**
	*Refer to note 16.2.6 for details		

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 percentage of 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, including goodwill, 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 comprises the excess of purchase consideration over the fair value of the net assets of the acquired enterprise. Goodwill arising on consolidation or acquisition is not amortized but is tested 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 ₹ 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 ₹ 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 non-integral 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 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 ₹)

	As at March 31, 2011	As at March 31, 2010
Estimated amount of unexecuted capital contracts (net of advance and deposits)	68,19,16,175	12,39,09,532
Forward contracts outstanding		

USD/INR	$	45,500,000	$	39,000,000
(Equivalent approximate in ₹)		(202,93,00,000)		(175,11,00,000)
GBP/USD	£	5,000,000	£	3,500,000
(Equivalent approximate in ₹)		(35,90,00,000)		(23,78,60,000)
EUR/PLN	€	8,000,000	€	5,500,000
(Equivalent approximate in ₹)		(50,70,40,000)		(33,24,75,000)

As of the Balance Sheet date, the company's net foreign currency exposure that is not hedged by a derivative instrument or otherwise is ₹ Nil (₹ Nil as at March 31, 2010).

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, 2011 and March 31, 2010.

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 ₹)

	Year ended March 31, 2011	2010
Salaries and ex-gratia including overseas staff expenses	798,38,52,648	684,12,10,808
Staff welfare	9,61,13,036	4,83,26,855
Contribution to provident and other funds	34,01,59,067	30,91,16,737
Foreign travel expenses	50,66,67,118	47,01,16,079
Consumables	4,21,98,802	2,02,54,094
Computer maintenance	10,88,19,043	4,14,30,648
Cost of software for own use	28,21,41,332	18,88,09,296
Communication expenses	41,11,45,997	40,79,11,458
Consultancy charges	75,87,23,948	48,08,82,935
Travel and conveyance	15,91,25,720	17,74,31,184
Rent	55,45,58,383	53,68,35,561
Printing and stationery	6,38,85,020	6,49,23,501
Office maintenance	26,05,66,099	24,89,34,609
Legal and professional charges	9,12,58,388	6,36,23,312
Brand building	2,26,21,581	74,86,703
Recruitment and training expenses	18,55,82,650	17,35,88,006
Power and fuel	19,04,60,743	19,26,35,560
Insurance charges	8,78,42,854	7,75,21,921
Rates and taxes	3,77,20,196	3,21,31,731
Donations	11,61,987	71,48,248
Auditor's remuneration		
audit fees	45,28,949	37,92,873
out-of-pocket expenses	-	-
Bank charges and commission	51,15,461	35,16,823
Postage and courier	3,12,98,190	2,71,28,635
Professional membership and seminar participation fees	8,83,737	30,57,719
Provision for bad and doubtful debts	1,29,66,062	15,45,063
Provision for bad and doubtful loans and advances	8,21,763	8,62,912
Marketing expenses	4,60,21,233	66,65,898
Sales promotion expenses	-	-
Other miscellaneous expenses	7,37,27,412	3,89,53,437
Total	1235,99,67,419	1047,58,42,606

16.2.4 Obligations on long-term non-cancellable operating leases

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

(in ₹)

	Year ended 2011	March 31, 2010
Lease rentals charged during the year	55,45,58,383	53,68,35,561

(in ₹)

Lease obligations	As at March 31, 2011	As at March 31, 2010
Within one year of the balance sheet date	8,50,28,088	10,89,75,438
Due in a period between one year and five years	8,12,09,462	9,35,84,295
Later than five years	-	-

The Group has entered into non-cancellable operating lease arrangements for premises with Infosys Technologies Limited 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, 2011 and March 31, 2010.

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, ₹ 63,05,23,541 was carried forward and shown under "Loans and Advances" in the balance sheet as of March 31, 2011 and ₹ 41,81,66,536 as of March 31,2010.

16.2.7 Loans and advances

Deposits with financial institution and body corporate comprise:

(in ₹)

	As at March 31, 2011	As at March 31, 2010
Deposits with financial institution :		
Housing Development Finance Corporation Limited	50,00,00,000	34,50,00,000
Life Insurance Corporation of India	23,50,00,000	-

Maximum balance held during the year

(in ₹)

	Year ended 2011	March 31, 2010
Deposits with financial institution:		
Housing Development Finance Corporation Limited	50,00,00,000	50,00,00,000
Life Insurance Corporation of India	23,50,00,000	-

16.2.8 Cash and bank balances

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

(in ₹)

	As at March 31, 2011	As at March 31, 2010
Cash on hand	6,99,641	8,96,951

(in ₹)

Balances with non-scheduled banks	As at March 31, 2011	As at March 31, 2010
In current accounts		
ICICI Bank, London	67,23,007	1,06,84,997
PNC Bank,New Jersey*	2,23,000	2,24,500
Bank of America, California	7,26,58,909	8,38,42,099
Deutsche Bank, Philippines	1,66,57,487	3,81,24,631
Royal Bank of Canada, Ontario	45,90,164	13,14,384
Citibank N.A., Czech Republic (Subsidy account)	7,890	7,318
Citibank N.A., Czech Republic	1,16,21,236	35,08,264
Citibank N.A., Czech Republic (U.S. dollar account)	18,19,019	1,49,96,361
Citibank N.A., Czech Republic (Euro account)	30,83,226	12,91,145
Deutsche Bank, Czech Republic	77,37,353	-
Deutsche Bank, Czech Republic (U.S. dollar account)	4,41,843	-
Deutsche Bank, Czech Republic (Euro account)	1,86,826	-
Deutsche Bank, Poland	1,18,20,599	2,34,40,967
Deutsche Bank, Poland (ES Fund)	3,40,542	2,28,729
Deutsche Bank, Poland (Euro account)	1,64,24,962	73,79,595
Deutsche Bank, Thailand	-	2,62,78,912
Deutsche Bank, Thailand (U.S. dollar account)	-	81,41,044
Citibank N.A., Thailand	-	2,42,841
Bank of America, California	1,38,97,628	-
Bank of America-Trust Fund, California*	2,23,000	-
Wachovia Bank N.A.	-	6,51,16,180
	16,84,56,691	28,48,21,967
In deposit accounts		
Citibank N.A., Czech Republic	6,15,92,753	16,86,90,024
Deutsche Bank, Poland	21,00,20,597	7,81,50,000
	27,16,13,350	24,68,40,024

* 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 ₹)

Balances with scheduled banks	As at March 31, 2011	As at March 31, 2010
In current accounts		
Citibank	3,20,400	12,44,514

Deustche Bank	72,15,811	64,51,133
Deustche Bank- EEFC account in Euro	16,34,655	55,91,061
Deustche Bank- EEFC account in United Kingdom Pound Sterling	19,59,860	50,58,140
Deustche Bank- EEFC account in US dollars	1,87,70,059	41,00,082
ICICI Bank	9,77,80,843	3,32,11,141
ICICI Bank- EEFC account in Euro	7,95,75,167	74,75,628
ICICI Bank- EEFC account in United Kingdom Pound Sterling	41,67,262	1,45,79,067
ICICI Bank- EEFC account in US dollars	77,80,267	3,06,23,644
State Bank of India	1,64,134	59,099
	21,93,68,458	10,83,93,509
In deposit accounts		
Allahabad Bank	61,50,00,000	50,00,00,000
Axis Bank Limited	60,00,00,000	-
Bank of Maharastra	18,00,00,000	-
Canara Bank	75,00,00,000	-
Central Bank of India	-	-
ICICI Bank	22,00,00,000	49,50,40,000
IDBI Bank	54,00,00,000	-
Indian Overseas Bank	18,00,00,000	9,00,00,000
Kotak Mahindra Bank		35,50,00,000
Oriental Bank of Commerce	75,00,00,000	-
State Bank of Hyderabad	30,00,00,000	24,00,00,000
State Bank of India	23,000	23,000
Syndicate Bank	4,00,00,000	17,50,00,000
South Indian Bank Limited	25,00,00,000	-
Vijaya Bank	49,00,00,000	-
Yes Bank	10,00,00,000	-
	501,50,23,000	185,50,63,000

Maximum balances held in non-scheduled banks

(in ₹)

	Year ended 2011	March 31, 2010
ICICI Bank, London	4,08,84,293	3,46,60,072
PNC Bank,New Jersey	2,35,350	2,52,580
Bank of America, California	18,06,59,160	23,89,68,846
Deutsche Bank, Phillippines	9,77,16,012	12,99,37,963
Royal Bank of Canada, Ontario	1,06,90,435	89,77,435
Citibank N.A., Czech Republic (Subsidy account)	1,39,12,901	2,98,80,017
Citibank N.A., Czech Republic	26,77,32,008	8,05,74,069
Citibank N.A., Czech Republic (U.S. dollar account)	27,32,64,579	10,71,84,205
Citibank N.A., Czech Republic (Euro account)	6,63,91,609	5,14,66,409
Deutsche Bank, Czech Republic	1,99,69,200	-
Deutsche Bank, Czech Republic (U.S. dollar account)	11,73,423	-

Deutsche Bank, Czech Republic (Euro account)	4,82,011	-
Deutsche Bank, Poland	10,11,67,633	7,97,36,353
Deutsche Bank, Poland (Employee Social Fund)	74,29,001	80,95,347
Deutsche Bank, Poland (Euro account)	10,90,39,709	19,05,07,067
Deutsche Bank, Thailand	6,47,81,099	5,40,98,372
Deutsche Bank, Thailand (U.S. dollar account)	81,41,044	-
Citibank N.A., Thailand	-	2,45,899
Bank of America, California	16,98,52,950	-
Bank of America-Trust Fund, California	2,23,000	-
Wachovia Bank N.A.	11,22,73,493	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 Technologia Do Brasil LTDA (" Infosys Brazil")*	Brazil	
Infosys Consulting India Limited#	India	

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

\# 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 30, 2011 and 2010 are as follows:

(in ₹)

Particulars	Year ended March 31, 2011	2010
Revenue transactions:		
Purchase of services		
Infosys Mexico	2,02,96,183	3,42,83,644
Infosys Consulting Inc	9,64,02,607	1,34,84,238
Infosys Technologies Limited	20,73,08,607	(47,38,402)
Purchase of shared services including		

facilities and personnel		
Infosys Technologies Limited	77,76,28,095	55,04,799
Infosys Consulting Inc	8,63,674	-
Infosys Australia	2,67,61,643	2,09,96,658
Infosys Mexico	28,47,984	24,03,063
Infosys China	89,37,567	16,28,225
Infosys Brazil	13,57,877	1,59,748
Sale of services		
Infosys Technologies Ltd	17,35,20,589	2,36,49,497
Infosys Brazil	(6,06,646)	-
Sale of shared services including facilities and personnel		
Infosys Technologies Limited	114,63,60,111	63,43,12,987
Infosys Consulting Inc	29,908	-
Infosys Australia	3,44,19,371	23,90,915
Infosys Mexico	63,03,003	2,281
Infosys China	1,63,25,479	1,11,15,990
Infosys Brazil	1,49,36,410	60,20,021
Infosys Consulting India Limited	1,00,36,532	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, 2011 and March 31, 2010.

(in ₹)

Particulars	As at March 31, 2011	As at March 31, 2010
Deposit given for shared services		
Infosys Technologies Limited	6,89,00,000	6,89,00,000
Debtors		
Infosys Technologies Limited	3,13,53,135	7,00,44,625
Infosys Consulting Inc	3,697	2,245
Infosys Australia	33,45,694	9,82,637
Infosys Mexico	6,46,607	2,59,921
Infosys China	2,29,89,664	1,08,23,121
Infosys Brazil	-	1,29,238
Infosys Consulting India Limited	8,76,238	23,891
Creditors		
Infosys Technologies Limited	3,40,47,576	2,39,54,295
Infosys Consulting Inc	36,06,783	14,85,444
Infosys Australia	1,11,252	35,40,761
Infosys Mexico	25,02,248	(5,49,758)
Infosys China	96,35,286	40,99,043
Infosys Brazil	-	1,05,234
Infosys Consulting India Limited	-	829
Maximum balances of loans and advances		
Infosys Technologies Limited	6,89,00,000	6,89,00,000

Particulars of remuneration and other benefits paid to Managing Director during the year ended March 31, 2011 and 2010, are given below:

(in ₹)

	Year ended 2011	March 31, 2010
Salary and allowances	78,73,281	97,63,863
Provident fund, gratuity and superannuation contributions	2,26,209	2,82,981
Performance incentives	43,74,524	89,87,736
	1,24,74,014	1,90,34,580

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, 2011 and 2010, are given below:

(in ₹)

	Year ended 2011	March 31, 2010
Sitting fees	90,000	1,05,000
Commission	24,00,000	24,00,000
	24,90,000	25,05,000

16.2.11 Details of Investment

(in ₹)

	No. of units as at		Amount as at	
Current investments	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
Birla Sun Life AMC Ltd Liquid Plus	70,13,771	2,56,07,020	7,02,74,475	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	77,94,013	2,50,08,866	9,53,05,962	25,20,84,370
Reliance Mutual Fund Liquid Plus	26,97,883	1,02,27,161	3,00,58,466	17,48,38,407
Religare mutual fund-Liquid plus	-	2,51,38,547	-	25,17,80,149
TATA Asset Management Ltd Liquid Plus	9,238	2,55,96,059	1,02,95,856	25,68,71,808
UTI mutual fund-Liquid plus	-	2,31,677	-	23,17,26,991
	1,75,14,905	15,74,18,364	20,59,34,759	200,81,77,787

Movement of Investment	Opening balance in **units**, Amount (₹)	Purchased in **units**, Amount (₹)	Redemption in **units**, Amount (₹)	Closing balance in **units**, Amount (₹)
Birla Sun Life AMC Ltd Liquid Plus	**2,56,07,020**	**2,73,81,874**	**4,59,75,123**	**70,13,771**
	25,62,44,320	27,42,72,849	46,02,42,694	7,02,74,475
DWS Mutual fund -Liquid Plus	**1,89,66,884**	**3,02,14,345**	**4,91,81,229**	**-**
	19,00,08,350	30,26,84,288	49,26,92,638	-
HDFC Mutual Fund Liquid Plus	**-**	**2,49,73,318**	**2,49,73,318**	**-**
	-	25,17,53,521	25,17,53,521	-
ICICI Prudential Liquid PLUS Institutional Dividend	**13,38,737**	**32,72,525**	**46,11,262**	**-**
	14,15,51,298	33,24,88,638	47,40,39,936	-
IDFC Mutual Fund Liquid Plus	**2,53,03,413**	**62,19,494**	**3,15,22,907**	

				-
	25,30,72,094	6,22,10,289	31,52,82,383	-
Kotak mutual fund-liquid plus	**2,50,08,866**	**4,30,75,988**	**6,02,90,841**	**77,94,013**
	25,20,84,370	52,59,78,207	68,27,56,615	9,53,05,962
Principal mutual fund - Liquid plus	**-**	**1,80,50,057**	**1,80,50,057**	**-**
	-	18,07,22,590	18,07,22,590	-
Reliance Mutual Fund Liquid Plus	**1,02,27,161**	**2,92,45,090**	**3,67,74,368**	**26,97,883**
	17,48,38,407	35,43,74,176	49,91,54,117	3,00,58,466
Religare mutual fund-liquid plus	**2,51,38,547**	**67,23,001**	**3,18,61,548**	**-**
	25,17,80,149	12,19,46,666	37,37,26,815	-
TATA Asset Management Ltd Liquid Plus	**2,55,96,059**	**1,28,12,886**	**3,83,99,707**	**9,238**
	25,68,71,808	27,54,35,615	52,20,11,567	1,02,95,856
Templeton Mutual Fund- Liquid Plus	**-**	**5,17,258**	**5,17,258**	**-**
	-	51,76,05,043	51,76,05,043	-
UTI mutual fund-liquid plus	**2,31,677**	**2,87,204**	**5,18,881**	**-**
	23,17,26,992	29,27,54,853	52,44,81,845	-

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 concluded by entering into Membership Interest Purchase Agreement for a cash consideration of ₹ 171 crore and a contingent consideration of ₹ 67 crore. The acquisition was completed during the year and accounted as a business combination which resulted in goodwill of ₹ 227 crore.

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 ₹ 16,50,96,807 and ₹ 15,78,82,980 as at March 31, 2011 and March 31, 2010 respectively.

16.2.13 Reconciliation between basic and dilutive shares

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

(in ₹)

	Year ended 2011	March 31, 2010
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 ₹)

	As at			
	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Obligations at the beginning of the year	14,25,35,851	10,83,54,625	7,29,76,969	4,78,76,295
Service cost	6,51,09,966	6,73,44,267	4,07,80,299	2,74,75,736
Interest cost	74,96,831	46,65,510	42,52,594	32,68,805
Benefits settled	(4,42,43,763)	(3,71,70,205)	(2,35,68,652)	(1,42,50,440)
Actuarial loss/(gain)	1,67,91,815	(6,58,346)	1,39,13,415	86,06,573
Obligations at the end of the year	18,76,90,700	14,25,35,851	10,83,54,625	7,29,76,969

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

Change in plan assets:

(in ₹)

	As at			
	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Plan assets at beginning of the year, at fair value	15,45,17,163	11,64,20,243	7,72,14,922	3,49,57,318
Expected return on plan assets	1,56,93,766	1,14,83,981	64,94,791	33,91,458
Actuarial gain	-184,436	3,04,464	18,39,632	3,84,157
Contributions	7,19,73,579	6,34,78,680	5,44,39,550	5,27,32,429
Benefits settled	(4,42,43,763)	(3,71,70,205)	(2,35,68,652)	(1,42,50,440)
Plan assets at end of the year, at fair value	19,77,56,309	15,45,17,163	11,64,20,243	7,72,14,922

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

(in ₹)

	As at			
	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Fair value of plan assets at the end of the year	19,77,56,309	15,45,17,163	11,64,20,243	7,72,14,922
Present value of the defined benefit obligations at the end of the year	18,76,90,700	14,25,35,851	10,83,54,625	7,29,76,969
Asset recognized in the balance sheet	1,00,65,608	1,19,81,312	80,65,618	42,37,953

Gratuity cost for the year

(in ₹)

	Year ended 2011	March 31, 2010
Service cost	6,51,09,966	6,73,44,267
Interest cost	74,96,831	46,65,510
Expected return on plan assets	(1,56,93,766)	(1,14,83,981)
Actuarial loss/(gain)	1,69,76,251	(9,62,810)
Net gratuity cost	7,38,89,283	5,95,62,986
Actual return on plan assets	1,55,09,330	37,75,615

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

Assumptions

	As at			
	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Interest rate	7.98%	7.82%	7.01%	7.92%
Discount rate	7.98%	7.82%	7.01%	7.92%
Estimated rate of return on plan assets	9.36%	9.00%	7.01%	7.92%

Retirement age	60	60	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, 2011	
	Shares arising out of options	Weighted average exercise prices (in ₹)
Outstanding at the beginning of the year	13,36,331	333.55
Forfeitures during the year	6,57,081	267.51
Exercised during the year	-	-
Outstanding at the end of the year	6,79,250	397.44
Exercisable at the end of the year	4,78,750	394.67

	Year ended March 31, 2010	
	Shares arising out of options	Weighted average exercise prices (in ₹)
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

As at March 31, 2011, 6,79,250 (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, 2011 and March 31, 2010

Range of exercise prices (in ₹)	Stock options outstanding at the end of the year		Weighted average remaining contractual life at the end of the year	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
33.12-58.33	-	1,64,846	-	0.02
58.34-77.89	-	1,05,975	-	0.33
77.90-99.20	-	82,500	-	0.51
99.21-162.23	-	-	-	-
162.24-195.00	2,03,000	2,03,000	0.37	0.85
195.01-214.00	-	-	-	-
214.01-230.00	1,05,000	1,49,610	0.42	1.42
230.01-310.00	61,250	1,19,300	1.27	1.82
310.01-604.00	3,10,000	5,11,100	1.71	1.86
	6,79,250	13,36,331	1.07	1.22

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 ₹ 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, 2011	
	Shares arising out of options	Weighted average exercise prices (in ₹)
Outstanding at the beginning of the year	52,293	2,120.95
Granted during the year	-	-
Forfeitures during the year	31,448	2,120.95
Exercised during the yeaer	5,884	2,120.95
Outstanding at the end of the year	14,961	2,120.95
Exercisable at the end of the year	6,473	2,120.95

	Year ended March 31, 2010	
	Shares arising out of options	Weighted average

		exercise prices (in ₹)
Outstanding at the beginning of the year	3,95,998	2,120.95
Forfeitures during the year	2,97,451	2,120.95
Exercised during the year	46,254	2,120.95
Outstanding at the end of the year	52,293	2,120.95
Exercisable at the end of the year	52,293	2,120.95

The following table summarizes information about stock options as of March 31, 2011.

Range of exercise prices (in ₹)	Stock options outstanding at the end of the year		Weighted average remaining contractual life	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
0- 2120.95	14,961	52,293	0.86	1.02

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

(in ₹)

	Year ended 2011	March 31, 2010
Net profit as reported	209,08,08,940	279,33,43,887
Less: Stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	-	5,10,30,304
Adjusted proforma profit	209,08,08,940	274,23,13,583
Basic EPS as reported	61.81	82.58
Adjusted proforma	61.81	81.07
Diluted EPS as reported	61.81	82.58
Adjusted proforma	61.81	81.07

16.2.16 Provision for SLA compliance

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

(in ₹)

	As at March 31, 2011	As at March 31, 2010
Balance at the beginning of the year	7,71,35,192	4,13,02,286
Additional provision made during the year	1,98,61,478	6,30,59,819
Provision used during the year	12,61,838	82,63,805
Unused amounts reversed during the year	1,91,66,420	1,89,63,108

Balance at the end of the year	7,65,68,412	7,71,35,192

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, 2011** and March 31, 2010

(in ₹)

Particulars	Financial services	Manufacturing	Telecom	Retail	Others	Total
Revenues	**429,65,43,141**	**448,99,54,332**	**368,97,44,289**	**34,50,73,901**	**189,50,06,261**	**1471,63,21,924**
	315,39,14,344	410,32,17,374	395,66,23,326	19,50,48,441	246,29,93,726	1387,17,97,211
Identifiable operating expenses	**136,69,60,557**	**171,72,16,548**	**133,10,99,697**	**13,03,82,177**	**75,71,18,050**	**530,27,77,029**
	74,57,92,739	170,57,86,325	115,12,85,335	5,58,29,563	106,98,82,347	472,85,76,309
Allocated expenses	**232,77,93,467**	**197,86,32,948**	**172,13,34,916**	**15,96,83,334**	**86,97,45,725**	**705,71,90,390**
	157,79,52,870	157,55,41,617	154,28,58,167	7,69,87,097	97,39,26,546	574,72,66,297
Segmental operating profit	**60,17,89,117**	**79,41,04,836**	**63,73,09,676**	**5,50,08,390**	**26,81,42,486**	**235,63,54,505**
	83,01,68,735	82,18,89,432	126,24,79,824	6,22,31,781	41,91,84,833	339,59,54,605
Unallocable expenses						**58,02,78,486**
						60,74,89,379
Operating profit						**177,60,76,019**
						278,84,65,226
Other income net						**44,90,70,925**
						25,60,37,127
Net profit before taxes						**222,51,46,944**
						304,45,02,353
Taxes						**13,43,38,004**
						25,11,58,466
Net profit after taxes						**209,08,08,940**
						279,33,43,887

Geographical segments

Year ended **March 31, 2011** and March 31, 2010

(in ₹)

Particulars	United States of America	Europe	Others	Total
Revenues	**809,40,42,271**	**561,44,01,049**	**100,78,78,604**	**1471,63,21,924**
	712,20,23,386	622,67,89,063	52,29,84,762	1387,17,97,211
Identifiable operating expenses	**289,61,59,073**	**218,08,18,162**	**22,57,99,795**	**530,27,77,030**
	213,10,93,468	240,84,20,541	18,90,62,300	472,85,76,309
Allocated expenses	**409,47,54,675**	**250,21,75,185**	**46,02,60,529**	**705,71,90,389**
	321,34,61,428	232,99,05,307	20,38,99,562	574,72,66,297
Segmental operating profit	**110,31,28,523**	**93,14,07,702**	**32,18,18,280**	**235,63,54,505**
	177,74,68,490	148,84,63,215	13,00,22,900	339,59,54,605
Unallocable expenses				**58,02,78,486**
				60,74,89,379
Operating profit				**177,60,76,019**
				278,84,65,226
Other income net				**44,90,70,925**
				25,60,37,127
Net profit before taxes				**222,51,46,944**
				304,45,02,353
Taxes				**13,43,38,004**
				25,11,58,466
Net profit after taxes				**209,08,08,940**
				279,33,43,887

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

Information about Subsidiaries

in ₹

Subsidiary	Infosys BPO S.R.O	Infosys BPO (Poland) Sp.Z.O.O	McCamish Systems LLC
Balance sheet Date	March 31,2011	March 31,2011	March 31,2011
Exchange rate as at March 31, 2011	1 CZK = ₹ 2.58	1 PLN = ₹ 15.76	1 USD = ₹ 44.60
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	31,87,41,394	79,06,71,417	133,07,11,538
Total assets	31,87,41,394	79,06,71,417	133,07,11,538
Sources of Funds			
Paid up Capital	3,49,78,993	3,93,50,000	115,06,82,854
Reserves and Surplus	28,37,62,401	75,13,21,417	26,82,716
Secured Loans	-	-	-
Unsecured loans	-	-	17,73,45,968
Application of Funds			
Net Fixed assets	1,66,72,490	38,85,81,870	4,22,64,297
Investments	-	-	-
Deferred Tax Assets	63,26,583	-	-
Net Current assets	29,57,42,321	40,20,89,547	7,85,81,720
Miscellaneous expenditures	-	-	-
Accumulated losses	-	-	120,98,65,521
Performance of the Company			
Turnover	55,86,98,105	140,03,70,339	149,87,76,233
Other Income	(13,61,850)	45,39,371	(10,57,450)
Total Income	55,73,36,255	140,49,09,710	149,77,18,783
Total Expenditure	52,92,55,954	126,51,90,512	169,45,62,873
Profit/(Loss) before tax	2,80,80,301	13,97,19,198	(19,68,44,090)
Extraordinary Income	-	-	-
Profit/(Loss) after tax	1,54,83,585	11,44,16,291	(19,68,44,090)
Earnings per share from ordinary activities (Basic)	-	-	-
Earnings per share from ordinary activities (Diluted)	-	-	-
Dividend rate (%)	-	-	-

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Infosys BPO Limited

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

April 11, 2011

Dear Member,

You are cordially invited to attend the Ninth Annual General Meeting of the members of the company on Friday, June 10, 2011 at 10.00 A.M. at the Registered Office of the company at Plot No 26/3, 26/4 and 26/6, Electronics City, Hosur Road, Bangalore 560100.

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

Very truly yours,

T.V. Mohandas Pai

T V Mohandas Pai

Chairman

Notice

NOTICE is hereby given that the Ninth Annual General Meeting of the Members of Infosys BPO Limited (the "Company") will be held on Friday, June 10, 2011 at 10.00 A.M. at the Registered Office of the company at Plot No. 26/3, 26/4, 26/6, Electronics City, Hosur Road, Bangalore 560100, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at March 31, 2011 and the Profit and Loss Account for the year ended as on that date and reports of the directors and auditors thereon.
2. To appoint a director in place of Mr. T V Mohandas Pai, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Mr. S D Shibulal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint auditors and to fix their remuneration for the ensuing year.

RESOLVED THAT BSR & Co., Chartered Accountants with Firm registration number: 101248W 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 M/s. Diaz Murillo Dalupan & 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 conclusion of this meeting until the conclusion of the next annual general meeting, 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

Bangalore
April 11, 2011

N. R. Ravikrishnan
Company Secretary

Notes:

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

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

The Board of Directors in their meeting held on April 11, 2011 have appointed M/s. Diaz Murillo Dalupan & 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 conclusion of this meeting until the conclusion of the next annual general meeting In this context, it is highlighted to 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. 5 above.

Additional information on directors seeking election at the annual general meeting

Brief profile of Mr. T V Mohandas Pai, Director

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

During his tenure as CFO, Mr. T. V. Mohandas Pai played a strategic role in transforming Infosys to one of the world's most respected and widely-known software services companies. He put in place the country's first publicly articulated financial policy for the company and played a key role in branding the company among the investor community and enhancing transparency and disclosure levels. The Infosys Annual Report, under his supervision, has won the Best

Presented Annual Accounts Award from the Institute of Chartered Accountants of India for ten years in succession as well as from the South Asia Federation of Accountants (2000).

Mr. T. V. Mohandas Pai was an integral part of the Infosys team that enabled the first listing of an India-registered company on NASDAQ and the first sponsored secondary offering of American Depositary Shares by an Indian company. He was voted 'CFO of the Year' in 2001 by IMA India (formerly EIU India) and American Express. He won the "Best CFO in India" award from Finance Asia in 2002, and "Best Chief Financial Officer in India" in the AsiaMoney Best Managed Companies Poll 2004.

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

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

Mr. T. V. Mohandas Pai has a bachelor's degree in commerce (B.Com) from St. Joseph's College of Commerce, Bangalore and a bachelor's degree in law (LLB) from Bangalore University. He is a Fellow Chartered Accountant (FCA).

Brief profile of Mr. S D Shibulal, Director

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

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

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

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

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

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

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 10, 2011 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 10, 2011.

…………………………………

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.