Annual Report 2013-14

Infosys BPO Limited

Board and Committees

The Board of Directors

Mr. V. Balakrishnan [1]
Chairman of the Board

Mr. S. Gopalakrishnan[2]
Chairman of the Board

Mr. Gautam Thakkar
Managing Director and Chief Executive Officer

Prof. Jayanth R. Varma
Independent Director

Mr. Chandrashekar Kakal[3]
Director

Dr. Omkar Goswami
Independent Director

Mr. Prasad Thrikutam[4]
Director

Committees of the Board

Audit Committee

Prof. Jayanth R. Varma
Chairman

Mr. V. Balakrishnan[1]
Member

Mr. S. Gopalakrishnan[2]
Member

Dr. Omkar Goswami
Member

Nomination & Remuneration Committee

Prof. Jayanth R. Varma
Chairman

Mr. V. Balakrishnan[1]
Member

Mr. S. Gopalakrishnan[2]
Member

Dr. Omkar Goswami
Member

Share Allotment Committee

Mr. V. Balakrishnan[1]
Chairman

Mr. S. Gopalakrishnan[2]
Chairman

Mr. Gautam Thakkar
Member

Mr. Chandrashekar Kakal[3]
Member

Investment Committee

Mr. V. Balakrishnan[1]
Chairman

Mr. S. Gopalakrishnan[2]
Chairman

Mr. Gautam Thakkar
Member

Mr. Abraham Mathews
Member

Corporate Social Responsbility Committee

Mr. V. Balakrishnan[1]
Chairman

Mr. S. Gopalakrishnan[2]
Chairman

Mr. Gautam Thakkar
Member

Dr. Omkar Goswami
Member

The Board of Directors - Subsidiaries

Infosys BPO s.r.o

Mr. Gautam Thakkar
Chairman of the Supervisory Board

Mr. Abraham Mathews
Executive Director (Jednatel)

Mr. Rajesh K Murthy
Director

Mr. Anantha Radhakrishnan
Director

Infosys BPO Poland Sp. Z o.o

Mr. Gautam Thakkar
Director

Mr. Abraham Mathews
Director

Mr. Anantha Radhakrishnan
Director

Mr. Rajesh K Murthy
Director

Infosys McCamish Systems, LLC

Mr. Gautam Thakkar
Chairman

Mr. Abraham Mathews
Director

Mr. Gordon Beckham
Chief Executive Officer

Mr. Eric S. Paternoster[5]
Director

Mr. Ravi Kumar S[6]
Director

Mr. Sam Thomas[7]
Director

Mr. Kapil Jain
Director

Mr. Rishi Kumar Jain
Director

Mr. Rich Magner
Director

Portland Group Pty Ltd

Mr. Gautam Thakkar
Director

Mr. Bruce Stevenson[8]
Managing Director & Chief Executive Officer

Mr. Gavin Solsky[9]
Director

Mr. Dave Gardiner
Director

Mr. Abraham Mathews
Director

Ms. Jackie Korhonen
Director

Mr. Anantha Radhakrishnan
Director

Mr. Binny Mathews
Director

Portland Procurement Services Pty Ltd

Mr. Gautam Thakkar
Director

Mr. Bruce Stevenson[8]
Managing Director and Chief Executive Officer

Mr. Gavin Solsky[9]
Director

Mr. Dave Gardiner
Director

Mr. Abraham Mathews
Director

Ms. Jackie Korhonen
Director

Mr. Anantha Radhakrishnan
Director

Mr. Binny Mathews
Director

(1) *Resigned with effect from December 31, 2013.*

(2) *Appointed with effect from January 1, 2014*

(3) *Resigned with effect from April 18, 2014.*

(4) *Appointed with effect from April 1, 2014.*

(5) *Resigned with effect from November 2013*

(6) *Appointed with effect from November 2013*

(7) *Retired with effect from December 2013*

(8) *Appointed as Managing Director and Chief Executive Officer of Portland Group with effect from January 1, 2014*

(9) *Change in Designation from Managing Director and Chief Executive Officer to Director due to resignation as Managing Director and Chief Executive Officer of Portland Group with effect from December 31, 2013*

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Contents

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, 2014.

1. Results of our Operations

In ₹ Cr

Particulars	March 31, 2014	March 31, 2013
Income from Business Process Management Services	2,323	1,831
Cost of Revenue	1,441	1,096
Gross Profit	882	735
Selling and Marketing Expenses	103	82
General and Administration expenses	203	173
Operating Profit Before Interest, Depreciation, Taxes and Amortization (PBIDTA)	576	480
Interest, Depreciation & Amortization	70	65
Operating Profit before tax	506	415
Other income, net	150	139
Net Profit before tax	656	554
Provision for taxation	144	126
Net profit after tax	512	428
EARNINGS PER SHARE in ₹		
Basic	151.32	126.45
Diluted	151.32	126.45

2. Business

Our business process management services revenues aggregated to ₹ 2,323 crore, up by 27 % from ₹ 1,831 crore in the previous year. Out of the total revenue, ₹ 1,234 crore came from United States of America, ₹ 714 crore from Europe, and ₹ 375 crore from the rest of the world.

Our gross profit amounted to ₹ 882 crore as against ₹ 735 crore in the previous year. The profit before interest, depreciation, taxes and amortization amounted to ₹ 576 crore as against ₹ 480 crore in the previous year. Sales and marketing costs were ₹ 103 crore and ₹ 82 crore for the years ended March 31, 2014 and March 31, 2013 respectively. General and administration expenses were ₹ 203 crore and ₹ 173 crore during the current year and previous year respectively. The net profit after tax was ₹ 512 crore as against ₹ 428 crore in the previous year.

3. Company's Overview

Infosys BPO, the business process outsourcing subsidiary of Infosys (BSE, NSE, NYSE: INFY), is an end-to-end outsourcing services provider. Infosys BPO addresses the business challenges and unlocks business value by applying proven process methodologies with integrated IT and business process outsourcing solutions. The company applies business excellence frameworks to significantly reduce costs, enhance effectiveness, and optimize business processes. The company focuses on integrated end-to-end outsourcing and delivery of result-oriented benefits to our clients through reduced costs, ongoing productivity improvements, and process reengineering.

Our business solutions and leadership are recognized by several global forums. We are consistently ranked among the leading BPO companies in India by industry bodies such as Global Outsourcing 100 (The International Association of Outsourcing Professionals), FAO Today, and Nelson Hall.

Infosys BPO has not only pioneered 'Business Value Realization' (BVR), but has also emerged as a trusted and valued collaboration partner through consistent focus on improving process and end-business metrics. We continue to enable realization of business value, customer satisfaction, and co-creation to sustain long-term partnerships.

We take pride in being a consistent performer and are endorsed by industry analysts, customers (internal and external), and alliance partners. Infosys BPO is a global company operating in the Americas, the Asia-Pacific, Australia and Europe.

4. Share capital

During the year under review, the 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, 2014 (₹ 33.83 Crore as on March 31, 2013). No Employee Stock Options were granted and vested during the year.

5. Performance Overview

We earned revenue of ₹ 2,323 crore in financial year 2013-14 as compared to ₹ 1,831 crore in financial year 2012-13. The company ended year with net profit after tax of ₹ 512 crore when compared with the previous year of ₹ 428 crore. The company's profitability after tax for the year is 22.04%. The company continues to be amongst the most profitable BPO companies in India. The company added 6 (net) customers and now has 144 customers as on March 31, 2014. The company ended the year with 28,658 employees having added 2,855 (net) employees during the year.

Our focus on accelerating growth enabled us to grow our revenue and strengthen our market position through consistent value delivery and our presence in various external forums has enhanced our relationship with our existing customers. Another year of successful engagement has enhanced our relationship with one of the largest electronic companies in the world operating in more than 60 countries. Our wins have been strategically significant and add versatility to our portfolio. Some of the key clients won this year include an American multinational conglomerate company, a Dutch multinational Chemicals company, an Australian global investment banking company, one Australian banking and financial services company, a multinational Internet corporation headquartered in US, a leading private bank in UK that offers a wide range of financial services to private and corporate clients, Australia's largest telecommunications and media company, a US based insurance & financial services company specialized in auto, property and life insurance and retirement annuities.

This year we unveiled a Process Progression Model (PPM) which is a holistic and innovative framework to accelerate optimization and end-to-end transformation of business processes. PPM brings together multiple transformation levers and competencies developed by us, to help clients progress their business processes in a phased way and maximize efficiency and effectiveness of each process. The new framework maps the progress of each process against pre-defined client-centric benchmarks to deliver enhanced value and improved business outcomes for clients. We have good traction in cloud based services like eDiscovery. We successfully executed Proof of Concept for a Pharmaceutical client for proactive eDiscovery & defensible deletion. We have also developed our own Social Media Command Center which offers a unique value proposition and is supported by a highly skilled team of social media experts and state-of-the-art tools to manage social properties. We have recently also embarked on "BPO Future Forward through Robotics Automation". We are co-working with Infosys Labs, the research and innovation hub of Infosys, to develop automation solutions that would help significantly enhance Productivity / Utilization, both at an individual and organization level.

The year was very eventful for our global centers with the opening of 4 new delivery centers in Puerto Rico, Phoenix, Milwaukee and Costa Rica. With this our total Delivery Center count has increased to 26 locations in 13 countries. Our global presence has helped us to add multiple new logos to our repertoire.

We continue to invest in our technology solutions to leverage recent advances and trends in technology platforms to improve the end user experience. Our Technology Value accelerators have continued to be significant levers with respect to enhancing business value delivered to clients. For a few of our large clients, we have also done global rollouts of our technology transformational suite of solutions, especially in the F&A domain, covering multiple countries, integrating with leading ERPs like SAP, Oracle and JD Edwards.

HR's focus in Financial Year 2013-14 was on "Energizing People". Newer approaches and innovation was the key to develop and engage talent. Leveraging technology for wider reach and the 24/7 approach for learning resulted in initiatives like learning through kiosks, use of tablets, etc. Project Communic-Care, an initiative to enhance written and oral communication of entry level employees ensured greater relevance and connect with the ultimate customer while enhancing greater confidence and articulation skills amongst our employees. Innovative programs for developing employee competencies like the *Learn and Earn*, larger coverage through tie-ups with universities for higher education were some of the highlights to cover large sections of our employees. Greater focus on geo locations for learning and development brought in the 'value-add' which the organization is striving for. A new program called *Inception*, was launched to develop greater capability amongst our managers with the focus to delve deeper into client's minds, develop a consultative approach by using big data and technology, was a great success. Innovative interventions like '*Ideas and You'*, *Chat with leader* using the net, *Footprints* etc , were large scale employee engagement initiatives for greater connect. In our endeavor to focus on engagement of global employees, Geo ambassador program was rolled out. Our HR practices have continued to set benchmarks and win national/ international awards for being unique and demonstrating business impact.

We participated in leading industry events across Europe, the United States of America and APAC this year. Some of these include the Latin America Outsourcing Summit (Miami), Shared Services and Outsourcing week (Prague), Procurement Leaders' Summit (Boston), MBA Mortgage Summit (Orlando), Gartner Supply Chain Summit (London), CFO Roundtable with CFO Innovations (HK) among others.

Another major highlight was the huge success of Infosys BPO Confluence 2013 - our flagship event for the outsourcing industry in its 6th year in running - held in November 2013. The event was attended by clients and analysts, across industry verticals from all over the world making it the highest ever attendance for Confluence. The event entailed intensive client and analyst driven panel discussions on forces that are shaping the future of industry. The Infosys BPO thought leadership journal is in its 8th edition with contributions from sourcing advisors and analysts besides domain experts.

Keeping in view of the achievements in this Financial Year and the market landscape, our focus is on "driving client centricity". Infosys BPO has aligned its strategy and investments towards the following key priorities

1. Proactively creating and winning multi tower integrated deals
2. Investing in new service lines to stay relevant to clients evolving needs
3. Leveraging technology to automate client business processes
4. Leveraging Process Progression Model to deliver business value to the clients
5. Increasing capability of our employees by strengthening domain training delivery
6. Developing newer operating and pricing models to enhance our engagement with the clients
7. Streamline processes to drive client centricity

6. Subsidiaries

We have five subsidiaries, namely- Infosys BPO s.r.o, Infosys BPO Poland Sp. Z.o.o, Infosys McCamish Systems LLC , Portland Group Pty Ltd, and Infosys BPO S. de R.L. de C.V.

A. Infosys BPO s.r.o

The financial year was a year of growth. We expanded the customer service portfolio significantly. New lines of business were added and the subsidiary recruited 200+ new employees. The second half of the year saw the start of an exciting engagement with a reputed US-based financial institution, where the subsidiary assists the client to enter the European market. Throughout the year, the Company's F&A operations have performed well on operational parameters.

During the year under review the company generated revenue of ₹ 113.84 crore as against a revenue of ₹ 89.54 crore for the year ended on March 31, 2013 with a loss of 2.56 crore against the loss of ₹ 2.67 crore for the year ended on March 31, 2013.

B. Infosys BPO Poland Sp.Z.o.o

The centre continues to grow with existing and new clients (three new projects started in this fiscal year), focusing on high-end services (Tax, SOX Compliance, FP&A reporting and analysis, FP&A Consolidation of financial statements, BTS, onsite project work) as well as European language based services as part of Infosys global delivery model. The Center provides Business Transformation Services for local market companies and is looking for opportunities to provide BPO services to those companies. The centre has been bestowed with the following awards in the year under review: BPO Outsourcing Star (Pro Progressio, 2013), PARTNER OF INNOVATIVE EDUCATION (University of Lodz , 2013), Partner of the Year (Faculty of Management, University of Lodz, 2013), Certificate "Professional Human Resources Management" (IPISS, 2013), Responsible Employer - Leader HR ("Economic Zone" - Business Magazine, 2013), Well-regarded Firm (Business Center Club, 2013), TOP 100 IDEAL EMPLOYER (Universum, 2013) and TOP EMPLOYER (CRF Institute, 2013).

The Company has declared and paid dividend of PLN 12,136,800 (Twelve million one hundred thirty six thousand eight hundred PLN) amounting to Rs. 23,24,88,050 to its holding company Infosys BPO Limited during the financial year under review.

During the year under review, Infosys BPO (Poland) Sp.Z.o.o has generated revenue of ₹ 397.34 Crore as against revenue of ₹ 272.17 Crore for the period ended March 31, 2013 with a net profit of ₹ 63.00 Crore as against a profit of ₹ 48.71 Crore for the period ended March 31, 2013.

C. Infosys McCamish Systems LLC

During the financial year, the name of the subsidiary company was changed from McCamish Systems LLC to Infosys McCamish Systems LLC. The Financial year 2014 for Infosys McCamish has been a turnaround year. Significant investment in the first half of the year were made for the integration of the Des Moines operation which, not only provided six new marquis logos, but also establishes our footprint in a new line of business, Employer Sponsored Markets. With the majority of the Des Moines transition complete, the company expects to finish it by Q2 of FY 15. Significant cost restructuring, which began in earnest in the middle of the year, has greatly improved the company's financial performance. During this year Infosys McCamish Life Insurance Platform was recognized as a leader in Gartner's Magic Quadrant.

During Financial Year 2014 the company has generated revenue of ₹ 324.11 crore as compared to ₹ 261.18 crore in the prior year with a profit of ₹ 7.47 crore as against the prior year loss of ₹ 15.90 crore.

D. Portland Group Pty Limited

Portland Group had a strong financial year. There were large / multi-year joint deals sold and delivered with Infosys Limited and Infosys BPO Limited. The keys financial points are Revenue growth of 16% and Operating margin (after tax) of 15%.

There was also significant growth in the offshore team with a headcount increase of 58 (28 at 31 March 2013 to 86 as at 31 March 2014), with growth expected to continue. The start of Financial Year 2015 is off to a promising start with a number of large deals being sold and also the continuation of the joint deals sold between Portland Group and Infosys.

During the year under review the company generated revenue of ₹ 212.40 crore as against a revenue of ₹ 181.93 crore for the year ended on March 31, 2013 with a profit of ₹ 22.10 crore against the profit of ₹ 0.61 crore for the year ended on March 31, 2013.

E. Infosys BPO S. de. R.L. de C.V.

During the financial year under review, we have incorporated a subsidiary in Mexico in the name and style of Infosys BPO S. de. R.L. de C.V. The subsidiary is yet to commence business operations.

As per Section 212 of the Companies Act, 1956, we are required to attach the Directors' report, Balance Sheet, and Profit and Loss account of our subsidiaries. The Ministry of Corporate Affairs, Government of India vide its Circular No. 2/2011 dated February 8, 2011, exempted companies from complying with Section 212, provided such companies publish the audited consolidated financial statements in the Annual Report. The Company has published the audited consolidated financial statements for the fiscal year 2014 and the same forms part of this Annual Report. Accordingly, this Annual Report does not contain the financial statements of our subsidiaries. The audited financial statements and related information of subsidiaries are available on our website, *www.infosysbpo.com*. These documents will also be available for inspection during business hours at our registered office in Bangalore, India.

7. Liquidity

We continue to be debt free and maintain sufficient cash to meet our business requirements. We clearly understand that the liquidity in the Balance Sheet has to balance between earning adequate returns and the need to cover financial and business risks. Liquidity also enables us to make a rapid shift in direction, should the market so demand.

8. Human Resources Management

Human Resources Development being strategically aligned to the organization's plan to achieve success, imbibed this mantra of 3Rs and engineered its offering around two central themes – enhancing the value proposition of our employees which will support Client Centricity.

The focus was to build capability of the employees, provide more career opportunities and refurbish backend processes to make all employees touch points a lot smoother, agile, robust and relevant. In pursuit of achieving this we revamped all our councils, got strong cross functional teams from across all the geos and monitored progress while implementing change.

Financial Year 2013-14 has been an eventful year for HRD, where we successfully touched upon all the dimensions of CEO's vision i.e. Being Relevant to our employees and organization, ensuring we reach our employees at large and garnering respect in the Industry through our processes, practices and policies that are centered around our employees.

9. Awards and Recognition

In 2013-14, as in the years preceding, we have been bestowed with a number of awards and honors from various industry bodies and media organizations across the globe as below-

- Asia's Training & Development Excellence Awards
- TISS-LeapVault CLO Awards
- Workforce Optimas
- ASTD Excellence in Practice
- The Learning Awards 2014
- Africa Leadership Awards
- Awards for Excellence
- Infosys BPO Excellence Award
- 9th Global Talent Acquisition & RASBIC Awards
- CII-National Excellence Practice Competition-2014

10. Quality

We continue our journey of delivering value to our clients through significant investments in quality programs. We have adopted several external benchmarks and certifications. Infosys is certified under various standards to meet client demands and enhance value delivery. These include TL 9000-SV, ISO 9001, ISO 20000, OHSAS 18001, ISO 14001, ISO 27001. Infosys is the first 'IT Services / BPO organization' in India, covering multiple locations across India, to receive the ISO 22301 accredited certification awarded by British Standards Institution. In addition, Infosys BPO has been certified for SSAE 16 audit standard and PCI-DSS 2.0 standard across different delivery centers. Data centers in India, U.S. and Australia which cater hosting services to us and our clients have been certified for ISO 27001.

Our Quality department handles large change management initiatives to drive quality and productivity improvements across our Company. It is managed through the Balanced Scorecard and Infosys Scaling Outstanding Performance (iSOP) program adopted from the Malcolm Baldrige National Quality Award (MBNQA).

Our Quality department has ensured that process and technology capability is built to deliver the offerings in alignment with our Company strategy. The Quality department has been instrumental in building capability for program management of business transformation, PPS, cloud and mobility service, etc. Further, Quality department has developed accelerators and enablers with integrated methodology, tools and reusable assets.

We continue to fine-tune our 'Business Value Delivery' (BVD) framework, which ensures alignment of our approaches to deliver and maximize value to our clients. Our 'Business Value Realization' program is an initiative comprising frameworks, methodologies, processes and systems, to promote articulation and assurance of business value for various engagements. We leveraged this BVD program extensively across services / domains and were able to make a substantial impact on our clients' business value. The process excellence and transformation program has delivered significant benefit across multiple service lines.

Our Quality department is spearheading various key initiatives and driving excellence across the organization. We proactively adopted the latest external and internal industry best practices. We have institutionalized the incremental and breakthrough improvements by adopting customized programs on Six-sigma and lean methodologies for BPO. This has resulted in improving the efficiency and impacted effectiveness in services / operations leading to significant savings for our Clients.

11. 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. Our company believes that the governance process should ensure that the company is managed in a manner that meets stakeholder's aspirations and societal expectations.

Our 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 our company has complied with all norms of corporate governance applicable to Unlisted Public Companies as envisaged under the Companies Act, 1956 and Companies Act 2013.

12. Directors

(a) Resignation of Mr. V. Balakrishnan as Chairman of the Board

During the financial year under review, Mr. V. Balakrishnan resigned as the Chairman of the Board of the company with effect from December 31, 2013. The Company placed its sincere appreciation on record for the services rendered by Mr. V. Balakrishnan while he was the Chairman of the Board.

(b) Appointment of Mr. S. Gopalakrishnan as Additional Director and Chairman of the Board

In accordance with Article 114 of the Articles of Association of the company read with the Section 161(1) of the Companies Act, 2013, the Board of Directors have appointed Mr. S. Gopalakrishnan as additional director with effect from January 1, 2014 vide their resolution dated December 30, 2013. His appointment requires the approval of the members at the ensuing Annual General Meeting. The necessary resolution for obtaining the approval of members with regard to appointment of Mr. S. Gopalakrishnan has been incorporated in the notice of the ensuing annual general meeting.

(c) Appointment of Mr. Prasad Thrikutam as Additional Director

In accordance with Article 114 of the Articles of Association of the company read with the Section 161(1) of the Companies Act, 2013, the Board of Directors have appointed Mr. Prasad Thrikutam as additional director with effect from April 1, 2014 vide their resolution dated January 16, 2014. His appointment requires the approval of the members at the ensuing Annual General Meeting. The necessary resolution for obtaining the approval of members with regard to appointment of Mr. Prasad Thrikutam has been incorporated in the notice of the ensuing annual general meeting.

(d) Resignation of Mr. Chandrashekar Kakal as Director of the Board

Mr. Chandrashekar Kakal has resigned as the Director of the Board of the company with effect from April 18, 2014. The Company placed its sincere appreciation on record for the services rendered by Mr. Chandrashekar Kakal while he was the member of the Board.

(e) Directors retiring by Rotation

In accordance with Article 122 of the Articles of Association of the company, Mr. Gautam Thakkar, Managing Director and Chief Executive Officer retires by rotation in the forthcoming Annual General Meeting. Mr. Gautam Thakkar being eligible offers himself for re-appointment. Mr. Gautam Thakkar's appointment as director requires the approval of the members at the ensuing Annual General Meeting. The necessary resolution for obtaining the approval of members with regard to re-appointment of Mr. Gautam Thakkar as Director of the Company have been incorporated in the notice of the ensuing Annual General Meeting.

Board Evaluation

The Board evaluates the performance of directors through a peer-evaluation process every year. Each Board member has to present before the entire Board on how they have performed / added value to the Company. Every Board member evaluates each Board member on a scale of 1 to 3 based on the performance indicators.

Independent directors have three key roles - Governance, Control and Guidance. Some of the performance indicators based on which the independent directors are evaluated are:

- ✓ Ability to contribute to and monitor our corporate governance practices;
- ✓ Ability to contribute by introducing international best practices to address top-management issues;
- ✓ Active participation in long-term strategic planning;
- ✓ Commitment to the fulfillment of a director's obligations; and
- ✓ Fiduciary responsibilities

Executive Board Members

The performance appraisal system for executive directors provides for the alignment of the directors' targets with those of the company through a set of key performance indicators (KPIs) that are objective, rigorous and structured.

The Nomination & Remuneration Committee works with the entire Board to determine the appropriate characteristics, skills and experience required for the Board as a whole as well as its individual members. Board members and Key Managerial Personnel are expected to possess the expertise, skills and experience required to manage and guide a high-growth, high-tech IT services company, deriving revenue primarily from G-7 countries. Expertise in strategy, technology, finance, quality and human resources is essential. Generally, the members are between 40 and 60 years of age, and are not related to any executive directors or independent directors. They are not expected to serve in any executive or independent position in any company that is in direct competition with us. Board members are expected to rigorously prepare for, attend and participate in all Board and applicable committee meetings. Each member is expected to ensure that their other current and planned future commitments do not materially interfere with their responsibilities with us at Infosys BPO Limited.

The Nomination & Remuneration committee determines and recommends to the Board the remuneration payable to the directors and Key Managerial Personnel (KMP). All Board-level compensation is approved by the shareholders and separately disclosed in the financial statements. Remuneration of the executive directors and KMP consists of a fixed component and a performance incentive. The Nomination & Remuneration committee makes a quarterly appraisal of the performance of the executive directors and KMP, based on a detailed performance-related matrix. The annual remuneration of the executive directors and KMP is approved by the Nomination & Remuneration committee, within the parameters set by the shareholders at the shareholders' meetings.

The remuneration payable to the Independent Directors is limited to a fixed amount per year as determined and approved by the Board, the sum of which is within the limit of 1% of our net profits for the year, calculated as per the provisions of the Companies Act, 1956. The performance of independent directors is reviewed by the entire Board on an annual basis.

13. Details of remuneration of Mr. Gautam Thakkar, Managing Director & Chief Executive Officer

The Board of Directors vide resolution dated January 25, 2013, and the shareholders in the Annual General Meeting held on June 7, 2013, appointed Mr. Gautam Thakkar as the Managing Director and Chief Executive Officer of the company for a period of five (5) years with effect from April 1, 2013.

The details of remuneration paid to Mr. Gautam Thakkar for the year ended March 31, 2014 are as follows- **in ₹ crore**

Particulars	**March 31, 2014**
Salary, allowances including contributions to Provident Fund, Gratuity, Superannuation allowance and Performance incentive	2.74

14. 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 Act, 1956 in respect of the financial statements, is annexed to this report.

15. Fixed deposits

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

16. Auditors

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

17. 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.

18. 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 employees are annexed to this report.

19. Acknowledgments

We thank our customers, vendors, investors and bankers for their continued support during the year. We place on record our appreciation of the contribution made by employees at all levels. Our consistent growth was made possible by their hard work, solidarity, cooperation and support.

We thank the Governments of various countries where we have our operations. We also thank the Government of India, particularly the Ministry of Communication and Information Technology, the Ministry of Commerce, the Ministry of Corporate Affairs, the Ministry of Finance, the Customs and Excise Departments, the Income Tax Department, the Reserve Bank of India, the state governments, the Software Technology Parks (STPs) – Bangalore, Chennai, Gurgaon, Jaipur, Pune 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

Bangalore **S. Gopalakrishnan**

April 11, 2014 **Chairman**

Annexure to the Directors' Report

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

1. Conservation of Energy

The operations of our 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, 2014

Not applicable

3. Technology absorption, adaptation and innovation

Not applicable

4. Foreign exchange earnings and outgo

a. Foreign exchange earned and used for the year ended

in ₹Cr

Particulars	March 31, 2014	March 31, 2013
Foreign exchange earnings	1,909	1,356
Foreign exchange outgo (including capital goods and imported software packages)	659	404

For and on behalf of the Board of Directors

-s/d

S. Gopalakrishnan

Chairman

Bangalore

April 11, 2014

The Directors' Responsibility Statement as required under Section 217 (2AA) of the Companies Act, 1956

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 our 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 LLP., Chartered Accountants, and the independent auditors.

The audit committee of our 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. Gopalakrishnan
Chairman

Bangalore

April 11, 2014

Management's Discussion and Analysis (Consolidated)

Overview

Our Business

Infosys BPO Limited ("Infosys BPO"), incorporated on April 3, 2002 as "Progeon Limited", offers business process outsourcing solutions to its global clients by leveraging process, domain and people management expertise. At Infosys BPO we have built our organization around managing risk for our clients through a scalable, cost-effective and predictable delivery platform. We focus on acquiring "strategic' clients with whom we can build a deep and wide relationship over time. The company is committed to providing best-in-class services to both horizontal and vertical focus areas. Horizontal solutions comprise of Sourcing and Procurement (S&P), Customer Service (CS), Finance & Accounting (F&A), Legal Process Outsourcing (LPO), Sales & Fulfillment (S&F), Analytics (AT), Business Platform(BP), Business Transformation Services (BTS), Human resources Outsourcing (HRO), Technology Solution Optimization (TSO), while Vertical (Industry) solutions include FSI (Financial Services & Insurance), MFG (Manufacturing), ECS (Energy, Utilities, Communication and Services) and RCL (Retail, Consumer packaged goods, Logistics and Life Sciences).

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 organizations that outsource their business processes. Infosys BPO is a majority owned and controlled subsidiary of Infosys Limited. Rich industry experience 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 the Generally Accepted Accounting Principles (GAAP) in India. Our Management accepts responsibility for the integrity and objectivity of these financial statements, as well as for the various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, so that the financial statements reflect in a true and fair manner the form and substance of transactions, and reasonably present our state of affairs, profits and cash flows for the year.

I. Industry structure and development

Changing economic and business conditions, evolving consumer preferences, rapid technological innovation and adoption, and globalization are driving corporations to transform the manner in which they operate. Companies are now more focused on their core business objectives, such as revenue growth, profitability and asset efficiency. There is an increasing need for highly skilled professionals in the market to help corporations transform their business processes, optimize operations and drive innovation by leveraging technology.

According to Nelson Hall, an industry leading analyst firm, the BPO market is going to grow by 6.4% YoY from 388 BUSD to 434 BUSD (FY2012 to FY 2016). Corporations are increasingly turning to global business process service providers for higher quality, cost competitive technology solutions.

1. Increasing trend toward offshore technology services

Outsourcing the business process management critical business processes has become increasingly important to companies. Due to the availability of large qualified talent pool and the synergy with IT business, India plays an important strategic role in the offshoring strategy of our clients. The effective use of offshore services offers a variety of benefits to companies, including lower cost of ownership, lower labor costs, improved quality and innovation, faster delivery of solutions and more flexibility in scheduling. This has resulted in increased diversification in the range of services delivered offshore.

2. Global Delivery Model

Our Global Delivery Model (GDM) allows us to do work at the location where the best talent is available and to deliver where it makes the business sense with the least amount of acceptable risk.

Our GDM enables us to derive maximum benefit from:

- Access to our large pool of highly skilled professionals
- 24-hour execution capabilities across multiple time zones and languages
- Cost competitiveness across geographies
- Built-in redundancy to ensure uninterrupted services
- A knowledge management system that enables us to re-use solutions where appropriate.

We are running client's business process from 26 locations globally, of which 6 are in India and 20 are outside India. Our quality control processes and programs are designed to minimize the SLA misses and impact the business metrics of client's processes.

3. Ability to impact Business Outcomes

Clients are increasingly expecting service providers to impact the end business metrics and be more relevant in their business operations. The business benefits include increasing revenue visibility, reducing direct and indirect costs, working capital or increasing the cash flows by releasing trapped funds in the form of assets. To impact the business metrics requires benchmarking Value Levers, Business Levers and the corresponding Process levers across similar kind of engagements across verticals and horizontals. It also includes using the right set of change enablers including Process Standardization, delivery models, technology multipliers, operational optimizers and Decision accelerators.

4. Transform processes using platforms and technology tools.

Due to volatility in economic environment the clients are dedicating their efforts to variablize their costs so that they have a robust model to withstand any economic volatility. Infosys BPO has dedicated focus to help our clients to move from CAPEX to OPEX model. Many industry specific and enterprise service processes are getting standardized where we have developed domain capabilities to run these processes effectively and efficiently.

II. Financial condition

Sources of Funds

1. Share Capital

At present, we have only one class of shares referred to as equity shares having a par value of ₹10 each. Our authorized share capital is ₹123.38 Crore,divided into 12.34 Crore equity share of ₹10/- each. The issued, subscribed and paid up capital stood at ₹33.83 crore as at March 31,2014 (same as the previous year).

2. Reserves and Surplus

Securities premium reserve and Capital redemption reserve balance as at March 31,2014 are ₹ 25.49 Cr and ₹ 1.14 Cr respectively. General reserves balance as at March 31,2014 amounted to ₹ 1,000 Crore same as the previous year.
Foreign exchange translation reserve balance as at March 31,2014 is ₹ 38.69 Crore (₹ 13.85 crore in last year) i.e, an addition of ₹ 24.84 crore. The balance retained in the Profit and Loss account as at March 31,2014 is ₹ 1,470.47 crore (₹ 892.68 crore in last year) i.e., an addition of ₹577.79 crore transferred from statement of profit and loss.

In ₹ crore

Year ended	Mar 31, 2014	Mar 31, 2013
Securities premium reserve	25.5	25.5
Capital redemption reserve	1.1	1.1
Foreign exchange translation reserve	38.7	13.9
General reserve - balance	1,000.0	1,000.0
Balance in statement of profit and loss	1,470.5	892.7
Total	2,535.8	1,933.2

Application of funds

3. Fixed Assets

Capital Expenditure

We incurred a capital expenditure of ₹87.93 crore (₹71.31 crore in the previous year) comprising addition to gross block of ₹85.29 crore for the year ended March 31,2014. The entire capital expenditure was funded out of internal accruals.

Additions to gross block

During the year, we capitalized ₹108.34 crore of assets comprising ₹69.61 crore for investment in computer equipment and ₹38.72 crore in infrastructure investments. The expenditure on buildings, plant and machinary, furniture & fixtures and office equipment were ₹1.83 crore, ₹2.16 crore, ₹10.79 crore and ₹5.89 crore, respectively for the year.

During the previous year, we capitalized ₹77.49 crore of assets comprising ₹33.13 crore in computer equipment and ₹44.36 crore on infrastructure investments.

Deductions from gross block

During the year, we deducted ₹ 10.28 crore (net book value of ₹ Nil) from the gross block on retirement of assets and on disposal of various assets. During the previous year, we retired/transferred various assets with a gross block of ₹ 5.02 crore (net value of ₹ Nil).

Capital expenditure commitments

We have a capital expenditure commitment of ₹22.46 crore, as at March 31,2014 as compared to ₹ 13.53 crore as at March 31,2013.

Fixed assets snapshot		**In ₹Cr**
Year ended	**Mar 31, 2014**	**Mar 31, 2013**
Tangible assets		
Land - Leasehold	11.6	11.6
Buildings	147.4	145.5
Leasehold improvements	87.5	70.2
Office Equipment	132.5	128.2
Plant and Machinery	24.1	22.0
Computer equipment	244.1	182.3
Furniture and fixtures	73.4	62.8
Vehicles	0.0	0.0
	720.6	**622.5**
Less: accumulated depreciation	465.0	377.1
Net block	**255.5**	**245.4**
Add: capital work-in-progress	5.3	3.3
Net fixed assets	**260.9**	**248.6**
Depreciation as a % of total revenues	2.8%	3.1%
Accumulated depreciation as a % of gross block	64.5%	60.6%

4. Intangible Assets

In ₹ crore

Quarter ended	**Mar 31, 2014**	**Mar 31, 2013**
Philips SSC acquisition	83.1	83.1
Mccamish acquisition	226.6	226.6
Portland Group acquisition	175.7	175.7
Marsh BPO asset purchase	9.8	9.8
Total	495.2	495.2

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

Location	Mar 31, 2014		Mar 31, 2013	
	Sq. ft.	seats	Sq. ft.	seats
Bangalore, India	576,908	8,164	576,908	7,625
Pune, India	675,382	7,731	659,966	7,093
Jaipur, India	365,043	2,412	333,618	2,749
Gurgaon, India	75,406	822	75,406	824
Chennai, India	94,176	1,789	94,176	1,493
Manila, Philippines	132,974	2,031	107,318	1,769
San Jose, Costa Rica	10,925	139	10,921	145
Brno, Czech Republic	63,215	596	46,109	497
Lodz, Poland	181,667	1,981	150,947	1,708
Australia	7,725	103	7,725	103
US (Atlanta, Des Moines)	106,924	824	70,934	627
USA & UK (for sales force)	1,511	31	1,511	28
Netherlands	13,450	125	-	-
South Africa	2,300	21	-	-
Total	**2,307,606**	**26,769**	**2,135,539**	**24,661**

During the year, 2108 seats have been added at Pune, Bangalore, Chennai, Manila and Lodz.

5. Investments

We made several strategic investments during the year which were aimed at procuring business benefits and operational efficiency for us.

Subsidiaries

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 a wholly owned subsidiary of Infosys BPO. As on March 31, 2014 the company had ₹ 3.50 Cr. investment in the form of share capital in Infosys BPO s.r.o.

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

Infosys BPO Poland Sp..Z.o.o is the wholly owned subsidiary of Infosys BPO Limited incorporated under the laws of Poland. As on March 31, 2014 Infosys BPO Limited has ₹ 3.94Cr. investment in the form of share capital in Infosys BPO (Poland) Sp.z.o.o.

Infosys McCamish Systems LLC

Infosys McCamish Systems LLC is the wholly owned subsidiary of Infosys BPO Limited incorporated under the laws of United States. As on March 31, 2014 Infosys BPO Limited has ₹ 174.50Cr. investment in the form of share capital in Infosys McCamish Systems LLC.

Portland Group Pty Ltd

Portland Grroup Pty Ltd is the wholly owned subsidiary of Infosys BPO Limited. As on March 31, 2014 Infosys BPO Limited has ₹ 17.87 Cr. investment in form of share capital in Portland Group Pty Ltd.

6. Deferred tax assets

Infosys BPO 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 subsequently 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, assets 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, 2014 the company has recognised a deferred tax asset of ₹ 54.28 Cr. as compared to ₹ 34.57 Cr. for the year ended March 31, 2013.

7. Trade Receivables

Trade Receivables amount to ₹ 569.65 Cr. (includes ₹ 3.52 Cr. dues from Group companies) as of March 31, 2014 as compared to ₹ 548.26 Cr. as of March 31, 2013. Debtors are at 17.38% of revenues for the year ended March 31, 2014 and 21.31% of revenues for the year ended March 31,2013, representing a Day Sales Outstanding (DSO) of 73 days and 82 days for the respective years. The age profile of debtors is as follows:

		In %
Period in days	Mar 31, 2014	Mar 31, 2013
0-30	43%	51%
31-60	46%	42%
61-90	4%	4%
More than 90 days	7%	3%

Periodically, the Company evaluates all customer dues to the Company for collectability. The need for provisions is assessed based on various factors including collectability of specific dues, risk perceptions of the industry in which the customer operates, general economic factors, which could affect the customer's ability to settle. The Company normally provides for debtor dues outstanding for six months or longer from the invoice date, as at the Balance Sheet date. The Company pursues the recovery of the dues, in part or full. For the year ended March 31, 2014 ₹ 7.68 Cr. were provided towards the doubtful debts (increased by 359.29% from previous year). Remaining all debtors are considered good and realisable. The movement in provision for doubt ful debts during the year is as follows:

		In ₹ Cr.
Period in days	Mar 31, 2014	Mar 31, 2013
Opening balance	1.7	2.6
Add:- Amount provided	6.0	(0.9)
Less:-Amount written-off	-	-
Closing balance	7.7	1.7

Provision for doubtful debts as a percentage of revenue is 0.23% for the year ended March 31,2014, as against 0.06% for the year ended March 31,2013.

8. Cash and cash equivalents

In ₹ crore

As of	**Mar 31, 2014**	**Mar 31, 2013**
Cash balances	0.1	0.1
Bank balances in India		
Current accounts	11.3	14.8
Deposit accounts	1,139.0	740.3
Bank balances – overseas		
Current accounts	110.6	71.2

As of	Mar 31, 2014	Mar 31, 2013
Total cash and bank balances	**1,261.1**	**826.4**
Add: Deposits with financial institutions / body corporate	80.0	80.0
Add: Investments in Mutual Funds	274.8	151.4
Total cash and cash equivalents	**1,615.9**	**1,057.7**
Balance in current accounts as % total Cash & Bank Balances	10%	10%
Cash and cash equivalents as a % of total assets	47%	37%
Cash and cash equivalents as a % of revenues	49%	41%

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 with banks and financial institutions.

9. Loans and advances

In ₹ crore

As of	Mar 31, 2014	Mar 31, 2013
Unsecured considered good		
Loans to subsidiary Company	-	-
Prepaid Expenses	6.4	9.8
Advances for goods and services	17.8	13.0
Withholding and other taxes receivables	25.4	34.5
Sub Total	**49.7**	**57.3**
Capital advances	0.9	0.1
Unbilled Revenue	79.2	35.8
Advance income taxes	57.7	44.5
Interest Accrued but not due	5.2	6.5
Loans and advances to employees	19.7	29.8
Rental Deposits	52.7	50.5
Electricity and other deposits	2.9	4.8
Mark to market gain/loss on forward exchange contract	-	12.8
Due from service provider	135.1	117.0
MAT credit entitlement	15.7	37.4
Intercompany Receivables (Non Revenue)	3.2	9.8
	422.1	**406.3**
Less: Provision for doubtful loans and advances	1.4	0.7
Total	**420.8**	**405.6**

Advance Income Taxes include Advance Tax paid in India and US, tax deducted at source on Interest Income and on Consultancy.

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

Other assets represent Interest Accrued but not due on deposits with banks and financial institutions, employee advances, communication deposits, down payment on domestic and overseas current assets, clients reimbursements and gain on forward exchange contracts. Employee and Other Advances comprise of salary and travel advances to employees both in India and abroad, which is recoverable within a year.

Rent deposits are towards buildings on lease by the company for its business process service operations.

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

In ₹ crore

As of	Mar 31, 2014	Mar 31, 2013
Advance Income Tax and MAT credit entitlement	73.4	81.9
Advance Income Tax	57.7	44.5
MAT credit entitlement	15.7	37.4

10. Unbilled Revenue

Unbilled revenues comprise of revenue recognized in relation to efforts incurred on fixed-price, transaction based and time & material contracts not billed as of the year-end. The unbilled revenues as of March 31, 2014 and March 31, 2013 amounted to ₹79.23 Cr, and ₹ 35.77 Cr.respectively.

11. Liabilities

In ₹ crore

As of	Mar 31, 2014	Mar 31, 2013
Trade payables	6.7	44.0
Accrued salaries and benefits	224.0	208.8
Other liabilities		
Provision for expenses	333.0	290.9
Retention monies	22.7	28.2
Withholding and other taxes	34.3	20.7
Other	0.3	21.3
Advances received from clients	1.9	3.0
Unearned revenue	13.0	17.5
Liability for investment in subsidiary	-	23.1
Mark to market loss on forward exchange contract	2.0	-
Due to carrier/insurance provider	135.1	117.0
Total	**773.1**	**774.5**

Trade Payables represent the amount payable to vendors for the supply of goods, both domestic and overseas and for services rendered.

Accrued Compensation to Staff includes provision for salaries, allowances and variable pay to employees both in India and abroad, provision for bonus, performance and salary incentives payable to the staff. It also comprises 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.

12. Unearned Revenue

Unearned revenue represents revenue not recognised due to non confirmity with revenue recognition principles. The deferred revenues amounted to ₹ 12.97 Cr as of March 31, 2014 and ₹ 17.45 Cr. as of March 31, 2013.

13. Provisions

In ₹ crore

	Mar 31, 2014	Mar 31, 2013
Income taxes	29.2	19.0
Unavailed leave	64.2	49.8
Service level agreement- risk	29.9	11.9
Total	**123.3**	**80.7**

Provision for unavailed leave is towards our liability for leave encashment valued on actuarial basis. 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 (Provisions, contingent liabilities and contingent assets) the movement in provision for service level agreement is given below:

In ₹ crore

	Mar 31, 2014	Mar 31, 2013
Balance at the beginning of the period	11.9	8.8
Additional provision made during the period	19.0	9.6
Provisions used during the period	1.0	0.3
Unused amount reversed during the period	-	6.3
Balance at the end of the period	29.9	11.9

III. Results of Operations

The function wise classification of statement of Profit and Loss account is as follows: In ₹ crore

	Year ended Mar 31,			
	2014	%	2013	%
Revenues from business process management services	3,278	100.0%	2,572	100.0%
Cost of revenue	2,152	65.6%	1,699	66.0%
Gross profit	1,126	34.4%	873	34.0%
Selling and marketing expenses	116	3.6%	98	3.8%
General and administrative expenses	307	9.4%	254	9.9%
Operating profit before depreciation	703	21.4%	521	20.3%
Depreciation and amortization expense	91	2.8%	78	3.1%
Operating profit	612	18.7%	443	17.2%
Other income	137	4.2%	149	5.8%
Profit before tax	749	22.8%	592	23.0%
Tax expense	171	5.2%	134	5.2%
Profit after tax	578	17.6%	458	17.8%

Consolidated Revenues for the year was ₹ 3,278.49 Cr. as against ₹ 2,572.40 Cr. for the previous year. Gross Margin post depreciation for the year was ₹ 1,035.47 Cr. compared to ₹ 794.97 Cr. during the previous year. Net Income for the current year was ₹ 577.79 Cr. as compared to ₹ 458.49 Cr. for the previous year. Gross Addition to headcount for the year ended March 31, 2014 was 13,092 compared to 12,152 as at the end of the previous year.

1. Income

In ₹ crore

Year ended	Mar 31, 2014	%	Mar 31, 2013	%	Growth
Revenues					YoY
Overseas	3,257.4	99%	2,554.7	99%	28%
Domestic	21.1	1%	17.7	1%	19%
Total	**3,278.5**	**100%**	**2,572.4**	**100%**	**27%**

Revenues for the current year increased by 27.45% as compared to the immediately preceding year.

1.1 Analysis of Consolidated Revenues

The company's revenues are segmented into onsite and offshore revenues. Onsite revenues are those services which are performed at client sites or at our global development centers located in the same country where the client is based out of, while offshore services are those services which are performed at the company's operations centers located in the country other than where the client is based out of.

The details of revenues and products are as follows:- In ₹ crore

Year Ended	Mar 31, 2014	%	Mar 31, 2013	%
Onsite	581.6	17.7%	384.4	14.9%
Offshore	2,696.9	82.3%	2,188.0	85.1%
Total	**3,278.5**	100.0%	**2,572.4**	**100.0%**

The details of the man months efforts are given below:-

Efforts in Person Months

Year Ended	Mar 31, 2014	Mar 31, 2013
Onsite	7,795	5,481
Offshore	175,426	156,081
Billed-total	183,221	161,562
Non-billable	71,441	63,996
Training	13,325	10,845
Total professionals	267,987	236,402
BEF,Sales & Long Leaves	15,643	12,947
Total	**283,630**	**249,349**

1.2 Revenues by Project Type

The company's revenues are generated principally on time and material basis, Transaction based 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 recognized as the related services are rendered.

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

Year Ended	Mar 31, 2014	Mar 31, 2013
Fixed price	13.7%	8.5%
Transaction Based Pricing	27.2%	26.6%
Time and material	59.1%	64.9%
Total	**100.0%**	**100.0%**

1.3 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 revenue by industry:-

Year Ended	Mar 31, 2014	Mar 31, 2013
Financial Services & Insurance (FSI)	30.8%	28.1%
Manufacturing Enterprises (MFG)	35.5%	33.4%
Energy, Utilities, Communication and Services (ECS)	22.7%	26.4%
Retail, Consumer packaged goods, Logistics and Life Sciences (RCL)	10.9%	12.1%
Total	**100.0%**	**100.0%**

1.4 Revenues by Geographic Region

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

Year Ended	Mar 31, 2014	Mar 31, 2013
North America	48.2%	47.0%
Europe	34.0%	33.1%
India	3.8%	6.1%
Others	14.0%	13.8%
Total	**100.0%**	**100.0%**

1.5 Client Concentration and New Business Development

For the year ended March 31, 2014, the company has 144 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, 2014	Mar 31, 2013
Active Clients	144	138
Added during the year	29	28
Deleted during the year	23	16
Revenue – top client	13%	11%
Revenue – top 5 clients	30%	32%
Revenue – top 10 clients	41%	46%

1.6 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, 2014, the voice and non voice proportion was at 11 : 89 whereas for the previous year, the voice and non-voice proportion was 12 : 88

2. Expenditure

In ₹ crore

Year Ended	March 31, 2014					March 31, 2013					Growth %
	IBPO	McCamish	Portland	Total	%	IBPO	McCamish	Portland	Total	%	(YoY)
Revenues	2,749.1	318.3	211.1	3,278.5	100.0%	2,129.6	261.4	181.4	2,572.4	100.0%	27.4%
Cost of Services	1,726.9	265.4	160.0	2,152.3	65.6%	1,298.3	239.9	160.6	1,698.8	66.0%	26.7%
Gross Profit	1,022.2	52.8	51.2	1,126.2	34.4%	831.2	21.5	20.9	873.6	34.0%	28.9%
Selling & Mktg	102.8	12.7	1.2	116.7	3.6%	83.8	13.2	0.6	97.6	3.8%	19.5%
Gnrl and Admin	256.9	33.3	16.9	307.0	9.4%	210.3	19.8	23.9	254.0	9.9%	20.9%
Total	359.7	46.0	18.0	423.7	12.9%	294.1	33.1	24.5	351.7	13.7%	20.5%
Operating Profit	662.5	6.9	33.1	702.5	21.4%	537.1	(11.6)	(3.6)	521.9	20.3%	34.6%
Depreciation	83.6	6.3	0.8	90.7	2.8%	71.3	6.0	1.3	78.6	3.1%	15.4%
Operating profit After	578.9	0.5	32.4	611.8	18.7%	465.8	(17.6)	(4.9)	443.3	17.2%	38.0%
Other income	130.3	5.9	1.2	137.4	4.2%	148.7	(0.2)	0.5	149.0	5.8%	-7.8%
Profit before tax	709.1	6.4	33.6	749.1	22.8%	614.5	(17.8)	(4.4)	592.3	23.0%	26.5%
Provision for tax	159.8	-	11.5	171.3	5.2%	138.8	-	(5.0)	133.8	5.2%	28.1%
Profit after tax	549.3	6.4	22.1	577.8	17.6%	475.7	(17.8)	0.6	458.5	17.8%	26.0%

Note: The expenditure pertaining to Infosys BPO s.r.o and Infosys BPO (Poland) Sp z.o.o are clubbed under IBPO

2.1 Cost of Services

In ₹ crore

Year Ended			Mar 31, 2014					Mar 31, 2013			Growth %
	IBPO	McCamish	Portland	Total	%	IBPO	McCamish	Portland	Total	%	(YoY)
Employee Costs	1,331.4	137.2	129.6	1,598.2	48.7%	986.5	125.8	132.3	1,244.6	48.4%	28.4%
Travelling expenses	100.7	2.5	7.7	110.9	3.4%	95.9	2.0	8.0	106.0	4.1%	4.7%
Consultancy	99.4	81.2	17.7	198.3	6.0%	52.7	85.4	16.7	154.8	6.0%	28.2%
Cost of software	22.9	25.2	1.6	49.7	1.5%	30.7	8.9	0.0	39.7	1.5%	25.2%
Communication expenses	43.3	2.7	0.3	46.2	1.4%	33.6	1.9	0.4	36.0	1.4%	28.5%
Rent	85.2	6.8	3.0	95.0	2.9%	68.3	4.7	1.8	74.7	2.9%	27.1%
Other expenses	43.9	9.9	0.1	54.0	1.6%	30.7	11.1	1.3	43.1	1.7%	25.2%
Total	1,726.9	265.4	160.0	2,152.3	65.6%	1,298.3	239.9	160.6	1,698.8	66.0%	26.7%
Revenues	2,749.1	318.3	211.1	3,278.5		2,129.6	261.4	181.4	2,572.4		

Note: The expenditure pertaining to Infosys BPO s.r.o and Infosys BPO (Poland) Sp z.o.o are clubbed under IBPO

Employee Cost consists of salaries paid to employees in India and include overseas staff expenses. Details of total billed and non-billable person months and gross addition for the year are as follows:-

Year Ended	Mar 31, 2014	Mar 31, 2013
Billed Person Month	183,221	161,562
Non Billable and Trainee Person Month	84,766	74,840
Gross Addition of employees	13,092	12,152
Aggregate Employees	27,157	24,634

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, 2014	Mar 31, 2013
Including trainees	68.4%	68.3%
Excluding trainees	71.9%	71.6%

Travelling expenses, representing cost of travel abroad for transition and discovery, client visits, local conveyance etc constituted approximately 3.38% and 4.12% of total revenue for the year ended March 31, 2014 and March 31, 2013 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.

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 1.41% and 1.40% of revenues for the years ended March 31, 2014 and March 31, 2013 respectively.

Other expenses represent office and computer maintenance, consumables and general expenses, which were 1.65% and 1.68% of the revenues for the year ended March 31, 2014 and March 31, 2013 respectively.

2.2 Selling and Marketing expenses

In ₹ crore

Year Ended	March 31, 2014					March 31, 2013					
	IBPO	McCamish	Portland	Total	%	IBPO	McCamish	Portland	Total	%	Growth % (YoY)
Employee costs	75.3	11.2	0.6	87.1	2.7%	53.3	10.5	-	63.8	2.5%	36.4%
Foreign travel	11.6	0.8	0.1	12.5	0.4%	10.6	0.6	-	11.2	0.4%	12.0%
Brand building	5.3	0.7	0.0	6.1	0.2%	6.9	0.4	0.3	7.7	0.3%	-20.8%
Professional charges	0.6	0.0	-	0.6	0.0%	0.5	(0.0)	-	0.5	0.0%	9.6%
Recruitment expenses	1.4	-	-	1.4	0.0%	1.0	-	-	1.0	0.0%	43.1%
Rent	2.8	0.1	0.0	2.9	0.1%	2.4	0.1	-	2.5	0.1%	16.5%
Other expenses	5.9	(0.2)	0.4	6.1	0.2%	9.1	1.6	0.2	11.0	0.4%	-44.1%
Total	**102.8**	**12.7**	**1.2**	**116.7**	**3.6%**	**83.8**	**13.2**	**0.6**	**97.6**	**3.8%**	**19.5%**
Revenues	2,749.1	318.3	211.1	3,278.5		2,129.6	261.4	181.4	2,572.4		

The company incurred Selling and Marketing expenses at 3.56% of its revenue during the current year as compared to 3.80% during the previous year.

Employee costs consist of salaries paid to sales and marketing employees and include the bonus payments made to sales personnel.

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 utilized 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 144 clients as compared to 138 clients in the previous year.

2.3 General and administration expenses

In ₹ crore

Year Ended			Mar 31, 2014					Mar 31, 2013			Growth %
	IBPO	McCamish	Portland	Total	%	IBPO	McCamish	Portland	Total	%	(YoY)
Employee Costs	100.2	15.9	6.9	123.0	3.8%	84.3	10.7	11.3	106.2	4.1%	15.8%
Professional Charges	16.0	2.8	0.4	19.2	0.6%	13.0	1.3	0.9	15.2	0.6%	26.4%
Rent	5.6	0.2	0.3	6.1	0.2%	7.6	0.2	1.5	9.4	0.4%	-34.7%
Power and fuel	30.0	0.3	0.2	30.5	0.9%	27.3	0.3	0.1	27.8	1.1%	9.6%
Travel and Conveyance	1.7	0.3	1.5	3.5	0.1%	3.3	0.4	0.5	4.1	0.2%	-15.7%
Cost of Software	2.4	1.5	0.1	4.0	0.1%	2.6	-	-	2.6	0.1%	53.1%
Office Maintenance	46.0	1.3	1.1	48.4	1.5%	40.1	0.5	0.9	41.5	1.6%	16.7%
Insurance Charges	13.7	0.4	0.8	14.8	0.5%	9.1	0.7	0.5	10.4	0.4%	42.8%
Other expenses	41.2	10.7	5.5	57.5	1.8%	22.9	5.7	8.2	36.8	1.4%	56.0%
Total	256.9	33.3	16.9	307.0	9.4%	210.3	19.8	23.9	254.0	9.9%	20.9%
Revenues	2,749.1	318.3	211.1	3,278.5		2,129.6	261.4	181.4	2,572.4		

The company incurred General and administration expenses amounting to 9.36% of its total revenue during the current year as compared to 9.87% of revenues during the previous year.
Professional charges include fees paid for availing services such as consultant charges, US GAAP audit, legal fees, etc.

3. Operating profits

During the year ended March 31, 2014, the company earned an operating profit (profit before tax and excluding other income) of ₹ 611.75 Cr.representing 18.66% of revenues as compared to ₹ 443.31 Cr. representing 17.23% of revenues during the previous year.

4. Interest

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

5. Depreciation and Amortization

The company provided a sum of ₹ 90.73 Cr. and ₹ 78.59 Cr. towards depreciation for the years ended March 31, 2014 and March 31, 2013 respectively representing 2.77% and 3.05% of total revenues respectively. The depreciation and amortization as a percentage of average gross block is 7.78% and 7.30% for the years ended March 31, 2014 and March 31, 2013 respectively.

6. 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 ₹ crore

Year Ended	Mar 31, 2014	Mar 31, 2013
Interest Income	87.8	63.1
On deposits with financial institution/bodies corporate	4.9	5.8
On deposits with banks	82.9	57.3

Year Ended	Mar 31, 2014	Mar 31, 2013
Dividend income	16.8	6.8
Exchange differences	(14.3)	3.0
Rental Income from subsidiaries	10.6	12.0
Miscellaneous Income	36.4	63.9
Profit on sale of Investment	0.0	0.1
Total	137.4	149.0

Miscellaneous Income includes McCamish Contingent consideration written off.

Gains/ (Losses) on forward foreign exchange and option contracts

The Group uses forward exchange contracts and option 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.

The composition of currency-wise revenue for the year ended March 31,2014 and March 31, 2013 is as follows:

Currency	Mar 31, 2014	Mar 31, 2013
US Dollar(USD)	54.1%	57.0%
UK Pound (GBP)	10.4%	12.9%
Euro (EUR)	15.4%	12.0%
Australian Dollar (AUD)	11.7%	10.9%
Others	8.4%	7.2%
Total	100.0%	100.0%

7. Provision for tax

The present Indian corporate tax rate is 33.99% (comprising a base rate of 30% and a surcharge of 10% on the base rate and an educational cess of 3% on the cumulative tax).The company had exemptions 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 was restricted to 10 consecutive years beginning from the financial year when the unit started rendering business process management services or March 31, 2013, whichever was 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.

Provisions for taxation represent estimated income tax liabilities, both in India and abroad. For the year ended March 31, 2014, provision for taxation amounts to ₹ 182.34 Cr. Deferred tax assets of ₹ (20.30) Cr. were recognised and MAT credit entitlement for ₹ 9.30 Cr. was accounted for. Net impact of provision for taxation for different period is as follows.

In ₹ crore

As of	Mar 31, 2014	Mar 31, 2013
Current taxes	182.3	130.0
Deferred taxes	(20.3)	(13.2)
MAT Credit Entitlement	9.3	17.1
Total	171.3	133.8

8. Net profit

The net profit of the company from ordinary activities amounted to ₹ 577.79 Cr. and ₹ 458.49 Cr. for the year ended March 31, 2014 and March 31, 2013 respectively. This represents 17.62% and 17.82% of total revenue for the respective years. Excluding other income of ₹ 137.37 Cr. (4.19% of revenues) in the current year as compared to ₹ 148.98 Cr. (5.79% of revenues) in the previous year, the net profit would have been ₹ 440.41 Cr. and ₹ 309.51 Cr. in the current and previous year respectively.

9. Segmental profitability

Our revenue represented along industry classes comprise the primary basis of segmental information set out in the financial statements. Secondary segmental reporting is performed on the basis of the geographical location of customers. The detail of Income & operating income by industry & Geographical segments are provided in this section.

10. Industry Segment

In ₹ crore

	FSI(1)	MFG(2)	ECS(3)	RCL(4)	Total
Segmental revenues					
	1,011.3	1,163.2	745.7	358.4	3,278.5
FY 2013	723.2	859.2	678.4	311.5	2,572.4
Growth%	40%	35%	10%	15%	27%
Segmental operating income					
FY 2014	223.3	236.9	172.9	69.4	702.5
FY 2013	160.9	210.0	110.3	40.7	521.9
Growth%	39%	13%	57%	71%	35%
Segmental operating income					
FY 2014	22.1%	20.4%	23.2%	19.4%	21.4%
FY 2013	22.2%	24.4%	16.3%	13.1%	20.3%

(1) Financial Services & Insurance (2) Manufacturing (3) Energy, Utilities, Communication and Services (4) Retail, Consumer packaged goods, Logistics and Life Sciences

Geographic Segment

In ₹ crore

	North America	Europe	Others*	Total
Segmental revenues				
FY 2014	1,573.8	1,117.3	587.4	3,278.5
FY 2013	1,193.0	856.7	522.7	2,572.4
Growth%	32%	30%	12%	27%
Segmental operating income				
FY 2014	408.6	210.9	83.0	702.5
FY 2013	299.2	197.2	25.5	521.9
Growth%	37%	7%	225%	35%
Segmental operating income				
FY 2014	26.0%	18.9%	14.1%	21.4%
FY 2013	25.1%	23.0%	4.9%	20.3%

* India and Rest of the world

10. Liquidity

The growth of the company has been largely financed by cash generated from operations. As of March 31, 2014 the company had cash and cash equivalents of ₹ 1615.9 Cr. including short term liquid investments in money market instruments amounting to ₹ 80.0 Cr. and investment in Mutual fund amounting to ₹ 274.8 Cr. The cash and cash equivalents increased by ₹ 558.2 Cr. during the year.

Cash flow statement

In ₹ crore

	Mar 31, 2014	Mar 31, 2013
Cash Flows :		
Operating Activities	541.2	399.2
Investment Activities	(7.7)	(6.3)
Financing Activities	-	-
Effect of exchange differences on translation of foreign currency cash and cash equivalents	24.7	4.9
Net increase in cash and cash equivalents	558.2	397.8
Cash and cash equivalents at the beginning of the period	1,057.7	266.5
Cash and cash equivalents at the end of the period	1,615.9	1,057.7

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.

Working Capital

In ₹ crore

As on	Mar 31, 2014	Mar 31, 2013
Current assets	2,496.3	1,913.3
Current liabilities	852.7	791.9
Working capital	1,643.7	1,121.4
Current ratio	2.9 : 1	2.4 : 1

Working capital increased by ₹ 522.28 crore from the year end 2013 position. The Key changes are described below:

Current assets increased by ₹583.02 crore due to increase in Cash & cash equivalent by ₹434.72 crore, Trade receivable by ₹21.38 crore, investment in mutual fund by ₹123.47 Cr, decrease in unbilled revenue (₹ 5.80) crore & increase in other unsecured debt by ₹15.65 Cr.

Current liabilities increased by ₹60.74 crore mainly due to increase in Witholding and other taxes by ₹13.61 crore, Due to carrier/insurance provider by ₹18.11 crore, Provision for unavailed leave by ₹14.38 crore and Provision for expenses by ₹42.10 crore and Provision for SLA risk by ₹18.03 crore.

Management uses a free cash flow measure to evaluate the company's operating results, evaluate strategic investment and assess the company's ability and need to incur and service debt. Free cash flow is not defined term under IGAAP and it should not be inferred that the entire free cash flow amount is available for discretionary expenditure. The company defines free cash flow as net cash from operating activities less net capital expenditure. in ₹ crore

For the year ended March31:	2014	2013	2012	2011
Net cash from operating activities per IGAAP	541	399	272	175
Less :- Capital expenditure, net	(111)	(76)	(108)	(55)
Free cash flow	**430**	**323**	**164**	**121**
Acquisition	-	(5)	(195)	-

For the year ended March31:	2014	2013	2012	2011
Dividend/Interest received	106	75	58	30
Divestitures/(Investment)	(126)	(131)	1	180
Effect of exchange differences on translation	25	5	(5)	2
Change in cash, cash equivalent	**435**	**266**	**22**	**333**

11. Stock option plans

Employee Stock Option Plan (2002 plan)

As at March 31, 2014, the options held by Infosys Limited have expired. These options have not been considered while computing dilutive earnings per share of the company from the date Infosys Limited owned these options.

12. Capital Commitments and contingent liabilities

	As at March 31, 2014		As at March 31, 2013	
a. Forward Contracts Sell	In base currency (Mn)	In ₹Cr	In base currency (Mn)	In ₹Cr
USD/INR	19.0	113.8	32.0	173.7
GBP/USD	-	-	-	-
EUR/PLN	14.0	111.6	12.0	83.4
USD/PLN	3.0	18.0	1.7	9.1
USD/CZK	3.0	18.0	3.0	16.3
GBP/INR	4.0	39.9	10.3	84.3
EUR/USD	-	-	0.1	3.5
EUR/INR	2.0	14.5	-	-
CZK/USD	2.0	12.0	-	-
Total forward contracts o/s		327.8		370.2
b. Estimated Amount of unexecuted capital contracts (net of advance and deposits)		22.5		13.5
c. Claims against the company not acknowledged as debts		25.7		12.8
Aggregate capital commitments and contingent liabilities		376.0		396.5

IV. Opportunities & threats:

1. Our strengths

We believe that competitive strengths include Leadership in providing innovative solutions that enable our clients to deliver improved business results in addition to optimizing the efficiency of their business; proven global delivery model, commitment to quality and process execution; strong brand and long standing client relationships; status as an employer of choice; ability to scale; innovation and leadership

2. Our strategy

In Infosys BPO, we provide the best customer experience to our clients. Infosys BPO addresses business challenges and unlocks business value by applying proven process methodologies, integrated IT and business process outsourcing solutions. The company applies business excellence frameworks to significantly reduce costs, enhance effectiveness and optimize business processes

To achieve this we believe in a culture of Client Centricity and that motivates us to continuously deliver the best customer experience. The central theme for IBPO Strategy FY'15 is Driving Client Centricity. Infosys BPO has laid out the following strategic initiatives for FY'15:

a) People Capability Development: Strengthen delivery by focusing on crucial competencies, implement Integrated Development Ecosystem approach in engagements and enhance the training and delivery in global centers.

b) Leveraging Process Progression Model: To transform Clients' Business Processes by aligning all pursuits to PPM messaging and taking existing accounts to next maturity level.

c) Developing New Service Lines: To develop brand new service offerings to our clients or providing more focus and organizational commitment behind a nascent existing offering.

d) Streamlining Processes: To simplify internal processes by reducing hand-offs wherever possible by merging sub-processes, by reducing touch points and turn-around time for overall processes and by redefining SLA metrics and targets wherever applicable. This in turn will help us serve our clients better.

e) Augmenting Technology: To enhance Productivity / Utilization by leveraging technology – both at an individual and organization level. Automation of the processes with the help of Point Solutions and Infosys Lab Platforms would enable us to reduce the headcount while delivering the same amount of work more efficiently.

f) Developing Alternate Engagement Models: To radically change the way we deliver services to our clients and engage them through alternate delivery models, commercial models and service lines.

g) Enhance Sales Effectiveness: To enhance growth through large deals and increase volume deals effectiveness through more focus and to improve the win rate through better utilization and assignment of resources.

Besides Technology Innovation, Operational Innovation is important as well specifically for those services where the market and client maturity is very high such as Finance and HR processes. Based on the benchmarks and wealth of knowledge from existing operations and practices, Infosys BPO develops and offers new engagement models such as Transaction Pricing, Outcome Based Pricing, Shared Service Model, Six Sigma/Lean plus Technology to provide higher business value and impact to clients.

3. Our competition

We operate in a highly competitive and rapidly changing market and compete with consulting firms such as Accenture Limited, Atos Origin SA. Deloitte Consulting LLP; divisions of large multinational technology firms such as Hewlett-Packard Company and IBM Corporation; Business Process Outsourcing firms such as Genpact Limited and WNS Global Services; and specialty platform and SaaS companies.

In future, we expect an intensified competition from some of the firms above, and may also experience competition from new competitors. In particular, we expect increased competition from firms that strengthen their offshore presence in India or other low-cost locations and from firms in market segments that we have recently entered.

We understand that price alone cannot constitute a sustainable competitive advantage. We believe that the principal competitive factors in our business are the ability to attract and retain high- quality management, technology professionals and sales personnel; articulate and demonstrate long-term value to potential clients; effectively integrate onsite and offshore execution to deliver high quality, scalable, and cost-effective services; increase the scale and breadth of service offerings to provide one-stop solutions for customer needs; keep pace with ever-changing technology and customer requirements; a strong and well-recognized brand; a proven track record of performance excellence and customer satisfaction; the financial strength to be able to invest in personnel and infrastructure to support the evolving demands of customers; and high ethical and corporate governance standards to ensure honest and professional business practices and protect the reputation of the Company and its customers. We believe we compete favorably with respect to these factors.

V. Outlook, risk and concerns:

This section contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these statements as a result of certain factors

The following lists our outlook, risks and concerns:

- Our revenues and expenses are difficult to predict and can vary significantly from period to period. We may not be able to sustain our previous profit margins or levels of profitability.
- The economic environment, pricing pressure and decreased employee utilization rates could negatively impact our revenues and operating results.
- Our revenues are highly dependent on clients primarily located in the U.S. and Europe, as well as on clients concentrated in certain industries. An economic slowdown or other factors that affect the economic health of the U.S., Europe or those industries, or any other impact on the growth of such industries, may affect our business.
- Our success depends largely upon our highly skilled professionals and our ability to attract, hire, train, motivate and retain them.
- Any inability to manage our growth could disrupt our business and reduce our profitability.
- We may face difficulties in providing end-to-end business solutions for our clients, which could lead to clients discontinuing their work with us, which in turn could harm our business.
- Intense competition in the market for technology services could affect our cost advantages, which could reduce our share of business from clients and decrease our revenues.
- Our revenues are highly dependent upon a small number of clients, and the loss of any one of our major clients could significantly impact our business.
- Legislation in certain countries in which we operate, including the U.S. and the U.K., may restrict companies in those countries from outsourcing work to us, or may limit our ability to send our employees to certain client sites.
- Our success depends in large part on our management team and key personnel and our ability to attract and retain them.
- Our failure to complete fixed-price, fixed-timeframe contract or transaction-based pricing contracts within budget and on time may negatively affect our profitability.
- Our client contracts can typically be terminated without cause and with little or no notice or penalty, which could negatively impact our revenues and profitability.
- Our engagements with customers are singular in nature and do not necessarily provide for subsequent engagements.
- Our client contracts are often conditioned on our performance which, if unsatisfactory could result in lesser revenues.
- Some of our long-term client contracts contain benchmarking provisions which, if triggered, could result in lower future revenues and profitability under the contract.
- Our increasing work with governmental agencies may expose us to additional risks.
- Our business will suffer if we fail to anticipate and develop new services and enhance existing services in order to keep pace with rapid changes in technology and in the industries on which we focus.
- Compliance with new and changing corporate governance and public disclosure requirements adds uncertainty to our compliance policies and increases our costs of compliance.

- Disruptions in telecommunications, system failures, or virus attacks could harm our ability to execute our Global Delivery Model, which could result in client dissatisfaction and a reduction of our revenues.

- We may be liable to our clients for damage caused by disclosure of confidential information, system failures, errors or unsatisfactory performance of services.

- We are investing substantial cash assets in new facilities and physical infrastructure, and our profitability could be reduced if our business does not grow proportionately.

- We may be unable to recoup our investment costs to develop our technology products.

- We may engage in acquisitions, strategic investments, strategic partnerships or alliances or other ventures that may or may not be successful.

- We may be the subject of litigation which, if adversely determined, could harm our business and operating results.

- The markets in which we operate are subject to the risk of earthquakes, floods, tsunamis and other natural and manmade disasters.

- Our net income would decrease if the Government of India reduces or withdraws tax benefits and other incentives it provides to us or when our tax holidays expire or terminate. In the event that the Government of India or the government of another country changes its tax policies in a manner that is adverse to us, our tax expense may materially increase, reducing our profitability.

- We operate in jurisdictions that impose transfer pricing and other tax-related regulations on us and any failure to comply could materially and adversely affect our profitability.

- Wage pressures in India and the hiring of employees outside India may prevent us from sustaining our competitive advantage and may reduce our profit margins

- Terrorist attacks or a war could adversely affect our business, results of operations and financial condition.

- Regional conflicts in South Asia could adversely affect the Indian economy, disrupt our operations and cause our business to suffer.

- Changes in the policies of the Government of India or political instability could delay the further liberalization of the Indian economy and adversely affect economic conditions in India generally, which could impact our business and prospects.

- Our international expansion plans subject us to risks inherent in doing business internationally.

- Our ability to acquire companies organized outside India depends on the approval of the Government of India and/or the Reserve Bank of India, and failure to obtain this approval could negatively impact our business.

VI. Internal control system and their adequacy:

The CEO and CFO certification provided in the CEO & CFO certification section of the Annual Report discusses the adequacy of our internal control & procedures.

VII. Material developments in human resources:

Our culture and reputation as a leader in the business process outsourcing services industry enables us to recruit and retain some of the best available talent in India.

Infosys®

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 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. 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
- Costa Rica

Europe
- Czech Republic
- Netherlands
- Poland
- South Africa

APAC and Australia
- China
- India
- Philippines

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, CFO along with the Head of Quality and Head Risk Management 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.

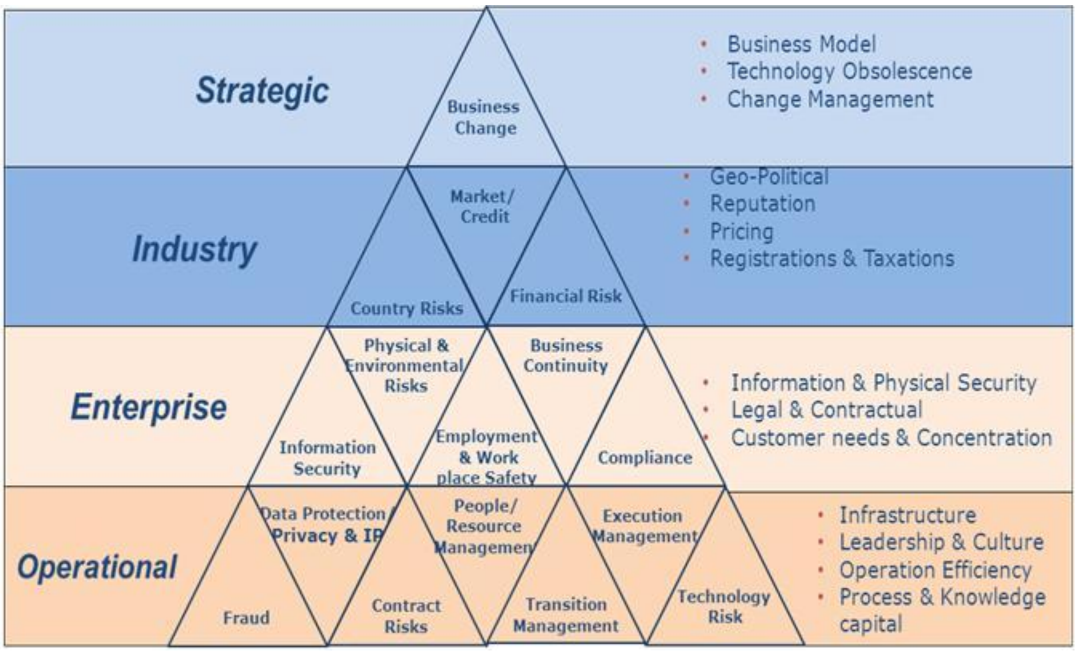
Internal Assessment: Self-Assessment is a self-review mechanism done by respective engagement account owner to assess the health of the process at least once in a year. Independent Assessment is an independent evaluation of the engagement performance by an independent assessor. Independent Assessment is done on a sample basis. Performance of engagements against the critical parameters like CSAT, Attrition, Customer complaints, Risk, Gross margin, Service credits payouts, New engagements & Reverse Transitioning engagements would be evaluated for selecting the assessment sample. Sampled engagements would be assessed during the Financial year.

Corporate Audits – Certifications and Assessments Team (CCAT): CCAT team part of the Corporate Audit Group conducts Internal audits for the engagements sampled (sampled as per audit sample criteria) during the Fiscal year.

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:



Risk reporting:

Identification and Analysis of key risks to Business Objectives, Client Engagement and its impacts, mitigation measures and target closure dates is presented to Risk Council on a periodic basis. Additionally, Information Security risks, Business Continuity risks, Intellectual Property risks and Data Privacy risks are also highlighted to other appropriate group level forums.

Third Party Assurance

Infosys BPO's internal controls are also audited by third party and this is done via the International Standards of Assurance Engagements (ISAE) 3402 is an internationally recognized auditing standard developed by International Auditing and Assurance Standards Board (IAASB), which is part of the International Federation of Accountants (IFAC). An ISAE 3402 audit suggests that a service organization has been through an in-depth audit of control activities, which generally include controls over information technology and related processes. Infosys BPO has been providing all clean reports since 2004. The audit is conducted by one of big four audit firms.

Infosys BPO has covered the following locations for SOC1,Type 2 audit: Manila (Market, Market), Philippines; McCamish (Atlanta-USA); Bangalore, Chennai, Pune, Jaipur and Gurgaon, India; Lodz, Poland; and Brno, Czech Republic; Hangzhou, China; Monterrey, Mexico; Belo Horizonte, Brazil.

Report on Health, Safety and Environment

Our company is committed to high standards of environmental management, and to provisioning of a safe and healthy work place, to our employees, consultants and contractors. During the year we worked to enhance our Health, Safety and Environmental performance through better systems and processes and use of technology.

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

It is our endeavor to have and operate a Health, Safety and Environmental Management System at various locations that meet and exceed ISO 14001 standards and OHSAS 18001 specifications. The Ozone initiative helps us to comply fully with all legal requirements and meet or exceed these expectations wherever we operate in the world.

The various processes under the initiative include and are not limited to:

- Identification and management of hazards and risks related to Health & Safety
- Identification and management of activities causing environmental impacts
- Processes for operational controls
- Establishment of HSE objectives and targets which are achieved through Management programs
- Identification of HSE training needs and ensuring periodic training
- Establishment and operation of Occupational Health and Safety Committees

The various initiatives undertaken in the year 2013-14 includes:

Awareness: Various awareness campaigns were held across development centres to create awareness amongst employees, including contractual staff to ensure support and compliance. ECO groups also were involved in spreading awareness.

Green Intitiatives: Our company completed the Pune SEZ Building and various green initiatives were undertaken like Erosion and Sedimentation Control, Reduced Site Disturbance, Protected/restored habitat, Storm water designed and Quantity control, roof insulation and heat island effect, Light Pollution reduction, water efficiency in Air conditioning system, building management systems, CFC reduction in HVAC & R, Outdoor air delivery monitoring, Low emitting materials, Adhesives and sealants, Daylight in 75% of spaces, open views for 90% of spaces. Our company also received the LEED Platinum rating in Green Building for this project.

Energy: We are working with some of the best research institutes and adopt many best practices across the world to implement the latest technologies at our new and existing campuses. These include:

- 'Building energy management solutions': We have developed a very strong practice of creating smart-building solutions, which gives us a real-time control on our energy assets.
- 'Green buildings': Every new building at our campuses is constructed using integrated design methods for maximizing daylight and minimizing heat. Efficient building envelopes, with insulated walls and roofs and high-performance glass, are used to conserve energy.
- 'Adoption of Renewable energy': We increased our share of renewable energy by using both off- and on-site renewable sources. We have installed a 250 KW of solar plant at Jaipur.
- 'Energy-efficient IT infrastructure': We have undertaken significant measures to reduce our IT infrastructure's energy consumption through processes for desktop power management, Virtualization and consolidation, eco-friendly design of data centres and server rooms incorporating best practices of power and cooling, increase in facilities for video/audio conferencing.
- During the year the Jaipur facility won the "First Prize for Energy Conservation in the National Energy Conservation Award 2012 in the BPO Building Category" by the Government of India, Ministry of Power.

Water: We have been able to reduce our per capita fresh water consumption during the year through several initiatives and campaigns for optimal use of water across all our campuses. We have our own sewage treatment plants to recycle and reuse wastewater generated at our campuses every day. Recycled water is used for landscape maintenance and for flushing purposes at our campuses.

Paper: Paper consumption has been reduced significantly through various initiatives such as access password controlled printing, monitoring and control of printer utilization, building e-modules, and awareness campaigns like zero print weeks.

Carbon emissions: Several energy reduction programs have been initiated, such as campaigns promoting the use of mass transportation and car-pooling among employees. We encourage our employees to use teleconferencing and video conferencing facility to avoid long distance travel, thus minimizing the impact on the environment. We also source green power in a few locations and are working towards improving the percentage of harnessing green power to meet our power needs.

Waste management: We have adopted a focused approach towards waste management. Waste is segregated at source and disposed to recyclers. Hazardous waste is disposed to authorized recyclers and in adherence to applicable legislations. We are working on strengthening the process for effective e-waste disposal through initiatives like establishment of bio gas plants, organic waste converters etc.,

Campus design and infrastructure development: It is our endeavor to design and construct new buildings which follow green principles and optimized for energy efficiency and occupancy comfort. Thus, they are assured of a minimum gold rating as per IGBC LEED framework. The building in our Jaipur facility has a LEED Platinum rating.

Health and Safety

Safety is every employee's responsibility and concern. Forums and help lines are provided to our employees to report security incidents and workplace hazards. They are actively involved in suggesting and implementing changes to the HSE policy.

An Occupational Health & Safety (OH&S) Committee is set up in each Development Centre. This committee is made up of OH&S representatives who represent employees of a designated workgroup. The OH&S committee brings employees and management together in a non-adversarial, cooperative effort to promote OH&S within the entire workplace. The committee would discuss, explore, study and make recommendations on various OH&S related issues. The committee will also provide employees with the opportunity to voice concerns relating to hazards.

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 & business continuity

The Business Continuty Management System (BCMS) initiative at Infosys referred to as the Phoenix program which:

- Enables identification business impacts due to disruption in our services
- Identification and management of related risks
- Establishment of Business continuity plans which are regularly tested. Corporate, Development Centre and Account level plans exist.
- Drills and exercises are conducted periodically to test our preparedness levels to handle all potential disasters, and to check the liaison effectiveness and involvement with external organizations. Observations recorded during these mock drills are analyzed and acted upon and the learnings are included in the plans and trainings.

Infosys is the first "IT service and BPO organization" to get certified for "ISO 22301" (Business Continuity Management standards post UKAS accreditation by the auditing agency BSi).

Assessments and Reviews

Health, Safety and Environment performance, effectiveness of processes and programs for achievement of established HSE objectives and targets are evaluated through periodic reviews and audits of the HSEMS

CEO and CFO Certification

To
The Board of Directors
Infosys BPO Limited
Bangalore

We, Gautam Thakkar, Managing Director and Chief Executive Officer, and Abraham Mathews, Chief Financial Officer of Infosys BPO Limited, to the best of our knowledge and belief, certify that :-

1. We have reviewed the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement (standalone and consolidated), and all the notes on accounts and the Director's report.

2. Based on our knowledge and information, these statements do not contain any materially untrue statement 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 period covered by this report.

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 at, 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, there are no material transactions entered into by the Company during the year that are fraudulent, illegal or violative of the Company's code of conduct and ethics.

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 or caused such disclosure controls and procedures to be designed under our supervision 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) in India.

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

   d) Disclosed in this report any changes 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 of Company's internal control over financial reporting's, 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. 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.

8. We further declare that all Board members and senior managerial personnel have affirmed compliance with the code of conduct and ethics for the current year.

s/d	**s/d**
Gautam Thakkar **Managing Director and** **Chief Executive Officer**	**Abraham Mathews** **Chief Financial Officer**

Bangalore
April 11, 2014

IFRS Snapshot

Unaudited (Condensed) Consolidated Financial Statements prepared in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS)
Infosys BPO Limited and subsidiaries

(in ₹ Crore except the share data)

Consolidated Balance Sheet as of	March 31,2014	March 31, 2013
ASSETS		
Current Assets		
Cash and cash equivalents	1,341	907
Available-for-sale financial assets	280	151
Trade receivables	570	548
Unbilled revenue	79	36
Income tax assets	73	67
Derivative financial instruments	-	13
Prepayments and other assets	262	274
Total current assets	**2,605**	**1,996**
Non-current assets		
Property, plant and equipment	261	249
Goodwill	398	378
Intangible assets	70	81
Deferred income tax assets	54	49
Other non-current assets	52	39
Total non-current assets	**835**	**796**
Total assets	**3,440**	**2,792**
LIABILITIES AND EQUITY		
Current Liabilities		
Trade payables	7	44
Derivative financial instruments	2	-
Current income tax liabilities	29	19
Client deposits	2	3
Unearned revenue	13	17
Employee benefit obligations	62	50
Provisions	30	12
Other current liabilities	707	647
Total current liabilities	**852**	**792**
Non-current liabilities		
Deferred income tax liabilities	12	13
Other non-current liabilities	44	63
Total liabilities	**908**	**868**
Equity		
Share capital- ₹10 par value 12,33,75,000 equity shares authorized, issued and Outstanding 3,38,27,751 and 3,38,27,751 as of March 31, 2014 and March 31, 2013 respectively	34	34
Share premium	124	124
Retained earnings	2,255	1,694
Other components of equity	119	72
Total equity attributable to equity holders of the company	**2,532**	**1,924**
Total liabilities and equity	**3,440**	**2,792**

Infosys BPO Limited and subsidiaries

Consolidated Statement of Comprehensive Income

(in ₹ Crore)

Consolidated Statement of Comprehensive Income		Three months ended March 31,		Year ended March 31,	
	Notes	2014	2013	2014	2013
Revenues		879	679	3,278	2,572
Cost of sales	2.10.1	574	477	2,257	1,792
Gross Profit		**305**	**202**	**1,021**	**780**
Operating expenses:					
Selling and marketing expenses	2.10.1	29	20	117	98
Administrative expenses	2.10.1	77	65	307	254
Total operating expenses		**106**	**85**	**424**	**352**
Operating Profit		**199**	**117**	**597**	**428**
Other income, net	2.13	53	31	132	139
Profit before income taxes		**252**	**148**	**729**	**567**
Income tax expense	2.15	57	32	171	134
Net profit		**195**	**116**	**558**	**433**
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Remeasurements of the net defined benefit liability /(asset)		-	-	(1)	-
Total items never reclassified to profit or loss		**-**	**-**	**(1)**	**-**
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translating foreign operations		(3)	9	49	9
Fair value changes on available-for-sale financial asset (refer note 2.2)		2	-	2	-
Total items that may be reclassified to profit or loss subsequently		**(1)**	**9**	**51**	**9**
Total other comprehensive income		**(1)**	**9**	**50**	**9**
Total comprehensive income		**194**	**125**	**608**	**442**
Profit attributable to:					
Owners of the company		195	116	558	433
Non-controlling interest		-	-	-	-
		195	**116**	**558**	**433**
Total comprehensive income attributable to:					
Owners of the company		194	125	608	442
Non-controlling interest		-	-	-	-
		194	**125**	**608**	**442**
Earnings per equity share					
Basic (₹)		57.64	34.29	164.95	128.00
Diluted (₹)		57.64	34.29	164.95	128.00
Weighted average equity shares used in computing earnings per equity share	2.16				
Basic		3,38,27,751	3,38,27,751	3,38,27,751	3,38,27,751
Diluted		3,38,27,751	3,38,27,751	3,38,27,751	3,38,27,751

Independent Auditor's Report

To the Members of Infosys BPO Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Infosys BPO Limited ('the Company') which comprise the Balance Sheet as at 31 March 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

(i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2014;

(ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
   a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
   b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
   c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
   d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
   e. on the basis of written representations received from the directors as on 31 March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

for **B S R & Co. LLP**

Chartered Accountants

Firm's registration number: 101248W

Akhil Bansal

Partner

Membership number: 090906

Bangalore

April 11, 2014

ANNEXURE TO THE AUDITOR'S REPORT

The Annexure referred to in our report to the members of Infosys BPO Limited ('the Company') for the year ended 31 March 2014. 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) The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

(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 Act have been entered in the register required to be maintained under that section.

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

(vi) The Company has not accepted any deposits from the public.

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

(viii) The Central Government of India has not prescribed the maintenance of cost records under Section 209(1)(d) of the Act 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, Wealth tax, Service tax and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities though there has been a slight delay in a few cases with respect to Income-tax. As explained to us, the Company did not have any dues on account of Investor Education and Protection Fund, Customs duty and Excise duty.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Income-tax, Employees' State Insurance, Sales-tax, Wealth tax, Service tax and other material statutory dues were in arrears as at 31 March 2014 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, Wealth tax and Cess which have not been deposited with the appropriate authorities on account of any dispute. However, according to information and explanations given to us, the following dues of Income tax and Service tax have not been deposited by the Company on account of disputes:

Name of the statute	Nature of dues demanded	Amount demanded (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Interest/ Tax Demands	4,502,275	AY 2006-07	Deputy Commissioner Income Tax, Bangalore
Income Tax Act, 1961	Tax deducted at source	1,665,470	AY 2008-09	Assistant Commissioner of Income Tax(TDS), Bangalore
Income Tax Act, 1961	Tax deducted at source	11,912,344*	AY 2009-10	Commissioner of Income Tax(Appeals), Bangalore
Income Tax Act, 1961	Tax deducted at source	43,681,730	AY 2009-10	Assistant Commissioner of Income Tax(TDS), Bangalore
Income Tax Act, 1961	Tax deducted at source	3,367,190	AY 2010-11	Commissioner of Income Tax(Appeals), Bangalore
Income Tax Act, 1961	Tax deducted at source	388,830	AY 2011-12	Assistant Commissioner of Income Tax(TDS), Bangalore
Income Tax Act, 1961	Tax deducted at source	44,090	AY 2012-13	Assistant Commissioner of Income Tax(TDS), Bangalore
Income Tax Act, 1961	Tax deducted at source	62,580,020	AY 2013-14	Assistant Commissioner of Income Tax(TDS), Bangalore
Income Tax Act, 1961	Tax deducted at source	1,302,460	AY 2014-15	Assistant Commissioner of Income Tax(TDS), Bangalore
Finance Act, 1994	Service tax demands/ Penalties	379,826,474	April 2007 to September 2010	Central Excise Service Tax Appellate Tribunal
Finance Act, 1994	Service tax demands/ Penalties	55,405,040	January 2005 to March 2007	Central Excise Service Tax Appellate Tribunal
Finance Act, 1994	Service tax demands/ Penalties	76,415,315	October 2010 to September 2011	Central Excise Service Tax Appellate Tribunal

*net of amounts paid of Rs 17,014,316.

(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 institution, banks or debentureholders 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.

(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 Act.

(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 material fraud on or by the Company has been noticed or reported during the course of our audit.

for **B S R & Co. LLP**

Chartered Accountants

Firm's registration number: 101248W

Akhil Bansal

Partner

Membership number: 090906

Bangalore

April 11, 2014

Balance Sheet

(in ₹ crore)

Balance Sheet as at	Note	March 31, 2014	March 31, 2013
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	34	34
Reserves and surplus	2.2	2,351	1,839
		2,385	1,873
NON-CURRENT LIABILITIES			
Other long-term liabilities	2.3	25	47
		25	47
CURRENT LIABILITIES			
Trade payables		8	43
Other current liabilities	2.4	438	431
Short-term provisions	2.5	66	47
		512	521
		2,922	**2,441**
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.6	217	218
Intangible assets	2.6	19	19
Capital work-in-progress		5	1
		241	238
Non-current investments	2.7	593	579
Deferred tax assets, net	2.8	43	32
Long-term loans and advances	2.9	99	87
Other non-current assets	2.10	47	38
		782	736
CURRENT ASSETS			
Current investments	2.7	275	151
Trade receivables	2.11	391	382
Cash and cash equivalents	2.12	1,104	788
Short-term loans and advances	2.13	129	146
		1,899	1,467
		2,922	**2,441**
SIGNIFICANT ACCOUNTING POLICIES	1		
NOTES ON ACCOUNTS	2		

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

Akhil Bansal *Partner* Membership No. 090906	S. Gopalakrishnan *Chairman and Director*	Gautam Thakkar *Managing Director and Chief Executive Officer*	Prof. Jayanth R.Varma *Director*
	Dr. Omkar Goswami *Director*	Prasad Thrikutam *Director*	Abraham Mathews *Chief Financial Officer*
Bangalore *April 11 , 2014*	A.G.S. Manikantha *Company Secretary*		

Statement of Profit and Loss Account

(in ₹ crore)

Statement of Profit and Loss for the	Note	Year ended March 31, 2014	Year Ended March 31, 2013
INCOME			
Revenues from business process management services		2,323	1,831
Other income	2.14	150	139
Total Revenue		**2,473**	**1,970**
EXPENSES			
Employee benefit expenses	2.15	1,201	917
Cost of technical sub-contractors	2.15	157	84
Travel expenses	2.15	90	89
Cost of software packages	2.15	24	30
Communication expenses	2.15	46	33
Professional charges	2.15	40	50
Office expenses	2.15	46	41
Power and fuel	2.15	27	24
Insurance charges	2.15	13	9
Rent	2.15	66	57
Depreciation and amortisation expense	2.6	70	65
Other expenses	2.15	37	17
Total expenses		**1,817**	**1,416**
PROFIT BEFORE TAX		**656**	**554**
Tax expense:	2.16		
Current tax		156	133
Deferred tax		(12)	(7)
PROFIT FOR THE YEAR		**512**	**428**
EARNINGS PER SHARE			
Equity shares of par value ₹10 each			
Basic		151.32	126.45
Diluted		151.32	126.45
Weighted average number of shares used in computing earnings per share:	2.28		
Basic		3,38,27,751	3,38,27,751
Diluted		3,38,27,751	3,38,27,751
SIGNIFICANT ACCOUNTING POLICIES	1		
NOTES ON ACCOUNTS	2		

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

Akhil Bansal
Partner
Membership No. 090906

S. Gopalakrishnan
Chairman and Director

Gautam Thakkar
Managing Director and Chief Executive Officer

Prof. Jayanth R.Varma
Director

Dr. Omkar Goswami
Director

Prasad Thrikutam
Director

Abraham Mathews
Chief Financial Officer

Bangalore
April 11, 2014

A.G.S. Manikantha
Company Secretary

Cash Flow Statement

(in ₹ crore)

Cash Flow Statement	Note	Year ended March 31, 2014	Year ended March 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		656	554
Adjustments to reconcile profit before tax to cash generated by operating activities			
Depreciation		70	65
Interest income		(84)	(61)
Dividend income		(17)	(7)
Non cash item included in other income (refer note 2.3)		(26)	(58)
Dividend from Subsidiary		(24)	-
Changes in assets and liabilities			
Trade receivables		(9)	(118)
Loans and advances	2.31.1	1	(50)
Other assets	2.31.2	(9)	(6)
Liabilities	2.31.3	10	111
Trade payables	2.31.4	(34)	39
Provisions	2.31.5	20	9
		554	478
Income tax paid during the year, net	2.31.6	(148)	(131)
NET CASH GENERATED BY OPERATING ACTIVITIES		**406**	**347**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets and change in capital work-in-progress/advances	2.31.7	(80)	(50)
Interest received	2.31.8	86	66
Dividend received from Mutual Fund		17	7
Purchase of units in liquid mutual funds		(1,489)	(829)
Proceeds from sale of units in liquid mutual funds		1,413	697
Investment in Government Bonds		(3)	-
Investment in subsidiary	2.31.9	(11)	(16)
Investment in Certificate of deposit		(47)	-
Dividend received from subsidiary		24	-
NET CASH USED IN INVESTING ACTIVITIES		**(90)**	**(125)**
CASH FLOWS FROM FINANCING ACTIVITIES			
NET CASH FLOWS FROM FINANCING ACTIVITIES		**-**	**-**
Effect of exchange differences on translation of foreign currency cash and cash equivalents		-	-
NET CHANGE IN CASH AND CASH EQUIVALENTS		316	222
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		788	566
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	2.31.10	**1,104**	**788**

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

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

Akhil Bansal
Partner
Membership No. 090906

S. Gopalakrishnan
Chairman and Director

Gautam Thakkar
Managing Director and Chief Executive Officer

Prof. Jayanth R.Varma
Director

Dr. Omkar Goswami
Director

Prasad Thrikutam
Director

Abraham Mathews
Chief Financial Officer

Bangalore
April 11, 2014

A.G.S. Manikantha
Company Secretary

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 Limited ("Infosys", NYSE: 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.

1. Significant accounting policies

1.1 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed by the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 2013 (to the extent notified) and the Companies Act, 1956 (to the extent applicable). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.2 Use of estimates

The preparation of the financial statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as of the date of the financial statements. Examples of such estimates includes computation of percentage of completion which requires the Company to estimate the efforts expended to date as a proportion of the total efforts to be expended, provision for doubtful debts, future obligations under employee retirement benefit plans, provision for income taxes, provision for Service Level Agreement and the useful lives of fixed assets and intangible assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.3 Revenue recognition

The Company derives its revenues primarily from business process management services, on time-and-material, fixed-price, fixed-time frame and unit-price basis. Revenue on time-and-material contracts is recognized as the related services are rendered and revenue from the end of the last billing to the balance sheet date is recognised as unbilled revenues. Revenue from fixed-price, fixed-time frame contracts, where there is no uncertainity as to measurement and collectibility of consideration, is recognized as per the percentage of completion method. When there is uncertainty as to measurement or ultimate collectability revenue recognition is postponed until such uncertainty is resolved. Revenues from unit-priced contracts are recognized as transactions are processed based on objective measures of output. Cost and earnings in excess of billings are classified as unbilled revenue while billing in excess of cost and earnings is classified as unearned revenue. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates. When the Company receives advances for its services, such amounts are 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 statement of profit and loss.

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. The Company recognizes changes in the estimated amount of obligation for discount using a cumulative catch-up approach. The discounts are passed on the customer either as direct payments or as a reduction of payments due from customer.

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

1.4 Expenditure

The cost of software user licenses purchased for rendering business process management services is charged to revenue when put to use. Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognised as an expense on a straight line basis in the profit and loss account over the lease term.

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

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

1.6 Depreciation

Depreciation on fixed assets is determined using the straight-line method based on useful lives of assets as estimated by the Company. Depreciation on 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 life for the various fixed assets as follows:

Buildings	Fifteen years
Computer equipment	Two years
Plant and machinery	Five years
Furniture and fixtures	Five years
Office equipment	Five years

1.7 Retirement benefits to employees

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 administer contributions made to the Trust and invest the corpus of the trust with the Life Insurance Corporation ('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 statement of profit and loss in the period in which they arise.

1.7b Superannuation

Certain employees of Infosys BPO are eligible for superannuation benefits. The Company contributes ₹ 100/- per employee 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.

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.

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 an actuarial valuation based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognised in the period in which the absences occur.

1.8 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 the exchange rate in effect on the date of transaction. 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 & non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined.

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 potential risk or cost arising. The Company does not use the forward contracts and option contracts for trading or speculation purposes.

Effective April 1, 2008, the Company adopted the principle of 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 statement of profit and loss 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 and subsequently 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 Statement of profit and loss at each reporting date.

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 reporting date.Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liablities and where the deferred tax assets and deferred tax liablilities relate to income taxes levied by the same taxation authority.

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. The provision is measured at the lower of the expected cost of terminating the contract and the expected cost of fulfilling the contract.

1.12 Impairment of fixed assets

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

1.13 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.

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.

1.15 Cash and Cash Equivalents

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

1.16 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.

1.17 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.

2. NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2014

Amounts in the financial statements are presented in ₹ crore, except for per share data and as otherwise stated. All exact amounts are stated with suffix "/-". One crore equals 10 million.

The previous period figures have been regrouped/reclassified, wherever necessary to conform to the current period presentation.

2.1 SHARE CAPITAL

(in ₹ crore, except as otherwise stated)

Particulars	As at	
	March 31, 2014	**March 31, 2013**
AUTHORISED		
Equity shares, ₹10 (₹10) par value	123	123
12,33,75,000 (12,33,75,000) equity shares		
	123	123
ISSUED, SUBSCRIBED AND PAID UP		
Equity shares, ₹10 (₹10) par value		
3,38,27,751 (3,38,27,751) equity shares fully paid up	34	34
[Of the above, 3,38,22,319 (3,38,22,319) equity shares are held by the holding company, Infosys Limited]		
	34	**34**

The Company has only one class of shares referred to as equity shares having a par value ₹10. Each holder of one equity share is entitled to one vote per share.

In the event of liquidation of the Company, the holders of shares shall be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist as at the date of Balance Sheet. The amount distributed will be in proportion to the number of equity shares held by the shareholders.

Reconciliation of the number of shares outstanding

Particulars	As at	
	March 31, 2014	March 31, 2013
Number of share outstanding at the beginning of the year	3,38,27,751	3,38,27,751
Add: Shares issued during the year	-	-
Number of shares outstanding at the end of the year	3,38,27,751	3,38,27,751

Shares held by shareholders holding more than 5% shares

Name of the shareholder	Number of shares as at		Percentage of total shares	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Infosys Limited, the holding company	3,38,22,319	3,38,22,319	99.98%	99.98%

There has been no buy-back of shares, issuance of bonus shares or shares issued for consideration other than cash during the last 5 years.

Employee stock option plan

The 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 further there were no stock option granted during the years ended March 31, 2013 and 2014.

Infosys BPO Employee Stock Option Plan 2002 ('the 2002 Plan')

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 vest over 1-6 years.

On March 12, 2007, Infosys Limited purchased 12,19,532 unvested options held by the employees of Infosys BPO Limited for a cash consideration of ₹ 57.87 crore. As at March 31, 2014, nil (March 31, 2013: nil) options are held by Infosys Limited. Accordingly these options have not been considered while computing diluted earnings per share of the Company from the date Infosys Limited owned these options.

There are no outstanding stock options under the 2002 Plan as at March 31, 2014.

Movement of Options under the 2002 Plan during the year ended 31 March 2013 is as follows:

	Year ended March 31, 2013	
Particulars	Shares arising out of options	Weighted average exercise prices (in ₹)
Outstanding at the beginning of the year	4,76,250	483.73

	Year ended March 31, 2013	
Particulars	**Shares arising out of options**	**Weighted average exercise prices (in ₹)**
Granted during the year	-	-
Forfeitures during the year	4,76,250	483.73
Exercised during the year	-	-
Outstanding at the end of the year	-	-
Exercisable at the end of the year	-	-

Infosys 1999 Employee Stock Option Plan ('1999 Plan')

On March 12, 2007, Infosys 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 Limited. In addition, certain employees were granted additional 4,86,828 Infosys Limited 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 of Infosys Limited. The options granted under the 1999 plan vests over 2-6 years.

There are no outstanding stock options under the 1999 Plan as at March 31, 2014.

Movement of Options under the 1999 Plan during the year ended March 31, 2013 is as follows:

	Year ended March 31, 2013	
Particulars	**Shares arising out of options**	**Weighted average exercise prices (in ₹)**
Outstanding at the beginning of the year	11,684	2,120.95
Granted during the year	-	-
Forfeitures during the year	5,518	2,120.95
Exercised during the year	6,166	2,120.95
Outstanding at the end of the year	-	-
Exercisable at the end of the year	-	-

2.2 RESERVES AND SURPLUS

(in ₹ crore)

Particulars	**As at**	
	March 31, 2014	**March 31, 2013**
Securities premium - Opening balance	25	25
Add: Transferred from Surplus	-	-
Securities premium - Closing balance	25	25
Capital redemption reserve - Opening balance	1	1
Add: Trasferred from Surplus	-	-
Capital redemption reserve - Closing balance	1	1
General reserve - Opening balance	1,000	1,000
Add : Transfer from Surplus	-	-
General reserve - Closing balance	1,000	1,000
Balance in statement of profit and loss - Opening balance	813	385
Add: Net profit after tax transferred from statement of profit and loss	512	428
Less: Amount transferred to General reserve	-	-
Balance in statement of profit and loss - Closing balance	1,325	813
	2,351	**1,839**

2.3 OTHER LONG-TERM LIABILITIES

(in ₹ crore)

Particulars	As at	
	March 31, 2014	**March 31, 2013**
Accrued salaries and benefits		
Bonus and incentives	4	3
Earnest money deposit received**	21	21
Contingent consideration payable*	-	23
	25	**47**

*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 a Membership Interest Purchase Agreement for a cash consideration of ₹173 crore and a contingent consideration of ₹ 67 crore as on the date of acquisition.

The Company assessed the contingent consideration payable and concluded that McCamish was not likely to meet targets, inspite of their acquision of a business process outsourcing division from Marsh Inc. Group in the USA. Accordingly, the company reduced the liability payable by ₹ 58 crore, in September 2012, and ₹ 23 crore during the year ended March 31, 2014 based on such assessment.

**Includes dues to subsidiaries & other group companies (refer to note 2.22)

2.4 OTHER CURRENT LIABILITIES

(in ₹ crore)

Particulars	As at	
	March 31, 2014	**March 31, 2013**
Accrued salaries and benefits		
Salaries	51	47
Bonus and incentives	108	106
Other liabilities		
Provision for expenses*	249	241
Retention money payable	2	7
Withholding and other taxes	16	12
Other payables*	1	8
Mark to market loss on forward contracts	4	-
Advances received from customers	2	-
Unearned revenue	5	10
	438	**431**

*Includes dues to subsidiaries & other group companies (refer to note 2.22)

2.5 SHORT-TERM PROVISIONS

(in ₹ crore)

Particulars	As at	
	March 31, 2014	**March 31, 2013**
Provision for employee benefits		
Unavailed leave	46	37
Others		
Provision for		
Income taxes	2	3
SLA compliance	18	7
	66	**47**

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 (Provisions, contingent liabilities and contingent assets) the movement in provision for service level agreement compliance is given below:

(in ₹ crore)

Particulars	March 31, 2014	March 31, 2013
Balance at the beginning of the year	7	6
Additional provision made during the year	12	1
Provisions used during the year	1	-
Balance at the end of the year	**18**	**7**

Management believes that the aforesaid provision will be utilised by way of efforts spent by employees on the respective project within a year.

2.6 FIXED ASSETS

(in ₹ crore)

Particulars	Original cost				Depreciation and amortization				Net book value	
	Cost as at April 01, 2013	Additions during the year	Deletions during the year	Cost as at March 31, 2014	As at April 01, 2013	Charge for the year	Deletions during the year	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
Tangible assets :										
Land – Leasehold	12	-	-	12	1	-	-	1	11	11
Buildings	146	2	-	148	30	10	-	40	108	116
Leasehold improvements	55	11	-	66	38	7	-	45	21	17
Office equipment	121	4	-	125	93	14	-	107	18	28
Plant and machinery	22	2	-	24	6	5	-	11	13	16
Computer Equipment	138	45	6	177	117	30	6	141	36	21
Furniture and fixtures	52	5	-	57	43	4	-	47	10	9
Sub Total	546	69	6	609	328	70	6	392	217	218
Intangible assets :										
Goodwill	19	-	-	19	-	-	-	-	19	19
Sub Total	19	-	-	19	-	-	-	-	19	19
Total	**565**	**69**	**6**	**628**	**328**	**70**	**6**	**392**	**236**	**237**
Previous year	519	51	5	565	266	65	4	328	237	-

Profit/(Loss) on disposal of fixed asset during the year ended 31st March 2014 is less than ₹ 1 crore each

2.7 INVESTMENTS

(in ₹ crore)

Particulars	As at	
	March 31, 2014	March 31, 2013
Non current investments – at cost		
Trade (unquoted)		
Investments in equity of subsidiaries		
Infosys BPO s.r.o, Czech Republic	3	3
Infosys BPO Poland Sp Z o o, 5,000 (5,000) equity shares of PLN 500 each, fully paid	59	59
Portland Group Pty Limited, 17,45,00,000 (17,45,00,000) equity share of AUD 1 each, fully paid	211	211

Particulars	As at	
	March 31, 2014	**March 31, 2013**
Infosys McCamish Systems LLC**	317	306
Investment in Government bonds*	3	-
	593	**579**
Current investments – at the lower of cost and fair value		
Unquoted		
Investment in Certificate of Deposits	47	-
Investment in liquid mutual fund units	185	151
Investment in Fixed Maturity Plan	43	-
	275	**151**
Aggregate amount of unquoted investments	868	730

* Investment in Government bonds listed on the Philippines Dealing & Exchange Corp.(PDEX) as per the statutory earmarking requirement of the Philippines Government.

** During the year ₹ 11 crore (USD 1.7 million) has been infused in Infosys Mccamish Systems LLC, a subsidiary, as additional equity investment in the subsidiary.

Details of investment in Certificate of Deposits as at March 31, 2014 and March 31, 2013 is as follows:

Particulars			Amount (in ₹ crore)	
	Face Value ₹	**Units**	**March 31, 2014**	**March 31, 2013**
Central Bank of India	1,00,000	2,500	23	-
Indian Overseas Bank	1,00,000	2,500	24	-
			47	**-**

Details of investment in liquid mutual funds as at March 31, 2014 and March 31, 2013 is as follows:

Particulars	No. of units as at		Amount (in ₹ crore)	
	March 31, 2014	**March 31, 2013**	**March 31, 2014**	**March 31, 2013**
Birla Sun Life AMC Ltd -Liquid	15,02,428	2,27,946	15	2
ICICI Prudential- Liquid	10,43,402	46,77,205	10	47
TATA Asset Management Ltd- Liquid	3,32,456	1,83,682	38	21
Reliance Mutual Fund- Liquid	-	3,34,060	-	33
Kotak Mutual Fund- Liquid	-	1,88,131	-	23
SBI Mutual Fund- Liquid	4,93,192	-	49	-
Religare Mutual Fund- Liquid	547	2,53,382	-	25
JPMorgan Asset Management MF-Liquid	-	-	-	-
IDFC mutual fund - liquid	4,39,648	-	44	-
UTI Mutual Fund- Liquid	-	-	-	-
Templeton Mutual Fund- Liquid	2,87,986	-	29	-
	40,99,659	**58,64,406**	**185**	**151**

Details of investment in FMP mutual funds as at March 31, 2014 and March 31, 2013 is as follows:

Particulars	No. of units as at		Amount (in ₹ crore)	
	March 31, 2014	**March 31, 2014**	**March 31, 2014**	**March 31, 2013**
Birla Sunlife AMC Ltd.- FMP	1,30,00,000	-	13	-
ICICI prudencial SIP FMP	3,00,00,000	-	30	-
	4,30,00,000	**-**	**43**	**-**

2.8 DEFERRED TAX ASSETS, NET

(in ₹ crore)

Particulars	As at	
	March 31, 2014	March 31, 2013
Deferred tax assets		
Fixed assets	24	19
Unavailed leave	12	9
Trade receivables	2	1
Others	5	3
	43	**32**

2.9 LONG-TERM LOANS AND ADVANCES

(in ₹ crore)

Particulars	As at	
	March 31, 2014	March 31, 2013
Unsecured considered good		
Capital advances	1	-
Other loans and advances		
Prepaid expenses	-	2
Rental deposits*	48	33
Electricity and other deposits	1	2
MAT credit entitlement	-	15
Advance income taxes, net of provision	49	35
	99	**87**

*Includes deposits with holding company (refer to note 2.22)

2.10 OTHER NON-CURRENT ASSETS

(in ₹ crore)

Particulars	As at	
	March 31, 2014	March 31, 2013
Others		
Restricted deposits (refer note 2.28)	46	38
Advance to gratuity trust (refer note 2.24)	1	-
	47	**38**

2.11 TRADE RECEIVABLES

(in ₹ crore)

Particulars	As at March 31, 2014	March 31, 2013
Debt outstanding for a period exceeding six months		
Unsecured		
Considered doubtful	5	1
	5	1
Other debts		
Unsecured		
Considered good*	391	382
Considered doubtful	1	-
	397	383
Less: Provision for doubtful debts	6	1
	391	**382**

*Includes dues from subsidiaries and holding (refer to note 2.22)

Provision for doubtful debts

Periodically, the Company evaluates all customer dues for collectability. The need for provisions is assessed based on various factors including collectability of specific dues, risk perceptions of the industry in which the customer operates, general economic factors, which could affect the customer's ability to settle. The Company normally provides for debtor dues outstanding for six months or longer from the invoice date, as at the Balance Sheet date. The Company pursues the recovery of the dues, in part or full.

2.12 CASH AND CASH EQUIVALENTS

(in ₹ crore)

Particulars	As at	
	March 31, 2014	March 31, 2013
Balances with banks		
In current and deposit accounts	1,024	708
Others Deposit with body corporate/financial institutions	80	80
	1,104	**788**

The deposits maintained by the Company with banks comprise of time deposits, which can be withdrawn by the Company at any point without prior notice or penalty on the principle.

The details of balances with banks as at March 31, 2014 and March 31, 2013 are as follows :

(in ₹ crore)

Particulars	As at March 31, 2014	March 31, 2013
In current accounts		
Bank of America, California, USA	10	14
Bank of America, California- Trust account, USA*	-	-
Citi Bank, South Africa	3	-
Citi Bank, Costa Rica	1	2
Deutsche Bank, Netherland	1	1
Deutsche Bank, London, UK	1	-
Deutsche Bank, Philippines	35	4
ICICI Bank, India	2	2
ICICI Bank- EEFC (Euro account)	1	2
ICICI Bank- EEFC (UK Pound Sterling account)	2	6
ICICI Bank- EEFC (U.S. Dollar account)	8	4
	64	**35**
In deposit accounts		
Syndicate Bank	80	-
Axis Bank	80	60
Canara Bank	80	80
Allahabad Bank	80	-
Corporation Bank	80	80
ICICI Bank	24	98
IDBI Bank	63	-
Kotak Mahindra Bank	-	80
Oriental Bank of Commerce	5	74
Punjab National Bank	80	-
Bank of Baroda	80	-

Particulars	As at March 31, 2014	March 31, 2013
Indian Overseas Bank	18	-
South Indian Bank	25	41
Union Bank	20	80
Vijaya Bank	80	80
Yes Bank	30	-
Central Bank of India	55	-
Bank of India	80	-
	960	**673**
Other deposits with body corporate/financial institutions		
HDFC Limited	80	80
	80	**80**
	1,104	**788**

*This represents restricted bank balance, in trust account, in accordance with collection agency licensing requirements

2.13 SHORT-TERM LOANS AND ADVANCES

(in ₹ crore)

Particulars	As at	
	March 31, 2014	March 31, 2013
Unsecured, considered good		
Prepaid expenses	5	5
Advances for goods and services	16	12
Withholding and other taxes receivable	23	27
	44	**44**
Unbilled revenue*	47	24
Interest accrued but not due	5	6
Loans and advances to employees	12	13
Rental deposits	-	13
Electricity and other deposits	1	1
Mark to market gain on forward contracts	-	12
MAT credit entitlement	16	23
Loans and advances to group companies*	4	10
	129	**146**
Unsecured, considered doubtful		
Loans and advances to employees	1	1
	130	**147**
Less: Provision for doubtful loans and advances	1	1
	129	**146**

*Includes dues from subsidiaries & other group companies (refer to note 2.22)

2.14 OTHER INCOME

(in ₹ crore)

Particulars	Year ended March 31, 2014	2013
Interest on deposits with bank and others	85	61
Dividend on investment in mutual fund units	17	7
Miscellaneous income, net	38	71
Dividend Income from Subsidiary	24	-

Particulars	Year ended March 31, 2014	2013
Gains/(losses) on foreign currency, net	(14)	-
	150	**139**

2.15 EXPENSES

(in ₹ crore)

Particulars	Year ended March 31, 2014	March 31, 2013
Employee benefit expenses		
Salaries and bonus including overseas staff expenses	1,155	867
Staff welfare	3	9
Contribution to provident and other funds	43	41
	1,201	**917**
Cost of technical sub-contractors		
Consultancy charges	157	84
	157	**84**
Travel expenses		
Overseas travel expenses	63	64
Traveling expenses	27	25
	90	**89**
Cost of software packages		
Cost of software for own use	24	30
	24	**30**
Communication expenses		
Communication expenses	46	33
	46	**33**
Professional charges		
Legal and professional	26	34
Recruitment and training	14	16
	40	**50**
Office expenses		
Computer maintenance	2	2
Printing and stationery	3	2
Office maintenance	41	37
	46	**41**
Power and fuel		
Power and fuel	27	24
	27	**24**
Insurance charges		
Insurance charges	13	9
	13	**9**
Rent		
Rent (refer note 2.17)	66	57
	66	**57**
Other expenses		
Consumables	5	2

Particulars	Year ended March 31, 2014	March 31, 2013
Brand building and advertisement	5	7
Marketing expenses	2	2
Rates and taxes	4	3
Bank charges and commission	1	1
Postage and courier	1	-
Provision for doubtful debts	4	(1)
Provision for doubtful loans and advances	1	-
Professional membership and seminar participation fees	2	1
Other miscellaneous expenses	12	2
	37	**17**

2.16 TAX EXPENSE

(in ₹ crore)

Particulars	Year ended March 31,	
	2014	**2013**
Current Income taxes	156	133
Deferred taxes	(12)	(7)
	144	**126**

Income taxes

The provision for taxation includes tax liabilities in India on the Company's global income as reduced by exempt incomes and any tax liabilities arising overseas on income sourced from those countries. Infosys BPO operations are conducted through Software Technology Parks ('STPs') and Special Economic Zones ('SEZs'). Income from STPs were tax exempt till March 31, 2011. 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. In the current year, the Company calculated its tax liability under normal provisions of the Income Tax Act and utilized a portion of the brought forward MAT Credit.

2.17 LEASES

Obligations on long-term, non-cancellable operating leases

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

(in ₹ crore)

Particulars	Year ended March 31,	
	2014	**2013**
Lease rentals charged during the period	66	57

(in ₹ crore)

	As at	
Lease obligations	**March 31, 2014**	**March 31, 2013**
Within one year of the balance sheet date	14	16
Due in a period between one year and five years	22	14
Later than five years	-	-

The existing operating lease arrangements extend for periods between 36 months and 72 months from their respective dates of inception.

2.18 Contingent liabilities and commitments (to the extent not provided for)

in ₹ crore

Particulars		As at		
		March 31, 2014		March 31, 2013
Contingent :				
Estimated amount of unexecuted capital contracts (net of advance and deposits)		17		10
Claims against the Company not acknowledged as debts		26		13
Bank gurantees towards lease premises		12		12
Commitments:				
Forward contracts outstanding	in million	in ₹ crore	In million	in ₹ crore
USD/INR	19	114	32	174
EUR/INR	2	14		
GBP/INR	4	40	10	84

As at the Balance Sheet date, the Company's net foreign currency exposure that is not hedged by a derivative instrument or otherwise is ₹ 71 crore (₹Nil as at March 31, 2013).

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

(in ₹ crore)

Particulars	As at	
	March 31, 2014	March 31, 2013
Not later than one month	36	33
Later than one month and not later than three months	66	69
Later than three months and not later than one year	66	156
	168	258

The Company recognized a loss of ₹ 40 crore and a gain of ₹ 5 crore on derivative financial instruments during the year ended March 31, 2014 and March 31, 2013, respectively, which are included in other income.

2.19 Quantitative details

The Company is primarily engaged in providing business process management services. The sale of such services cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 5(viii)(c) of general instructions for preparation of statement of profit and loss as per revised Schedule VI to the Companies Act, 1956.

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

(in ₹ crore)

Particulars	Year ended March 31,	
	2014	2013
Capital goods	17	8

2.21 Earnings and expenditures in foreign currency

(in ₹ crore)

Particulars	Year ended March 31,	
	2014	2013
Earnings in foreign currency		
Business process management services	1,909	1,356
	2014	**2013**

Particulars	Year ended March 31,	
	1,909	1,356
Expenditure in foreign currency		
Salary, legal and professional	386	245
Overseas travel	45	55
Bank charges, consultancy and others	207	86
Communication	21	18
	659	**404**

2.22 Related party transactions

List of related parties:

Name of the related party		Holding as at	
		March 31, 2014	March 31, 2013
Infosys 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, S. de R.L. de C.V.##	Mexico	99.97%	-
Infosys McCamish Systems LLC#	U.S.A	100%	100%
Portland Group Pty Ltd####	Australia		
Portland Procurement Services Pty Ltd###	Australia		
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 Brasil")*	Brazil		
Infosys Public Services, Inc.*	U.S.A		
Lodestone Holding AG*	Switzerland		
Lodestone Management Consultants **	Canada		
Lodestone Management Consultants Inc. **	U.S.A		
Lodestone Management Consultants Pty Limited **	Australia		
Lodestone Management Consultants (Asia Pacific) Limited**	Thailand		
Lodestone Management Consultants AG **	Switzerland		
Lodestone Augmentis AG **	Switzerland		
Hafner Bauer & Ödman GmbH **	Switzerland		
Lodestone Management Consultants (Belgium) S.A.***	Belgium		
Lodestone Management Consultants GmbH **	Germany		
Lodestone Management Consultants Pte Ltd. **	Singapore		
Lodestone Management Consultants SAS **	France		
Lodestone Management Consultants s.r.o. **	Czech		
Lodestone Management Consultants GmbH **	Austria		
Lodestone Management Consultants China Co., Ltd. **	China		
Lodestone Management Consultants Ltd. **	UK		
Lodestone Management Consultants B.V. **	Netherlands		
Lodestone Management Consultants Ltda. ***	Brazil		
Lodestone Management Consultants Sp. z.o.o. **	Poland		
Lodestone Management Consultants Portugal, Unipessoal, Lda. **	Portugal		

Name of the related party		Holding as at	
		March 31, 2014	March 31, 2013
S.C. Lodestone Management Consultants S.R.L. ***	Romania		
Lodestone Management Consultants S.R.L. **	Argentina		

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

** Wholly owned subsidiaries of Lodestone Holding AG

*** Majority owned and controlled subsidiaries of Lodestone Holding AG

McCamish System LLC name has been changed to Infosys McCamish Systems LLC effective from 30 May 2013

Infosys BPO acquired 99.97% of voting right in Infosys BPO, S. de R.L. de C.V. on 14th February 2014

IBPO guarantees the perfomance of certain contracts entered into by its subsidiaries

On January 4, 2014 the board of directors of Portland Procurement Services Pty Ltd, approved the liquidadtion of entity. The liquidation of Portland Procurement Services Pty Ltd will be effected upon deregisteration of the company by ASIC.per the liquidation application filed on March 7,2014. The assets and liabilities of Portland Procurement Services Pty Ltd. will be transferred to Portland Group Pty Ltd upon liquidation.

List of key management personnel

Name of the related party	Designation
V. Balakrishnan****	Chairman and Director
S. Gopalakrishnan*****	Chairman and Director
D. Swaminathan*	Managing Director and Chief Executive Officer
Gautam Thakkar**	Managing Director and Chief Executive Officer
Prof. Jayanth R..Varma	Director
Sridar A. Iyengar***	Director
Chandrashekar Kakal###	Director
Dr. Omkar Goswami#	Director
Prasad Thrikutam##	Director

****Resigned as Chairman and Director effective December 31, 2013

***** Appointed as Chairman and Director effective January 1, 2014

*** Retired as a Director effective August 13, 2012

Appointed as a Director effective August 13, 2012

Appointed as a Director effective April 1, 2014

*Retired as a Managing Director and Chief Executive Officer effective March 31, 2013

**Appointed as a Managing Director and Chief Executive Officer effective April 1, 2013

Resigning as a Director effective from April 18, 2014

The details of the related party transactions entered into by the Company, for the quarter and year ended March 31, 2014 and March 31, 2013 are as follows:

(in ₹ crore)

Particulars	Year ended March 31,	
	2014	2013
Financing transactions		
McCamish Systems LLC	11	16
	11	16
Revenue transactions:		

Particulars	Year ended March 31,	
	2014	2013
Purchase of services		
Infosys Limited	62	39
	2014	**2013**
Portland Group Pty Limited	42	6
Lodestone Management Consultants Ltd.	5	-
Lodestone Management Consultants (UK)	2	-
Lodestone Management Consultants Pty Limited (Australia)	2	-
Infosys BPO Poland Sp.z.o.o	7	6
	120	51
Purchase of shared services including facilities and personnel		
Infosys Limited	36	39
	36	39
Sale of services		
Infosys Public Services Inc	5	-
Infosys BPO Poland Sp.z.o.o	3	-
Infosys Limited	217	118
Infosys McCamish Systems LLC	24	36
Portland Group Pty Ltd	4	-
	253	154
Sale of shared services including facilities and personnel		
Infosys Limited	16	-
Infosys McCamish Systems LLC	3	72
	19	72
Dividend Income		
Infosys BPO Poland Sp.z.o.o	24	-
	24	-

During the period the Company has received certain managerial services from Mr. V. Balakrishnan & Mr. Chandrashekhar Kakal, directors of the Company who are also . directors of Infosys Limited, at no cost. Mr. V. Balakrishnan resigned as a director of Infosys Limited effective December 31, 2013.

Infosys Limited, the parent Company has issued performance guarantees to certain clients for the Company's executed contracts.

Infosys BPO Limited guarantees the performance of certain contracts entered into by its subsidiaries.

Details of amounts due to or due from related parties as at March 31, 2014 and March 31, 2013:

(in ₹ crore)

Particulars	As at March 31, 2014	March 31, 2013
Loans		
McCamish Systems LLC	-	-
Trade receivables		
Infosys Limited	-	69
Lodestone Management Consultants Ltd.(UK)	-	-
Infosys McCamish Systems LLC	2	-
Portland Group Pty Ltd	-	1
Infosys Poland	3	-

Particulars	As at March 31, 2014	March 31, 2013
	5	70
Other receivables		
Infosys Limited	-	10
Infosys McCamish Systems LLC	3	-
	3	10
Unbilled revenues		
Infosys Limited	2	-
Infosys Public Services	5	-
	7	-
Trade payables		
Infosys Limited	1	39
Infosys BPO Poland Sp.z.o.o	1	1
Portland Group Pty Ltd	3	2
	5	42
Other payables		
Infosys Limited	-	6
Provision for expenses		
Lodestone Management Consultants Ltd.(UK)	4	-
Lodestone Management Consultants Pty Limited Australia	5	-
	9	-
Rental deposit given for shared services		
Infosys Limited	27	27
Rental deposit received for shared services		
Infosys Limited	21	21
Advance Received		
Infosys Limited	2	-
	2	-

Particulars of remuneration and other benefits paid to Managing Director during the year ended March 31, 2014 are given below:

(in ₹ crore)

Particulars	Year ended March 31,	
	2014	**2013**
Salary and other benefits	**3**	**2**

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, 2014 and 2013 are given below:

(in ₹ crore)

	Quarter ended March 31,	
	2014	**2013**
Sitting fees	-	-
Commission	-	-
	-	**-**

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 ₹ crore)

	Year ended March 31,	
	2014	**2013**
Net profit after tax from ordinary activities	512	428
Add:		
1. Whole time director's remuneration	3	2
2. Director's sitting fee	-	-
3. Commission to non whole time directors	-	-
4. Depreciation as per books of account	70	65
5. Provision for doubtful debts	4	(1)
6. Provision for doubtful loans and advances	1	-
5. Provision for taxation	144	126
	734	**620**
Less:		
1.Depreciation as envisaged under Section 350 of the Companies Act, 1956*	70	65
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	664	555
3.Commission payable to non whole time directors:	-	-
4.Maximum allowed as per the Companies Act, 1956 at 1%	7	6
Commission approved by the Board:	-	-

* 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.

2.23 Segment reporting

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

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

Industry segments at the Company primarily comprise customers relating to financial services and insurance (FSI), manufacturing (MFG), enterprises in energy, utilities and telecommunication services (ECS) and retail, logistics, consumer product group, life sciences and health care enterprises (RCL). Income in relation to segments is categorized based on items that are individually identified to those segments while expenditure is categorized in relation to the associated turnover of the segment. Expenses which form a significant component of total expenses are not specifically allocable to specific segments as the underlying services are used interchangeably. These expenses are separately disclosed as "unallocated" and adjusted only against the total income of the Company. The Company believes that it is not practical to provide segment disclosures relating to these costs and expenses, and accordingly these expenses are separately disclosed as unallocated and directly charged against total income. Fixed assets or liabilities contracted have not been identified to any reportable segments, as these are used interchangeably between segments. Accordingly no disclosure relating to total segment assets and liabilities are made.

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

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

Certain expenses such as depreciation, which form a significant component of total expenses, are not specifically allocable to specific segments as the underlying assets are used interchangeably. Management believes that it is not practical to provide segment disclosures relating to those costs and expenses, and accordingly these expenses are separately disclosed as "unallocated" and adjusted against the total income of the Company.

Fixed assets used in the Company's business or liabilities contracted have not identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments. Accordingly, no disclosure relating to total segment assets and liabilities are made. Geographical information on revenue and industry revenue information is collated based on individual customers invoiced or in relation to which the revenue is otherwise recognized.

Industry segments

Year ended **March 31, 2014** and March 31, 2013 (in ₹ crore)

Particulars	FSI	MFG	RCL	ECS	Total
Revenues from business process management services	**696**	**749**	**225**	**653**	**2,323**
	492	528	165	646	1,831
Identifiable operating expenses	**253**	**327**	**99**	**274**	**953**
	132	166	67	278	643
Allocated expenses	**237**	**256**	**77**	**224**	**794**
	191	204	63	250	708
Segmental operating profit	**206**	**166**	**49**	**155**	**576**
	169	158	35	118	480
Unallocable expenses					**70**
					65
Other income					**150**
					139
Profit before tax					**656**
					554
Tax expense					**144**
					126
Profit for the year					**512**
					428

Geographical segments

Year ended **March 31, 2014** and March 31, 2013 (in ₹ crore)

Particulars	United States of America	Europe	Others	Total
Revenues from business process management services	**1,234**	**714**	**375**	**2,323**
	952	570	309	1,831
Identifiable operating expenses	**421**	**320**	**212**	**953**
	279	193	171	643
Allocated expenses	**420**	**243**	**131**	**794**
	368	220	120	708
Segmental operating profit	**393**	**151**	**32**	**576**
	305	157	18	480
Unallocable expenses				**70**
				65
Other income				**150**
				139
Profit before tax				**656**
				554

Particulars	United States of America	Europe	Others	Total
Tax expense				**144**
				126
Profit for the year				**512**
				428

2.24 Gratuity Plan

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 these arise. The charge in respect of these gains/losses is taken to statement of profit and loss account.

The following table set out the status of the Gratuity Plan as required under AS 15.

Reconciliation of opening and closing balances of the present value of the defined benefit obligation (in ₹ crore)

	As at				
	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Obligations at the beginning of the year	37	28	19	14	11
Service cost	5	18	13	6	7
Interest cost	3	1	1	1	-
Benefits settled	(6)	(9)	(5)	(4)	(4)
Curtailment*	-	(1)	-	-	-
Actuarial (gain)/loss	1	-	-	2	-
Obligations at the end of the year	40	37	28	19	14

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

* Effective April 1, 2012 the Company reduced the benefits provided to employees under the Gratuity plan resulting in curtailment. The effect of curtailment amounted to ₹1.4 crore and was recognized in the statement of profit and loss for the quarter ended June 30, 2012.

Change in plan assets: (in ₹ crore)

	As at				
	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Plan assets at beginning, at fair value	37	30	20	15	12
Expected return on plan assets	4	3	2	2	1
Actuarial gain/(loss)	-	-	-	-	-
Contributions	6	13	14	7	6
Benefits settled	(6)	(9)	(5)	(4)	(4)
Plan assets at end, at fair value	41	37	31	20	15

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

(in ₹ crore)

	As at				
	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Fair value of plan assets at the year end	41	37	30	20	15
Present value of the defined benefit obligations at the year end	40	37	28	19	14
Asset/(Liability) recognized in the balance sheet	1	-	2	1	1

Gratuity cost for the year:

(in ₹ crore)

	Year ended March 31,	
	2014	2013
Service cost	5	18
Interest cost	3	1
Expected return on plan assets	(4)	(3)
Actuarial (gain)/loss	1	-
Curtailment	-	(1)
Net gratuity cost	5	15
Actual return on plan assets	4	3

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

Assumptions

	As at				
	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Interest rate	9.20%	7.95%	8.57%	7.98%	7.82%
Discount rate	9.20%	7.95%	8.57%	7.98%	7.82%
Estimated rate of return on plan assets	9.60%	9.58%	9.45%	9.36%	9.00%
Retirement age	60	60	60	60	60

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

The Company expects to contribute NIL to its defined benefit plan for the remaining period.

2.25 Provident Fund

The Company contributed ₹ 16 crore towards Provident Fund during the year ended March 31, 2014 (₹ 28 crore during the year ended March 31, 2013).

2.26 Pension Fund

The Company contributed ₹ 8 crore to pension funds during the year ended March 31, 2014 (₹Nil during the year ended March 31, 2013).

2.27 Reconciliation of basic and diluted shares used in computing earnings per share

Particulars	Year ended March 31,	
	2014	2013
Number of shares considered as basic weighted average shares outstanding	33,827,751	33,827,751
Add: Effect of dilutive issues of shares/stock options	-	-
Number of shares considered as weighted average shares and potential shares outstanding	33,827,751	33,827,751

2.28 Restricted deposits

Other non-current assets as at March 31, 2014 includes ₹ 46 crore (₹ 38 crore as at March 31,2013, respectively) deposited with Life Insurance Corporation of India to settle employee-related obligations as and when they arise during the normal course of business. This amount is considered as restricted cash and is hence not considered as 'cash and cash equivalents'.

2.29 Dues to micro and small enterprises

The Company has no dues to micro and small enterprises during the year ended March 31, 2014 and during year ended March 31, 2013.

2.30 FUNCTION WISE CLASSIFICATION OF STATEMENT OF PROFIT AND LOSS ACCOUNT

(in ₹ crore)

Profit and Loss account for the	Year ended March 31,	
	2014	2013
Income from business process management services	2,323	1,831
Cost of revenue	1,441	1,096
GROSS PROFIT	882	735
Selling and marketing expenses	103	82
General and administration expenses	203	173
	306	255
OPERATING PROFIT BEFORE DEPRECIATION	576	480
Depreciation and amortization expense	70	65
OPERATING PROFIT	506	415
Other income, net	150	139
PROFIT BEFORE TAX	656	554
Tax expense:		
Current tax	156	133
Deferred tax	(12)	(7)
PROFIT FOR THE YEAR	512	428

2.31 Schedule to the Cash Flow Statement

(in ₹ crore)

	Particulars	Year ended March 31, 2014	2013
2.31.1	Changes in loans and advances during the year		
	As per Balance Sheet	229	238
	Less: MAT credit entitlement	(16)	(37)
	Advance taxes separately considered	(49)	(35)
	Loans to subsidiary considered as investing activity	-	-
	Interest accrued but not yet due	(5)	(6)
	Capital advances	(1)	-

	Particulars	Year ended March 31, 2014	2013
		158	159
	Less: Opening balance considered	(159)	(109)
		(1)	50
2.31.2	Changes in other assets during the year		
	As per Balance Sheet	47	38
	Less: Opening balance considered	(38)	(32)
		9	6
2.31.3	Changes in liabilities during the year		
	As per Balance Sheet	463	484
	Add: Reduction in contingent liability (refer note 2.3)	26	58
	Less: Retention money considered separately	(2)	(7)
	Less: Opening balance considered	(477)	(424)
		10	111
2.31.4	Changes in trade payables during the year		
	As per Balance Sheet	8	43
	Less: Trade payables capital considered seperately	-	-
	Less: Opening balance considered	(43)	(4)
		(34)	39
2.31.5	Changes in provisions during the year		
	As per Balance Sheet	66	47
	Less : Provision for income taxes considered separately	(2)	(2)
	Less: Opening balance considered	(44)	(36)
		20	9
2.31.6	Current tax expenses		
	Movement in advance taxes	14	12
	Movement in provision for tax	146	119
	Movement in MAT credit entitlement	(12)	-
		148	131
2.31.7	Purchase of fixed assets and changes in capital work in progress/advances		
	Additions as per Balance Sheet	69	52
	Less: Opening capital work-in-progress	(1)	(2)
	Add: Closing capital work-in-progress	5	1
	Less: Opening capital advances	-	(1)
	Add: Closing capital advances	1	-
	Add: Opening retention monies	8	7
	Less: Closing retention monies	(2)	(7)
		80	50
2.31.8	Interest income received during the year		
	As per statement of profit and loss	85	61
	Add: Opening interest accrued but not yet due	6	11
	Less: Closing interest accrued but not yet due	(5)	(6)
		86	66
2.31.9	Investments in subsidiary during the year		
	As per Balance Sheet	590	579

	Particulars	Year ended March 31, 2014	2013
		2014	**2013**
	Less: Opening balance considered	(579)	(563)
		11	16
2.31.10	**Cash and cash equivalents at the end of the year**		
	As per Balance Sheet		
	Cash on hand	-	-
	Balances with banks	1,024	708
	Deposit with financial institution/body corporate	80	80
		1,104	788

This is the Cash Flow Statement referred to in our Report of even date
for B S R & Co. LLP
Chartered Accountants *for Infosys BPO Limited*
Firm Registration No: 101248W

Akhil Bansal
Partner
Membership No. 090906

S. Gopalakrishnan
Chairman and Director

Gautam Thakkar
Managing Director and Chief Executive Officer

Prof. Jayanth R.Varma
Director

Dr. Omkar Goswami
Director

Prasad Thrikutam
Director

Abraham Mathews
Chief Financial Officer

Bangalore
April 11, 2014

A.G.S. Manikantha
Company Secretary

Statement pursuant to Section 212 of the Companies Act 1956

In ₹

Subsidiary	Infosys BPO S.R.O	Infosys BPO (Poland) Sp.Z.O.O	Infosys McCamish Systems LLC	Portland Group PTY Ltd
Financial period ended	March 31, 2014	March 31, 2014	March 31, 2014	March 31, 2014
Holding company interest	100%	100%	100%	100%
Net aggregate profits/losses of the subsidiary for the current period so far as it concerns the members of the holding company				
a. dealt with or provided for in the accounts of the holding company	-	-	-	-
b. not dealt with or provided for in the accounts of the holding company	(2,55,66,429)	38,87,55,794	7,46,94,418	22,10,24,667
Net aggregate profits/losses for previous financial years of the subsidiary so far as it concerns the members of the holding company				
a. dealt with or provided for in the accounts of the holding company	-	-	-	-
b. not dealt with or provided for in the accounts of the holding company	22,61,53,163	125,21,24,896	(160,93,47,586)	16,81,68,624

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

Akhil Bansal
Partner
Membership No. 090906

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Chairman and Director

Gautam Thakkar
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Prof. Jayanth R.Varma
Director

Dr. Omkar Goswami
Director

Prasad Thrikutam
Director

Abraham Mathews
Chief Financial Officer

Bangalore
April 11, 2014

A.G.S. Manikantha
Company Secretary

Statement pursuant to Section 212 of the Companies Act 1956

In ₹

Subsidiary	Infosys BPO S.R.O	Infosys BPO (Poland) Sp.Z.O.O	Infosys McCamish Systems LLC	Portland Group PTY Ltd	Portland Procurement Services PTY Ltd
Exchange Rate as at March 31, 2014	1 CZK = ₹3.02	1 PLN = ₹19.87	1 USD = ₹59.92	1 AUD = ₹55.30	1 AUD = ₹55.30
Issued and Subscribed Share Capital	3,49,78,993	3,93,50,000	174,50,06,854	17,86,70,669	16,73,74,718
Reserves	26,04,10,108	236,41,24,827	(159,23,13,027)	34,46,51,791	24,07,69,255
Loans	-	-	24,52,30,869	-	-
Total assets	54,79,20,312	331,51,67,435	232,23,59,000	156,73,73,188	40,81,43,973
Total liabilities	54,79,20,312	331,51,67,435	232,23,59,000	156,73,73,188	40,81,43,973
Investments					
Longterm	-	-	-	34,80,95,947	-
Current	-	-	-	-	-
Total	-	-	-	34,80,95,947	-
Turnover	112,00,71,879	394,36,43,149	318,25,55,680	211,14,70,941	-
Profit/(Loss) before taxation	(2,62,94,829)	78,28,86,482	7,46,94,418	33,62,24,946	(17,842)
Provision for taxation	(728,400.00)	15,29,72,486	-	11,51,82,437	-
Profit/(Loss) after Taxation	(2,55,66,429)	62,99,13,996	7,46,94,418	22,10,42,509	(17,842)
No of Employees	581	1,998	274	153	-

Notes:

1. The above details are as on March 31, 2014. Information on subsidiaries is provided in compliance with General Circular No. 2/2011, issued by the Ministry of Corporate Affairs, Government of India.
2. Wholly-owned subsidiary of Infosys BPO Limited

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

Akhil Bansal
Partner
Membership No. 090906

S. Gopalakrishnan
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Director

Abraham Mathews
Chief Financial Officer

Bangalore
April 11, 2014

A.G.S. Manikantha
Company Secretary

Independent Auditor's Report on Consolidated Financial Statements

Independent Auditor's Report

To the Board of Directors of Infosys BPO Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Infosys BPO Limited ("the Company") and subsidiaries (collectively referred to as the 'Group'), which comprise the Consolidated Balance Sheet as at March 31, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement of the Company for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

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:

(i) In the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;

(ii) in the case of the Consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and

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

for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W

Akhil Bansal
Partner
Membership Number: 090906

Bangalore
April 11, 2014

Consolidated Balance Sheet

in ₹ crore

Consolidated Balance Sheet as at	Note	March 31, 2014	March 31, 2013
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	34	34
Reserves and surplus	2.2	2,536	1,933
		2,570	1,967
NON-CURRENT LIABILITIES			
Long-term provisions	2.3	-	-
Other long-term liabilities	2.3	44	69
		44	69
CURRENT LIABILITIES			
Trade payables		7	44
Other current liabilities	2.4	723	661
Short-term provisions	2.5	123	81
		853	786
		3,467	**2,822**
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.6	256	246
Intangible assets	2.6	495	495
Capital work-in-progress		5	3
		756	744
Non-current investments	2.7	3	-
Deferred tax assets,net	2.8	54	35
Long-term loans and advances	2.9	110	98
Other non-current assets	2.10	47	38
		214	171
CURRENT ASSETS			
Current investments	2.7	275	151
Trade receivables	2.11	570	548
Cash and cash equivalents	2.12	1,341	906
Short-term loans and advances	2.13	311	302
		2,497	1,907
		3,467	**2,822**
SIGNIFICANT ACCOUNTING POLICIES	1		
NOTES ON ACCOUNTS	2		

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

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Abraham Mathews
Chief Financial Officer

Bangalore
April 11, 2014

A.G.S. Manikantha
Company Secretary

Consolidated Statement of Profit and Loss

In ₹ crore

Consolidated Statement of Profit and Loss for the	**Note**	**Year ended March 31,**	
		2014	**2013**
Revenues from business process management services		3,278	2,572
Other income	2.14	137	149
Total Revenue		**3,415**	**2,721**
Expenses			
Employee benefit expenses	2.15	1,808	1,415
Cost of Technical sub-contractors	2.15	185	136
Travel expenses	2.15	127	121
Cost of software packages	2.15	54	42
Communication expenses	2.15	59	42
Professional charges	2.15	63	72
Office expenses	2.15	64	56
Power and fuel	2.15	30	28
Insurance charges	2.15	15	11
Rent	2.15	104	87
Depreciation expense	2.6	91	79
Other expenses	2.15	66	40
Total Expenses		**2,666**	**2,129**
PROFIT BEFORE TAX		**749**	**592**
Tax expense:	2.16		
Current tax		192	147
Deferred tax		(21)	(13)
		171	134
PROFIT FOR THE YEAR		**578**	**458**
EARNINGS PER SHARE			
Equity shares of par value ₹10 each			
Basic		170.80	135.54
Diluted		170.80	135.54
Weighted average number of shares used in computing earnings per share:	2.26		
Basic		3,38,27,751	3,38,27,751
Diluted		3,38,27,751	3,38,27,751
SIGNIFICANT ACCOUNTING POLICIES	1		
NOTES ON ACCOUNTS	2		

As per our report attached
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Director

Abraham Mathews
Chief Financial Officer

Bangalore
April 11, 2014

A.G.S. Manikantha
Company Secretary

Consolidated Cash Flow Statement

Consolidated Cash Flow Statement	Note	Year ended March 31, (in ₹crore)	
		2014	**2013**
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		749	592
Adjustments to reconcile profit before tax to cash generated by operating activities			
Depreciation		91	79
Interest income		(88)	(63)
Dividend income		(17)	(7)
Non cash item included in other income (refer note 2.3 & 2.4)		(32)	(58)
Loss on sale of fixed assets		1	-
Effect of exchange differences on translation of foreign currency cash and cash equivalents		-	-
Changes in assets and liabilities			
Trade receivables		(21)	(152)
Loans and advances	2.29.1	(12)	(62)
Other assets	2.29.2	(9)	(6)
Liabilities	2.29.3	55	172
Trade Payables	2.29.4	(36)	32
Provisions	2.29.5	32	14
		713	541
Income tax paid during the year, net	2.29.6	(172)	(142)
NET CASH GENERATED BY OPERATING ACTIVITIES		**541**	**399**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets and change in capital work-in-progress/advances	2.29.7	(118)	(77)
Proceeds from sale of fixed assets		7	-
Interest received	2.29.8	89	68
Dividend received from Mutual Fund		17	7
Purchase of units in liquid mutual funds		(1,489)	(828)
Proceeds from sale of units in liquid mutual funds		1,413	697
Investment in Government Bonds		(3)	-
Consideration for acquisition of businesses, net of cash acquired		-	(5)
Investment in Certificate of Deposit		(47)	-
Loans given to subsidiaries		-	-
Loans repaid by subsidiaries		-	-
NET CASH USED IN INVESTING ACTIVITIES		**(131)**	**(138)**
CASH FLOWS FROM FINANCING ACTIVITIES		-	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		**-**	**-**
Effect of exchange differences on translation of foreign currency cash and cash equivalents		25	5
NET CHANGE IN CASH AND CASH EQUIVALENTS		435	266
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		906	640
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	2.29.9	**1,341**	**906**

This is the Cash Flow Statement
Referred to in our report of even date
for B S R & Co. LLP
Chartered Accountants
Firm Registration No: 101248W

Akhil Bansal
Partner
Membership No. 090906

S. Gopalakrishnan
Chairman
and Director

Gautam Thakkar
Managing Director and
Chief Executive Officer

Prof. Jayanth R.Varma
Director

Dr. Omkar Goswami
Director

Prasad Thrikutam
Director

Abraham Mathews
Chief Financial Officer

Bangalore
April 11, 2014

A.G.S. Manikantha
Company Secretary

Schedules to the Consolidated financial statements for the year ended March 31, 2014

Significant accounting policies and notes on accounts

Company overview

Infosys BPO Limited ("Infosys BPO"or "the Company") along with its wholly owned subsidiaries, Infosys BPO s.r.o, Infosys BPO Poland Sp.z.o.o, Infosys BPO, S. de R.L. de C.V, Infosys McCamish Systems LLC and Portland Group Pty Ltd 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.

1. Significant accounting policies

1.1 Basis of preparation of financial statements

These consolidated financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values GAAP comprises mandatory accounting standards as prescribed by the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 2013 (to the extent notified) and 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.

The consolidated financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under the Accounting Standard (AS) 21, “Consolidated Financial Statements”. The financial statements of Infosys BPO Limited - the parent Company, Infosys BPO s.r.o, Infosys BPO Poland s.p. z.o.o, Infosys McCamish Systems LLC and Portland Group Pty Ltd 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.

1.2 Use of estimates

The preparation of the financial statements in conformity with GAAP requires that the management to make estimates and assumptions that affect the reported amounts of income and expenses of the period, reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as of the date of the financial statements. Examples of such estimates includes computation of percentage of completion which requires the Company to estimate the efforts expended to date as a proportion of the total efforts to be expended, provision for doubtful debts, future obligations under employee retirement benefit plans, provision for income taxes, provision for service Level Agreement and the useful lives of fixed assets and intangible assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.3 Revenue recognition

The Company derives its revenues primarily from business process management services, on time-and-material, fixed-price, fixed-time frame and unit-price basis. Revenue on time-and-material contracts is recognized as the related services are rendered and revenue from the end of the last billing to the balance sheet date is recognised as unbilled revenues. Revenue from fixed-price, fixed-time frame contracts, where there is no uncertainity as to measurement and collectibility of consideration, is recognized as per the percentage of completion method. When there is uncertainty as to measurement or ultimate collectability revenue recognition is postponed until such uncertainty is resolved. Revenues from unit-priced contracts are recognized as transactions are processed based on objective measures of output. Cost and earnings in excess of billings are classified as unbilled revenue while billing in excess of cost and earnings is classified as unearned revenue. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates. When the Company receives advances for its services, such amounts are 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 statement of profit and loss.

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. The Company recognizes changes in the estimated amount of obligation for discount using a cumulative catch-up approach. The discounts are passed on the customer either as direct payments or as a reduction of payments due from customer.

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

1.4 Expenditure

The cost of software user licenses purchased for rendering business process management services is charged to revenue when put to use. Lease under which the Group 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 statement of profit and loss over the lease term.

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

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

1.6 Depreciation

Depreciation on fixed assets is determined using the straight-line method based on useful lives of assets as estimated by the Management. Depreciation on 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 Group for its use. Management estimates the useful life for the various fixed assets as follows:

Buildings	Fifteen years
Computer equipment	Two years
Plant and machinery	Five years
Furniture and fixtures	Five years
Vehicles	Five years

1.7 Retirement benefits to employees

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 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 statement of profit and loss in the period in which they arise.

1.7b Superannuation

Certain employees of Infosys BPO are eligible for superannuation benefits. The Company contributes ₹ 100 /- per employee 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.

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.

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 an actuarial valuation based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognised in the period in which the absences occur.

1.8 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 the exchange rate in effect on the date of transaction. 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.

Non-monetary assets & non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined.

The translation of financial statements of the non-integral foreign subsidiaries from the local currency to the functional currency 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.

1.9 Forward contracts 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 potential risk or cost arising. The Group does not use the forward contracts and option contracts for trading or speculation purposes.

Effective April 1,2008 the Company adopted the principles of 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 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 and subsequently 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.

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 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 reporting date. Deferred tax assets and deferred tax liablilities have been offset wherever the company has a legally enforceable right to set off currect tax assets against current tax liabilities and where the deferred tax assets and defered tax liabilities relate to income taxes levied by the same taxation authority.

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. The provision is measured at the lower of the expected cost of terminating the contract and the expected cost of fulfilling the contract.

1.12 Impairment of fixed assets

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

1.13 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 period, unless they have been issued at a later date.

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 diminution, other than temporary, in the carrying value of each investment.

1.15 Cash and Cash Equivalents

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

1.16 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 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 date of the transaction.

1.17 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.

2. NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2014

Amounts in the financial statements are presented in ₹ crore, except for per share data and as otherwise stated. Certain amounts that are required to be disclosed and do not appear due to rounding off. All exact amounts are stated with suffix "/-". One crore equals 10 million.

The previous period figures have been regrouped/reclassified, wherever necessary to conform to the current period presentation.

2.1 SHARE CAPITAL

(in ₹ crore)

Particulars	As at	
	March 31, 2014	**March 31, 2013**
AUTHORISED		
Equity shares, ₹10 (₹10) par value	123	123
12,33,75,000 (12,33,75,000) equity shares		
	123	123
ISSUED, SUBSCRIBED AND PAID UP		
Equity shares, ₹10 (₹10) par value		
3,38,27,751 (3,38,27,751) equity shares fully paid up	34	34
[Of the above, 3,38,22,319 (3,38,22,319) equity shares are held by the holding company, Infosys Limited]		
	34	**34**

The Company has only one class of shares referred to as equity shares having a par value ₹10. Each holder of one equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares shall be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist as at the date of Balance Sheet. The amount distributed will be in proportion to the number of equity shares held by the shareholders.

Reconciliation of the number of shares outstanding

Particulars	As at	
	March 31, 2014	March 31, 2013
Number of share outstanding at the beginning of the year	3,38,27,751	3,38,27,751
Add: Shares issued during the year	-	-
Number of shares outstanding at the end of the year	3,38,27,751	3,38,27,751

Shares held by shareholders holding more than 5% shares

Name of the shareholder	Number of shares as at		Percentage of total shares as at	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Infosys Limited, the holding company	3,38,22,319	3,38,22,319	99.98%	99.98%

There has been no buy-back of shares, issuance of bonus shares or shares issued for consideration other than cash during the last 5 years.

Employee stock option plan

The 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 further there were no stock option granted during the years ended March 31, 2013 and 2014.

Infosys BPO Employee Stock Option Plan 2002 ('the 2002 Plan')

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 of the company. 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.

On March 12, 2007, Infosys Limited purchased 12,19,532 unvested options held by the employees of Infosys BPO Limited for a cash consideration of ₹ 57.87 crore. As at March 31, 2014, nil (March 31 2013: nil) options are held by Infosys Limited. Accordingly these options have not been considered while computing diluted earnings per share of the Company from the date Infosys Limited owned these options.

There are no outstanding stock options under the 2002 Plan as at March 31, 2014.

Movement of optioins under 2002 Plan during the year ended March 31, 2013

Particulars	Year ended March 31, 2013	
	Shares arising out of options	Weighted average exercise prices (in ₹)
Outstanding at the beginning of the year	4,76,250	483.73
Granted during the year	-	-
	Shares arising out of	Weighted average exercise

Particulars	Year ended March 31, 2013	
	options	prices (in ₹)
Forfeitures during the year	4,76,250	483.73
Exercised during the year	-	-
Outstanding at the end of the year	-	-
Exercisable at the end of the year	-	-

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

On March 12, 2007, Infosys 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 of these unvested options with 1,51,932 unvested stock options of Infosys Limited. In addition, certain employees were granted additional 4,86,828 Infosys Limited 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 of Infosys Limited. The options granted under the 1999 plan vests over 2-6 years. There are no outstanding stock options under the 1999 Plan as at March 31, 2014.

Movement of options under the 1999 Plan ended March 31 2013 is as follows:

		Year ended March 31, 2013
	Shares arising out of options	Weighted average exercise prices (in ₹)
Outstanding at the beginning of the year	11,684	2,120.95
Granted during the year	-	-
Forfeitures during the year	5,518	2,120.95
Exercised during the year	6,166	2,120.95
Outstanding at the end of the year	-	-
Exercisable at the end of the year	-	-

2.2 RESERVES AND SURPLUS

(in ₹ crore)

Particulars	As at	
	March 31, 2014	March 31, 2013
Securities premium - Opening balance	25	25
Add: Transferred from Surplus	-	-
Securities premium - Closing balance	25	25
Capital redemption reserve - Opening balance	1	1
Add: Transferred from Surplus	-	-
Capital redemption reserve - Closing balance	1	1
Foreign exchange translation reserve	39	14
General reserve - Opening balance	1,000	1,000
Add: Transferred from Surplus	-	-
General reserve - closing balance	1,000	1,000
Surplus - Opening balance	893	434
Add: Net profit after tax transferred from statement of profit and loss	578	459
Surplus - Closing balance	1,471	893
	2,536	**1,933**

2.3 OTHER LONG-TERM LIABILITIES

(in ₹ crore)

Particulars	As at	
	March 31, 2014	March 31, 2013
Accrued salaries and benefits		
Bonus and incentives	23	25
Contingent consideration payable*	-	23
Earning money deposit received**	21	21
	44	**69**

*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 a Membership Interest Purchase Agreement for a cash consideration of ₹173 crore and a contingent consideration of ₹ 67 crore as on the date of acquisition.

The Company assessed the contingent consideration payable and concluded that McCamish was not likely to meet targets, inspite of their acquision of a business process outsourcing division from Marsh Inc. Group in the USA. Accordingly, the company reduced the liability payable by ₹ 58 crore, in September 2012, and ₹ 23 crore during the year ended March 31, 2014 based on such assessment.

**Includes dues to subsidiaries & other group companies (refer to note 2.22)

2.4 OTHER CURRENT LIABILITIES

(in ₹ crore)

Particulars	As at	
	March 31, 2014	March 31, 2013
Accrued salaries and benefits		
Salaries	58	60
Bonus and incentives	144	124
Other liabilities		
Provision for expenses*	333	291
Retention monies	2	7
Withholding and other taxes	34	21
Other Payables*	-	16
Mark to market loss on forward exchange contract	2	-
Advances received from customers	2	3
Unearned revenue*	13	17
Liability for deferred consideration**	-	5
Due to carrier/insurance provider***	135	117
	723	**661**

*Includes dues to subsidiaries & other group companies (refer to note 2.20)

**On September 1, 2012, Infosys McCamish Systems LLC acquired assets from the BPO arm of Marsh USA Inc (Seabury and Smith Inc.), a business process solutions provider based in Urbandale, in Iowa, in the United States. The acquisition was concluded by entering into Asset Purchase Agreement for a cash consideration of ₹ 5.29 crore (1 million USD) and a deferred consideration of ₹ 5.29 crore (1 million USD). The acquisition was completed during the year and accounted as a business combination which resulted in goodwill of ₹ 9.76 crore (1.80 million USD).

The deferred consideration has been reversed in the current year ₹ 6.26 crore as the purchase agreement conditions were not met.

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

2.5 SHORT TERM PROVISIONS

(in ₹ crore)

Particulars	As at	
	March 31, 2014	March 31, 2013
Provision for employee benefits		
Unavailed leave	64	50
Others		
Provision for		
Income taxes, net of advance tax and TDS	29	19
SLA compliance	30	12
	123	**81**

2.6 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 the Accounting Standard 29 (Provisions, contingent liabilities and contingent assets) the movement in provision for service level agreement comnpliance is given below: (in ₹ crore)

Particulars	**As at**	
	March 31, 2014	**March 31, 2013**
Balance at the beginning of the year	12	9
Additional provision made during the year	19	3
Provisions utilised during the year	1	-
Balance at the end of the year	**30**	**12**

Management believes that the aforesaid provision will be utilised by way of efforts spent by employee on the respective projects within a year.

2.7 INVESTMENTS

(in ₹ crore)

Particulars	**As at**	
	March 31, 2014	**March 31, 2013**
Non current investments – at cost		
Investement in government bonds*	3	-
	3	-
Current investments – at the lower of cost and fair value		
Unquoted		
Investment in Certificate of Deposits	47	-
Investment in liquid mutual fund units	185	151
Investment in Fixed Maturity Plan	43	-
	275	**151**
Aggregate amount of unquoted investments	275	151

* Investment in Government bonds listed on the Philippines Dealing & Exchange Corp.(PDEX) towards the certificate earmarking the same to Philippines Government.

Details of investment in Certificate of Deposits as at March 31, 2014 and March 31, 2013 is as follows:

Particulars			**Amount (in ₹ crore)**	
	Face Value (₹)	**Units**	**March 31, 2014**	**March 31, 2013**
Central Bank of India	1,00,000	2,500	23	-
Indian Overseas Bank	1,00,000	2,500	24	-
			47	**-**

Details of investment in liquid mutual funds as at March 31, 2014 and March 31, 2013 is as follows:

Particulars	No. of units as at		Amount (in ₹ crore)	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Birla Sun Life AMC Ltd - Liquid	15,02,428	2,27,946	15	2
ICICI prudencial-P liquid	10,43,402	46,77,205	10	47
TATA Asset Management Ltd- Liquid	3,32,456	1,83,682	38	21
SBI Mutual Fund- Liquid	4,93,192	-	49	-
Reliance Mutual Fund - Liquid	-	3,34,060	-	33
Kotak Mutual Fund- Liquid	-	1,88,131	-	23
Religare Mutual Fund- Liquid	547	2,53,382	-	25
IDFC mutual fund - liquid	4,39,648	-	44	-
Templeton Mutual Fund- Liquid	2,87,986	-	29	-
	40,99,659	**58,64,406**	**185**	**151**

Details of investment in FMP mutual funds as at March 31, 2014 and March 31, 2013 is as follows:

Particulars	No. of units as at		Amount (in ₹ crore)	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Birla Sunlife AMC Ltd- FMP	1,30,00,000	-	13	-
ICICI prudencial FMP	3,00,00,000	-	30	-
	4,30,00,000	**-**	**43**	**-**

2.8 DEFERRED TAX ASSETS

(in ₹ crore)

Particulars	As at	
	March 31, 2014	March 31, 2013
Deferred tax assets		
Fixed assets	24	19
Unavailed leave	14	10
Trade receivables	2	1
Accrued Compensation	6	-
Others	14	5
Less: Deferred tax liability	6	
	54	**35**

2.9 LONG-TERM LOANS AND ADVANCES

(in ₹ crore)

	As at	
	March 31, 2014	March 31, 2013
Unsecured considered good		
Capital advances	1	-
Other loans and advances		
Prepaid expenses	-	2
Rental deposits*	50	35
Electricity and other deposits	1	2
MAT credit entitlement	-	15
Advance income tax, net of provision for tax	58	44
	110	**98**

*Includes deposits with holding company (refer to note 2.20)

2.10 OTHER NON-CURRENT ASSETS

(in ₹ crore)

	As at	
	March 31, 2014	March 31, 2013
Others		
Restricted deposits (refer note 2.26)	46	38
Advance to gratuity trust (refer note 2.22)	1	-
	47	**38**

2.11 TRADE RECEIVABLES

(in ₹ crore)

Particulars	As at	
	March 31, 2014	March 31, 2013
Debt outstanding for a period exceeding six months		
Unsecured		
Considered doubtful	5	1
Other debts		
Unsecured		
Considered good	570	548
Considered doubtful	2	1
	577	550
Less: Provision for doubtful debts	7	2
	570	**548**

Provision for doubtful debts

Periodically, the Group evaluates all customer dues for collectability. The need for provisions is assessed based on various factors including collectability of specific dues, risk perceptions of the industry in which the customer operates, general economic factors, which could affect the customer's ability to settle. The Group normally provides for debtor dues outstanding for six months or longer from the invoice date, as at the Balance Sheet date. The Group pursues the recovery of the dues, in part or full.

2.12 CASH AND CASH EQUIVALENTS

(in ₹ crore)

Particulars	As at	
	March 31, 2014	March 31, 2013
Balances with bank		
In current and deposit account	1,261	826
Others - Deposit with body corporate	80	80
	1,341	906

The deposits maintained by the Group with banks comprise of time deposits, which can be withdrawn by the Group at any point without prior notice or penalty on the principal.

The details of balances with banks as at March 31, 2014 and March 31,2013 are as follows :

(in ₹ crore)

Particulars	As at March 31, 2014	March 31, 2013
In current accounts		
Bank of America, California, USA	10	14
Bank of America, California, USA	26	12
BOA–USD–Trust Funds*	-	-
BOA-USD-Trust-EleTrf*	-	-

Particulars	As at March 31, 2014	As at March 31, 2013
Bank of New Zealand, NZ	2	-
Citi Bank, Costa Rica	1	1
Citi Bank, South Africa	3	-
Citibank N.A., Czech Republic	1	2
Citibank, IBPO, Australia	2	11
Citibank, India	3	-
Citibank-USD	1	
Deutsche Bank, Czech Republic	25	10
Deutsche Bank, Netherland	1	1
Deutsche Bank, Philippines	35	6
Deutsche Bank, Poland	-	13
Deutsche Bank, UK	1	-
Deutsche Bank,Transze (EU Sub)	-	1
ICICI Bank- EEFC (Euro account)	1	2
ICICI Bank- EEFC (U.S. Dollar account)	7	4
ICICI Bank- EEFC (UK Pound Sterling account)	1	6
ICICI Bank, India	2	2
	122	**85**
In deposit accounts		
Axis Bank	80	60
Australia and New Zealand Banking Group, Australia	-	6
Canara Bank	80	80
Allahabad Bank	80	-
Bank of Baroda	80	-
Corporation Bank	80	80
Deutsche Bank, Poland	125	55
ICICI Bank	24	98
IDBI Bank	63	-
Kotak Mahindra Bank	-	80
National Australia Bank, Australia	54	7
Oriental Bank of Commerce	5	74
Punjab National Bank	80	-
South Indian Bank	25	41
Indian Overseas Bank	18	-
Central Bank of India	55	-
Syndicate Bank	80	-
Union Bank	20	80
Vijaya Bank	80	80
Bank of India	80	
Yes Bank	30	-
	1,139	**741**
Other deposits with body corporates - HDFC Limited	80	80
	1,341	**906**

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

2.13 SHORT TERM LOANS AND ADVANCES:

(in ₹ crore)

Particulars	As at	
	March 31, 2014	March 31, 2013
Unsecured, considered good		
Others		
Prepaid expenses	6	8
Advances for goods and services	18	13
Withholding and other taxes receivable	26	35
	50	56
Unbilled revenue*	79	36
Interest accrued but not due	5	6
Loans and advances to employees	18	23
Rental deposits	3	16
Electricity and other deposits	2	2
Mark to market gain on forward contract	-	13
Due from service provider**	135	117
MAT credit entitlement	16	23
Loans and advances to group companies*	3	10
	311	302
Unsecured, considered doubtful		
Loans and advances to employees	1	1
	312	303
Less: Provision for doubtful loans and advances	1	1
	311	**302**

*Includes dues from subsidiaries & other group companies (refer to note 2.20)

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

2.14 OTHER INCOME

(in ₹ crore)

Particulars	Year ended March 31,	
	2014	2013
Interest on deposits with bank and others	88	63
Dividend on investment in mutual fund units	17	7
Miscellaneous income, net	47	76
Gains/(losses) on foreign currency, net	(15)	3
	137	**149**

2.15 EXPENSES

(in ₹ crore)

Particulars	Year ended March 31,	
	2014	2013
Employee benefit expenses		
Salaries and bonus including overseas staff expenses	1,699	1,321
	2014	**2013**
Staff welfare	12	17

Particulars	Year ended March 31,	
	2014	**2013**
Contribution to provident and other funds	97	77
	1,808	**1,415**
Cost of technical sub-contractors		
Consultancy charges	185	136
	185	**136**
Travel expenses		
Overseas travel expenses	90	94
Travel expenses	37	27
	127	**121**
Cost of software packages		
Cost of software for own use	54	42
	54	**42**
Communication expenses		
Communication expenses	59	42
	59	**42**
Professional charges		
Legal and professional	33	40
Recruitment and training	29	32
Auditor's remuneration		
Statutory audit fees	1	-
	63	72
Office expenses		
Computer maintenance	9	10
Printing and stationery	3	2
Office maintenance	52	44
	64	**56**
Power and fuel		
Power and fuel	30	28
	30	**28**
Insurance charges		
Insurance charges	15	11
	15	**11**
Rent		
Rent (refer note 2.17)	104	87
	104	**87**
Other expenses		
Consumables	9	7
Brand building and advertisement	6	8
Marketing expenses	3	2
	2014	**2013**
Rates and taxes	9	8
Bank charges and commission	2	1
Postage and courier	10	6
	2014	**2013**

Particulars	Year ended March 31,	
	2014	2013
Provision for doubtful debts	6	(1)
Provision for doubtful loans and advances	1	-
Professional membership and seminar participation fees	2	1
Other miscellaneous expenses	18	8
	66	40

2.16 TAX EXPENSE

(in ₹ crore)

Particulars	Year ended March 31,	
	2014	2013
Current tax	192	147
Deferred taxes	(21)	(13)
	171	134

Income taxes

The provision for taxation includes tax liabilities in India on the Company's global income as reduced by exempt incomes and any tax liabilities arising overseas on income sourced from those countries. Infosys BPO operations are conducted through Software Technology Parks ('STPs') and Special Economic Zones ('SEZs'). Income from STPs were tax exempt till March 31,2011. Income from SEZs is fully tax exempt for the first 5years, 50% exempt for the next 5 years and 50% exempt for another 5 years subject to fulfilling certain conditions. In the current year the Company calculated its tax liability under normal provisions of the IncomeTax Act and utilized the brought forward MAT Credit.

2.17 LEASES

Obligations on long-term non-cancellable operating leases

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

Particulars	Year ended March 31,	
	2014	2013
Lease rentals charged during the period	104	87
		(in ₹ crore)
	As at March	As at March
Lease obligations	31, 2014	31, 2013
Within one year of the balance sheet date	48	49
Due in a period between one year and five years	152	109
Later than five years	72	43

The existing operating lease arrangements extend for periods between 36 months and 72 months from their respective dates of inception.

FIXED ASSETS

(in ₹ crore)

Particulars	Original cost				Depreciation and amortization				Net book value	
	Cost as at April 01, 2013	Additions during the year	Deletions during the year	Cost as at March 31, 2014	As at April 01, 2013	Charge for the year	Deletions during the year	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
Tangible assets :										
Land – Leasehold	12	-	-	12	1	-	-	1	11	11
Buildings	145	2	-	147	29	10	-	39	108	116
Leasehold improvements	70	18	1	87	41	11	-	52	35	29

Particulars	Original cost				Depreciation and amortization				Net book value	
Office equipment	128	6	2	132	98	15	-	113	19	30
Plant and machinery	22	2	-	24	6	4	-	10	14	16
Computer Equipment	182	69	7	244	151	44	3	192	52	31
Furniture and fixtures	63	11	-	74	50	7	-	57	17	13
Sub Total	622	108	10	720	376	91	3	464	256	246
Intangible assets :										
Goodwill	495	-	-	495	-	-	-	-	495	495
Sub Total	495	-	-	495	-	-	-	-	495	495
Total	**1,117**	**108**	**10**	**1,215**	**376**	**91**	**3**	**464**	**751**	**741**
Previous period	1,035	87	5	1,118	302	79	4	377	741	

Profit/(Loss) on disposal of fixed asset during the year ended 31st March 2014 is less than ₹ 1 crore

2.18 Contingent liabilities and commitments (to the extent not provided for)

(in ₹ crore)

			As at	
Particulars			**March 31, 2014**	**March 31, 2013**
Contingent: Estimated amount of unexecuted capital contracts (net of advance and deposits)			22	14
Claims against the Company not acknowledged as debts			26	13
Bank gurantees towards lease premises			13	13
Commitments: Sell: Forward contracts outstanding	in million	in ₹ crore	in million	in ₹ crore
USD/INR	19	(114)	32	(174)
EUR/INR	2	(14)	-	-
EUR/PLN	14	(112)	12	(83)
USD/PLN	3	(18)	2	(9)
USD/CZK	3	(18)	3	(16)
GBP/INR	4	(40)	10	(84)
EUR/USD	-	-	1	(4)
CZK-USD	2	(12)		

As at the Balance Sheet date, the Company's net foreign currency exposure that is not hedged by a derivative instrument or otherwise is ₹ 157 Crore (₹Nil as at March 31, 2013).

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

(in ₹ crore)

Particulars	**As at**	
	March 31, 2014	**March 31, 2013**
Not later than one month	49	44
Later than one month and not later than three months	121	88
Later than three months and not later than one year	158	238
	328	370

The Company recognized a loss of ₹ 36 Crore and gain of ₹ 8 Crore on derivative financial units during the year ended March 31, 2014 and March 31, 2013, respectively, which is included in other income.

2.19 Quantitative details

The Group is primarily engaged in providing business process management services. The sale of such services cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 5(viii)(c) of general instructions for preparation of statement of profit and loss as per revised Schedule VI to the Companies Act, 1956.

2.20 Related party transactions

List of related parties:

Name of the related party		Holding as at	
		March 31, 2014	**March 31, 2013**
Infosys 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, S. de R.L. de C.V##	Mexico	99.97%	0%
Infosys McCamish Systems LLC#	United States	100%	100%
Portland Group Pty Ltd Portland Procurement Services Pty Ltd###	Australia Australia	100% 100%	100% 100%
Infosys Technologies (Australia) Pty Limited ("Infosys Australia")*	Australia		
Infosys Technologies S.de R.L.de C.V. ("Infosys Mexico")*	Mexico		
Infosys Technologies (China) Co. Limited ("Infosys China") *	China		
Infosys Technologia Do Brasil LTDA (" Infosys Brasil")*	Brazil		
Infosys Public Services, Inc.*	United States		
Lodestone Holding AG*	Switzerland		
Lodestone Management Consultants **	Canada		
Lodestone Management Consultants Inc. **	United States		
Lodestone Management Consultants Pty Limited **	Australia		
Lodestone Management Consultants (Asia Pacific) Limited**	Thailand		
Lodestone Management Consultants AG **	Switzerland		
Lodestone Augmentis AG **	Switzerland		
Hafner Bauer & Ödman GmbH **	Switzerland		
Lodestone Management Consultants (Belgium) S.A.***	Belgium		
Lodestone Management Consultants GmbH **	Germany		
Lodestone Management Consultants Pte Ltd. **	Singapore		
Lodestone Management Consultants SAS **	France		
Lodestone Management Consultants s.r.o. **	Czech		
Lodestone Management Consultants GmbH **	Austria		
Lodestone Management Consultants China Co., Ltd. **	China		
Lodestone Management Consultants Ltd. **	UK		
Lodestone Management Consultants B.V. **	Netherlands		
Lodestone Management Consultants Ltda. ***	Brazil		
Lodestone Management Consultants Sp. z.o.o. **	Poland		
Lodestone Management Consultants Portugal, Unipessoal, Lda. **	Portugal		
S.C. Lodestone Management Consultants S.R.L. ***	Romania		
Lodestone Management Consultants S.R.L. **	Argentina		

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

** Wholly owned subsidiaries of Lodestone Holding AG

*** Majority owned and controlled subsidiaries of Lodestone Holding AG
# McCamish System LLC name has been changed to Infosys McCamish System LLC effective from 30th May 2013
On 14th February 2014 Infosys BPO acquired 99.97% of voting right in Infosys BPO, S. de R.L. de C.V.
Gurantees have been provided for the performance of contracts entered by its susidiaries with third party .
On January 4, 2014 the board of directors of Portland Procurement Services Pty Ltd, approved the liquidation of the entity. The liquidation of Portland Procurement Services Pty Ltd will be effected upon deregistration of the company by ASIC. per the liquidation application filed on March 7, 2014The assets and liabilities of Portland Procurement Services Pty Ltd will be transferred to Portland Group Pty Ltd upon liquidation.

List of key management personnel

Name of the related party	Designation
V. Balakrishnan****	Chairman and Director
S. Gopalakrishnan*****	Chairman and Director
D. Swaminathan* Gautam Thakkar**	Managing Director and Chief Executive Officer Managing Director and Chief Executive Officer
Prof. Jayanth R..Varma	Director
Sridar A. Iyengar***	Director
Chandrashekar Kakal###	Director
Dr. Omkar Goswami#	Director
Prasad Thrikutam##	Director

****Resigned as Chairman and Director effective December 31, 2013
***** Appointed as Chairman and Director effective January 1, 2014
*** Retired as a Director effective August 13, 2012
# Appointed as a Director effective August 13, 2012
Appointed as a Director effective April 1, 2014
*Retired as a Managing Director and Chief Executive Officer effective March 31, 2013
**Appointed as a Managing Director and Chief Executive Officer effective April 1, 2013
Resigning as a Director effective from April 18, 2014

The details of the related party transactions entered into by the Company, for year ended March 31 2014 and March 31 2013 are as follows:

Particulars	Year ended March 31, (in ₹ crore)	
	2014	2013
Revenue transactions:		
Purchase of services		
Infosys Limited	70	58
Lodestone Management Consultants Ltd Australia	2	-
	72	58
Purchase of shared services including facilities and personnel		
Infosys Limited	36	39
	36	39
Sale of services		
Infosys Limited	238	135
Lodestone Management Consultants Ltd Poland	9	-
Infosys Public Services	5	
	252	135
Sale of shared services including facilities and personnel		
Infosys Limited	16	72
	16	72

During the period the Company has received certain managerial services from Mr. V. Balakrishnan director of the Company who are also directors of Infosys Limited, at no cost. Mr V. Balakrishnan resigned as a director of Infosys limited effective December 31, 2013.

Infosys Limited, the parent Company has issued performance guarantees to certain clients for the Company's executed contracts.

Effective April 1, 2012, pursuant to the changes in the Finance Act 2012 the arrangements with Infosys Limited have been amended, consequent to which current period numbers are not comparable to those of the previous period.

Details of amounts due to or due from related parties as at March 31, 2014 and March 31, 2013.

Particulars	As at, (in ₹ crore)	
	March 31, 2014	March 31, 2013
Trade receivables		
Infosys Limited	4	72
Lodestone Management Consultants Ltd Poland	3	-
	7	72
Other receivables		
Infosys Limited	-	10
Lodestone Management Consultants Ltd Poland	3	-
	3	10
Unbilled revenues		
Infosys Limited	2	1
Infosys Pubic Services	5	-
Lodestone Management Consultants Ltd Poland	1	
	8	1
Trade payables		
Infosys Limited	1	40
Other payables		
Infosys Limited	-	6
	-	6
Provision for expenses		
Lodestone Management Consultants Ltd - Great Britain	3	-
Lodestone Management Consultants Ltd - Australia	5	-
	8	-
Deposit given for shared services		
Infosys Limited	27	27
Deposit received for shared services		
Infosys Limited	21	21
Advance Received		
Infosys Limited	2	-
Advance Paid		
Infosys Limited	3	-

Particulars of remuneration and other benefits paid to Managing Director during the year ended March 31, 2014 and March 31, 2013, are given below:

Particulars	Year ended March 31, (in ₹ crore)	
	March 31, 2014	March 31, 2013
Salary and other benefits	3	1

2.21 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 and insurance (FSI), manufacturing (MFG), enterprises in energy, utilities and telecommunication services (ECS) and retail, logistics, consumer product group, life sciences and health care enterprises (RCL). 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 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 liabilities are made.

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

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

Certain expenses such as depreciation, which form a significant component of total expenses, are not specifically allocable to specific segments as the underlying assets are used interchangeably. Management believes that it is not practical to provide segment disclosures relating to those costs and expenses, and accordingly these expenses are separately disclosed as "unallocated" and adjusted against the total income of the Company.

Fixed assets used in the Company's business or liabilities contracted have not identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments. Accordingly, no disclosure relating to total segment assets and liabilities are made. Geographical information on revenue and industry revenue information is collated based on individual customers invoiced or in relation to which the revenue is otherwise recognized.

Industry Segments

Year ended **March 31, 2014** and March 31, 2013 (in ₹ crore)

Particulars	FSI	MFG	RCL	ECS	Total
Revenues from business process management services	**1,011**	**1,163**	**358**	**746**	**3,278**
	723	859	312	678	2,572
Identifiable expenses	**329**	**541**	**147**	**296**	**1,313**
	252	330	153	307	1,042
Allocated expenses	**458**	**386**	**142**	**276**	**1,262**
	341	308	114	245	1,008
Segmental operating profit	**224**	**236**	**69**	**174**	**703**
	130	221	45	126	522
Unallocable expenses					**91**
					79
Other income					**137**
					149
Profit before tax					**749**
					592

Particulars	FSI	MFG	RCL	ECS	Total
Tax expense					**171**
					134
Profit for the period					**578**
					458

Geographical Segments

Year Ended **March 31, 2014** and March 31, 2013 (in ₹ crore)

Particulars	United States of America	Europe	Others	Total
Revenues from business process management services	**1,574**	**1,117**	**587**	**3,278**
	1,193	856	523	2,572
Identifiable expenses	**544**	**541**	**229**	**1,314**
	404	342	296	1,042
Allocated expenses	**620**	**366**	**275**	**1,261**
	509	305	194	1,008
Segmental operating profit	**410**	**210**	**83**	**703**
	280	209	33	522
Unallocable expenses				**91**
				79
Other income				**137**
				149
Profit before tax				**749**
				592
Tax expense				**171**
				134
Profit for the period				**578**
				458

2.22 Gratuity Plan

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 these arise. The charge in respect of these gains/losses is taken to statement of profit and loss account.

Reconciliation of opening and closing balances of the present value of the defined benefit obligation: (in ₹ crore)

	As at				
	March 31, 2014	**March 31, 2013**	**March 31, 2012**	**March 31, 2011**	**March 31, 2010**
Obligations at the beginning	37	28	19	14	11
Service cost	5	18	13	6	7
Interest cost	3	1	1	1	-
Benefits settled	(6)	(9)	(5)	(4)	(4)
Curtailment*	-	(1)	-	-	-
Actuarial (gain)/loss	1	-	-	2	-
Obligations at the end	40	37	28	19	14

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

* Effective April 1, 2012 the Company reduced the benefits provided to employees under the Gratuity plan resulting in curtailment. The effect of curtailment amounted to ₹1.4 crore and was recognized in the statement of profit and loss account for the quarter ended June 2012.

Change in plan assets:

(in ₹ crore)

	As at				
	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Plan assets at beginning, at fair value	37	30	20	15	12
Expected return on plan assets	4	3	2	2	1
Contributions	6	13	13	7	6
Benefits settled	(6)	(9)	(5)	(4)	(4)
Plan assets at end, at fair value	41	37	30	20	15

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

(in ₹ crore)

	As at				
	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Fair value of plan assets at the period end	41	37	30	20	15
Present value of the defined benefit obligations at the period end	40	37	28	19	14
Asset/(Liability) recognized in the balance sheet	1	-	2	1	1

Gratuity cost :

(in ₹ crore)

	Year ended March 31,	
	2014	2013
Service cost	6	18
Interest cost	4	1
Expected return on plan assets	(5)	(3)
Actuarial (gain)/loss	(4)	-
Curtailment	-	(1)
Net gratuity cost	1	15
Actual return on plan assets	4	3

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

Assumptions

	As at				
	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Interest rate	9.20%	7.95%	8.57%	7.98%	7.82%
Discount rate	9.20%	7.95%	8.57%	7.98%	7.82%
Estimated rate of return on plan assets	9.60%	9.58%	9.45%	9.36%	9.00%
Retirement age	60	60	60	60	60

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.

2.23 Provident Fund

The Company contributed ₹ 32 crore towards Provident Fund for the year ended March 31, 2014 (₹ 28 crore towards Provident Fund for the year ended March 31, 2013).

2.24 Pension Fund

The Company contributed ₹ 8 Crore to pension funds for the year ended March 31, 2014 (₹ 1crore for the year ended March 31, 2013).

2.25 Reconciliation of basic and diluted shares used in computing earnings per share

Particulars	As at	
	March 31, 2014	March 31, 2013
Number of shares considered as basic weighted average shares outstanding	3,38,27,751	3,38,27,751
Add: Effect of dilutive issues of shares/stock options	-	-
Number of shares considered as weighted average shares and potential shares outstanding	3,38,27,751	3,38,27,751

2.26 Restricted deposits

Other non-current assets as at March 31, 2014 include ₹ 46 Crore (₹38 Crore as at March 31,2013, respectively) deposited with Life Insurance Corporation of India to settle employee-related obligations as and when they arise during the normal course of business. This amount is considered as restricted cash and is hence not considered as 'cash and cash equivalents'.

2.27 Dues to micro and small enterprises

The Company has no dues to micro and small enterprises during the year ended March 31, 2014 and as at March 31, 2013

2.28 FUNCTION WISE CLASSIFICATION OF STATEMENT OF PROFIT AND LOSS ACCOUNT

(in ₹ crore)

Profit and Loss account for the	Year ended March 31,	
	2014	2013
Income from business process management services	3,278	2,572
Cost of revenue	2,152	1,699
GROSS PROFIT	1,126	873
Selling and marketing expenses	116	98
	2014	2013
General and administration expenses	307	254
	423	352
OPERATING PROFIT BEFORE DEPRECIATION	703	521
Depreciation and amortization expense	91	78
OPERATING PROFIT	612	443
Other income, net	137	149
PROFIT BEFORE TAX	749	592
Tax expense:		
Current tax	192	147
Deferred tax	(21)	(13)
PROFIT AFTER TAX	578	458

2.29 Schedule to the Cash Flow Statement

(in ₹ crore)

Particulars		Year ended March 31, 2014	2013
2.29.1	Changes in loans and advances during the period		
	As per Balance Sheet	421	405
	Less: Amount in Fiduciary Account Asset	(135)	(117)
	MAT credit entitlement	(16)	(37)
	Tax deducted at source separately considered	(58)	(44)
	Capital advances considered separately	(1)	-
	Interest accrued but not yet due	(5)	(7)
		206	200
	Less: Opening balance considered	(194)	(138)
		12	62
2.29.2	Changes in other current assets during the period		
	As per Balance Sheet	47	38
	Less: Deposit with Body corporate considered as cash	-	-
		47	38
	Less: Opening balance considered	(38)	(32)
	Less: Opening balance of Portland	-	-
		9	6
2.29.3	Changes in current liabilities during the period		
	As per Balance Sheet	766	736
	Add: Amount payable towards contingent liability (refer note 2.3)	32	58
	Less: Amount in Fiduciary Account Liability	(135)	(117)
	Less: Retention money considered separately	(2)	(7)
	Less: Opening balance considered	(606)	(493)
	Less: Opening balance of Marsh BPO	-	(5)
		55	172
2.29.4	Changes in trade payables during the period		
	As per Balance Sheet	7	44
	Less: Sundry creditors for Capital goods	-	(1)
	Less: Opening balance considered	(43)	(11)
		2014	**2013**
		(36)	32
2.29.5	Changes in provisions during the period		
	As per Balance Sheet	123	80
	Less : Provisions considered separately	(29)	(19)
	Less: Opening balance considered	(62)	(47)
		32	14
2.29.6	Current tax expenses		
	Movement in advance taxes	13	18
	Movement in provision for tax	171	124
	Movement in MAT credit entitlement	(12)	-
		172	142
2.29.7	Purchase of Fixed assets and Changes in Capital Work in Progress/Advances		

Particulars		Year ended March 31, 2014	2013
	Additions as per Balance Sheet	108	87
	Less: Opening capital work-In-progress	(3)	(2)
	Add: Closing capital work-In-progress	5	3
	Add: Closing capital advances	1	-
	Add: Opening Sundry creditors for Capital goods	1	-
	Less: Closing Sundry creditors for Capital goods	-	(1)
	Add: Opening retention monies	8	8
	Less: Closing retention monies	(2)	(7)
	Less: Opening balance of Marsh BPO	-	(11)
		118	77
2.29.8	**Interest Income received during the period**		
	As per Profit and Loss	88	63
	Add: Opening interest accrued but not yet due	6	11
	Less: Closing interest accrued but not yet due	(5)	(6)
		89	68
2.29.9	**Cash and cash equivalents at the end of the period**		
	As per Balance Sheet		
	Balances with banks	1,341	826
	Deposit with financial institution/body corporate	-	80
		1,341	906

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

Akhil Bansal
Partner
Membership No. 090906

S. Gopalakrishnan
Chairman
and Director

Gautam Thakkar
Managing Director and
Chief Executive Officer

Prof. Jayanth R.Varma
Director

Dr. Omkar Goswami
Director

Prasad Thrikutam
Director

Abraham Mathews
Chief Financial Officer

Bangalore

A.G.S. Manikantha
Company Secretary

April 11, 2014

Ratio Analysis

	2013-2014	2012-2013
Ratios- Financial Performance		
Overseas revenue/ total revenue (%)	99.4	99.3
Domestic revenue/total revenue (%)	0.6	0.7
Gross profit / total revenue (%)	34.4	34.0
COR / total revenue (%)	65.6	66.0
Selling & Marketing Expenses / total revenue (%)	3.6	3.8
General & administrative expenses / total revenue (%)	9.4	9.9
SG&A expenses / total revenue (%)	12.9	13.7
Aggregate employee costs / total revenue (%)	55.2	55.0
Operating profit (PBIDAT) / total revenue (%)	21.4	20.3
Depreciation / total revenue (%)	2.8	3.1
Operating profit after depreciation and interest / total revenue (%)	18.7	17.2
Other Income / total revenue (%)	4.2	5.8
Profit before tax / total revenue (%)	22.8	23.0
Tax / total revenue (%)	5.2	5.2
Effective tax rate - Tax / PBT (%)	22.9	22.6
Net Profit after Tax/ revenue(%)	17.6	17.8
Ratios - Balance Sheet		
Debt-equity ratio	-	-
Current Ratio	2.9	2.4
Days Sales Outstanding (DSO)	73.3	82.4
Cash and equivalents / total assets (%)	38.7	32.1
Cash and equivalents / total revenue (%)	40.9	35.2
Depreciation / average gross block (%)*	8.8	8.7
Capital Expenditure / total revenue (%)	5.5	3.2
Operating Cash Flows / total revenue (%)	16.5	15.5
Ratios- Return		
ROCE (PBIT / average capital employed) (%)*	33.0	34.1
Ratios- Growth		
Overseas revenue (%)	27.5	45.0
Total revenue (%)	27.4	45.4
Operating Profit (%)	38.0	20.1
Net Profit (%)	26.0	42.8
Earnings Per Share- Basic** (%)	26.0	42.8
Earnings Per Share- Diluted (%)	26.0	42.8

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

Corporate Governance Report

Corporate governance is an ethically driven business process that is committed to values and conduct aimed at enhancing an organization’s wealth generating capacity. This is ensured by taking ethical business decisions and conducting the business with a firm commitment to values, while meeting stakeholders expectations. At Infosys BPO, it is imperative that our company affairs are managed in a fair and transparent manner. Good corporate governance ensures that we engage in democratic and open processes and are held accountable for our business decisions. This is vital to gain and retain investor trust.

We at Infosys BPO consider it our inherent responsibility to disclose timely and accurate information regarding our financials and performance, as well as the leadership and governance of the Company.

The Board of Directors (‘the Board’) is at the core of our corporate governance practice and oversees how the Management serves and protects the long-term interests of all our stakeholders. We believe that an active, well-informed and independent Board is necessary to ensure the highest standards of corporate governance. It is well recognized that an effective Board of Directors is a pre-requisite for strong and effective corporate governance. Our Board exercises its fiduciary responsibilities in the widest sense of the term.

Our corporate governance philosophy is based on the following principles :

- Corporate governance standards should go beyond the law and satisfy the spirit of the law, not just the letter of the law.
- When in doubt, disclose. Ensure transparency and maintain a high level of disclosure.
- Clearly distinguish between personal conveniences and corporate resources
- Communicate externally, and truthfully about how the Company is run internally
- Comply with the laws of all the countries in which we operate
- Have a simple and transparent corporate structure driven solely by business needs
- The Management is the trustee of the shareholders' capital and not the owner

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 organization. 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, our company has constituted audit and Nomination & Remuneration committees consisting of majority of independent directors. As a step further towards this objective, our 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 CEO and CFO of the appropriateness of internal controls relating to the financial reporting. Our 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, our 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

Size and Composition of the Board

The Board is at present headed by Mr. S. Gopalakrishnan, as Chairman. The Board consists of five directors including Managing Director and Chief Executive Officer (CEO). The Board also consists of two independent Directors.

Composition of the Board, and External Directorships held during 2013-14

Directorships held as at March 31, 2014

Name of the Director	Age	Position	Relationship with other Directors	Indian listed companies	All companies around world*
Mr. S. Gopalakrishnan	59	Chairman	None	1	2
Mr. Gautam Thakkar	45	MD and CEO	None	-	5
Prof. Jayanth R. Varma	54	Director	None	1	3
Mr.Chandrashekar Kakal	53	Director	None	-	1
Dr. Omkar Goswami	57	Director	None	8	12

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

Chief Executive Officer and Managing Director

The CEO is responsible for corporate strategy, brand equity, planning, external contacts and all management matters. He is also responsible for achieving the annual business targets and acquisitions.

Board membership Criteria

The Nomination & Remuneration Committee works with the entire Board to determine the appropriate characteristics, skills and experience required for the Board as a whole and for individual members including Chief Executive Officer, Executive Directors, Non-executive, both Independent and non-independent Directors. Board members are expected to possess the expertise, skills and experience required to manage and guide a high growth BPO services company. Expertise in strategy, technology, finance, quality and human resources is essential. Generally, the members are between 40 and 60 years of age, and are not related to any executive Directors or Independent Directors. They are not expected to serve in any executive or independent position in any company that is in direct competition with our company. Board members are expected to rigorously prepare for, attend and participate in all Board and applicable committee meetings. Each member is expected to ensure that their other current and planned future commitments do not materially interfere with their responsibilities with our company. The Nomination & Remuneration Committee determines the qualifications, qualities, skills, and other expertise required to be a director and to develop, and recommend to the Board for its approval, criteria to be considered in selecting nominees for director (the "Director Criteria"). Our company has a well-defined criteria and process for selection, appointment and induction of Directors.

Selection of the Directors

The Board is responsible for the selection of the Directors (Executive, Non-Executive, and Independent/Non Independent Directors). The Board delegates the screening and selection process involved in selecting the Directors to the Nomination & Remuneration committee which consists majority of Independent Directors. The Nomination & Remuneration Committee in turn makes recommendations to the Board on the induction of Directors. Typically, the Nomination & Remuneration Committee recommends members who are in the age group of 40 and 60 years and may, in exceptional cases, consider members beyond 60 years of age.

Nomination of Directors

Identifying, screening and reviewing candidates qualified to be appointed as executive Directors, non-executive Directors and independent Directors, consistent with Director Criteria (including evaluation of incumbent Directors for potential re-nomination), and making recommendations to the Board on candidates for: (i) nomination for election or re-election by the shareholders; and ii) any Board vacancies that are to be filled by the Board. To review the Board's committee structure and composition and to make recommendations to the Board regarding the appointment of Directors to serve as members of each committee and committee chairman annually. The Nomination & Remuneration committee may act on its own in identifying potential candidates, inside or outside our company, or may act upon proposals submitted by the Chairman of the Board of Directors. The committee will review and discuss all documents pertaining to candidates and will conduct evaluation of candidates in accordance with a process that it sees fit and appropriate, passing on the recommendations for the nomination to the Board.

Executive director may, with the prior consent of the Chairperson of the Board of Directors, serve on the Board of two other business entities, provided that such business entities are not in direct competition with the business operations of our company. Executive director is also allowed to serve on the Board of corporate or government bodies whose interests are germane to the future of our company, or are key economic institutions of the nation, or whose prime objective is that of benefiting society.

It is expected that non-executive Directors will not serve on the Boards of competing companies. Other than this, there are no limitations on them, save those imposed by the law and good corporate governance practices.

Directors' Development

All the Directors inducted into the Board are given an orientation. Presentations are made by various Executive Directors and senior Management giving an overview of our operations, to familiarize the new Directors with the operations of our company. The Directors are given an orientation on our services, group structure and subsidiaries, Constitution, Board procedures, matters reserved for the Board, and our major risks and risk management strategy.

The Board's policy is to have separate meetings regularly with Independent Directors to update them on all business-related issues and new initiatives. At such meetings, the Executive Director and other members of the senior Management share points of view and leadership thoughts on relevant issues.

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.

Retirement Policy

The age of retirement for all executive directors is 60 years. The nominations committee may, at its discretion, determine their continuation as members of the board upon superannuation / retirement. The age of retirement for non executive directors and independent directors appointed to the board prior to October 15, 2010 is 70 years and after October 15, 2010 is 65 years. An independent board chair is generally permitted to serve in the capacity until the age of 70 years.

Succession Planning

The Nomination & Remuneration committee works with the Board to plan for an orderly succession of leadership within the Board and our company and to maintain contingency plans for succession in case of any exigencies. The Nomination & Remuneration committee believes that a sound succession planning of the senior leadership is the most important ingredient for creating a robust future for our company. Therefore, the committee has adopted a rigorous process to ensure that the Board selects the right candidates for senior leadership positions. During the year, the committee also coordinated and oversaw the annual performance self-evaluation of the Board and of individual Directors in the governance of our company.

Board compensation review

The Nomination & Remuneration 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 except for group companies, 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 2013-2014

Name of the Director	Number of meetings held	Number of meetings attended
Mr. S. Gopalakrishnan(1)	4	1
Mr. V. Balakrishnan(2)	4	3
Mr. Gautam Thakkar	4	4
Prof. Jayanth R Varma	4	3
Mr. Chandrashekar Kakal	4	4
Dr. Omkar Goswami	4	4

Note-
(1) Mr. S. Gopalakrishnan was appointed as Additional Director with effect from January 1, 2014
(2) Mr. V. Balakrishnan resigned as Chairman & Director with effect from December 31, 2013

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.

Discussion with Independent Directors

The Board's policy is to regularly have separate meetings with independent directors to update them on all business related issues and new initiatives. In such meetings, the executive directors and other members of the senior management make presentations on relevant issues.
In addition, our independent directors meet periodically in an executive session that is without any of the executive directors, or the management.

Materially significant related party transactions

There are no materially relevant related party transactions, pecuniary transactions or relationships between our company and its directors for the year ended March 31, 2014 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 are conducted at arm's 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 ₹ crore

Name of the Director	Relationship with other Directors	Salary	Perquisites	Commission	Sitting fees	Total
Mr.S. Gopalakrishnan(1)	None	-	-	-	-	-
Mr. V Balakrishnan(2)	None	-	-	-	-	-
Prof. J R Varma	None	-	-	0.12	0.0045	0.125
Mr. Chandrashekar Kakal	None	-	-	-	-	-
Dr. Omkar Goswami	None	-	-	0.12	0.006	0.126

Note-

(1) Mr. S. Gopalakrishnan was appointed as Additional Director with effect from January 1, 2014
(2) Mr. V. Balakrishnan resigned as Chairman & Director with effect from December 31, 2013

Executive director

Mr. Gautam Thakkar, Managing Director and CEO for the year ended March 31, 2014

The Board of Directors vide resolution dated January 25, 2013 and the shareholders at the Annual General meeting held on June 7, 2013 appointed Mr. Gautam Thakkar as the Managing Director and CEO of the company for a period of five (5) years with effect from April 1, 2013.

The details of remuneration paid to Mr. Gautam Thakkar for the year ending March 31, 2014 is as follows

In ₹ crore

Particulars	March 31, 2014
Salary, allowances including contributions to Provident Fund, Gratuity, Superannuation allowance and Performance incentive	2.74

Board Committees

The committees of the Board

Currently, the Board has five committees – the Audit committee, the Nomination & Remuneration committee, the Share allotment/ transfer committee, the Investment committee and Corporate Social Responsibility Committee. The Audit and Nomination & Remuneration 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 of 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.

(1) 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, 2014, the committee consists of the following members

- Prof. Jayanth R Varma, Chairman
- Mr. S. Gopalakrishnan, Member
- Dr. Omkar Goswami, Member

Meetings and attendance during the year 2013-14

Name of the Director	Number of meetings held	Number of meetings attended
Prof. Jayanth R. Varma	4	3
Mr. V. Balakrishnan (1)	4	3
Mr. S. Gopalakrishnan(2)	4	1
Dr. Omkar Goswami	4	4

Note-

(1) Mr. V. Balakrishnan, resigned as Member of the Committee with effect from December 31, 2013

(2) Mr. S. Gopalakrishnan, was appointed as Member of the Committee with effect from January 1, 2014

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

During the year, the committee met four times. The meetings were held on April 8, 2013, July 8, 2013, October 7, 2013 and January 6, 2014.

Audit committee charter

The Committee at its meeting held on January 6, 2014 had approved and adopted the revised audit committee charter. The Revised Audit Committee charter is as below-

Audit Committee Charter

(a) Purpose

The purpose of the audit committee (the "committee") of Infosys BPO Limited (the "Company") is to assist the Board with oversight of (i) the integrity of the Company's financial statements, (ii) the Company's independent registered auditors' qualifications and independence, (iii) the performance of the Company's internal audit function and independent registered auditors , (iv) the deployment of policies and assessing adequacy of outcomes and (v) compliance with legal and regulatory requirements, with a view to ensure accurate, timely and proper disclosures, and transparency, integrity and quality of financial reporting.

The primary role of the committee is to oversee the financial reporting and disclosure process. To fulfill this obligation, the committee relies on: the Company's management ("Management") for the preparation and accuracy of the Company's financial statements; both Management and the Company's internal audit department for establishing effective internal controls and procedures to ensure the Company's compliance with accounting standards, financial reporting procedures and applicable laws and regulations; and the Company's independent auditors for an unbiased, diligent audit or review, as applicable, of the Company's financial statements and the effectiveness of the Company's internal controls. The members of the committee are not employees of the Company and are not responsible for conducting the audit or performing other accounting procedures.

(b) Responsibilities

The committee shall have the following authority and responsibilities:

Appoint, retain, compensate, oversee the work of and, if necessary, terminate an independent registered public accounting firm to act as the Company's independent auditors (including resolving disagreements between Management and the independent auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or related work.

Review and discuss with the Company's independent auditors (1) all critical accounting policies and practices to be used in the audit; (2) all alternative treatments of financial information within International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") that have been discussed with Management, the ramifications of the use of such alternative treatments and the treatment preferred by the auditors; and (3) other material written communications between the auditors and Management.

Provide an open avenue of communication between the independent auditor, internal auditor and the Board.

Meet at least four times every year, or more frequently based on requirement. The audit committee may ask members of the Management or others to attend meetings and provide pertinent information as necessary.

Evaluate the qualifications, performance and independence of the independent auditor and confirm the objectivity of the internal auditor.

Review and pre-approve all related party transactions in the Company. For this purpose, the committee may designate a member who shall be responsible for pre-approving related party transactions.

If permitted under applicable laws, pre-approve investments by the Company's directors, officers, employees and trainees that will lead to acquiring or holding a controlling stake in another company in accordance with the Company's Code of Conduct and Ethics.

Review with the independent auditor on the coordination of audit efforts to assure completeness of coverage, reduction of redundant efforts and the effective use of all audit resources.

Consider and review the following with the independent auditor, the internal auditor and the Management:

The adequacy and effectiveness of internal controls, including any significant deficiencies or material weaknesses in the design or operation of, and any material changes in, the Company's internal controls and any special audit steps adopted in light of any material control deficiencies, and any fraud involving Management or other employees with a significant role in such internal controls; and

Related findings and recommendations of the independent auditor and internal auditor, together with the Management's responses.

Consider and pre-approve all audit and permitted non-auditing services to be provided by the independent auditor to the Company, and establish policies and procedures for the committee's pre-approval of permitted services by the Company's independent auditors on an on-going basis. For the purpose of this clause, “non-auditing services” shall mean any professional services provided to the Company by the independent auditor, other than those provided to the Company in connection with an audit or a review of the financial statements of the Company and includes (but is not limited to):

- Bookkeeping or other services related to the accounting records or financial statements of the Company;
- Financial information system design and implementation;
- Appraisal or valuation services, fairness opinions, or contribution-in-kind reports;
- Actuarial services;
- Internal audit outsourcing services;
- Management functions or human resources;
- Broker or dealer, investment advisor, or investment banking services;
- Legal services and expert services unrelated to the audit; and
- Any other service that the Board determines impermissible.

Conduct a post-audit review of the financial statements and audit findings, including any significant suggestions for improvements provided to the Management by the independent auditor or the internal auditor.

Review and discuss with the Board, the quarterly reports provided by the Compliance Officer.

Review, in conjunction with Management and the independent auditor, any correspondence with regulators or governmental agencies and any published reports that raise material issues regarding the Company’s financial statements or accounting policies. Review, in conjunction with the counsel, any legal matters that could have a significant impact on the Company's financial statements or the Company’s compliance procedures.

Review the Company's compliance with employee benefit plans.

Oversee and review the Company's policies regarding Information Technology and Management Information Systems.

If necessary, institute special investigations with full access to the internal auditors, chairperson of the Board, Management and the independent auditor, as well as all books, records, facilities and personnel of the Company.

As appropriate, engage independent counsel or other advisors as it deems necessary or appropriate to carry out its duties. The committee shall set the compensation, and oversee the work of, any independent counsel or other advisors retained by it. The Company will provide appropriate funding, as determined by the committee, to pay the independent auditor, any other registered public accounting firm and any independent counsel and any other outside advisors hired by the committee and any administrative expenses of the committee that are necessary or appropriate in carrying out its activities.

Review its own charter, structure, processes and membership requirements.

Review and assess its own performance on an annual basis.

Establish procedures for receiving, retaining and treating complaints received by the Company regarding accounting, internal accounting controls or auditing matters and procedures for the confidential, anonymous submission by employees, of concerns regarding questionable accounting or auditing matters.

Consider and review the following with the Management, internal auditor and the independent auditor:

- Significant findings during the year, including the status of previous audit recommendations;
- Any major issues regarding accounting principles and financial statement presentation, including any significant changes in the Company's selection or application of accounting principles;
- Effect of regulatory and accounting initiatives and off-balance sheet structures on the Company's financial statements;
- Any difficulties encountered during audit work including any restrictions on the scope of activities or access to required information, and Management’s response;
- Any significant disagreements between management and the independent auditor; and
- Any changes required in the planned scope of the internal audit plan.

Set hiring policies with regard to employees and former employees of the independent auditor and oversee compliance with such policies.

Review and approve the overall purpose, scope, organizational structure, responsibilities, resources and activities of the internal audit function. Discuss with the independent auditor the responsibilities, budget and staffing of the Company’s internal audit function. Review and discuss the performance and effectiveness of the internal audit function.

Report periodically to the Board on significant results of the foregoing activities.

(c) Composition

The committee shall consist majority of “independent” directors of the Company as determined by the Board and shall comprise a minimum of three directors. Each member will be able to read and understand fundamental financial statements. 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 Board responsibilities. At least one of the members must be an “audit committee financial expert” as determined by the Board. At least one of the members must have accounting or related financial management expertise, as determined by the Board. The members of the committee shall be elected by the Board, based on recommendations from the Nomination & Remuneration committee of the Board, 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 Board. 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 the audit committee service, by automatic rotation or by other means. In addition, no member of the committee shall simultaneously serve on the audit committees of more than 2 other public companies, unless the Board determines that such simultaneous service would not impair the ability of such member to effectively serve on the committee. One of the members shall be elected as the chairperson, either by the entire Board or by the members themselves, by majority vote.

(d) Relationship with independent and internal auditors

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

- Reviewing the independent auditors’ proposed audit scope, approach and timing.

- Overseeing and, at least annually, evaluating the work of the independent auditor or any other registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, which evaluation shall include a review and evaluation of the lead partner of the independent auditor. The committee shall review, in consultation with the independent auditor, the annual audit plan and scope of audit activities and monitor such plan's progress.

- Annually obtaining and reviewing a report by the independent auditor that describes (i) the independent auditor's internal quality control procedures, and (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditor or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, regarding any independent audit performed by the independent auditor, and any steps taken to deal with any such issues.

- Overseeing the rotation of the independent auditor's lead audit and concurring partners and the rotation of other audit partners, with applicable time-out periods, in accordance with applicable law.

- Actively engaging in dialog with the auditors with respect to any disclosed relationships or services that may impact their objectivity and independence and / or recommend that the entire Board take appropriate action to ensure their independence.

- Encouraging the independent auditors to have open and frank discussions on their judgments about the quality, not just the acceptability, of the Company's accounting principles as applied in its financial reporting. This covers issues such 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 internal controls. Keeping in view the need for the internal auditors' independence from the Management 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 Board.

(e) Disclosure Requirements

The committee charter should be published on the Company's website and 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, with respect to the concerned fiscal year:

- The 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.

- 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.

- The members of the committee have discussed among themselves, without the Management or the independent auditors being present, the information disclosed to the committee as described above.

- The committee, in reliance on the review and discussions conducted with the Management and the independent auditors pursuant to the requirements above, believes that the Company's financial statements are fairly presented in conformity with IFRS in all material respects.

- The committee has satisfied its responsibilities in compliance with its charter.

The committee shall report to shareholders as required by applicable law.

(f) Meetings and Reports

The committee shall meet at least four times a year.

The committee will meet separately with the CEO and the CFO of the Company at such times as are appropriate to review the financial affairs of the Company. The audit committee will meet separately with the independent auditors and the head of the internal audit department of the Company in separate executive sessions, at such times as it deems appropriate (but not less than quarterly) to fulfill the responsibilities of the audit committee under this charter. Each regularly scheduled meeting of the committee will conclude with an executive session of the committee without the members of Management.

The committee may invite to its meetings any director, officer or employee of the Company and such other persons as it deems appropriate in order to carry out its responsibilities. The committee may also exclude from its meetings any persons it deems appropriate in order to carry out its responsibilities, including non-management directors who are not members of the committee.

The committee shall report regularly to the Board with respect to the committee's activities, including any significant issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance of the internal audit function or the performance and independence of the Company's independent auditor, as applicable, and shall make recommendations to the Board as appropriate.

The committee is governed by the same rules regarding meetings (including meetings in person or by telephone or other similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board.

(g) Delegation of authority

The committee may delegate to one or more designated members of the committee the authority to pre-approve audit and permissible non-audit services, provided such pre-approval decision is presented to the full audit committee at its scheduled meetings.

Report for the year ended March 31, 2014

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

- Prof. Jayanth R. Varma, Chairman.
- Mr. S. Gopalakrishnan, Member
- Dr. Omkar Goswami, Member

During the financial year, Mr. V. Balakrishnan resigned as Member of the Committee with effect from December 31, 2013 and Mr. S. Gopalakrishnan was appointed as Member of the Committee with effect from January 1, 2014.

2. Majority of the members of the committee are independent directors, 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, 2014, 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, 2014, 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, 2014, 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. LLP, Chartered Accountants, as the statutory auditors of the Company for the fiscal year ending March 31, 2015, 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, 2015, 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 **Prof. Jayanth R Varma**

April 11, 2014 **Chairman- Audit Committee**

(2) Nomination & Remuneration Committee

During the financial year the Compensation Committee was renamed as “Nomination and Remuneration Committee” in accordance with Section 178(1) of the Companies Act 2013 by the Board at their meeting held on October 7, 2013.

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, 2014, the Nomination & Remuneration committee consists of the following members:

- Prof. Jayanth R. Varma, Chairman
- Mr. S. Gopalakrishnan, Member
- Dr. Omkar Goswami, Member

Meetings and attendance during the year 2013-14

Name of the Director	Number of meetings held	Number of meetings attended
Prof. Jayanth R Varma	4	3
Mr. V Balakrishnan(1)	4	3
Dr. Omkar Goswami	4	4
Mr. S. Gopalakrishnan(2)	4	1

(1) Mr. V. Balakrishnan, resigned as Member of the Committee with effect from December 31, 2013
(2) Mr. S. Gopalakrishnan, was appointed as Member of the Committee with effect from January 1, 2014

Number of Nomination & Remuneration committee meetings held during the financial year, and the dates on which they were held

During the year, the committee met four times. The meetings were held on April 8, 2013, July 8, 2013, October 7, 2013 and January 6, 2014

Report for the year ended March 31, 2014

1. The Nomination & Remuneration Committee ("the committee") consists of the following directors:

- Prof. Jayanth R Varma, Chairman.
- Mr. S. Gopalakrishnan, Member
- Dr. Omkar Goswami, Member.

During the financial year, Mr. V. Balakrishnan resigned as Member of the Committee with effect from December 31, 2013 and Mr. S. Gopalakrishnan was appointed as Member of the Committee with effect from January 1, 2014.

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, 2014 **Prof Jayanth R Varma**

Chairman – Nomination & Remuneration Committee

(3) Investment committee

During the financial year, Mr. V. Balakrishnan resigned as the Chairman of the Committee on December 31, 2013 and Mr. S. Gopalakrishnan was appointed as Chairman of the Committee on January 1, 2014.

Terms of reference

To manage effectively and efficiently the surplus of company funds by properly channelizing 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. S. Gopalakrishnan, Chairman
- Mr. Gautam Thakkar, Member
- Mr. Abraham Mathews, Member

Report for the year ended March 31, 2014

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

s/d

S. Gopalakrishnan

Chairman

Bangalore

April 11, 2014

(4) Share Allotment / Transfer Committee

During the financial year, Mr. V. Balakrishnan resigned as the Chairman of the Committee on December 31, 2013 and Mr. S. Gopalakrishnan was appointed as Chairman of the Committee on January 1, 2014. Mr. Chandrashekar Kakal resigned as the Member of the Committee on April 18, 2014.

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 the following members as at March 31, 2014:

- Mr. S. Gopalakrishnan, Chairman
- Mr. Gautam Thakkar, Member
- Mr. Chandrashekar Kakal, Member

Report for the year ended March 31, 2014

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

s/d

Bangalore **S. Gopalakrishnan**

April 11, 2014 **Chairman**

(5) Corporate Social Responsibility Committee

During the financial year, Corporate Social Responsibility Committee was constituted by the board at their meeting held on October 7, 2013. As on March 31, 2014, the committee had Mr. S. Gopalakrishnan as the Chairman, Mr. Gautam Thakkar and Dr. Omkar Goswami as members. During the financial year Mr. V. Balakrishnan resigned as the Chairman of the committee with effect from December 31, 2013. During the financial year, Mr. S. Gopalakrishnan was appointed as the Chairman of the committee with effect from January 1, 2014.

The primary objective of the Corporate Social Responsibility Committee is to formulate and recommend to the Board of Directors, a Corporate Social Responsibility Policy, the activities to be undertaken by the company as a part of implementing those policies, recommend the amount of expenditure to be incurred on those activities and monitoring the Corporate Social Responsibility policy of the company from time to time.

The Corporate Social Responsibility committee consists of the following members:

- Mr. S. Gopalakrishnan, Chairman
- Mr. Gautam Thakkar, Member
- Dr. Omkar Goswami, Member

s/d

Bangalore **S. Gopalakrishnan**

April 11, 2014 **Chairman**

Management review and responsibility

Formal evaluation of officers

The Nomination & Remuneration 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 Nomination & Remuneration committee administers the 2002 Employee Stock Option Plan.

Evaluation Process for Executive Director including Chief Executive Officer

In our company, performance is assessed based on clearly defined objective criteria. This is in line with our company's policy of being data oriented in every transaction and decision. The evaluation starts with the principle "In God we trust, everyone else must bring data". Performance is measured against commitments and best-in-class benchmarks Our Company believes in leadership by example and hence leaders are to show the way in terms of committing to specific, aggressive and stretch targets.

The performance appraisal system for Executive Director provides for the alignment of the Directors' targets with those of our company through a "Balanced Scorecard Framework", which is rigorous and structured. The executive director has three key roles viz. business leadership, strategy execution and governance. Each role is associated with a set of performance metrics.
For instance, for the CEO, the business leadership role involves set of performance metrics defined in terms of Client Relationships, Service Excellence, Branding, Market Expansion, Alliances, and Acquisitions etc. The CEO's financial metrics include revenue, net profits, expenses, etc.

Performance metrics, for Board members in the strategy execution role are defined in terms of building end-to-end service capability, broadening geography and vertical footprint etc. For a Board member in the governance role, they are defined in terms of ethical issues, legal violations, social responsibility etc. They are also defined for managing risks, developing business leaders and strengthening values and ethics.

The executive director has to make detailed performance presentations to the Board on his performance vis-à-vis targets, budgets / targets for the ensuring quarter/year and other strategic issues. Apart from this, the executive director is also required to prepare and submit to the CEO and Nomination & Remuneration Committee performance reports once in a quarter. The Nomination & Remuneration Committee in consultation with the CEO reviews the performance of the executive director.

The Remuneration of the Directors is commensurate and is duly proportionate to the growth of our company's profits.

Evaluation Process for Non-Executive and Independent Directors

Independent Directors are evaluated through a peer-evaluation process on an annual basis. Each External Board member has to present before the entire Board on how they have performed/added value to our company. Every Board member evaluates each external Board member on a scale of 1 to 10 based on the performance indicators.

Independent Directors also have 3 key roles viz. Governance, Control and Guidance. Some of the performance indicators based on which the Independent Directors are evaluated are as follows:

- Ability to contribute to and monitor the corporate governance of our company.
- Ability to contribute by introducing international best practices to address top-management issues.
- Active participation in long-term strategic planning.
- Commitment to the fulfilment of a director's obligations and fiduciary responsibilities – this includes participation and attendance.
- Contribution by way of customer lead generation and brand building.

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

Our 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 IFRS.

Shareholders

Distribution of shareholding as at March 31, 2014

Sl no	Category (Shares)	No. of Holders	% to Holders	No. of Shares	% to Equity
1	1,001 & Above	1	4.76	3,38,22,319	99.98
2	501 - 1,000	4	19.05	3,125	0.01
3	1 - 500	16	76.19	2,307	0.01
	TOTAL	**21**	**100.00**	**3,38,27,751**	**100.00**

Secretarial Audit

As a measure of good corporate governance practice, the board of directors of the company appointed M/s. Hegde & Hegde, Company Secretaries to conduct Secretarial Audit of records and documents of the company. The Secretarial Audit Report confirms that the company has complied with all the applicable provisions of the Companies Act 1956 and the Companies Act 2013. Further, the company adheres to Secretarial Standards on Board Meetings and General Meetings and various other secretarial standards issued by the Institute of Company Secretaries of India.

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. Gautam Thakkar will retire in the ensuing Annual General Meeting. The Board has recommended the re-election of the retiring director.

Whistle Blower Policy

Our company has Whistle blower Policy in place to ensure and promote ethics, transparency and accountability. The Whistle blower is a mechanism for employees to report concerns about unethical behaviour, actual or suspected fraud, or violation of our company's Code of Conduct or Ethics policy. It also provides for adequate safeguards against the victimization of employees who avail of the mechanism, and allows direct access to the Chairperson of the audit committee in exceptional cases.

Internal Control

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board. Our internal control over financial reporting includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with applicable accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and Directors; and

Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Compliance with Corporate Governance Voluntary Guidelines 2009

The Ministry of Corporate Affairs, Government of India published the Corporate Governance Voluntary Guidelines in 2009. These guidelines have been published keeping in view the objective of encouraging the use of better practices through voluntary adoption, which not only serve as a benchmark for the corporate sector but also help them in achieving the highest standard of corporate governance.

These guidelines provide corporate India a framework to govern themselves voluntarily as per the highest standards of ethical and responsible conduct of business. The Ministry hopes that adoption of these guidelines will also translate into a much higher level of stakeholder's confidence, which is crucial in ensuring the long term sustainability and value generation by businesses. The guidelines broadly focus on areas such as board of directors, responsibilities of the board, auditors, compliance with secretarial standards and a mechanism for whistleblower support. We substantially comply with the Corporate Governance Voluntary Guidelines.

General body meetings

Details of the last three annual general meetings

Financial year	Date	Time	Venue
March 31, 2013	June 7, 2013	10.00 A.M.	Plot No. 26/3, 26/4, & 26/6 Electronics City, Hosur Road Bangalore 560 100
Financial year	**Date**	**Time**	**Venue**
March 31, 2012	June 8, 2012	10.00 A.M.	Plot No. 26/3, 26/4 & 26/6 Electronics City, Hosur Road Bangalore 560 100
Financial year	**Date**	**Time**	**Venue**
March 31, 2011	June 10, 2011	10.00 A.M.	Plot No. 26/3, 26/4 & 26/6 Electronics City, Hosur Road Bangalore 560 100

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 560 100

Global Presence

Registered Office
Plot No. 26/3, 26/4 and 26/6
Electronics City, Hosur Road
Bangalore 560100
Tel: 91 80 -28522405
Fax: 91 80 -28522411
Web Site: www.infosysbpo.com

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

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

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

India – Chennai
Unit of Ramanujan IT city SEZ,
Hardy towers, 3rd & 4th Floor,
TRIL infopark ltd, Taramani,
Rajivgandhi Salai (OMR)
Chennai – 600113
Tel: 044-66855111
Fax: 044-66855107

India – Gurgaon
7th Floor,
Tower A, B and C Building No. 6
DLF Cyber City Developer Limited
Special Economic Zone Sector
24 and 25 DLF PH-3
Gurgaon, Haryana
Tel: 91 124 4583700
Fax: 91 124 4583701

India – Jaipur
IT-A-001 Mahindra World City
Special Economic Zone
Village Kalwara
Tahsil Sanganer
Jaipur 302029
Tel. : 91 141 3956000
Fax : 91 141 3956100

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

Plot No. 24/2
Rajiv Gandhi Infotech Park
Phase II, Village Maan
Taluka Mulshi,
Pune 411 057
Tel. : 91 20 2293 2800
Fax: 91 20 2293 4540

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

Philippines
2nd and 3rd Floor,
Trade Hall Metro Market,
Bonifacio Global City
Fort Bonifacio Taguig City Metro
Manila, Philippines
Tel. : 632 729 1111
Fax : 632 729 1111

5th, 6th, 7th and 12th Floor,
Site 3, Vector 2 Building,
Northgate Cyberzone,
Filinvest Corporate City,
Alabang, Muntinlupa City,
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Fax : 770-799-1861

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NJ 08807
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Fax: 1 908 842 0284

United States – Milwaukee
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Suite 250, Milwaukee, WI 53212

Costa Rica – San Jose
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Forum 2, Lindora,
Santa Ana San Jose, 10901
Costa Rica
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Fax: (506) 2205 1299

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

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

Subsidiaries of Infosys BPO Limited

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Czech Republic
Holandska 9, 63900, Brno
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Fax: 420 543 236349

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Fax: +48 42 278 15 01

Infosys McCamish Systems LLC
6425 Powers Ferry Road
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Atlanta, GA 30339
Tel: 1 770 690 1500
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Des Moines, IA 50309
Tel: 1 515 365 1236
Fax: 1 515 365 0236

Portland Group Pty Ltd

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Level 8, 68 Pitt St,
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Fax: +61 2 9210 4398

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Fax: +61 3 8825 3898

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Brisbane QLD 4000 Australia
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Fax: +61 7 3009 8123

Perth

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Perth WA 6000 Australia
Phone: +61 8 9254 9313
Fax: +61 8 9254 9388

Subsidiary of Portland Group Pty Ltd

Portland Procurement Services Pty Ltd

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Level 8, 68 Pitt St,
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Phone: +61 2 9210 4399
Fax: +61 2 9210 4398

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Infosys BPO Limited
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Bangalore 560100, India
Tel: 91-80-28522405
Fax: 91-80-28522411
Email: cosecretarybpo@infosys.com
Website: www.infosysbpo.com

April 11, 2014

Dear Member,

You are cordially invited to attend the Twelfth Annual General Meeting of the members of the company on Friday, June 13, 2014 at 10.00 AM IST 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,

S. Gopalakrishnan

Chairman of the Board

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NOTICE

NOTICE is hereby given that the Twelfth Annual General Meeting (AGM) of the Members of Infosys BPO Limited (the "Company") will be held on Friday, June 13, 2014 at 10.00 AM IST 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 Financial Statements of the company for the year ended March 31, 2014 including audited Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss for the year ended as on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a director in place of Mr. Gautam Thakkar, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint BSR & Co. LLP, Chartered Accountants (LLP registration no AAB-8181) as statutory auditors of the Company and fix their remuneration and to pass the following resolution thereof:

RESOLVED THAT BSR & Co. LLP, Chartered Accountants with LLP registration no AAB-8181 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, and the remuneration may be paid on a progressive billing basis as may be agreed between the auditors and the Board of Directors.

SPECIAL BUSINESS

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

"RESOLVED THAT Mr. S. Gopalakrishnan who was appointed as an additional director of the Company by the Board of Directors with effect from January 1, 2014, (in terms of Section 260 of the Companies Act 1956 [corresponding to Section 161(1) of the Companies Act 2013] and Article 114 of the Articles of Association of the company) and who holds office until the date of the AGM, in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his/her intention to propose Mr. S. Gopalkrishnan as a candidate for the office of the director of the Company, be and is hereby appointed as Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT Mr. Prasad Thrikutam who was appointed as an additional director of the Company by the Board of Directors with effect from April 1, 2014, (in terms of Section 260 of the Companies Act 1956 [corresponding to Section 161(1) of the Companies Act 2013] and Article 114 of the Articles of Association of the company and who holds office until the date of the AGM, in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his/her intention to propose Mr. Prasad Thrikutam as a candidate for the office of the director of the Company, be and is hereby appointed as Director of the Company, liable to retire by rotation."

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

"**RESOLVED THAT**, pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013, and the Rules made there under read with Schedule IV to the Companies Act, 2013, Prof. Jayanth R. Varma, Director of the Company who retires by rotation at the AGM and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his / her intention to propose Prof. Jayanth R. Varma as a candidate for the office of director of the Company, be and is hereby appointed as an

Independent Director of the Company to hold office for a term of five years up to March 31, 2019, not liable to retire by rotation."

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

RESOLVED THAT M/s. Diaz Murillo Dalupan & 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 143(8) of the Companies Act 2013, at a remuneration to be fixed by the Board of Directors of the Company after discussion with the aforesaid auditors.

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

"**RESOLVED THAT** pursuant to the provisions of Sections 197 and other applicable provisions, if any, of the Companies Act, 2013, read with Schedule V of the said Act, and subject to such other approvals as may be required, consent of the Company be and is hereby accorded for payment of the following revised remuneration to Mr. Gautam Thakkar, Managing Director & Chief Executive Officer of the company with effect from April 1, 2014.

(i) Fixed Salary– USD $484,356 in the scale of USD 3,00,000 to USD 6,00,000 per annum payable monthly

(ii) Performance Bonus – USD $364,644 in the scale of USD 2,00,000 to USD 5,00,000 per annum

(iii) Long Term Bonus: USD 85,000/- p.a in the scale of USD 75,000 to USD 1,50,000 payable quarterly or at such intervals as may be decided by the Board. Long Term Bonus will be payable in INR.

RESOLVED FURTHER THAT all other terms and conditions of appointment of Mr. Gautam Thakkar as Managing Director and Chief Executive Officer will remain unchanged.

RESOLVED FURTHER THAT notwithstanding anything hereinabove contained, wherein any financial year during the tenure of his appointment, the company has incurred loss or its profits are inadequate, the company shall pay to Mr. Gautam Thakkar, the remuneration by way of salary, perquisites, other allowances and other benefits as aforesaid as minimum remuneration, subject however to the limit specified under Section II of Part II of Schedule V to the Companies Act, 2013 or such other limits as may be prescribed by the government from time to time as minimum remuneration.

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

By Order of the Board

For Infosys BPO Limited
s/d-

A G S Manikantha
Company Secretary

Bangalore
April 11, 2014

Notes:

1. The explanatory statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.
3. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be accompanied by resolution of the Board/Power of Attorney/Attested specimen signature, as may be applicable.
4. Members/ proxies should bring duly-filled attendance slips sent herewith to attend the meeting.
5. The Register of Director's and Key Managerial Personnel and their shareholdings, maintained under Section 170 (1) of the Companies Act, 2013, will be available for inspection by the members at the AGM.
6. The Register of Contracts or arrangements in which directors are interested maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the registered office of the company.

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No.4

Mr. S. Gopalakrishnan was appointed as an additional director of the Company with effect from January 1, 2014 pursuant to Section 161 of the Companies Act, 2013 and Article 114 of the Articles of Association of the Company. Mr. S. Gopalakrishnan holds office of the additional director up to the date of the ensuing annual general meeting and is eligible for reappointment as a Director liable to retire by rotation. The Company has received a notice in writing from a member along with a deposit of Rs. 1,00,000/- (Rupees One Lakh only) proposing the candidature of Mr. S. Gopalakrishnan for the office of the director under the provisions of Section 160(1) of the Companies Act, 2013.

The Company has received from Mr. S. Gopalkrishnan (i) consent in writing to act as director in form DIR-2 pursuant to Rule 8 of Companies (Appointment& Qualification Of Directors) Rules 2014, (ii) Intimation in Form DIR 8 in terms of Companies (Appointment & Qualification Of Directors) Rules, 2014,to the effect that he is not disqualified under sub section (2) of section 164 of Companies Act 2013.

A brief resume of Mr. S. Gopalakrishnan, his expertise in specific functional areas, other directorships/ committees memberships are furnished in the 'Additional Information on directors seeking election at the annual general meeting' forming part of this Notice. The Board considers that the appointment of Mr. S. Gopalakrishnan as a Director of the Company would be of immense benefit to the company. Accordingly, the Board of Directors recommend~~s~~ his appointment as a Director of the Company whose period of office is liable to determination by retirement of directors by rotation.

Except Mr. S. Gopalakrishnan, as the resolution relates to his appointment no other Director~~s~~ or Key Managerial Personnel of the Company and their relatives is concerned or interested, in the resolution as set out at Item No. 4.

Item No.5

Mr. Prasad Thrikutam was appointed as an additional director of the Company with effect from April 1, 2014 pursuant to Section 161 of the Companies Act, 2013 and Article 114 of the Articles of Association of the Company. Mr. Prasad Thrikutam holds office of the additional director up to the date of the ensuing annual general meeting and is eligible for reappointment as a Director liable to retire by rotation. The Company has received a notice in writing from a member along with a deposit of Rs. 1,00,000/- (Rupees One Lakh only) proposing the candidature of Mr. Prasad Thrikutam for the office of the director under the provisions of Section 160(1) of the Companies Act, 2013.

The Company has received from Mr. Prasad Thrikutam (i) consent in writing to act as director in form DIR-2 pursuant to Rule 8 of Companies (Appointment& Qualification Of Directors) Rules 2014, (ii) Intimation in Form DIR 8 in terms of Companies (Appointment & Qualification Of Directors) Rules, 2014,to the effect that he is not disqualified under sub section (2) of section 164 of Companies Act 2013.

A brief resume of Mr. Prasad Thrikutam, his expertise in specific functional areas, other directorships/ committees memberships are furnished in the 'Additional Information on directors seeking election at the annual general meeting' forming part of this Notice. The Board considers that the appointment of Mr. Prasad Thrikutam as a Director of the Company would be of immense benefit to the company. Accordingly, the Board of Directors recommend~~s~~ his appointment as a Director of the Company whose period of office is liable to determination by retirement of directors by rotation.

Except Mr. Prasad Thrikutam, as the resolution relates to his appointment no other Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, in the resolution as set out at Item No. 5.

Item No.6

Prof. Jayanth R. Varma is a Non Executive Independent Director of the Company. He joined the Board of Directors of the Company on October 7, 2002. Prof. Jayanth R Varma was appointed as director liable to retire by rotation and he is due to retire at the forthcoming AGM. Pursuant to provisions of Section 149 of Companies Act 2013, which Act has come into effect from April 1, 2014, independent directors are required to be appointed for a fixed period and are not liable to retire by rotation.

Prof. Jayanth R Varma is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act 1956. In terms of Section 149 and other applicable provisions of the Companies Act 2013, Prof. Jayanth R Varma being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto March 31, 2019. The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of Rs.1,00,000/- proposing the candidature of Prof. Jayanth R Varma for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Jayanth R. Varma (i) consent in writing to act as director in form DR-2 pursuant to Rule 8 of Companies (Appointment & Qualification Of Directors) Rules, 2014, (ii) Intimation in Form DIR 8 in terms of Companies (Appointment & Qualification Of Directors) Rules, 2014,to the effect that he is not disqualified under sub section (2) of section 164 of Companies Act, 2013, confirming his eligibility for such appointment and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub section (6) of section 149 0f Companies Act, 2013.

In the opinion of the Board, Prof. Jayanth R Varma fulfills the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an Independent Director of the Company and is independent of the management.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Prof. Jayanth R Varma as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Prof. Jayanth R Varma as an Independent Director, for the approval by the shareholders of the Company.

Except Prof. Jayanth R Varma, as the resolution relates to his appointment no other director~~s~~ or Key Managerial Personnel and their relatives is concerned or interested, in the resolution as set out at Item No. 6.

A brief resume of Prof. Jayanth R Varma, his expertise in specific functional areas, other directorships/ committees memberships are furnished in the 'Additional Information on directors seeking election at the annual general meeting' forming part of this Notice.

Item No. 7

The Board of Directors had 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 date of inception till the date 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.

No directors or Key Managerial Personnel of the Company and their relatives may be deemed to be interested or concerned in the proposed resolution as set out in Item No. 7 above.

Item No. 8

Mr. Gautam Thakkar has been working as the Managing Director and Chief Executive Officer of the company with effect from April 1, 2013 and has been managing the affairs of the Company successfully. On evaluation of his performance and considering his contribution to the growth of the business of the company and the comparative remuneration prevailing in the industry, on recommendation of the Nomination & Remuneration Committee the Board of Directors in their meeting held on April 11, 2014 have approved payment of following revised remuneration to Mr. Gautam Thakkar with effect from April 1 2014

a) Fixed Salary: USD $484,356 per annum

b) Performance Bonus: USD $364,644 per annum

c) Long Term Bonus: USD $85,000/- per annum.

All other terms and conditions of his appointment shall remain unchanged.

In the event of inadequacy or no profit during any financial year during his tenure he shall be paid the above remuneration as minimum remuneration subject to the limits laid down in Schedule V of Companies Act 2013.

Further, Mr. Gautam Thakkar will be paid equivalent remuneration in INR during his stay in India, while performing his duties as Managing Director and Chief Executive Officer.

Except Mr. Gautam Thakkar, since the resolution relates, no other director or Key Managerial Personnel and their relatives is concerned or interested, in the resolution as set out at Item No. 8.

Additional information on directors seeking election at the annual general meeting

Brief profile of Mr. S. Gopalakrishnan, Chairman and Director

S. Gopalakrishnan (Kris), along with N.R. Narayana Murthy and five others, founded Infosys in 1981. Kris served as Director (Technical) and his initial responsibilities included the management of design, development, implementation, and support of information systems for clients in the consumer products industry in the US.

Between 1987 and 1994, Kris served as the Vice President for Technical Operations of KSA / Infosys, a joint venture between Infosys and KSA located in Atlanta, US. In 1994, he returned to India and was appointed Deputy Managing Director of Infosys.

Before becoming the CEO and Managing Director in July 2007, Kris served as the company's Chief Operating Officer, President, and Joint Managing Director, responsible for customer services, technology, investments, and acquisitions. Kris served as the company's Executive Co-Chairman between August 2011 and May 2013. He has been re-designated as the Executive Vice Chairman of the company effective June 1, 2013. Kris also holds additional responsibility for IBPO and Finacle operations.

He is a Trustee of the Infosys Science Foundation, a not-for-profit trust, set up by Infosys and some members of its Board, to spread the culture of research mainly through the Infosys Prize, an annual award across six scientific categories.

Recognized as a global business and technology thought leader, Kris was voted the top CEO (IT Services category) in Institutional Investor's inaugural ranking of Asia's Top Executives and selected as one of the winners of the 2nd Asian Corporate Director Recognition Awards by Corporate Governance Asia in 2011. He was also selected to Thinkers 50, an elite list of global business thinkers compiled by Des Dearlove and Stuart Crainer, in association with the IE Business School, Madrid, and the London Business School's Management Innovation Lab in 2009.

In January 2011, the Government of India awarded Kris the Padma Bhushan, the country's third highest civilian honor. He has also represented Infosys and the country in international forums such as: The Indo-US CEO Council; President's Council of New York Academy of Sciences; and the UNESCO High-Level Panel on Women's Empowerment and Gender Equality. Kris was also the Chairman of The Business Action for Sustainable Development 2012 (BASD), a coalition of international business groups committed to sustainable development.

In April 2012, Kris was appointed as a member of the reconstituted United Nations Global Compact Board for three years. The Global Compact Board is the UN's highest level advisory body, involving business, civil society, labor, and employers organizations. He is also a member of the China Europe International Business School (CEIBS) International Advisory Board and Fudan University School of Management International Advisory Board. Both CEIBS and Fudan University School of Management are prestigious business schools in China and the Asia region.

Kris served as the President of CII for FY14. He is on the Board of Governors at the Indian Institute of Management (IIMB), Bangalore, and Indian Institute of Technology, Madras (IIT-M). He is also the Chairman of International Institute of Information Technology (IIIT-B) Bangalore and a member of ACM, IEEE, and IEEE Computer Society.

Kris holds master's degrees in physics and computer science from the Indian Institute of Technology, Madras.

Brief profile of Mr. Prasad Thrikutam, Director

Prasad Thrikutam is Global Head of Strategic Sales, Marketing and Alliances. He is also Head of Infosys, Americas.

Prasad Thrikutam, till recently, was a senior member of the Executive Council and was the Global Head of Energy, Utilities, Communications and Services (ECS) industry group at Infosys Limited, a global organization with 19,000 employees and more than US$ 1.4 billion in annual revenues.

Prasad joined Infosys in 1995 as a Regional Head of Business Development in the U.S. From 2004 to 2008, he led the Hi-Tech and Discrete Manufacturing unit (HTDM). In 2008, he took on the leadership of the Energy, Utilities & Services (EUS) unit. Under his leadership, both HTDM and EUS grew at 35% and 27% CAGR respectively.

Prasad is a frequent speaker at industry events including those organized by the University of Austin, MIT, University of Arizona Eller School of business and the Fuqua School of business at Duke University. He served on the Board of Energistics - a global upstream oil and gas open standards consortium - from April 2009 to August 2012.

Prior to joining Infosys, Prasad headed the regional operations at a leading IT company in India. Prior to that, he was at Bosch GmbH, India, where he held leadership roles in Manufacturing and Operations.

Prasad holds a degree in Mechanical Engineering and an MBA from the Indian Institute of Management.

Brief profile of Prof. Jayanth R. Varma, Independent Director

Prof. Jayanth R. Varma did his post-graduation in management from the Indian Institute of Management, Ahmedabad (IIMA), where he was awarded a Gold Medal for scholastic performance. Subsequently, he obtained his doctorate in management from the Indian Institute of Management, Ahmedabad. He is also a qualified cost accountant.

He is currently a Professor in the Finance and Accounting Area at the Indian Institute of Management, Ahmedabad where he teaches courses in capital markets, fixed income and corporate finance. He has been the Dean of the Indian Institute of Management, Ahmedabad for three years.

Prof. Varma was a full time Member of the Securities and Exchange Board of India (SEBI) for a year. Before that, he was a part time member of SEBI for three years. He has been the Chairman of the Secondary Markets Advisory Committee and several other committees of SEBI. He has also been Chairman of several committees set up by the Forward Markets Commission and the Ministry of Finance and Company Affairs. Prof. Varma was a member of the Raghuram Rajan Committee on Financial Sector Reforms and of the Financial Sector Legislative Reforms Commission.

Prof. Varma is currently a Director on the Board of Infosys BPO Limited, Gujarat International Finance Tec-City Company Limited and Bharat Petroleum Corporation Limited. He has also been a Director on the Board of Axis Bank Limited and of Punjab National Bank. He has also worked for a year with a large financial services company as an Executive Director in charge of Investments and Research for their mutual fund. Before joining the faculty of Indian Institute of Management, Ahmedabad, he worked for three years as Senior Consultant at a leading firm of management consultants and chartered accountants.

Prof. Varma has carried out extensive research in the field of Indian financial markets and finance theory and published extensively in Indian and international journals. He has authored extremely popular books on portfolio management and on the Indian securities scam. His book on the securities scam was a national best seller. Prof. Varma has nearly a hundred papers and cases to his credit; in addition, he has published close to a hundred articles in newspapers and other periodicals.

He has carried out consulting assignments for several government, multilateral and private sector organizations in a wide range of areas including financing choices, risk management, management information and control systems, and corporate strategy.

Prof. Varma's current research interests are principally in the area of financial markets including equity, debt, currency and derivative markets. He is also interested in broader issues related to the financial sector as also in mathematical modelling and computer simulation.

Proxy Form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: **U72200KA2002PLC030310**
Name of the company: **Infosys BPO Limited**
Registered office: **Plot No. 26/3, 26/4 & 26/6, Electronics City, Hosur Road, Bangalore - 560100**

I/We, being the member (s) of ………… shares of the above named company, hereby appoint
1. Name: ……………………
Address:
E-mail Id:
Signature:……………., or failing him

2. Name: ……………………
Address:
E-mail Id:
Signature:…………….,

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Infosys BPO Limited Annual general meeting of the company, to be held on the 13th day of June 2014 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 and at any adjournment thereof in respect of such resolutions as are indicated below:

Affix Revenue Stamp

Resolution No.
1…………………………………
2……………………………….
3……………………………….
4……………………………….
5……………………………….
6……………………………….
7……………………………….
8…………………………………

Signed this…… day of……… 20….

Signature of shareholder

Signature of Proxy holder(s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of 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 on Friday, June 13, 2014 at 10.00 A.M.

…………………………………

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.